

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE LEADER AND MEMBERS OF THE EXECUTIVE

SUBJECT: SPECIAL EXECUTIVE COMMITTEE – 26TH JULY, 2021

REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER

**PRESENT: Leader of the Council/
Executive Member Corporate Services
Councillor N.J. Daniels (CHAIR)**

**Executive Member – Education
Councillor J. Collins**

**Executive Member – Environment
Councillor J. Wilkins**

**Executive Member – Social Services
Councillor J. Mason**

**WITH: Managing Director
Corporate Director Education
Corporate Director Social Services
Chief Officer Resources
Chief Officer Commercial
Head of Community Services
Head of Legal and Corporate Compliance
Communications and Marketing Manager**

DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<u>SIMULTANEOUS TRANSLATION</u> It was noted that no requests had been received for the simultaneous translation service.	

<p>No. 2</p>	<p><u>APOLOGIES</u></p> <p>An apology for absence was received from Councillor D. Davies.</p>	
<p>No. 3</p>	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>There were no declarations of interest and dispensations raised.</p>	
	<p><u>MONITORING ITEMS – CORPORATE SERVICES</u></p>	
<p>No. 4</p>	<p><u>REVENUE BUDGET MONITORING – 2020/2021 PROVISIONAL OUTTURN</u></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Leader advised the reports had been considered at the Joint Scrutiny Committee and asked the Chief Officer Resources to provide an update of discussions from the meeting.</p> <p>The Chief Officer Resources outlined the report which updated the Executive on the provisional outturn against revenue budget for the financial year 2020/2021 across all portfolios. The Chief Officer noted the table which indicated that the provisional outturn was lower than the budget by £2.639m across all services. This was after an initial net contribution to specific reserves of £8.5m. It was added that in reviewing the year end position, and in support of the Council’s financial resilience, a further transfer to earmarked reserves of £1.2m had been made with the balance of £1.4m transferring to General reserves. The Chief Officer advised that due to the continued response and the recovery to be taken forward with regard to the pandemic additional reserves had been allocated.</p> <p>The Chief Officer spoke to the report detailing the hardship funding the Authority had received from Welsh Government, Covid support payments made to schemes which had been administered by the Authority on behalf of Welsh Government and summarised the favourable and adverse variances across all portfolios.</p>	

The Chief Officer Resources pointed out the provisional outturn indicated that school balances increased to £3.7m with only one school currently in a deficit position and reported that schools had seen a similar impact on their budget as the Council during the pandemic and additional funding had been being provided by Welsh Government. This funding supported schools in their response to Covid-19, however, the Chief Officer added that this was a one-year benefit and did not answer the ongoing cost pressures the school and Council would face in ongoing years.

The Chief Officer Resources further spoke to the report and provided an overview of the Bridging the Gap Programme.

The Chief Officer Resources noted discussions at the Joint Budget Scrutiny Committee and advised that a request had been made by Members that future reports so Members could understand the impact of Welsh Government funding received against specific budgets. It was reported that at present the information was detailed against respective Portfolios, therefore this amendment to would be made going forward. The Chief Officer added that the Committee had agreed to recommend the preferred Option 1,

The Leader welcomed the report and outturn figure for the year which had been challenging across the public sector. The Leader felt that the Authority and other authorities had handled the situation very well and was pleased to report this position.

The Leader added that over the last few years, building on the Council's financial resilience was key for this administration and it was felt that this report positioned the Authority well to deal with any risks that may arise. There were areas which need to be looked at and adverse variance addressed and the Leader reported that he was happy to take this forward with the respective Portfolio Holder and Chief Officer Resources. However, there was no major area of concern and there were mitigating circumstances for the adverse variances which was no reason for concern.

RESOLVED that the report be accepted and the appropriate challenge to the financial outcomes in the report was provided (Option 1).

No. 5

CAPITAL BUDGET MONITORING, PROVISIONAL OUTTURN FOR 2020/2021 FINANCIAL YEAR (AS AT 31ST MARCH 2021)

Consideration was given to the report of the Chief Officer Resources.

The Chief Officer Resources provided the Executive with an overview of each Portfolio's provisional outturn capital expenditure against funding approvals for the 2020/2021 financial year. The Chief Officer reported that the overall provisional financial position as at 31st March, 2021 indicated a £161k underspend against a total in year capital budget of £17.78m and detailed the short and long term impact on the budget as outlined in the report.

With regard to the Joint Budget Scrutiny Committee discussions, the Chief Officer Resources reported that discussions had been around the overspending areas and confirmed that concerns had been addressed.

RESOLVED that the report be accepted and

- a) the appropriate challenge to the financial outcomes in the report. Was provided; and
- b) the appropriate financial control procedures agreed by Council continue to be supported; and
- c) the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding be noted.

No. 6

USE OF GENERAL AND EARMARKED RESERVES 2020/2021

Consideration was given to the report of the Chief Officer Resources.

The Chief Officer Resources spoke to the report which detailed information in relation to the draft outturn reserves position for 2020/2021. It was noted that the overall level of both general & specific/earmarked reserves had increased during the year from £14.7m to £28.6m, an increase of £13.9m and the Chief Officer noted the factors which had contributed to the increase.

The Chief Officer Resources advised that the position of reserves provided a buffer to deal with unexpected future issues. The significant elements of the earmarked sums related to grant funding held in respect of specific projects or services that would be utilised in delivering the relevant service outcomes. The Chief Officer anticipated that in future years it was probable that there would be restrictions on public spending in order to mitigate the extraordinary levels of borrowing incurred by Central Government in dealing with Covid-19. The Chief Officer felt that it was prudent to retain the appropriate levels of earmarked and general reserves to assist with such a funding situation that potentially could be similar to that experienced during the last decade during the years of austerity.

The Chief Officer Resources reported that the Joint Scrutiny Committee understood the need to maintain good prudence going forward in respect of reserves to ensure good financial resilience of the Council.

The Leader advised that there was regular monitoring of reserves by respective portfolio holders and collectively by the Executive. The monitoring of reserves had been enhanced in the last few years which had strengthened the financial resilience of the Council. The level of reserves had not been nowhere near where they should be and although current levels are more favourable further work was needed to ensure the Authority was in a better position for the future. The Leader concurred that at some point in time the monies distributed to Welsh Government and other governments from Central Government would need to be addressed, however Leader had hoped that it would not be as severe as austerity years and the responsible politicians must do all they can to ensure that going forward the Authority was prepared to cater for future budgets.

RESOLVED that the report be accepted and

- a) considered the use of general and earmarked reserves during 2020/2021;
- b) the significant increase in general and earmarked reserves as a result of the exceptional circumstances in the 2020/2021 financial year be noted;

- c) the draft outturn position of the General Reserve at £7.820m represents 5.78% of net revenue expenditure, above the 4% target level be noted;
- d) the need for ongoing prudent financial management given the potential for future public spending restrictions required to fund the impact of Covid-19 be considered; and
- e) the continued challenge to budget overspends was given and implement appropriate service Action Plans, where required.
- f) The maintenance of usable reserves at an adequate level was crucial to the Council being able to meet future liabilities arising from risks for which specific provision has not been made.

No. 7

BRIDGING THE GAP (BTG) PROGRAMME 2021/2022

Consideration was given to the report of the Chief Officer Resources.

The Chief Officer Resources spoke to the report which provided an update on the Strategic Business Reviews, including the provisional outturn for 2020/2021 and latest assessment of the financial achievement for 2021/22 onwards. The Chief Officer Resources advised that the Programme would continue to be reviewed to ascertain any changes in the assumptions. If there was a need for such changes these would be reflected in the Medium Term Financial Strategy and be presented to Members in the autumn.

The Chief Officer Resources noted the questions raised in the Joint Budget Scrutiny Committee which had been addressed.

The Leader noted the report and advised that the next report to be considered alongside the Medium Term Financial Strategy would be key to the Bridging the Gap Programme. The Leader had hoped the report would provide a full understanding of the impact of Covid-19 on the planned strategic business reviews and welcomed any new streams to be considered.

RESOLVED that the report be accepted and the appropriate challenge to the Bridging the Gap programme was provided (Option 1).