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Contact:/Cysylltwch â: Democratic Services



THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND

16th February 2021

Dear Sir/Madam

JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)

A meeting of the Joint Scrutiny Committee (Budget Monitoring) will be held in Virtually via Microsoft Team - if you would like to attend this meeting live via Microsoft Teams please contact committee.services@blaenau-gwent.gov.uk on Tuesday, 23rd February, 2021 at 9.30 am.

Please note that a pre and post meeting will be held 30 minutes prior to the start and following the conclusion of the meeting for members of the committee.

Yours faithfully

Michelle Morris
Managing Director

AGENDA

Pages

1. SIMULTANEOUS TRANSLATION

You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required

We welcome correspondence in the medium of Welsh or English. / Croesawn ohebiaith trwy gyfrwng y Gymraeg neu'r Saesneg.

should you wish to do so. A simultaneous translation will be provided if requested.

2. **APOLOGIES**

To receive.

3. **DECLARATIONS OF INTEREST AND DISPENSATIONS**

To receive.

4. **JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)** 5 - 16

To receive the minutes of the Joint Scrutiny Committee (Budget Monitoring) held on 23rd November, 2020.

(Please note the minutes are submitted for points of accuracy only).

5. **ACTION SHEET - 23RD NOVEMBER 2020** 17 - 24

To receive the Action Sheet.

6. **REVENUE BUDGET 2021/22** 25 - 48

To consider the report of the Chief Officer Resources.

To: Councillor S. Healy (Chair)
Councillor M. Cook (Vice-Chair)
Councillor P. Baldwin
Councillor D. Bevan
Councillor G. Collier
Councillor M. Cross
Councillor G. A. Davies
Councillor G. L. Davies
Councillor M. Day
Councillor P. Edwards
Councillor L. Elias
Councillor K. Hayden
Councillor J. Hill
Councillor W. Hodgins
Councillor J. Holt
Councillor H. McCarthy
Councillor C. Meredith
Councillor J. Millard
Councillor M. Moore

Councillor J. C. Morgan
Councillor J. P. Morgan
Councillor L. Parsons
Councillor G. Paulsen
Councillor K. Rowson
Councillor T. Sharrem
Councillor T. Smith
Councillor B. Summers
Councillor S. Thomas
Councillor H. Trollope
Councillor D. Wilkshire
Councillor B. Willis
Councillor L. Winnett
T. Baxter
A. Williams

All other Members (for information)
Manager Director
Chief Officers

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COUNTY BOROUGH OF BLAENAU GWENT

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

**SUBJECT: JOINT SCRUTINY COMMITTEE
(BUDGET MONITORING) –
23rd NOVEMBER, 2020**

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

PRESENT: COUNCILLOR S. HEALY (CHAIR)

Councillors M. Cook
G.A. Davies
L. Elias
P. Edwards
K. Hayden
W. Hodgins
J. Hill
J. Holt
M. Holland
G. Paulsen
J.C. Morgan
K. Pritchard
T. Smith
B. Summers
S. Thomas
H. Trollope
B. Willis
L. Winnett

WITH: Managing Director
Chief Officer Resources
Corporate Director Regeneration & Community
Services
Corporate Director Education
Chief Officer Commercial
Head of Community Services
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 L. Parsons, D. Bevan, T. Sharrem, H. McCarthy, M. Cross, C. Meredith, T. Baxter (co-opted Member) and A. Williams (co-opted Member).</p>	
No. 3	<p><u>DECLARATIONS OF INTERESTS AND DISPENSATIONS</u></p> <p>The following declarations of interest were reported:</p> <p>Councillors J. Hill & B. Summers - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – (<i>Silent Valley</i>)</p> <p>Councillor W. Hodgins - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – (<i>Aneurin Leisure Trust</i>)</p> <p>Councillor J.C. Morgan - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – (<i>Tredegar HLF</i>)</p> <p>Councillor P. Edwards - Item No. 4 Revenue Budget Monitoring - 2020/2021, Forecast Outturn to 31 March 2021 (as at 30 September 2020) – (<i>Markets</i>)</p>	
No. 4.	<p><u>JOINT SCRUTINY COMMITTEE (BUDGET MONITORING)</u></p> <p>The Minutes of the Joint Scrutiny Committee meeting held on 28th September, 2020 were submitted.</p> <p>The Committee AGREED that the Minutes be accepted as a true record of proceedings.</p>	

The action sheet arising from the Joint Scrutiny (Budget Monitoring) Committee held on 28th September, 2020 was submitted, whereupon:-

Capital Budget Monitoring 2020/21 (Splash Pad)

A Member referred to the Officer's response provided, and stated that the previous report submitted to the Committee in March 2020 highlighted two schemes, namely 329097 £107k for play equipment; and 329095 £110k for the splash pad. However, in the report submitted to Committee in September, the only scheme listed was 329097 £44,850k for play equipment. The Member requested a detailed breakdown of the £217k originally allocated for both the splash pad and play equipment and where the money had been allocated.

The Corporate Director Regeneration & Community Service assured that all monies allocated to play equipment had been committed/spent on play equipment, and that no money had been taken out of the budget and allocated elsewhere. In terms of the £110k allocated for the splash pad project, Welsh Government had pushed the Council to spend the money, and CLT made a decision under delegated powers to commit the money to play equipment to ensure the funding was not lost. The Officer undertook to provide a detailed breakdown of the figures to the next meeting.

Another Member said the splash pad project was a very controversial issue for the people of Tredegar. He referred to the decision taken by CLT to reallocate the splash pad funding and asked whether CLT had discussed and agreed that course of action with the Leadership.

In response the Corporate Director confirmed that his discussions were with CLT. All decisions were recorded as part of CLT delegated decision making activity progressed during the Covid pandemic, and the decision was reported retrospectively to Members in September 2020.

The Managing Director explained that delegated decision was taken in consultation with CLT, most notably herself along with the Corporate Director Regeneration &

	<p>Community Services and the Corporate Director of Social Services being the relevant Lead Officers, to ensure that the funding was not lost. However, the Managing Director confirmed that she did consult with the Leader and the Executive Member for Social Services on the decision, and undertook to circulate a copy of the recorded actions taken during the decision making process to Members.</p> <p>A Member asked whether the monies had been put into a 'central plot' and allocated across the Borough to improve play facilities, and also whether it included the improvement works undertaken at Parc Bryn Bach.</p> <p>In response the Corporate Director explained that the improvements to the play facility at Parc Bryn Bach was funded through the Valleys Regional Park initiative. In terms of the proposals for play facilities across the Borough, monies would be allocated against the priorities set out in the Council's agreed play strategy which was reported to the relevant Scrutiny Committee in September 2020.</p> <p><u>Test, Trace, Protect Services</u></p> <p>A Member asked that consideration be given to a direct telephone line being established to enable members of the public to report incidents of non-compliance of Covid regulations.</p> <p>In response the Chief Officer Commercial said the Test, Trace, Protect telephone number did not receive incoming calls. However, she undertook to discuss with the Member the nature of the issues and how these should be directed.</p> <p>The Committee AGREED, subject to the foregoing, that the Action Sheet be noted.</p>	
No. 6	<p><u>REVENUE BUDGET MONITORING -2020/2021, FORECAST OUTTURN TO 31 MARCH 2021 (AS AT 30 SEPTEMBER 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 forecast financial outturn position across all Portfolios for 2020/21. The overall forecast outturn was an</p>	

adverse variance of £3.402m. However, this was before the application of Welsh Government Hardship Funding which reduced the forecast adverse variance to £0.248m which was a much improved position when compared to the forecast at June 2020 which indicated an adverse variance of £1.2m (after the application of Hardship Funding and Furlough Funding).

Welsh Government's announcement of £260m financial support for LA's to the end of March 2021 meant the Council was able to change some of the assumptions used to forecast the outturn position. As a result, the assumptions in the report changed from the previous quarter, and it was now assumed that where we are in line with Welsh Government guidelines, additional Covid related expenditure and loss of income would be funded by Welsh Government.

The table at section 5.1.2. highlighted the financial position across all portfolios, and identified additional Covid related costs to be £3.2m, however, £3.15m of Harding Funding was estimated to be received. The Council had also claimed Furlough Funding from the National scheme and £183k was built into the forecast. Welsh Government had also considered claims from LA's for loss of income for the first 2 Quarters of the year, and the Council had received £1.1m relating to those claims, of which £744k was been built into the forecast. The Officer said when all this was taken into account the net impact on the Council's revenue budget was a forecast adverse various of £0.248m.

The Chief Officer then went through the Portfolio Analysis highlighted at section 5.1.7. of the report and referred to the fact that Corporate Services was now forecasting a favourable variance of £87k compared to the adverse variance at quarter 1. This was due to WG loss of income funding being received, and the Chief Officer reported that correspondence had recently been received from WG indicating that loss of income funding would be made available to the Council for quarter 2. There had also been an increase in the Corporate Services departmental budget of £53k.

A Member referred to the money spent on consultancy fees across all Portfolios and said this should be detailed within the report. He also requested an update on the position of

the grounds maintenance budget within the Environment Portfolio

In response the Chief Officer explained that the expenditure for consultants was reported separately and included within each Portfolio's expenditure throughout the year. An analysis of this expenditure, across the board, had been requested by a Member at the previous Council meeting and this was currently being generated for circulation to Members.

In relation to grounds maintenance, the Chief Officer said this was detailed at Appendix 2e of the report. The budget for grounds maintenance was £942,857k, and was currently forecasting an adverse variance of £17k which was a much improved position when compared to quarter 1 where it was forecasting an adverse variance of £83k.

A Member commended the report, and said he would like to note his appreciation of the support received from Welsh Government via its Hardship Funding, during the Covid pandemic.

Another Member referred to Adult Services and said it was likely that specialist assistance would be required for our vulnerable adults following the Covid pandemic, and asked whether any additional funding had been considered.

The Chief Officer said no specific funding had been identified. However, whilst some services had been suspended as a result of Covid, many services were continued even though they were delivered differently to ensure our customers have the support they need.

The Managing Director undertook to discuss this matter with the Corporate Director of Social Services. However, if this was an area identified as a cost pressure moving forward it would be considered as part of the budget planning process, and a special Council meeting would be held in due course to consider the revised MTFs.

Another Member referred to Appendix 1, and expressed concern regarding the level of legal costs within Social Services.

In response the Chair of the Social Services Scrutiny Committee confirmed that work was being undertaken that would hopefully involve other LA's to share the costs. It was specialised work, and unfortunately at the moment the Council had to bear these costs.

The Member also referred to Appendix 2a and enquired regarding the increase in the Festival Park budget. The Chief Officer explained that the budget was in relation to the Council's SLA with the current owners of Festival Park to maintain grounds and the woodland areas, and this small adverse variance was expected for this year.

The Member also expressed concern regarding the impact of the Covid pandemic on NNDR.

In response the Chief Officer explained that the Council was the collection agent for NNDR, so the main impact would be felt by Welsh Government.

The Member then referred to Appendix 3, namely school catering/school cleaning and asked why this was forecasting a favourable variance due to the significant additional cleaning that had been undertaken during the pandemic.

The Chief Officer explained that any additional costs incurred as a result of Covid could be claimed from the Hardship Fund.

Another Member referred to section 5.1.26 of the report and asked whether stopping communal waste collection points would increase recycling rates and reduce fly tipping, and he also questioned the green waste recycling costs.

The Corporate Director Regeneration & Community Services confirmed all the issues would be considered as part of the Council's waste and recycling strategy. In relation to the green waste recycling costs, the Corporate Director explained that the contractor closed for business which meant that a, more costly, contingency arrangement was put in place in the short term, however, a new contract was now in place, and the increased tonnage collected during the first lockdown was partly offset by the WG Hardship Fund.

The Member then referred to Aneurin Leisure Trust and asked whether the funding they received from the Council would be reduced in light of their staff being paid 80% furlough funding, and also if the £42k ring fenced for library books would also be withdrawn as libraries had been closed during the pandemic.

The Chief Officer explained that furlough funding was from National Government, and whilst the Leisure Trust had benefitted from this funding to cover some staffing costs, the Council had also received WG Hardship Funding for quarter 1 for loss of income in relation to the Leisure Trust. However, this did not fully cover the costs, and as a result the Council are continuing to pay the management fee as agreed. She confirmed that the situation would be monitored to ensure an equitable share of resources between the Council and the Leisure Trust. In terms of the funding for library books this had already been paid to the Leisure Trust as part of the management fee.

The Corporate Director of Education explained that whilst BG Libraries had limited opening over the year due to Covid, Welsh Government would still be assessing our performance against the Welsh Public Library Standards. As a result, that allocation of funding would be used to enable other means of accessing books, i.e. digitally, and had been earmarked for those purposes.

A Member referred to page 37, cross cutting budget, and asked what savings had been made on printing costs during the pandemic, and the Chief Officer Resources undertook to provide an analysis.

Another Member then referred to the adverse variance within the Nursery Units budget, and asked how much of this related to occupancy, and also whether the Council was paying NNDR on those units requiring refurbishment, and whether the bid for capital funding for Roseheyworth Industrial Estate had been submitted.

The Corporate Director Regeneration & Community Services confirmed that the adverse variance was in relation to occupiers and not vacant units. The adverse variance had reduced as a result of WG loss of income funding received in relation to the business rates break offered in April. He

	<p>confirmed that the majority of occupiers had now entered into repayment plans, and when the Council start to receive this income a more accurate budget figure would be provided.</p> <p>He said the Covid pandemic had hit businesses extremely hard, but the Council was focussed on securing funding to ensure that those businesses have the support they need. In terms of the number of vacancies, he confirmed that this figure had not varied particularly, and units were still being let. In relation to Roseheyworth Industrial Estate, funding had been secured to bring units back into use and all four units had now been let.</p> <p>In terms of NNDR he confirmed that work was ongoing as part of 'Bridging the Gap' activity to mitigate NNDR and manage our industrial estates.</p> <p>The Committee AGEED to recommend that the report be accepted and Members provide appropriate challenge to the financial outcomes in the report. (Option 1)</p>	
No. 7	<p><u>CAPITAL BUDGET MONITORING, FORECAST FOR 2020/2021 FINANCIAL YEAR (AS AT 30 SEPTEMBER 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 capital expenditure against funding approvals for the 2020/2021 financial year, as at 30th September 2020. The overall financial position as forecast at 30th September, 2020 indicated an adverse variance of £24,000 against a total in year capital budget of £23.2m, and the Table highlighted at section 5.1.1 of the report provided an overall position across all Portfolios.</p> <p>The Chief Officer reported that despite the Covid pandemic, actual expenditure to September 2020 of £7.3m was £836,000 higher, compared to quarter 2 in financial year 2019/2020, and it was expected that Capital Expenditure would largely be unaffected by the lockdowns and was estimated to reach £23.6m by 31st March, 2021.</p>	

	<p>The Chief Officer concluded that the forecast overspend of £24,000 in relation to Flood Recovery Works was expected to be mitigated following positive news that Welsh Government would provide financial support, and had advised the Council to commence any urgent works. However, whilst formal confirmation of this award was awaited it would be prudent to continue to report the overspend in quarter 2.</p> <p>A Member referred to page 88 of the report, namely cemeteries investment programme, and asked when Members could expect the monies to be spent.</p> <p>In response the Corporate Director Regeneration & Community Services confirmed that a report would be submitted to Community Services Scrutiny Committee in December.</p> <p>Another Member then referred to page 84 of the report and enquired as to the £60k spend on Ebbw Vale Town Centre, and the Chief Officer Resources undertook to investigate.</p> <p>The Committee AGREED to recommend that the report be accepted and Members:-</p> <ul style="list-style-type: none"> • Continue to provide appropriate challenge to the financial outcomes in the report; and • Note the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding. (Option 1) 	
No. 8	<p><u>USE OF GENERAL AND EARMARKED RESERVES 2020/2021</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer presented the report which provided the forecast reserves position for 2020/2021 as at Quarter 2 (30 September 2020). 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, 2021.</p>	

Table 1 at section 6.1.3 showed the forecast position for the general reserve at year-end 2020/2021 was a decrease of £0.048m, to £6.387m. This balance represented 4.72% of net revenue expenditure, which was £0.973m above the 4% target level of £5.414m. This indicated further progress towards strengthening the financial resilience of the Council and providing a buffer to deal with unexpected future issues.

The Chief Officer reported that the forecast decrease in general reserves was a result of current forecast net portfolio overspends of £0.248m offset by an agreed budget contribution in 2020/21 of £0.200m to support medium term financial planning and strengthen the Council's financial resilience.

Table 2 at 6.1.7 of the report showed the forecast level of earmarked reserves at 31 March, 2021 was £8.661m, an in-year increase of £0.956m, and further details of earmarked reserve movements was included in Appendix 1.

The Committee AGREED to recommend that the report be accepted and Members considered the use of general and earmarked reserves for 2020/21; and

- Consider the impact of the £0.248m adverse variance for 2020/2021 would have on the budgeted contribution to the General Reserve;
- Note the forecast decrease of the General Reserve in 2020/2021 to £6.387m, being 4.72% of net revenue expenditure (above the 4% target level);
- 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.

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Agenda Item 5

Item	Action to be Taken	By Whom	Action Taken
5	<p><u>Action Sheet – 28th September 2020</u></p> <p>Item 8 – Capital Budget Monitoring – 2020/21 Quarter 1 Splash Pad Funding Allocation / Play Equipment A Member requested a detailed breakdown of where the funds had been allocated, in particular the allocations of £110,000 and £107,000.</p>	Richard Crook	Please see attachment
6	<p><u>Revenue Budget Monitoring – 2020/21 Quarter 2</u></p> <p>Social Services – Adult Services A Member sought clarification if additional costs had been built into the budget in relation to providing potential additional specialist services for adults with learning difficulties when services return to normal.</p> <p>Leisure Trust A Member enquired regarding the Book Fund and asked for a breakdown of the costs spent.</p>	<p>Michelle Morris / Damien McCann</p> <p>Lynn Phillips</p>	<p>Response circulated to Members on 15th December 2020. (also attached for information).</p> <p>Last year (2019/20) Leisure Trust spent £51,681 on the Library Book Fund and are looking at an increase of 5% this financial year. The Leisure Trust has invested on a pan Wales level in 'Borrow Box' to increase the availability of eBooks given the current pandemic. This includes a 6% spend on Welsh Language books, which will meet this target.</p> <p>The WPLS 2019/20 report has been submitted and the Council/Trust are expecting a draft response in December and final agreed response in January 2021.</p>

Item	Action to be Taken	By Whom	Action Taken
	Cross Cutting issues A Member referred to the areas of expenditure which would see reductions and enquired if any savings had been made as a result of less printing costs.	Rhian Hayden	A comparison of costs incurred on printing indicate:- 2019/20 – April to January - £57,412 2020/21 – April to January - £36,786 A cost reduction of £20,626 for the period.
7	<u>Capital Budget Monitoring – 2020/21 Quarter 2</u> A Member referred to Appendix 1.1 and the costs relating to Ebbw Vale Town Centre and for a breakdown on where these funds had been spent.	Rhian Hayden	Ebbw Vale Town Centre: Costs of £60,495 had been incurred as at Q2 against the TRI – Urban Centre Commercial Property Enhancement Fund. This focusses on addressing the lack of good commercial & retail space in town centres, the spend consists of grant payments to two applicants who have completed works creating retail & residential units.

Grant Funding Breakdown Children's Play Areas

The Authority conducted a comprehensive review of all playgrounds and reported to committee in December 2018. The report identified that any future "All Wales Play Opportunity Grants" (AWPOG) would be used to address the recommendations from the play area review.

An initial AWPOG of £117,000 was received in 2019/20 to support the implementing of Blaenau Gwent's "Play Sufficiency Action Plan". A report on this funding was included on the information pack for scrutiny on the 5th December 2019 and has been identified as phase 1 works.

In March 2020 the Council was notified by Welsh Government of a further allocation of funding, this funding had already been received by Blaenau Gwent in 2017/18, (£110,000), this funding had been initially allocated to a project for the creation of a "**Splash Pad**" facility in Blaenau Gwent. This has now been identified as phase 2 works.

Due to the need to resolve the funding issue during the Covid 19 lockdown period, the Managing Director, advised by both Director of Social Services & Director of Regeneration & Community Services, used delegated authority to approve the use of the funding to purchase a range/selection of play equipment as there was a risk of having the **Splash Pad** funding (£110,000) clawed back by Welsh Government.

The two elements of funding have now been allocated as follows;

Phase 1 - funding received £117,000 in 2019/20 from Welsh Government to commence the implementation of the Play Sufficiency Action Plan.

The following phase 1 play area sites to be upgraded (not equipment to be installed) were presented to scrutiny committee's information pack in February 2020 and are in line with the play area review undertaken and reported to committee in December 2018;

Play Area Sites (Phase 1 works)	New Equipment to be Installed 2020
Multi Use Games Area Fencing Six Bells Park	<ul style="list-style-type: none">• Upgrade Boundary Fencing
Letchworth Rd. Ebbw Vale	<ul style="list-style-type: none">• Swingo• Multi Play Unit• 4-Way Springy

Central Park Blaina	<ul style="list-style-type: none"> • Multi Play Area
Brynmawr Welfare Park	<ul style="list-style-type: none"> • Classic Slide • Ariel Runway • Add Swing Bay
Williams Street Cwm	<ul style="list-style-type: none"> • Large Slide • Inclusive Roundabout
Swffryd Play Area Abertillery	<ul style="list-style-type: none"> • Roundabout • Free Rider
Bedwellty Pits Play Area Tredegar	<ul style="list-style-type: none"> • See Saw Springer
Costs Breakdown <div style="text-align: right;"> Play Sufficiency Officer Salary £10,000 Equipment Purchase £68,150 Installation Costs £38,850 Total Costs (Phase 1) £117,000 </div>	

Phase 2 - funding received (£110,000) in 2017/18 from Welsh Government to support the development of the **Splash Pad** Facility. Funding repurposed in March 2020 towards Play Sufficiency Action Plan.

The following phase 2 play area sites to be upgraded (not equipment to be installed) were presented to scrutiny committee on the 19th September 2020;

Play Area Sites (Phase 2 works)	New Equipment to be Installed 2020
Banna Park Nantyglo	<ul style="list-style-type: none"> • New Multi Play Unit (Replacement) • See Saw Springer • New Toddler Springers • Refurbishment of Swing Bays
Duffryn Park Blaina	<ul style="list-style-type: none"> • New See Saw • New Free Rider/Swinger/Roundabout
Gelli Grug Park Abertillery	<ul style="list-style-type: none"> • New Multi Play Unit • New Free Ride Swingo • New Group Basket Swing
Brynmawr Welfare Park	<ul style="list-style-type: none"> • New toddler Unit
Warm Turn Play Area Abertillery	<ul style="list-style-type: none"> • New Spring Rocker • New See Saw

	<ul style="list-style-type: none"> • New See Saw Springy
New Rassau Park Ebbw Vale	<ul style="list-style-type: none"> • New Multi Play • New Free Ride/Swingo
Costs Breakdown	
Equipment Purchase	£65,150
Installation Costs	£44,850
Total Costs Phase 2	£110,000 (repurposed Splash Pad Funding)

The Council has also benefited from a further grant received from Welsh Government through the Valleys Regional Parks “Discovery Gateway Project” to support additional play facilities as follows;

Play Area Sites (Additional)	New Equipment Installed 2020
Parc Bryn Bach Tredegar	<ul style="list-style-type: none"> • The total upgrading and installation of a new visitor play attraction.
Costs Breakdown	
Equipment Purchase and installation	£185,000
Total Costs Phase 2	£185,000

Summary Of Funding

The total funding allocation to children’s play facilities is therefore as follows;

From	Amount	Year Awarded
Welsh Government AWPOG funding	£117,000	(2019/20)
Welsh Government AWPOG funding (Splash Pad)	£110,000	(2017/18)
Welsh Government Valleys Regional Park Grant	£185,000	(2018/19)
Total Funding	£412,000	

Date 24th November 2020

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Dear Members.

Re: Joint Budget Scrutiny Committee meeting dated 23rd November 2020

Firstly, can I apologise for my non-attendance at the Scrutiny meeting but I was taking some annual leave that week and also neither of my Heads of Service were able to attend the meeting as they had existing meetings dealing with the COVID-19 second wave.

Secondly, in answer to the question raised by Cllr Trollope i.e. as to whether any additional costs have been built in to future budgets for people with a learning difficulty? The answer is no we have not built any additional funding in to the budget as it is impossible to identify the future impacts of the COVID-19 virus on people with a learning difficulty or any other areas of our service provision. There has been much discussion about the impact of social isolation and loneliness as a result of the pandemic and how this may have impacted on people mental and physical wellbeing, it may be sometime before we see the full impacts come through to health and social services.

We are currently supporting those people with learning difficulties who live in supported accommodation who have not been able to attend day services due to its closure, by providing additional funding for staff for times when they would have been attending day services from the Emergency Hardship fund.

The Directorate has had to make the difficult decision to close day services at the beginning of the outbreak as it would have been impossible to have been able to maintain social distancing within our buildings and could have resulted in the further spread of the virus across this vulnerable group of people, many of whom also may not have been able to attend due to their vulnerability and may have been shielding. We also had to make the difficult decision to close our respite provision at Augusta House for the very same reasons.

However, we have been mindful of the impact these closures will have had on individuals and their families and therefore have introduced outreach provision to support people one to one in their own homes or to take them out in the community to give families a break. However, we have not been able to provide this to every individual or family who attends day services due to the intensive nature of providing one to one support. We are depending on families contacting us when they feel they require support. We are also looking to develop a virtual online day support for people who have previously attended day service and their families / carers which we will hope will provide another layer of support and wellbeing.

In addition, we have re-opened Augusta House but with a reduced number attending and the period they attend for, we have been giving individuals and their families 3 days of respite with a day for deep cleaning before the next person is provided with respite for 3 days. So we are trying to give individuals and their families some support but clearly not as much as they may have been able to have prior to the pandemic.

We are hoping these measures will support both individuals and their families to manage and maintain some wellbeing during these incredibly difficult times, it is only at the end of this pandemic when the vaccine is provided to those who previous attended our services will we know what the full impact will be and whether the measures we have put it place have managed or maintained individuals and families physical and mental wellbeing. We are hoping that the small support we have been able to give will reduce the impact but we will only really know when we get back to the new normal and what that may look like.

Your sincerely,

Damien McCann

Corporate Director of Social Services

Agenda Item 6

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Joint Budget Scrutiny Committee**

Date of meeting: **23 February 2021**

Report Subject: **Revenue budget 2021/2022**

Portfolio Holder: **Councillor N Daniels, Leader / Executive Member
Corporate Services**

Report Submitted by: **R 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)
	28/01/2021				23/02/2021	24/02/2021	04/03/2021	

1. Purpose of the Report

1.1 This report is presented to Members to:

- i) provide an update on the positive provisional local government settlement for 2021/22 and its impact upon the Council's budget
- ii) consider and propose the detailed revenue budget for 2021/22
- iii) proposes level of Council Tax increase for the 2021/2022 financial year in line with the Medium Term Financial Strategy assumptions.

2. Scope and Background

2.1 The revised Medium Term Financial Strategy was agreed by Council in December 2020, this report updates Members with the latest financial position regarding the budget following the announcement of the provisional local government settlement for 2021/22. The report covers the following:

Section	Contents
2.7 – 2.18	National Aggregate External Finance (AEF) Position
2.19 – 2.25	Blaenau Gwent AEF position
5.1.1 - 5.1.3	Aggregated External Finance (AEF) funding compared to MTFS
5.1.7 – 5.1.10	Cost Pressures and Growth
5.1.11-5.1.13	Individual Schools Budget
5.1.14	Revised funding gap
5.1.15–5.1.20	Bridging The Gap Programme
6.1.1	Revenue Budget 2020/21 – half year position
6.1.2	General Revenue Reserves 2020/21 – half year position

2.2 The Provisional Settlement contains details of the revenue funding that Welsh Authorities can 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 provides details of the Capital funding that Authorities can 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.

- 2.3 Revenue funding from Welsh Government (WG) is provided in the form of Aggregate External Finance (AEF) which is made up of the Revenue Support Grant (RSG) and National Non Domestic Rates (NNDR). This AEF funding is un-hypothecated i.e. it is not earmarked for specific services and it is up to individual Councils to decide how to allocate to services in order to fit with their priorities (while taking into account statutory responsibilities).
- 2.4 Revenue funding also comes in the form of specific grants, in which case the funding is earmarked for a particular purpose. It is the long term intention of the WG that the number of specific grants is reduced, with funding being transferred into the AEF, giving Local Authorities more flexibility on distributing funding to services. Hence, this form of funding should diminish over time.
- 2.5 Capital funding is provided in the form of General Capital funding, made up of an Un-hypothecated Supported Borrowing (USB) approval and General Capital Grant approval. The USB approval is a borrowing approval for which revenue support is provided within the AEF to cover debt financing costs i.e. principal and interest. It is un-hypothecated, meaning that borrowing can be carried out for any capital purpose. The General Capital Grant is, as its name suggests, a grant that can be used for any capital purpose.
- 2.6 The positive provisional settlement combined with the opportunities identified in the Bridging the Gap programme means that the Council is able to invest in key priorities, avoid cuts to services and enhance its financial resilience.
- 2.7 **National Position (All Wales)**
- 2.8 On the 22 December 2021, the Minister for Housing and Local Government published the provisional local government settlement. The overall headline increase in AEF quoted by WG is 3.8%, after taking into account transfers into the settlement. Compared to the Welsh average the 3.7% increase for Blaenau Gwent places us in the bottom third of the all-Wales table (see Appendix 2).
- 2.9 There have been two transfers into the settlement:
- £3.98m for the teachers' pay grant
 - £1.1m for the Coastal Risk Management Programme (no impact for this Council)
- 2.10 Certain Specific Revenue Grants data has only been published on an all-Wales basis, totalling £968m. Funding for some grants has increased e.g. Social Care Workforce Grant (£10m), Free Concessionary Bus Travel Grant (£29m), Road Safety Grant (£1m). Some grants have decreased e.g. the Childcare Offer Grant (£13m), Transformation Fund Grant (£3m), Sustainable Waste Management Grant (£1m).
- 2.11 In terms of capital grants, there are some significant increases in the 21st Century Schools, Welsh Medium Education, Local Transport Fund, Resilient Roads Fund, Childcare Offer and Ultra Low Emissions Vehicle transformation Grant.

- 2.12 Further details of the specific grants for local government will be published alongside the final RSG settlement in March 2021.
- 2.13 With the exception of the NHS and for those on the lowest pay, the UK Government's decision to pause public sector pay increases has 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 will therefore need to be accommodated within the overall funding settlement.
- 2.14 The current policy and funding arrangements for Council Tax Reduction Schemes (CTRS) continues into 2021/2022. Consequently, £244 million continues to be included in the Settlement for funding the Council Tax Support Scheme. This reflects the costs of the Scheme when it was first established in 2013/2014, but again means that any additional costs resulting from increases in council tax levels or caseload for 2021/2022 will fall to Local Authorities (of the £244m, the Council receives £8m towards costs of £9.6m).
- 2.15 The non-hypothecated general capital funding for 2021/2022 will be £198 million (including £20 million for public highways refurbishment grant) – remaining unchanged from the 2020/2021 financial year.
- 2.16 Welsh Government have confirmed that funding for Covid-19 pressures for increased costs and income losses will be considered separately within the WG final budget. This provides clarity that the settlement does not provide funding for cost pressures relating to the pandemic in 2021/2022.
- 2.17 The Minister states this is a good settlement and one which should alleviate some of the anticipated pressures.
- 2.18 The provisional settlement announcement marked the start of a seven week consultation period which ends on 9th February 2021. After this the Minister will consider whether further amendments are to be made, before the final settlement is announced on 2 March 2021.
- 2.19 **Blaenau Gwent Position**
- 2.20 The headline increase for BGCBC after allowing for transfers is 3.6% (£4.2m), compared to the all Wales increase of 3.8%. This positive settlement combined with the opportunities identified in the Bridging the Gap programme means that subject to the recommendations in the report being agreed, the Council is able to agree a budget for 2021/2022.
- 2.21 The Standard Spending Assessment (SSA) increase, quoted as 4.1%, is the joint 5th lowest in Wales (compared to an all Wales increase of 4.4%).
- 2.22 The SSA is the detailed funding formula that is intended to reflect variations in the need to spend which might be expected if all Welsh Authorities responded in a similar way to the demand for services in their area. Indicators of need include population, pupil numbers, deprivation factors, population dispersion etc. The SSA is the mechanism for distributing RSG which enables Authorities to

theoretically charge the same council tax for the provision of a similar standard of service. However, if Authorities don't spend at SSA level, then council tax levels will not be the same, which in practice, is what happens.

- 2.23 Changes in SSA data and formulae with a significant impact in Blaenau Gwent are explained below:

Population – Blaenau Gwent's population has increased by 0.1% compared to the Welsh average increase of 0.8%.

Population indicators make up a large proportion of the cost driver indicators within the SSA formula.

Education – Nursery & Primary pupil numbers have reduced by 1.9% compared to the Welsh average reduction of 0.8%. Secondary school pupil numbers have increased by 4.3%, compared to the Welsh average increase of 2.2%. Free School meals data has been frozen at the 2018 level.

All these factors have resulted in an overall increase to Blaenau Gwent's Education SSA. For information, BGCBC has consistently spent above the Education SSA on the Education services it provides.

Deprivation Indicators - IS (Income Support)/ JSA (Job seekers Allowance) /PC (Pension Credit)/ UC (Universal Credit)/ not in employment claimants have fallen by 0.1% compared to the Welsh average increase of 3.6%. This has had an impact on the SSA increase.

- 2.24 The Authority remains the highest receiver of Aggregate External Finance (RSG plus NNDR) on a per capita basis.

- 2.25 General Capital Funding has reduced slightly by £54,000 from 2020/2021 to £3.8m. Blaenau Gwent's allocation of the Public Highways refurbishment grant is expected to be in the region of £370,000.

3. **Options for Recommendation**

3.1 **Option 1 (preferred option)**

- 3.1.1 Subject to the decisions on the following recommendations, Members recommend to Executive & Council the 2021/2022 revenue budget as shown in table 2 in paragraph 5.1.14.
- 3.1.2 Members to provide comment on the outcomes within the overall provisional RSG Settlement and note the potential for further change in the Final RSG Settlement (paragraphs 2.7 – 2.18).
- 3.1.3 Members to provide comment on the outcomes within the BGCBC provisional RSG Settlement and its impact upon the Medium Term Financial Strategy (paragraphs 2.19 – 2.25).

- 3.1.4 Members to consider and 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.
- 3.1.5 Members consider and 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).
- 3.1.6 Members consider and 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).
- 3.1.7 Members recommend to Executive & Council a Council tax increase of 4% for 2021/22 (paragraph 5.1.3) as per the MTFS assumptions.

3.2 **Option 2**

- 3.2.1 Members consider and suggest alternative proposals.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1 The budget setting process and the Medium Term Financial Strategy (MTFS) supports the Corporate Plan outcome “an ambitious and innovative Council delivering the quality services we know matter to our communities” and ensures effective forward planning arrangements are in place to support the Council’s financial resilience.
- 4.2 The revenue & capital budgets support the delivery of all the Council priorities.
- 4.3 To comply with statutory responsibilities, the Council must set a balanced budget and set its Council Tax for the forthcoming year by 10 March.

5. **Implications Against Each Option**

5.1 **Impact on Budget (short and long term impact)**

- 5.1.1 The most recent iteration of the MTFS (agreed by Council on December 17th 2020) indicates (prior to the identification of budget reductions or increased income) funding gap of:-

5.1.2 **Table 1 – MTFS Funding Gap (as at December 2020)**

2021/22	2022/23	2023/24	2024/25	2025/26	Total
£2.9m	£4.7m	£2.7m	£2.7m	£2.7m	£15.7m

5.1.3 These are based upon a number of assumptions including:

- cash flat level of funding from WG
- a Council Tax increase of 4% per annum
- cost pressures arising as a direct response to Covid-19 will continue to be funded by Welsh Government during 2021/2022.
- contribution to General Reserve of £200,000

5.1.4 **Comparison to MTFS**

5.1.5 **AEF Funding**

5.1.6 Clearly, the unadjusted provisional settlement increase in funding of £4.3m (3.7%) for 2021/2022 for Blaenau Gwent is better than the MTFS modelled position. As a result, the original funding gap can now be revised. Table 2 takes account of the provisional settlement and revised cost pressures.

5.1.7 **Service Cost Pressures and Growth**

5.1.8 Existing, new service cost pressures and growth items totalling £2.819m for 2021/2022, have been included in the MTFS and the funding gap identified in table 1 above. £1m per annum has been assumed for 2022/2023 onwards.

5.1.9 Cost pressures and Growth items are regularly reviewed and updated to take into account updated/new information. The updated cost pressures and growth items are attached at Appendix 3 and total £2.074m.

5.1.10 In addition to the cost pressures identified on Appendix 3, cost pressures have been identified relating to the Covid-19 pandemic. Currently these are estimated to be in the region of £445,000 per month and reflect additional costs incurred and lost income. It has been assumed that Welsh Government will continue to fund these costs into the next financial year.

5.1.11 It is proposed that the revised cost pressures and growth items totalling £2.074m are agreed and built into the Council's budget from 2021/22.

5.1.12 ***Individual Schools Budget (ISB)***

5.1.13 Given that the Council will receive an uplift of 3.6% (after adjusting for the transfer of grant for the Teachers pay award), it is proposed to also uplift the ISB by 3.6%. The financial impact would increase the ISB by £1.472m after taking into account a reduction in pupil demographics of £150,000 (net increase of 3.3%). The increase would be inclusive of the transfer of the pay award grant into the settlement of £84,000.

5.1.14 The increase in funding will need to provide for the cost of the pay awards during 2021/2022, as Welsh Government have indicated that there will be no further financial support for pay awards during 2021/2022.

5.1.15 The table below shows the financial impact on the funding gap should the cost pressures and growth of £2.074m and the increase in the ISB of £1.472m be approved.

5.1.16 **Table 2 - Funding Gap based on 2021/2022 Provisional RSG***

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£000s	£000s	£000s	£000s	£000s
Funding					
AEF	(120,361)	(120,361)	(120,361)	(120,361)	(120,361)
Council Tax @ 4%	(36,786)	(38,257)	(39,788)	(41,379)	(43,034)
Total Funding	(157,147)	(158,618)	(160,149)	(161,740)	(163,395)
Draft Estimates - Prior to savings	152,853	161,659	165,997	170,394	174,854
Funding Gap /(surplus)	(4,294)	3,041	5,848	8,654	11,458
Cost Pressures/growth	2,074	1,000	1,000	1,000	1,000
Increase in ISB	1,472				
Contribution to Reserves	200	200	200	200	200
Funding Gap /(surplus)	(548)	4,241	7,048	9,854	12,658

*the above funding gap is prior to Bridging the Gap opportunities being applied

5.1.17 **BRIDGING THE GAP – Position Statement**

5.1.18 The pandemic has had a significant impact on the progress of delivering the outcomes of the strategic business reviews as the Council continues to respond to Covid-19. In light of this the estimated financial impact has been reviewed and updated.

5.1.19 The table below provides a summary of the estimated achievement of the Strategic Business Reviews, details of the individual strategic reviews are attached at Appendix 4.

5.1.20 **Table 4 – Estimated Achievement of Bridging the Gap Strategic Business Reviews**

Estimated Achievement Range:	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000
Low	500	1,073	764	846	846
High	1,000	2,083	1,314	1,446	1,446

5.1.21 For 2021/22 the most recent estimate against Bridging the Gap indicates that achievement will surpass the low estimate and reach **£755,000**.

5.1.22 Factoring in this revised amount and assuming the lower level achievement of the proposals for 2022/23 onwards the funding gap/(surplus) is as follows:

5.1.23 **Table 5 – Funding Gap / (Surplus) After Applying the Bridging The Gap Estimated Achievement**

	2021/2022 £000s	2022/2023 £000s	2023/2024 £000s	2024/2025 £000s	2025/2026 £000s
Revised Funding Gap	(548)	4,241	7,048	9,854	12,658
BTG low current year	(755)	(1,073)	(764)	(846)	(846)
BTG prev. year		(755)	(1,828)	(2,592)	(3,438)
Final funding Gap/(surplus)	(1,303)	2,413	4,456	6,416	8,374

5.1.24 When factoring in the achievement of Bridging the Gap for 2021/2022, there is a budget surplus of £1.3m.

5.1.25 ***Transfer to Earmarked Reserves***

5.1.26 It is proposed that the achievement of Bridging the Gap which exceeds the budget requirement of £1.3m be transferred into an earmarked reserve to support medium term financial planning, specifically for the later years of the Medium Term Financial Strategy.

5.2 **Risk including Mitigating Actions**

- 5.2.1 MTFS Outcomes are not delivered as expected – this risk will be mitigated by regular monitoring of proposals, which will also be reported through the quarterly budget monitoring reports to the Joint Budget Scrutiny Committee and Executive.
- 5.2.2 Council may fail to set a balanced budget within the legal timeframe. This will be mitigated by ensuring that Members consider the budget on 4 March 2021.
- 5.2.3 If grant funding does not continue at the current level, there is a risk that cost pressures will emerge particularly where grants are used to support core services, e.g. sustainable social services grant. This can be mitigated by close monitoring of the budget and consultation with Welsh Government/WLGA on service pressures.
- 5.2.4 There is a risk that Welsh Government will not continue to fund the ongoing cost of responding to the pandemic. However, Wales Government have indicated that there will be further announcements alongside the final settlement with regards to funding the response to the pandemic.
- 5.2.5 If Welsh Government does not provide indicative figures for Revenue Support Grant into the medium term, there is a risk that budget planning will be adversely affected. This risk can be mitigated somewhat by robust medium term financial planning.
- 5.2.6 There is a risk that there will be an adverse financial impact on the procurement of goods and services as a result of the UK Exiting the EU. This risk can be mitigated through the governance processes that the Council has introduced to monitor the impact.

5.3 **Legal**

- 5.3.1 The Council has a legal duty to set a balanced budget.

5.4 **Human Resources**

- 5.4.1 The positive provisional settlement combined with the opportunities identified in the Bridging the Gap programme means that the Council is able to invest in key priorities and avoid cuts to services.
- 5.4.2 There will be service change implications arising from the continued commercial activity and transformation of services, which may impact upon staff in the future. Following Council's agreement to establish community hubs, it is likely that some existing posts will be repurposed. This may lead to changes in responsibilities, opportunities for redeployment or redundancies.

6. **Supporting Evidence**

6.1 *Performance Information and Data*

6.1.1 **Revenue Budget 2020/21 – Half Year Position**

At the end of September 2020, i.e. the half year position for the current financial year, Portfolios and Committees forecast an overspend of £0.248m.

6.1.2 **General Revenue Reserves 2020/2021 – Half Year Position**

As at the end of September 2020 it is forecast that the General Reserve will decrease from the 31st March 2020 provisional level (subject to external audit) of £6.435m, to £6.39m. Over the last 5 years however the level of the General Reserve has increased by £1.3m, addressing the improvement needed in reserves which was highlighted by the Audit Wales and supports the strengthening of the Council's financial resilience.

6.2 **Expected outcome for the public**

- 6.2.1 The proposed budget will enable the Council to protect front line services and jobs, to invest in its priority areas including the creation of community hubs and the co-location of some council services, and to continue its work to become a more commercial and resilient organisation.

6.3 **Involvement (consultation, engagement, participation)**

- 6.3.1 The Council's approach to financial planning and the positive Welsh Government settlement means that there will be no impact on frontline services in the financial year 2021/22. As a result, the consultation on the budget focuses on people's views on the Council's priorities and the proposed Council Tax increase for 2021/22.

6.4 **Thinking for the Long term (forward planning)**

- 6.4.1 The Council is moving to medium to long term financial planning. This is evidenced by:
- Budget proposals being considered on a five year rolling programme basis.
 - The MTFS as agreed by Council in December 2020 covers the period 2021/2022 to 2024/2025 and will roll forward one year, every year. The MTFS will be reviewed and updated during 2021/2022.
 - Proposals within the Bridging the Gap programme are taking a long term view of opportunities for development.
 - The current approved capital programme covers the period 2019/2020 to 2025/2026 in line with the 21st Century schools programme and it is reviewed and updated periodically.

6.5 **Preventative focus**

- 6.5.1 An increasing proportion of the Council's budget is invested into early intervention and prevention activities to prevent the escalation into more complex, high cost services.

6.6 **Collaboration / partnership working**

- 6.6.1 The report and accompany information has been developed in partnership with budget holders across all service areas.

6.7 **Integration (across service areas)**
N/A

6.8 **EqlA**

6.8.1 Screening has been undertaken on the Bridging the Gap proposals.

7. **Monitoring Arrangements**

7.1 Wider Corporate Leadership Team, political groups, Joint Budget Scrutiny, Executive and Council.

Background Documents /Electronic Links

- *Appendix 1*
- *Appendix 2*
- *Appendix 3*
- *Appendix 4*

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Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Provisional Local Government Settlement 2021-22**

DATE **22 December 2020**

BY **Julie James MS, Minister for Housing and Local Government**

Today I am publishing details of the core funding allocations for unitary authorities for the forthcoming financial year through the Provisional Local Government Revenue and Capital Settlements for 2021-22 (the Settlement).

Adjusting for transfers, the core revenue funding for local government in 2021-22 will increase by 3.8% on a like-for-like basis compared to the current year. In 2021-22, local authorities will receive £4.65 billion from the Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services.

In addition to this, I am publishing information on revenue and capital grants planned for 2021-22. These amount to nearly £1 billion for revenue and over £720 million for capital. The Government is providing these indicative grant values and distributions now so that local authorities are able to plan their budgets efficiently. This information will be further updated for the final settlement.

As set out in yesterday's draft budget the Welsh Government's funding priorities continue to be health and local government services. While I know local government has been facing significant pressures, particularly arising from the COVID-19 pandemic, I hope that this increase, building as it does on a significantly improved settlement in 2020-21, enables Authorities to continue to support and deliver critical and valued local services. In setting the overall Settlement at this level the Government has responded to the negative impact of the pandemic on Non Domestic Rate (NDR) collection. The baseline Settlement increase of £176m reflects a larger increase in the Revenue Support Grant (RSG) to compensate for the fall in NDR. It also accounts for the impact of freezing the NDR multiplier. After adjusting for transfers into the Settlement, this equates to an increase of £172 million in Settlement funding, compared with 2020-21.

The Minister for Finance and Trefnydd was clear in the draft budget that one of the hard choices we have faced in setting our spending plans for next year is our approach to public sector pay. The reality is that we did not receive any additional funding through the Barnett

formula to provide for public sector wide pay awards next year given the UK Government's decision to pause public sector pay rises, with the exception of the NHS and those on the lowest wages. The implications of pay awards in 2021-22 will therefore need to be accommodated within Authorities' budget planning in the light of this Settlement. Our decisions in the budget, target as much support as we can to health and local government to support pressure in frontline services focusing on schools and social services.

Whilst we did not receive any additional funding from the UK Government for public sector pay, in determining the distribution of funding across authorities for the Settlement, we have recognised the decisions made on the 2020/21 teachers' pay deal and the commitment made by local government to fund this deal by directing funding into the schools part of the formula. We are also continuing to provide funding for our proposals for new eligibility criteria for free school meals, given the continued rollout of Universal Credit by the UK Government.

Through this Settlement, we are continuing to provide £4.8 million for authorities to deliver additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues.

In line with the Government's focus on countering the effects of poverty, we remain committed to protecting vulnerable and low-income households from any reduction in support under the Council Tax Reduction Schemes, despite the shortfall in the funding transferred by the UK Government following its abolition of Council Tax Benefit. We will continue to maintain full entitlements under our Council Tax Reduction Scheme (CTRS) for 2021-22 and are again providing £244 million for CTRS in the Settlement in recognition of this.

Alongside the Settlement we are continuing to provide funding to support local government to waive fees for child burials. This shared commitment ensures a fair and consistent approach across Wales.

I am not minded to provide for a funding floor for this year given the increased settlement for 2020-21 and the proposed allocations I am announcing today for 2021-22. I have accordingly allocated all the funding available up front.

A wide range of services of course have been significantly impacted by the pandemic. As the Finance Minister's statement on the budget made clear, we recognise the need to continue to provide funding to support Local Government's response to the pandemic. This will be considered separately and does not form part of this Settlement.

This Settlement provides Local Authorities with a stable platform for planning their budgets for the forthcoming financial year. I fully appreciate the pressures local government is facing and am committed to protecting local government, particularly at this difficult and challenging time. This is as good a Settlement as the Government can offer and one which should help to alleviate some of the pressures Authorities are anticipating. While I can't guarantee that there will be no changes between the provisional and final settlements, due to the financial uncertainty that we currently face, I do not intend making any significant changes to the methodology or the data underpinning the distribution of this Settlement.

Attached to this statement is a summary table setting out the Settlement allocations by authority. The allocations are derived using the formula agreed with local government. As a result of the formula and related data, the table shows the range of the funding allocations, from a 2.0% increase over the 2020-21 settlement to a 5.6% increase.

Further details on the Settlement will be sent to all local authorities and published on the Welsh Government's website:

<https://gov.wales/local-government-revenue-and-capital-settlement-2021-2022>

General capital funding for 2021-22 will continue to be set at £198 million. Included within this amount is £20 million for the continuation of the public highways refurbishment grant, including support for active travel; £54 million of historic baselined general capital grant; and the continuation of an additional £35 million of general capital grant, which was announced as part of the 2019-20 and 2020-21 budgets. This additional £35 million will enable Authorities to begin to respond to our joint priority of decarbonisation, including for housing and economic recovery following Covid-19.

We have discussed, before, our shared recognition of the need to invest in the supply of housing. Investing in social housing should minimise the pressures on local authority budgets and on homelessness services. Investment in housing can also support the Welsh economy and local economies. I hope that this Settlement, capital and revenue, can support Authorities in increasing the scale and pace of housebuilding across Wales.

I know that Authorities will need to make choices in setting their budgets. They will need to engage meaningfully with their local communities as they consider their budget priorities. The setting of budgets, and in turn council tax, is the responsibility of each local authority and authorities will need to take account of the full range of sources of funding available to them, as well as the pressures they face, in setting their budgets for the coming year.

This announcement commences the formal seven-week consultation on the provisional local government settlement. This will end on 9 February 2021.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.

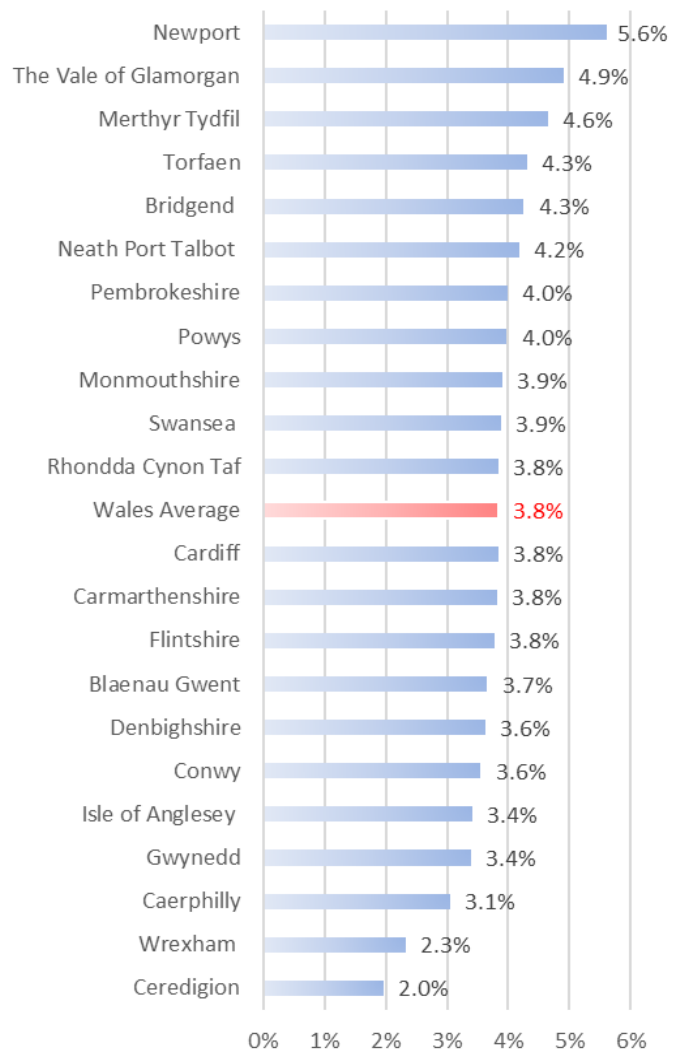
Summary Table

2021-22 provisional settlement – comparison of 2020-21 AEF (adjusted for transfers) and 2021-22 provisional AEF, and distribution of the 2020-21 Council Tax Reduction Schemes funding (distributed within AEF) (£000s)

Unitary authority	2020-21 adjusted AEF ¹	2021-22 provisional AEF	% change on adjusted 2020-21 AEF	Rank	Council Tax Reduction Schemes (within AEF)
Isle of Anglesey	101,369	104,825	3.4%	18	5,186
Gwynedd	188,409	194,793	3.4%	19	8,541
Conwy	161,181	166,906	3.6%	17	9,138
Denbighshire	153,089	158,632	3.6%	16	8,920
Flintshire	199,267	206,778	3.8%	14	9,609
Wrexham	184,569	188,856	2.3%	21	9,062
Powys	184,554	191,897	4.0%	8	8,775
Ceredigion	107,545	109,658	2.0%	22	5,122
Pembrokeshire	172,502	179,387	4.0%	7	8,187
Carmarthenshire	274,355	284,820	3.8%	13	13,996
Swansea	339,445	352,642	3.9%	10	19,264
Neath Port Talbot	227,198	236,680	4.2%	6	15,977
Bridgend	203,540	212,192	4.3%	5	13,088
The Vale Of Glamorgan	160,455	168,316	4.9%	2	9,062
Rhondda Cynon Taf	389,403	404,375	3.8%	11	21,936
Merthyr Tydfil	96,973	101,476	4.6%	3	5,595
Caerphilly	283,708	292,367	3.1%	20	12,372
Blaenau Gwent	116,112	120,361	3.7%	15	8,067
Torfaen	140,308	146,340	4.3%	4	8,331
Monmouthshire	97,673	101,483	3.9%	9	5,753
Newport	228,000	240,796	5.6%	1	10,083
Cardiff	469,913	487,913	3.8%	12	27,934
All Unitary Authorities	4,479,570	4,651,494	3.8%		244,000

Note: Total may not sum correctly due to rounding

1. 2020-21 AEF adjusted transfers of £5.127m (at 2020-21 prices) into the Settlement



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PORTFOLIO	SERVICE	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Comments
		£	£	£	£	£	
<u>EXISTING SERVICE COST PRESSURES</u>							
Corporate Services							
	ICT	160,000					
	Council Tax Reduction Scheme	280,000					Total forecast cost pressure is £650,000, of which £370,000 is related to Covid-19 Pressures and it is assumed WG will continue funding.
		440,000	-	-	-	-	
Social Services							
	Legal Fees - Children's	350,000					
	Community Care - National Minimum Wage	250,000	400,000				To cover the increase in the Minimum Living Wage over & above inflation and non pay related cost increases.
		600,000	400,000	-	-	-	
Education							
	Home to School Transport	100,000					Increased number of pupils at Penycwm - impact on Transport
		100,000	0	0	0	0	
Environment							
	Legionella Monitoring	50,000					One member of staff and software (Water quality Report)
	Corporate Landlord	60,000					Ongoing budget shortfall
	Environmental Health	24,000					End of collaboration with Torfaen CBC - remaining cost pressure. Delayed due to interim response to Covid-19, and will be considered as part of SMR2 in due course
	Cwmcrachen Utility Costs	22,000					Improved position compared to 19/20 Investigations into electricity consumption being carried out
	General Offices	23,000					Potential loss of rental income
	Waste	35,000					Reduction in the Sustainable Waste Management Grant for 2021/2022
		214,000	-	-	-	-	
Economy							
	Industrial Units	133,000					Reduced income opportunities due to economic uncertainty and increased income target (BtG Strategic Business Review). If target figure is further increased for 2021/2022 budgets, the adverse figure will increase significantly. Budget holder requests target figure for 2021/2022 to freeze.
		133,000	-	-	-	-	
Planning							
	Review of LDP	66,500	66,500				Delays to producing the new Local Development Plan due to Covid-19 and as a result the shortfall will fall over 2 financial years
		66,500	66,500	-	-	-	
Licensing							
	Fees & Charges	33,000					Cost pressure arising as a result of no increase being approved to the fees charged
		33,000	-	-	-	-	
All Portfolios							
	Cardiff City Deal	34,500					

Highways Prudential Borrowing funding	200,000					previous scheme is funded from insurance fund contributions. However, this funding source is no longer sustainable (22 years of repayments remaining, from 30 year PB loan)
	234,500	-	-	-	-	
TOTAL EXISTING COST PRESSURES	1,821,000	466,500	0	0	0	
<u>GROWTH / NEW RESPONSIBILITIES</u>						
Corporate Services						
SRS - New Data Facility	11,000			57,000		Business Case developed
Community Hubs	25,000					
	36,000	-	-	57,000	-	
Education						
ALN Reform	100,000					statutory post currently grant funded
Pupil Population	-	45,000	(213,000)	126,000		
	100,000	45,000	(213,000)	126,000	0	
Environment						
Waste Wardens	67,000					
Waste Services - Transfer Station (Operated by Silent Valley)	50,000					Ongoing shortfall with management fee, usually covered by in year virements but this is no longer sustainable.
	117,000	-	-	-	-	
SUB TOTAL GROWTH / NEW RESPONSIBILITIES	253,000	45,000	-213,000	183,000	0	
TOTAL COST PRESSURES / GROWTH (BAU)	2,074,000	511,500	-213,000	183,000	0	

STRATEGIC BUSINESS REVIEWS

Review	Lead Officer	Scope	Estimated Achievement							
			2020/2021	2021/2022	2022/2023		2023/2024		2024/2025	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Industrial Portfolio	Richard Crook / Ellie Fry	To review the Council's Industrial Unit Portfolio to identify areas for improvement and opportunities to maximise income.	0	0	0	50	0	100	50	200
Commercial Waste	Richard Crook	To roll out a new Commercial Waste service borough wide. A successful capital bid secured £250,000 for Blaenau Gwent's Commercial Waste Service. During the financial year 2019/2020, the Trade Waste Service underwent a full revamp with a revised implementation date of 1 st April 2021.	0	0	23	23	64	64	96	96
Income Recovery	Rhian Hayden	To review current income recovery activities to ensure best / efficient practices in place.	54	0	0	0	0	0	0	0
Fees and Charges	Bernadette Elias	To review and develop an approach to the setting of fees and charges that reflects full cost recovery, and identifies further opportunities for raising income from discretionary services. Options to stretch targets on those budget lines that over achieving will be explored in future years.	121	0	100	100	100	100	100	100
Commercial activity, investment and new income	Richard Crook	This strategic review will focus on identifying additional commercial opportunities to supplement the current activities of: <ul style="list-style-type: none"> Fees and charges Developing the Industrial Portfolio Current income from traded or shared services 	0	0	0	0	50	50	50	50

Review	Lead Officer	Scope	Estimated Achievement							
			2020/2021	2021/2022	2022/2023		2023/2024		2024/2025	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		<ul style="list-style-type: none"> Property Investment inside the Borough and out of the Borough Investment in energy and low carbon activities Disposals or development of assets and property 								
Third party expenditure – commissioning, procurement and contract management	Bernadette Elias	The Council commissions, procures and manages contracts with a wide range of third party suppliers across all its services spending circa. £80m +. This strategic business review seeks to identify for efficiencies and improved outcomes where possible.	550	490	250	550	250	550	250	550
Assets and Property	Richard Crook	The Council has a range of property assets. This review will ascertain their value to the Council and identify how best to maximise these assets to strengthen our balance sheet. This review would include buildings and green spaces and will align with the growth strategy.	85	35	150	210	0	0	0	0
Review of the MRP Policy	Rhian Hayden	To commission the Council's Treasury Management advisors to review the MRP.	0	0	50	500	0	0	0	0
Future work place and service delivery	Bernadette Elias	This is a new Strategic Business Review that merges the previous business review on customer experience and the business review on workplace transformation. The impact of the pandemic has forced the organisation to think radically about how and where it will deliver services to the communities in Blaenau Gwent. This Strategic Business Review includes:	50	0	TBC	TBC	TBC	TBC	TBC	TBC

Review	Lead Officer	Scope	Estimated Achievement							
			2020/2021	2021/2022	2022/2023		2023/2024		2024/2025	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		<ul style="list-style-type: none"> Review of face to face service delivery models and development of community based provision; Review of the democratic space to ensure the organisation fulfils its role as community leader in an inclusive and transparent way; Review of the current physical office environment so staff can work safely and productively; <p>With the current level of data analysis and financial information it is not possible to quantify the potential cost avoidance or savings beyond 2021/22. Work on this Strategic Business Review will inform the assessments for the later years of the MTFP.</p>								
Growth Strategy	Richard Crook	Our Growth Strategy involves a programme of housing development that will see an impact on our revenue streams through increase Council Tax. This will contribute to the MTFS and is a critical element of building strong communities.	220	230	300	300	100	100	100	100
Low Carbon	Michelle Morris	Develop a Low Carbon Plan which sets out an ambitious vision and targets for BG to become a Low Carbon Borough and supports the corporate objectives of being a more Efficient Council and Strong & Environmentally Smart Communities.	138	0	200	350	200	350	200	350
		TOTAL	1,218	755	1,073	2,083	764	1,314	846	1,446

			Estimated Achievement							
Review	Lead Officer	Scope	2020/2021	2021/2022	2022/2023		2023/2024		2024/2025	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Strategic Business Reviews – No Estimated Financial Impact Identified										
Use of external grants	Bernadette Elias	<u>Scope of the Review</u> This strategic business review is concerned with deployment of additional grant funding that is available to the council and its partners. It is estimated that the organisation receives approximately £22m additional funding to support our priorities. This review will explore how the grants are utilised across the council to deliver outcomes for our residents. This review will also consider the impact of the removal of these grants and the risk placed on core funding.								
Reducing demand by changing behaviours	Bernadette Elias	The Council’s role in place shaping means that we need to encourage and enable communities to do as much as they can for themselves and to build resilience. This strategic business review will identify any opportunities to work closely with our communities to encourage changes in behaviour. This has been done in many other locations to deal with issues relating to littering, payment of council tax and antisocial activities.								
Prevention and early intervention services	Damien McCann / Lynn Phillips	This review will focus 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								
Using data to deliver better services	Bernadette Elias	Becoming a 21 st Century Council means using data and insight to drive decision making. This Strategic Business Review will identify opportunities for the sharing of data to design services and target our resources to deliver outcomes for our residents.								