

Report of the Budget Research and Evaluation Panel in respect of the Medium Term Financial Strategy 2020-21 to 2023-24

- 1.1. The Budget Research and Evaluation Panel (BREP) has considered the draft budget proposals for the year 2020-21.
- 1.2. The Panel met on six occasions and were supported by two Scrutiny Officers, Interim Head of Finance and Section 151 Officer, Interim Deputy Head of Finance and the Deputy Leader.
- 1.3. The September, October and November 2019 meetings considered individual presentations from all Corporate Directors and the Chief Executive, detailing the impact that the budget plans and proposals would make to their Directorate.
- 1.4. Members of the BREP appreciate the support of the Chief Executive and his management team.
- 1.5. The work of the BREP helps to ensure financial transparency and accountability with regard to the draft budget proposals. This ensures that Elected Members have the opportunity to help to develop and shape Council policies on the delivery of services, which is particularly important at a time of increasing demand for services and the challenging financial outlook.
- 1.6. The BREP acknowledge the financial challenges facing the Authority and agreed that a forward thinking approach is required when taking into account the overall budget savings which are required from 2020-2024 and should avoid any duplication with the work of the Subject Overview and Scrutiny Committees.
- 1.7. BREP Members are aware of the pressures on each Directorate when compiling and meeting budget savings year on year, which left little scope for BREP to suggest additional budget saving proposals, although BREP were able to provide views on what proposals were acceptable and which were not.

Legislative Pressures

- 1.8. A continuous theme from BREP discussions is the legislative influence on the local authority's finances. The BREP understood the difficulties Welsh Government (WG) have in trying to negotiate parity across Wales.
- 1.9. There may be an opportunity for the WG Minister for Finance and Trefnydd to attend a future BREP meeting.

MTFS Budget Reduction Proposals for 2020-21 to 2023-24

Chief Executive's Directorate

- 1.10. The Panel invited the Chief Executive to attend the BREP on two occasions. Firstly, to present a report to the Panel regarding his own Directorate and then to provide a corporate perspective.
- 1.11. The Panel noted the decade of austerity and increased pressures on the local authority, combined with funding mechanisms that do not work e.g. short term grants at late notice, and single year financial settlements. Long-term, there were increased democratic pressures, and legislative changes and regulations, which increase expectations on the authority, all of which had to be met with less financial resource and less staff. There has been a range of strategies employed over the last 10 years to set a balanced budget but noted that it was now much more difficult to identify savings that did not have a direct impact on service provision to the public. The Authority have reached a point where the strategies to identify savings at the same time as still trying to run all services, at the same level with much reduced budgets, can no longer be done.
- 1.12. The Panel noted that the Chief Executive's Directorate is characterised by its budget being over 85% staffing based and that any cuts to staff can have a knock on effect on other areas of the Council e.g., a reduction in childcare lawyers would have an impact on social services. It was important that this is understood. In terms of the management structure, the Directorate had recently been put together and by definition needed to be as efficient and productive as possible to avoid further front line service cutbacks. It was however, becoming more and more difficult to squeeze savings in this area.

Recommendation 1

In terms of Legal and Procurement's obligations to the MTFS, the panel recommended that funding is increased to address, for example, specific support to new initiatives e.g. Community Asset Transfer Scheme (CATS).

- 1.13. The Panel debated whether it was looking in the right places, including looking at the roles in the Council, although it noted that in terms of SMT there was a lean senior management structure in place. The Panel acknowledged the competing budget syndrome and felt there is little evidence of how the silo mentality is broken. The one council approach should be fully supported.

Recommendation 2

The Panel therefore recommend to Cabinet that there needs to be further work done to break the silo approach to budgeting.

- 1.14. The Panel noted that the scale of cuts to be achieved next year and debated the total cost of statutory services. The Panel acknowledged that both statutory and non-statutory services can be reduced to lower levels, but that the Authority would need to raise awareness to the public that the standards of delivery could be lowered significantly. Furthermore, it was often some of the authority's non-statutory preventative services that were the most cost effective in reducing demand on some of the statutory services.

Recommendation 3

The Panel recommends that Cabinet and CMB review statutory and non-statutory services with particular emphasis on non-statutory preventative services being beneficial and cost effective to the Authority.

- 1.15. The Panel also acknowledged that some of the Authority's preventative services saved monies for other bodies and partner agencies. There was a paucity of information available to identify that partner agencies accepted and appreciated this ongoing investment. The Panel identified significant sole funding for CCTV across the borough, which had clear benefits for South Wales Police.

Recommendation 4

The Panel recommend to Cabinet that they review the Authority's financial relationship with partners, especially within the Community Safety Partnership.

Communities

- 1.16. The Panel invited the Chief Executive and Head of The Head of Operations – Community Services to attend BREP to present a report on the budget proposals for the Communities Directorate.
- 1.17. The Panel acknowledged that the Communities Directorate had undertaken a substantial senior management restructure in 2018, reducing the Heads of Services from 2 to 1 and the loss of the Group Manager, by combining some aligned services. There is a general feeling that all the services have had comprehensive reviews and there are strong examples of how the service has changed and coped with a third less budget. There have been overall net budget savings in excess of 30% of the total budget for the period. It was noted that some parts of the Directorate budget, for example the waste contract, were competitively priced and it was more difficult to alter contractual terms to make further significant savings.

- 1.18. The Panel discussed the budget reduction strategies, including a car parking review (carried out last year) and increased income generation, including the temporary car park in Salt Lake and heat network energy schemes. To reduce expenditure and maintenance there has been investment in energy saving lighting and highways and a shift in responsibility with CAT. However, the Panel noted that the Directorate have been confronted by increased responsibility to health and safety e.g. revised policy and assessment.
- 1.19. The Panel noted that the Council had considered changing household food waste bags from biodegradable to plastic as part of an earlier proposal. The Panel acknowledged that there would be negative publicity as a result of the proposed change and this would be seen as a backward step in terms of recycling in the borough and did not feel that the cost reduction would justify the proposed change. As a result of continuous dialogue between BREP and Cabinet throughout the year, Cabinet subsequently removed this proposal.
- 1.20. In respect of Town and Community Council's (TCC's) the Panel acknowledged that they had previously raised this issue at length and encouraged the authority to improve communication with TCC's. The Panel felt frustrated that engagement and communication with TCC's had not improved and was disappointed not to see a joint strategic approach to support the MTFS.

Recommendation 5

BREP therefore recommend to Cabinet to establish a more strategic approach to working in partnership with TCC's to support the MTFS.

- 1.21. The Panel acknowledged that £1M had been put aside in respect of Community Asset Transfers (CAT) as capital support. The Panel saw little evidence that TCC's were aware of their potential role in supporting CATS and having access to this capital fund. CAT projects need to comply with the equality act in terms of gender based sports provision.

Recommendation 6

BREP further reviews CAT in the financial 2021/22 as a specific item on the BREP Forward Work Programme and that Cabinet endorses this recommendation.

Education

- 1.22. The Panel requested and received a comprehensive presentation from the Corporate Director, Education and Family Support setting out his budget, structure, key themes, opportunities for collaboration, income generation opportunities, required investment and long-term vision for the Directorate.
- 1.23. In respect of Home to School Transport the Panel noted that the authority currently provides above and beyond its statutory requirement for Home to School Transport. BREP were aware that a consultation programme was underway.

Recommendation 7

That BREP reviews the consultation product in relation to Home to School Transport and advises Cabinet/CMB on any issues that could be discussed outside of the Scrutiny process and that Cabinet/CMB support this.

- 1.24. During their discussions, the Panel raised concern that the Schools Admissions Policy appeared inflexible, highlighting the issue of children being transported across county where they were not able to attend their catchment school, and the increased costs of transport as a result. The Panel noted that in terms of the foundation phase the numbers are capped at 30 as determined by Welsh Government and that in terms of the published admission number (PAN) for every year group into which pupils can be admitted, each school has a published number. The Panel acknowledged that it is not good teaching practice to have much more than 30 learners in a class from an educational and staff welfare point of view but that there could be some flexibility around the PAN at key stage 2.

Recommendation 8

The Panel recommend that Cabinet ask the Corporate Director, Education and Family Support to review KS2 PAN to allow some flexibility where children are refused entry to their closest school and therefore putting extra pressures on the family to transport their children to a school further away with the costs being passed onto the Authority.

- 1.25. The Panel further discussed the corporate support given to schools in respect of managing their deficit budgets and support with deficit recovery plans. The Panel identified this as good practice and welcomed this approach from the Directorate. The Panel identified that it would be advantageous for the Directorate to support schools in the initial planning process.

Recommendation 9

That Cabinet continues to support schools with deficit budgets but looks to extend this support by engaging with schools at the initial budget planning process.

Social Services and Wellbeing

- 1.26. The Panel invited the Corporate Director, Social Services and Wellbeing to attend September's meeting of BREP and, along with the Head of Children's Social Care and Head of Adult Social Care, presented a report.
- 1.27. The Panel acknowledged the legislative pressures on the Directorate in terms of the Social Services and Wellbeing (Wales) Act (2014). In addition the Wellbeing and Future Generations (Wales) Act (2015) also providing additional pressure on the Directorate. Sustained high levels of Looked After Children and a demographic changing landscape of increased older population, increases demand and complexity in providing bespoke services.
- 1.28. In terms of the Directorate, BREP identified significant staffing costs required to provide specialist support to the most vulnerable. BREP acknowledged that Social Services is a regulated service and is subject to regular inspection. Safeguarding and wellbeing are paramount. BREP identified that the Directorate is committed to transformation and efficiency, whilst also meeting its statutory responsibilities.
- 1.29. The Panel identified good practice which included increased collaborative working with the Health Board and other relevant regional partners and in particular the remodeling of Social Services Phase 2 and increased prevention and early help.
- 1.30. The Panel raised concern at the grant-funding situation, which was identified as being sporadic and fragmented. The Panel acknowledged that the Council delivery of Social Services and Wellbeing was dependant on this grant funding. Additionally the Panel identified that considerable time, energy and cost was required to manage various grants.

Recommendation 10

Cabinet considers a political approach to the WG Minister for Finance and Trefnydd to discuss the current management of grant funding. A Pan Wales approach could be taken to ensure some of this grant funding could be included in the revenue support grant.

Fees and Charges

- 1.31. The Panel received a comprehensive report from the Interim Head of Finance and Section 151 Officer on Fees and Charges. BREP appreciated the considerable work in preparing this report.
- 1.32. The Panel discussed looking robustly at income generation and commercialisation options that would support the MTFS. The Panel re-emphasised the work on charging and ensuring that the Council were now charging for those services that other Councils charge for in accordance with previous recommendations.
- 1.33. The Panel acknowledged the guidance issued to authorities in relation to developing commercialisation to support the MTFS. The Panel discussed broadening the scope of advertising to include parks and educational premises. The Panel were keen to explore sponsorship of schools but were cautious that this raised the issue of ethics when dealing with multi-national companies. The Panel questioned whether the Authority had the capability and capacity to generate income from commercial opportunities.

Recommendation 11

That Cabinet and CMB ensure that all previous recommendations on charging are delivered and take a fresh look at commercial opportunities to support the MTFS.

Presentation of Budget to the Public and Budget Consultation Process

- 1.34. The Panel commended and identified the progress made with the consultation process, in particular the 41% increase in interactions since 2018. However, the Panel were mindful that the consultation had hit less than 5% of the population and suggested that this was something to build on. The Panel noted that feedback from Community Councillors was that they felt better informed and more engaged.

Conclusion

This report should be read in conjunction with recommendations from 2018-19. A schedule and timetable to address each and every recommendation should be prepared and made available for BREP entering the financial year 2020-21.

It is suggested that the Council Leader and the Chief Executive meet with BREP at its first 2020-21 budget meeting. This would be beneficial to reflect on the recommendation schedule and consider prioritising work programme for the duration of the MFTS.