

**TOWN & COMMUNITY COUNCIL FORUM - MONDAY, 29 JULY 2019**

**MINUTES OF A MEETING OF THE TOWN & COMMUNITY COUNCIL FORUM HELD IN COUNCIL CHAMBER, CIVIC OFFICES, ANGEL STREET, BRIDGEND CF31 4WB ON MONDAY, 29 JULY 2019 AT 09:30**

Present

Councillor HJ David – Chairperson

S Aspey	SE Baldwin	Bennett	H Bennett
JPD Blundell	Buckley	NA Burnett	MC Clarke
N Clarke	Davies	P Davies	S Dendy
L Desmond-Williams	D Evans	T Giffard	CA Green
P Jenkins	C Jones	T Lyddon	RL Penhale-Thomas
AA Pucella	B Sedgebeer	CE Smith	JC Spanswick
G Thomas			

Apologies for Absence

N Alderton, R Davies, RM Granville, P Gwilliam, Ciaron Jackson, Jones, B Jones, D Jones, A Mckay, J Powson, SG Smith, JH Tildesley MBE, KJ Watts, W Willis and RE Young

Officers:

Mark Galvin	Senior Democratic Services Officer - Committees
Gill Lewis	Interim Head of Finance and Section 151 Officer

186. DECLARATIONS OF INTEREST

None.

187. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2020-21 TO 2023-24 - UPDATE AND BUDGET CONSULTATION 2019 - ENGAGEMENT WITH TOWN AND COMMUNITY COUNCILS

The Chief Executive Officer submitted a report, the purpose of which was to update the Town and Community Council Forum on the MTFS 2020-21 to 2023-24 and to inform Members etc of the MTFS 2019 Budget Consultation process, with the aim of improving engagement with Town and Community Councils.

The report gave some background information, then confirmed that the proposed timeframe for the MTFS 2019 Budget consultation was 9 September 2019 to 3 November 2019.

The next section of the report outlined the methods by which the public consultation would be carried out, which included on-line and in paper format, including through advertisements being placed in places regularly visited by the public.

Public meetings would also take place as well as engagement regarding these with Town/Community Councils, who were a very important consultee.

The Interim Head of Finance and S151 Officer then gave a power point presentation, entitled Medium Term Financial Strategy (MTFS) Budget briefing.

She explained that the current Council budget for 2019/20 is allocated as follows:

<b>Directorate/Budget Area</b>	<b>Budget 2019-20 £'000</b>
<b>Directorate</b>	
Education and Family Support	21,347
Schools	94,861
Social Services and Wellbeing	70,894
Communities	25,422
Chief Executive's	18,667
<b>Total Directorate Budgets</b>	<b>231,191</b>
<b>Council Wide Budgets</b>	
Capital Financing	7,329
Levies	7,134
Apprenticeship Levy	700
Council Tax Reduction Scheme	14,854
Insurance Premiums	1,588
Building Maintenance	870
Pension Related Costs	430
Other Council Wide Budgets	6,713
<b>Total Council Wide Budgets</b>	<b>39,618</b>
<b>Total</b>	<b>270,809</b>

The net budget is mainly funded by Welsh Government (WG) and council tax payments. The main element of funding was the Revenue Support Grant, received from Welsh Government, but the Council also receives a share of non-domestic / business rates from the WG. These 2 allocations are fixed and constitute 71% of funding, with the balance being met from council tax. A summary and breakdown of the split was shown below:-

	£	%
Revenue Support Grant	145,354,407	53.67
Non Domestic Rates	46,452,373	17.15
Council Tax Income	79,001,854	29.18
Total	270,808,634	100%

The Council is planning on the basis of 3 scenarios, Best, Most Likely and Worst case scenario, in terms of the level of funding it will receive from Welsh Government. The total of Revenue Support Grant and Non Domestic Rates is referred to as Aggregate External Finance

**MTFS Scenarios 2020-21 to 2023-24 -%  
Change in Aggregate External Finance**

	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>% Change</b>	<b>% Change</b>	<b>% Change</b>	<b>% Change</b>
Best Scenario	-1.0%	-1.0%	-1.0%	-1.0%
Most Likely Scenario	-1.5%	-1.5%	-1.5%	- 1.5%
Worst Scenario	- 3.0%	-3.0%	-3.0%	- 3.0%
Council Tax Increase	+4.5%	+4.5%	+4.5%	+4.5%

**Impact of Different Scenarios on Council Funding:**

The total amount of Aggregate External Finance that the Council receives in 2019/20 is £191.807m. Below is an indication of the impact on BCBC’s budget of the 3 scenarios in terms of Welsh Government funding. The most likely scenario will mean a reduction in funding of over £2.8m, before any additional pressures are taken into account.

<b>Scenario</b>	<b>AEF % Reduction</b>	<b>£m Reduction</b>
<b>Best</b>	-1.0%	<b>£1.918 m</b>
<b>Most Likely</b>	-1.5%	<b>£2.877 m</b>
<b>Worst</b>	-3.0%	<b>£5.754 m</b>

**Impact of Different Council Tax Increases**

Average Band D Council Tax is currently £1,470.87 for 2019/20. The 3 scenarios in the MTFS also assumed a council tax increase of 4.5% which would generate £3.5 million, partly to offset the reduction in AEF, but also partly to contribute to the additional pressures. The following information reflects the differing amounts of reduced or additional income that could be collected depending on what % increase in council tax the Council approves. If the rate is below the 4.5% assumed within the MTFS, then additional budget reductions may be required to balance the budget

<b>Council Tax Increase</b>	<b>Additional Council Tax Collected</b>
+4.5%	Assumed Increase
+3.0%	-£1.185m
+4.0%	-£0.395m
+5.5%	+£0.790m
+6.0%	+£1.185m
+6.5%	+£1.580m

**Added Pressures facing the Council**

The following highlight the various pressures that the Council also has to meet, on top of the reduced funding from Welsh Government. In total these pressures amount to over £10.6 million. The agreed pay awards has placed considerable extra pressure on the budget.

**Staffing costs** – Impact of National Living Wage plus unknown pay awards (average 2% in 2019-20)

Increase in employers' contributions for teachers pensions

**Inflationary pressures** – CPI currently at 2%. Rising energy prices. Impact of Brexit, etc.

**Legislative pressures** – e.g. Additional Learning Needs and Education Tribunal (Wales) Act 2018, Environment (Wales) Act 2016.

**MTFS Scenarios 2021-21 to 2023-24 and the impact on the amount of Budget Reductions Required**

Based on the Most Likely Scenario, the Council is faced with budget reductions of over £35 million over the next 4 years from a budget of £270 million – 13% of current budget, or 20% of budget excluding schools.

	2020-21	2021-22	2022-23	2023-24	Total
	£000	£000	£000	£000	£000
Best Scenario	9,773	7,584	7,398	7,204	31,959
<b>Most Likely Scenario</b>	<b>10,732</b>	<b>8,519</b>	<b>8,309</b>	<b>8,093</b>	<b>35,653</b>
Worst Scenario	13,609	11,267	10,932	10,595	46,403

**Risk Status of Current Budget Reduction Proposals**

The following table reflects where BCBC currently are in respect of achieving the total of savings as shown. 83% of the savings proposals, or £29.5m of the £35m, are currently not developed, or not even identified. In addition, those proposals that have been identified will need reviewing and a decision made as to whether they are still viable and deliverable, so this shortfall could increase.

Year	GREEN:	AMBER:	RED:	Budget reductions Identified so far	Budget reductions not yet developed	Total Required
	Proposal developed and deliverable	Proposal in development but includes delivery risk	Proposals not fully developed and include high delivery risk			
	£'000	£'000	£'000	£'000	£'000	£'000
2020-21	37	1,040	2,603	3,680	7,052	10,732
2021-22	0	975	584	1,559	6,960	8,519
2022-23	0	900	0	900	7,409	8,309
2023-24	0	0	0	0	8,093	8,093
<b>Total</b>	<b>37</b>	<b>2,915</b>	<b>3,187</b>	<b>6,139</b>	<b>29,514</b>	<b>35,653</b>
Percentage of total required	0%	8%	9%	17%	83%	100%

The Interim Head of Finance and S151 Officer advised of the Directorate Target Reductions up until 2023-24, as detailed below:-

Directorate	2020-21	2021-22	2022-23	2023-24	Total
	<b>Total Target</b>	<b>Total Target</b>	<b>Total Target</b>	<b>Total Target</b>	<b>Total Target</b>

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<b>Education &amp; Family Support</b>	<b>1,911</b>	<b>1,465</b>	<b>1,423</b>	<b>1,379</b>	<b>6,178</b>
<b>Schools</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>3,794</b>
<b>Social Services &amp; Wellbeing</b>	<b>2,933</b>	<b>2,348</b>	<b>2,293</b>	<b>2,236</b>	<b>9,810</b>
<b>Communities</b>	<b>2,622</b>	<b>1,999</b>	<b>1,940</b>	<b>1,880</b>	<b>8,441</b>
<b>Chief Executive's</b>	<b>2,318</b>	<b>1,758</b>	<b>1,705</b>	<b>1,650</b>	<b>7,430</b>
<b>TOTAL</b>	<b>10,732</b>	<b>8,519</b>	<b>8,309</b>	<b>8,093</b>	<b>35,653</b>

The Interim Head of Finance and Section 151 Officer finalised her presentation by stating that there was ongoing a planned comprehensive spending review due to take place by the Government which may have some impact on what local authorities in Wales receive in terms of funding from Welsh Government. The timing of such review was unclear which may result in a worst case scenario, whereby the Council's MTFs would not be set until as late as March, as opposed to the usual time each year, which is usually in February.

She added that there was also some uncertainty regarding funding for pay awards and pensions for teaching staff which could also affect the finalising of the MTFs, as could the timing of any grant funding. If this is notified towards year end, rather than earlier in the year, it is usually too late to incorporate it into the overall budget calculations, which would then give a more accurate picture of the Council's financial situation.

The Leader added that the Council's Revenue Support Grant was not known for next year at present and as this was the Council's largest form of income, until this was made more clear the extent of savings the Council would be required to make next year could not as yet be accurately predicted.

The Chairperson then asked Members if they had any questions on the covering report and accompanying presentation.

A Member advised that he was pleased to note that different methods of consultation with constituents including engagement with those of varying ages also (ie the younger and older element of society), was being pursued, in order to build on this initiative from few previous years when this was firstly introduced, was encouraging.

The Leader thanked the Member for this, adding that face to face consultation with the public on the MTFs was also now available, or they could complete an on-line survey if they preferred.

The Consultation, Engagement and Equalities Manager advised that consultation on the MTFs outside of the local authority with the public had increased in recent years, including the feedback received from them as to where they felt any cuts should be made. Officers (and Cabinet Members) now engaged with the public for this purpose via sessions set-up in public libraries, and through Town/Community Council meetings. Consultation events were also held both in the day and the evening, in order that those that worked during the day, could also be encouraged to actively engage in the consultation. The sessions were held in different geographical areas of the County Borough also, she added.

The Chief Executive advised that it was important to engage with the public on the Council's proposals, in order to explain that year on year, the Council was facing more difficult challenges with an ever decreasing budget. He felt it was important to make constituents fully aware, through the consultation process, that the Authority was not able to deliver some key services it had in previous years as it basically had less money with which to do so. Some non-statutory services had now even been cut altogether he added, and this trend was likely to be something that could continue longer term. He explained that the Council would also have a leaner staffing compliment moving forward and it would need to work more innovatively than previously, in order to overcome future challenges it would be confronted with.

The Clerk to Pencoed Town Council thanked Officers for today's presentation, though he added that he would be interested to learn more about the Council's Capital budget as well as its Revenue position.

The Leader confirmed that information in respect of both the Authority's Capital and Revenue Budgets would be shared as part of the consultation process, where the difference between the two would be explained.

He added briefly that the Council's Revenue allocation covered its day to day expenditure, including on staffing, which was by far the biggest spend of this area of its budget. Capital expenditure was more about the Authority investing in its assets over a number of years. Under the Capital Programme it is possible to borrow to fund and/or invest in certain schemes it proposed to introduce, although this funding has to be repaid. A number of specific schemes within the capital programme are also funded from external grants.

A Member (Chairperson of the Council's Budget Research and Evaluation Panel, BREP) advised that this Panel 'shadowed' the Council's financial position from the start to end of the financial year when the MTFS was set, in the shape of a critical friend. The Panel also, through the scrutiny process, made recommendations to Cabinet on certain budget proposals he added. He explained that Town/Community Councils had an important part to play in the support of the local authority, particularly in funding various community projects through its precept which could be increased for this purpose. He felt that it was important, wherever possible, not to keep cutting public facing services.

The Leader made the point that BREP undertook excellent work in respect of giving advice and feedback to the Council's Executive on the MTFS and he pointed out that the membership of BREP was made up of representatives from all BCBC's political groups, as opposed to being formed from the majority parties.

The Vice-Chairperson of the Forum felt that support to the Council in the current financial climate was becoming increasingly important, as its budget was reducing year on year. Through partnership working, organisations including Town/Community Councils were key in assisting local authorities to provide or maintain bus shelters, park benches, play areas/grounds, public toilets and other similar such facilities that benefited the public.

A Member felt it would be beneficial if BCBC developed a programme, on a ward to ward basis, of schemes it could either assist in developing or maintaining, including through the Community Asset Transfer (CAT) process. This would contribute towards efficiency savings for the Council, he added.

The Chief Executive acknowledged the importance of such joint or collaborative ways of working going forward, as the local authority were facing continued cuts, including on

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service areas that had been cut previously on more than one occasion. The continuation of this was becoming increasingly difficult, he explained.

The Leader confirmed that since the Council has had to make cuts, it had lost a total of 400 posts, and inevitably this also resulted in a loss of or reduction in services.

A Member advised that it was important that where the same service was provided by both tiers of Authority, these were provided at intervals in a timely manner. An example of this was grass cutting.

The Leader also felt that communication needed to be maintained robustly between BCBC and Town/Community Councils and one of the ways that this could be maintained, was through Members of the Authority who were also Members of Town/Community Councils.

A Member asked if there was a fall back situation, if the Council reached a position financially that was unsustainable and found itself facing bankruptcy as at least one Authority in England had previously.

The Leader confirmed that the Council would not go bankrupt while it kept maintaining a balanced budget, year on year. This involved protecting the most vulnerable and providing continued support for its 59 schools, as well as a variety of different care choices and services for the elderly. It would also look to maintain its key frontline services, he added.

The Chief Executive supplemented the above by confirming that the Council had yet to face further unprecedented cuts, with savings of £10m required in 2020/21 with a further £8m of savings needed in 2021/22. It would be very difficult to achieve this level of savings he added, but they would be required to be made nevertheless.

A Member made the point that a good few years ago, 20% of the Council's budget was made-up from Council tax payments and now this had increased to 29%. To bridge the gap, she felt that local authorities such as BCBC should receive more Revenue Support Grant from Central or Welsh Government.

The Leader confirmed that this was an issue he frequently raised with Welsh Government.

A Member of Porthcawl Town Council advised that no less than 16 projects had been initiated by the Town Council, but these were being hindered or stalled in terms of their progress, largely because of legal or property/land ownership difficulties. Some of these would be processed through CAT's, and the Town Council had accrued in the region of £420k to assist in the delivery of these schemes. If these were not progressed by the end of the financial year with the level of funding being fully committed to them, then the Auditor appointed to check their accounts would question this.

The Leader confirmed that the Council were in the process of streamlining the Community Asset Transfer process, though every area of land or site within the County Borough was unique and raised some difficulty or another with regard to a facility being taken over by various organisations, or new structures being built on land etc. This meant that different approaches needed to be adopted with regards to introducing various schemes and projects, with the view of overcoming land ownership, property, leasing, covenant and other legal issues.

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A Member raised the point that collaborative working between adjoining Town/Community Councils, discussed as an option previously, should now be actively pursued in order to assist in the financial support of community projects etc.

The Leader concluded debate on this item, by confirming that engagement with Town/Community Councils would continue on both proposals highlighted above and on the MTFs as it progressed and developed.

RESOLVED: That both the report and accompanying presentation be noted.

188. URGENT ITEMS

None.

The meeting closed at 11:18