

**MINUTES OF A MEETING OF THE CORPORATE OVERVIEW AND SCRUTINY COMMITTEE HELD REMOTELY - VIA MICROSOFT TEAMS ON WEDNESDAY, 19 JANUARY 2022 AT 09:30**

Present

Councillor KL Rowlands – Chairperson

JPD Blundell  
JC Spanswick

M Jones  
A Williams

RL Penhale-Thomas  
AJ Williams

RMI Shaw

Apologies for Absence

Cllr Huw David (Leader), Cllrs Tim Thomas and G Thomas

Officers:

Lucy Beard	Scrutiny Officer
Julie Ellams	Democratic Services Officer - Committees
Mark Galvin	Interim Democratic Services Manager
Meryl Lawrence	Senior Democratic Services Officer - Scrutiny
Carys Lord	Chief Officer - Finance, Performance & Change
Martin Morgans	Head of Performance and Partnership Services
Janine Nightingale	Corporate Director - Communities
Michael Pitman	Democratic Services Officer - Committees
Kelly Watson	Chief Officer Legal, HR and Regulatory Services

58. DECLARATIONS OF INTEREST

Cllr R Shaw declared a personal interest in the Medium Term Financial Strategy 2022-23 to 2025-26. In appendix 1 to the report there was a reference to an increase in the Fire Service Precept and Cllr Shaw had been appointed by the Local Authority to the Fire and Rescue Authority.

59. APPROVAL OF MINUTES

RESOLVED: That the Minutes of a meeting of the Corporate Overview and Scrutiny Committee dated 7 October 2021 be approved as a true and accurate record subject to the inclusion of Cllr Jon-Paul Blundell as being in attendance.

60. MEDIUM TERM FINANCIAL STRATEGY 2022-23 TO 2025-26

The Chief Officer – Finance, Performance and Change presented a summary of the report, the purpose of which was to present the Committee with the draft Medium Term Financial Strategy 2022-23 to 2025-26, which set out the spending priorities of the Council, key investment objectives and budget areas targeted for necessary savings. The strategy included a financial forecast for 2022-2026 and a detailed draft revenue budget for 2022-23.

The Chair thanked the Chief Officer Finance, Performance and Change and Members asked the following questions:

A Member referred to the anticipated saving of £300,000 from transferring responsibility for the management of assets to Town and Community Councils, clubs and groups. He requested more information on how the £300,000 had been calculated.

The Chief Officer – Finance Performance and Change explained that she did not have that information to hand and that she could provide a written response for the committee. Another Member added that he would raise the CAT process in the SOSOC3 meeting that would take place the following week and that a definitive breakdown could be provided at that meeting. A Member not on SOSOC3 asked that information be provided at that meeting on the grants that were being provided for the maintenance of buildings etc and the pot the grants came from.

A Member referred to the series of budget pressures from the legislative changes made by Welsh Government relating to the environment, climate change, additional learning needs, Test Trace and Protect, the use of PPE, the public vaccine programme, and the end of the Covid-19 Hardship Fund. He said that there should be consequential funding from Central Government, and these should not have to be implemented from existing budgets. He wanted to know if the Leader and Deputy Leader had been lobbying Welsh Government to ensure that the consequential funding was there. He then referred to the legislative changes that would have an impact on the budget including the teacher's pay settlement, National Insurance (NI) contributions and the living wage. He asked for confirmation that the three totalled £1.2 million out of a settlement of £19.6million. He also asked if the legislative changes were ongoing pressures as this was not clearly stated in the report.

The Chief Officer – Finance Performance and Change replied that it was increasingly the case that new legislative requirements came with no new funding. There was some additional funding for climate change, but the detail was not clear. In relation to PPE and vaccination centres these were currently being funded from the Hardship Fund. There would be funding for these, but it would be included in the general settlement, and it was for the local authorities to estimate how much they allocated toward these costs. She added that there had been lobbying via the WLGA over the last year with regard to both Covid and the increases in demand on services. The Chief Officer – Finance Performance and Change explained that with regard to the teacher's pay settlement, National Insurance (NI) contributions and the Living Wage, there were funds within the settlement however details had not been quantified and were still to be confirmed. The Deputy Head of Finance confirmed the current position and that in terms of teacher's pay, they did not know what the position would be from September 2022 because it had not yet been agreed. In terms of NI contributions, the bottom line figure was £2.1 million for Local Authority staff but there were also staff for the commissioned services. The Guidance was not yet available for the Real Living Wage but up to £2.5 million had been set aside based on indicative work. Within those three areas alone there was a potential pressure of £5.5 million.

The Chief Executive added that there was still an enormous amount of uncertainty with regard to the budget. On the one hand, there was a more generous settlement, but it did not specify how much of the settlement was allocated to the additional burdens. During Covid there had been an increase in demand for all services. The Hardship Fund would now be coming to an end, and it was difficult to estimate what demand would be moving forward.

A member asked about the financial liability to the independent sector for NI contributions. He asked if it would be written into the contract that the local authority would be liable for this type of increase. He also asked if it was time to revisit the MTFs process in light of the volatility of uplifts ranging from 3 and 4% to 9%. He suggested that they lobby Welsh Government for a 3 year strategy so that they could budget effectively.

The Chief Executive replied that Chief Executives and Directors had been lobbying Welsh Government that it would be better to have a long term settlement. An indicative

settlement had been provided for all local authorities over the next 2 years but there was no indication what the individual allocation would be. They had speculated that it would be lower than the current 9.2% and closer to what it had been in previous years. He agreed that it would be better in terms of long-term planning but recognised that with the elections in May there could be changes to political parties and priorities. He added that they had to be prudent moving forward and had to prioritise.

The Chief Officer – Finance Performance and Change agreed that they had been lobbying for a considerable time and the 3 year indicative settlement would help. With regard to NI liability, their contractors would not have been aware of this and therefore would not have planned for it. If the Authority did not support certain areas such as social care where the majority of money paid out was for staff costs, then they would have to cover it themselves and that Halo and Awen also needed support.

A Member referred to a number of new Acts that had recently or were about to be introduced, all of which were additional financial responsibility for authorities. There was discussion regarding whether through the Chair a letter should be written to the Minister for Finance regarding these additional pressures on local authorities, however this was later superseded by the proposal of Recommendation 4 below: “The Committee recommended that the Authority lobbies Welsh Government and UK Government for consequential funding for the additional requirements placed upon Local Authorities from legislative and regulatory pressures, ...etc.”

Another member fully endorsed the comments made regarding volatility of funding and sympathised with the Chief Officer – Finance Performance and Change for the very late settlement. The Member asked for further information regarding the AEF figures.

The Deputy Head of Finance explained that the indicative figures for the next 2 years were a lot lower than the figures they had just received, and it was not clear where Bridgend fell within the 22 authorities. This year Bridgend was lower than the average. Also, often the settlement contained funding for new responsibilities and when this element was taken out, the funding was a lot lower. Assuming there would be additional costs then the real increase was likely to be more like 1%.

A Member referred to the Council Tax threshold and the freeze for the forthcoming year. He asked exactly what a cut of 1% and an increase of 1% would look like in terms of figures, in light of a potential shortfall of 4.2% going forward.

The Chief Executive replied that every 1% of Council Tax brought in £¾ million to the local authority so an increase of 4% would equal £3 million.

The generous settlement provided a one off possibility of freezing Council Tax which was the best way to help residents this year.

The Member explained that he was trying to understand what other alternatives were considered during the budget setting process.

The Chief Executive explained that the settlement was quite late and did not leave much time to consider alternatives. They had considered a range of scenarios and how the budget would balance. In view of the cost of living crisis, a Council Tax freeze was considered a better priority for this year than spending on other things. If Scrutiny Committees disagreed with this, they could suggest other options.

A Member asked if there would be an opportunity to ask the Leader / Deputy questions before the Council Tax was set by Council. The Senior Democratic Services Officer-Scrutiny explained that all 4 Scrutiny committees would consider the report within their individual remits over the next few days and the Leader and Deputy Leader had been

invited to attend them all. The Recommendations from all Scrutiny Committees would be reported to COSC on 1<sup>st</sup> February along with the BREP Recommendations and Cabinet would consider those before meeting again later in February, before the meeting of Council to set the Council Tax.

A Member reiterated that at the Cabinet meeting the day before, the Leader and Cabinet members had stressed that their position had not been pre- determined and that they would be taking into account the comments made by Scrutiny and the public consultation. It would be too late at Council to debate these issues.

The Cabinet Member for Wellbeing and Future Generations advised that there would be an opportunity to ask questions of the Leader and Deputy Leader in the further three Subject Overview and Scrutiny Committee meetings being held over the next three working days. She added that she had been attending as a listening Cabinet Member.

The Deputy Leader apologised for his late arrival and explained that there had been an incident which he had had to deal with before attending.

A Member asked what other considerations Cabinet made when setting the Council Tax for the forthcoming year. The Deputy Leader replied that the Council Tax level was always the final part of the calculation. They looked at what pressures they could fund from the settlement and the balancing figure was the Council Tax.

A Member stated that at a recent meeting, she had asked how much the Authority was saving by staff working from home. She had been advised that savings had been offset by the cost of providing everyone with equipment and she questioned why the photocopying bill was so high if everyone had their own equipment.

The Deputy Head of Finance explained that the budget pressure was in respect of postage as occasionally staff needed documents or a paper copy and this was sent to their home address. This was offset by the saving of staff no longer being in the office and printing things that they might be able to manage without. There was an issue with leased printers in the offices and the lease cost payable on them. There was a shortfall in the ICT printing budget, and they had to determine the future delivery model and printing facilities and to look at the leases to see whether they could end some. There were potential savings but not at that moment.

A Member asked why documents were not being scanned and emailed rather than sending paper copies. The Head of Partnerships explained that there was a 3 year term on the printers and people printing in the office would offset the cost. They did scan a significant amount, but this was predominantly post being sent out. They had minimised printing massively and incorporated far more scanning.

A Member asked if Officers were able to come to the offices to collect post. The Head of Partnerships replied that Officers used a digitised system where papers were scanned and forwarded electronically. This pressure predominantly referred to where documents were posted to residents, and this would have been covered under a different budget previously.

A Member asked for more information regarding the business support review. The Chief Executive explained that this was slightly misleading as it looked like a £405,000 increase when in reality it was part of the response to better resourcing front line services such as children's services and the early help service. They had tried to adopt different practices to free up front line staff to cope with the increase in demand. Phase 2 of the review of business support would still be carried out but this would create a holding position to address demand at that moment.

A member referred to CW1, the Fire Service precept and asked if there had been any movement on their budget and if the Fire Authority should be like the Police and precept themselves.

The Chief Officer – Finance Performance and Change replied that she was not aware of any update and that the Fire Authority would meet in early February to finalise their budget. They were not anticipating any changes. There had been discussion around funding so that they would become more like the Police, and this had been out for consultation.

A Member asked about the Hardship Fund that the schools had relied upon. Welsh Government had set guidelines regarding Covid including setting bubbles, hand sanitising and advanced cleaning and she asked if the schools would still be expected to do the extra work and if this would be funded by the Council or if the schools would be expected to meet the cost. The Member was not on the Scrutiny Committee that covered education so would be unable to ask the question at the relevant time. It was agreed that the question could be raised on her behalf at the meeting of SOSC 1 the following day.

The Chief Executive advised that the narrative around the £1 million was that it would be allocated where it was needed. They were not asking schools to pick up the 1% savings, however it was expected that the £1 million would not cover everything. There was the potential to allocate money moving forward.

A Member asked if there were any indicative figures regarding the ongoing pressure for homelessness.

The Chief Officer – Finance Performance and Change explained that there was already a provision within the base budget to support homelessness services going forward and this would be monitored carefully.

A Member referred to the Real Living Wage and said that it was really welcome. He asked for clarity that the narrative referred to care workers and all outsourced contractors such as Halo and Awen.

The Deputy Leader replied that they were aiming to cover all external commissioned services.

The Chief Officer Legal, Regulatory and Human Resources and Monitoring Officer confirmed that this was the direction of travel and was included in the action plan put forward to the Real Living Wage Foundation for accreditation. They were in contracts with the partners and agencies so there was a process they had to go through, and it would be included when awarding new contracts.

The Deputy Head of Finance added that this budget pressure was only to support the care workers' real living wage increase both internal and external. They were waiting for Guidance on how it would be applied.

A Member asked why the Real Living Wage and NI contributions were dealt with differently within the contracts. The Chief Officer Legal, Regulatory and Human Resources and Monitoring Officer replied that NI contributions were mandatory and there was no discretion whereas with the Real Living Wage, the Authority had applied to become accredited, and they were under no obligation to pay it at this stage. This was ongoing and would continue going forward and as contracts were renewed, it would be included in the procurement process.

The Chairperson advised that Members of the Committee who wanted to ask questions had all spoken, so as there were no further questions for the invitees, she thanked them for their attendance and they left the meeting.

Following consideration of the report and appendices, the Committee made the following Recommendations for consolidation and inclusion in the report to Cabinet on the draft MTFS, including the proposed budget pressures and budget reduction proposals within the remit of this Scrutiny Committee, as part of the budget consultation process:

Recommendations:

1. The Committee recommended that the Medium Term Financial Strategy and the Corporate Plan be reviewed and adjusted based upon the volatility of the funding, the difficulties of financial planning on a 3 to 5 year cycle and the need to be prudent moving forward.
2. The Committee recommended a corporate overview of procurement and tendering process be undertaken and looks at added liabilities to the Authority for staffing costs, which would include National Insurance contributions, national pay / wage increases, etc.
3. The Committee requested clarification whether the requirement for the Authority to meet increased National Insurance contributions for staff in commissioned services is from employment law or from within the terms of the contracts.
4. The Committee recommended that the Authority lobbies Welsh Government and UK Government for consequential funding for the additional requirements placed upon Local Authorities from legislative and regulatory pressures, including those relating to: the Additional Learning Needs Act, the Environmental (Wales) Act 2016, the Welsh Government's commitment to eradicate homelessness, local authorities' responsibilities in respect of responding to climate change and meeting net zero carbon targets, the implications of the Local Government and Elections (Wales) Act 2021, etc. and asks Welsh Government to identify what within core funding covers these additional responsibilities. The Committee also requested an itemised breakdown of how much the additional legislative / regulatory commitments such as Teachers' Pay, NI Contributions, Real Living Wage, etc, take out of the £19.6 Million uplift in funding, in order to receive an accurate indication of the remainder of the 9.2% budget settlement increase.
5. The Committee recommended that Cabinet write to Welsh Government urging them to set a multi year Medium Term financial Strategy budget settlement cycle of 3 or 5 years.
6. In respect of budget pressure CEX1, the Committee recommended consideration be given to continuing to reduce the cost of postage centrally due to the increase in digital service provision, and requested the savings being made by individual Directorates be identified.
7. In respect of budget pressure CW1, the Committee recommended that the Cabinet requests clarity on the outcome of the consultation undertaken upon Fire and Rescue Service precept / funding.
8. In respect of budget pressure CW3, the Committee expressed concern about whether the £1M would be sufficient to meet the range of potential services it may need to support, given the extent of previous claims from the Welsh Government Hardship Fund

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by such services e.g., schools, homelessness, etc. and requested itemisation of what the pressure is to support following the ending of the Welsh Government hardship fund.

61. **URGENT ITEMS**

None.

The meeting closed at 11:55