

CABINET - TUESDAY, 14 JANUARY 2020

MINUTES OF A MEETING OF THE CABINET HELD IN COMMITTEE ROOMS 1/2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 14 JANUARY 2020 AT 14:30

Present

Councillor HJ David – Chairperson

CE Smith

HM Williams

D Patel

RE Young

Officers:

Gill Lewis

Interim Head of Finance and Section 151 Officer

Kelly Watson

Head of Legal & Regulatory Services

Mark Shephard

Chief Executive

Susan Cooper

Corporate Director - Social Services & Wellbeing

Andrew Rees

Democratic Services Manager

Lindsay Harvey

Corporate Director Education and Family Support

Apologies for absence – Councillor PJ White – Other Council business

454. DECLARATIONS OF INTEREST

None.

455. MEDIUM TERM FINANCIAL STRATEGY 2020-21 TO 2023-24

The Interim Section 151 Officer presented Cabinet with the draft Medium Term Financial Strategy 2020-21 to 2023-24, which set out the spending priorities of the Council, key investment objectives and budget areas targeted for necessary savings. The Strategy also included a financial forecast for 2020-2024, and a detailed draft Revenue Budget for 2020-21. The MTFS had been guided by the Council's three wellbeing objectives contained in the Corporate Plan.

The Interim Section 151 Officer informed Cabinet of the Corporate Financial Overview, in that the Council had made £68M budget reductions over the last 10 years, which represented 30% of the Council's 2009-10 budget. She stated that the Council's net revenue budget is planned at £286.885M for 2020-21, however overall expenditure exceeds this. Taking into account expenditure and services, funded by specific grants and fees and charges, the Council's gross budget will be around £420M in 2020-21, with the Council playing a very significant in the economy of the County Borough. The majority of the Council's revenue funding comes from the Welsh Government, through Revenue Support Grant and a share of Non Domestic Rates, which is supplemented through council tax collection, other grants and fees and charges, with council tax funding almost 30% of the budget. The Interim Section 151 Officer highlighted the pressures on the Council's budget, namely legislative and demographic changes and an increase in pupil numbers at the Council's schools.

The Interim Section 151 Officer informed Cabinet of an overview as to how it was proposed to allocate budget to each of its key service areas:-

- Education
- Social Care and Early Help
- Public Realm
- Supporting the Economy

- Other Services

The Interim Section 151 Officer reported that the Council's MTFS was set within the context of UK economic and public expenditure plans, Welsh Government's priorities and legislative programme. The MTFS included the principles that will govern the strategy and a four year financial forecast; the capital programme for 2019-20 to 2029-30, which is linked to priority areas for capital investment and the Capital Strategy and Treasury Management Strategy and the Corporate Risk Assessment. The Interim Section 151 Officer informed Cabinet that the Chancellor of Exchequer in September 2019 had undertaken a fast tracked one-year Spending Round, announcing an increase in government spending. In response to this, the Minister for Finance and Trefnydd announced that the Welsh Government's revenue budget for 2020-21 would increase by 2.3% or £593M. The spending round also included an increase of £18M to the Welsh Government capital budget for 2020-21. The Interim Section 151 Officer informed Cabinet that due to the nature of the spending round, the budget set by the Welsh Government included a one year only revenue budget and makes additional allocations to previously published indicative capital plans for 2020-21.

The Interim Section 151 Officer informed Cabinet of the Welsh Government Provisional Local Government Settlement 2020-21, which, after adjusting for transfers of £183.8M or 4.3%, across Wales and for Bridgend, an increase of 4.7% in Aggregate External Finance or £9.18M. Once the adjustment for the change on the tax base had been taken into account, the real increase was 4.57% or £8.878M. The Interim Section 151 Officer stated that whilst the provisional settlement is a significant improvement compared to the -1.5% "most likely" assumption contained within the Council's original MTFS for 2020-21, it did not recognise a number of new pressures the Council will have to meet and should be viewed with caution. The Interim Section 151 Officer informed Cabinet that the Minister for Finance and Trefnydd had advised that following the one year budget for 2020-21, the funding implications for the Welsh Government's budget beyond that would be determined as part of the next UK Comprehensive Spending Review, which will be multi-year, planned for 2020.

The Interim Section 151 Officer reported that the 2020-21 draft Revenue Budget assumed a Council Tax increase of 4.5%, which was lower than the 6.5% minimum increase which was included in the public budget consultation, however the scale of the financial challenge remained considerable. The Interim Section 151 Officer informed Cabinet of the capital settlement which provided the Council with £7.983M capital funding in 2020-21.

The Interim Section 151 Officer reported on a comparison of budget against projected outturn as at 30 September 2019, which reflected a net underspend of £575,000. The Interim Section 151 Officer informed Cabinet of the proposed MTFS for the next 4 years together with its principles. The Interim Section 151 Officer highlighted the MTFS Budget reduction Contingency Reserve which enabled the Council to manage delays or unforeseen obstacles to the delivery of significant MTFS budget reduction proposals. She outlined the MTFS forecast for the next 4 years showing the Best Scenario; Most Likely Scenario and Worst Scenario, based on the Most Likely Scenario was predicated on budget reductions of £29.332M from 2020-2024. Budget reductions of £8.257M had been identified over the period of the MTFS, including the full £2.452M required for 2020-21. The Section 151 Officer highlighted the risk status of budget reduction proposals, which illustrated the difficult position the Council finds itself in, with only £3.464M (38%) of savings identified. Budget pressures were detailed in Appendix A to the report, while budget reduction proposals which had been identified were in Appendix B to the report.

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The Interim Section 151 Officer highlighted the headlines from the budget consultation which took place between 9 September and 3 November 2019, the responses from the consultation had been reflected on by Cabinet and the Corporate Management Board and the budget had been drafted accordingly.

The Interim Section 151 Officer reported on the Draft Revenue Budget for 2020-21, which based on a proposed budget of £286.885M, proposed a Council Tax increase of 4.5%. She stated that no agreement had been reached to date on the pay claim for non-teaching staff and depending on the outcome, there could be additional budget pressures which the Council has to meet during 2020-21. There would also be additional from any new pay award for teachers to be implemented from September 2020, although the Welsh Government has indicated that the increased funding provided through the settlement should recognise the future impact of teachers' pay awards. The provisional results of the actuarial valuation of the Local Government Pension Fund had been received, with the impact being a potential reduction of employer's contributions of £1.126M per annum. Schools' budgets have been protected from the 1% efficiency target due to the better than anticipated provisional settlement.

The Interim Section 151 Officer reported that a new recurrent budget pressure of £2M had been introduced to address public realm and place shaping issues for carriageway resurfacing, transport and road safety, gully cleaning, pitch drainage and play areas, site preparation for housing and commercial development and general maintenance, along with supporting infrastructure. Further provision has been made to develop an apprenticeship programme in order that the Council can grow its own skilled and professional staff. While budget reduction proposals of £2.452M had been identified from service and corporate budgets.

The Interim Section 151 Officer reported on the earmarked reserves at 30 September 2019, which would normally be maintained at 5% of the Council's net budget, excluding schools. The interim Section 151 Officer also reported on the capital programme and capital financing strategy. The capital programme for 2019-20 to 2029-30 has been developed in line with the MTFs and reflected the draft capital settlement for 2020-21, which provided General Capital Funding for 2020-21 of £7.983M of which £3.986M in un-hypothecated supported borrowing and the remainder £3.997M provided through capital grant. She stated that the capital programme approved by Council in February 2019, has been revised to incorporate budgets brought forward from 2018-19 and any new schemes and grant approvals. The capital programme contains a number of allocations met from the total general capital funding which total £4.820M. The Interim Section 151 Officer informed Cabinet that total Prudential Borrowing as at 1 April 2019 was £43.998M, of which £27.796M was outstanding. It was estimated that the total borrowed will increase to £44.95M by the end of this financial year.

The Interim Section 151 Officer informed Cabinet that she was required to report annually on the robustness of the level of reserves and that the current and future anticipated level of reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. She emphasised that the biggest financial risks the Council is exposed to is the uncertainty of Welsh Government funding. The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role. The Interim Section 151 Officer advised that there is currently sufficient resource to discharge this role.

The Deputy Leader in commending the proposals expressed his gratitude to the First Minister and the Minister for Finance and Trefnydd for the additional funding of £8.8M the Council had received in the settlement. He stated that the Council continued to face a difficult future and £29M of savings were required over the next 4 years. He stated that residents who had taken part in the budget consultation had rejected a large

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increase in Council Tax and had requested that the Council consider alternative service delivery. He also stated that the proposals would now be considered by the Overview and Scrutiny Committees and he looked forward to working with scrutiny prior to the budget being considered by Council.

The Leader stated that the budget proposals should be tempered with caution, as it was not known whether the increased funding in the Queen's speech was new money or not and its impact on the Welsh Government and to local authorities. He stated that the Welsh Government had listened to the lobbying from local government for increased funding and in turn, the Council had listened to views of the public taking part in the budget consultation. He also stated that the additional funding to be received by the Council had enabled schools to be protected from making 1% efficiency savings in 2020-21. He believed that the proposed budget would be supported by Council as a whole and that some savings proposals had been removed. He hoped the Chancellor of the Exchequer would be true to his word and bring about the end of austerity measures. The Interim Section 151 Officer informed Cabinet that the finer detail of where the new money was to be allocated referred to in the Queen's speech was yet to be agreed.

The Cabinet Member Education and Regeneration thanked the Deputy Leader, the Interim Section 151 Officer and her team for the work they had done to compile the MTFs. He stated that schools require all the funding it needs, if the new curriculum is to succeed, schools need proper funding. Through innovation and enterprise our officers have been able to progress regeneration projects despite austerity, but we are still being forced to make short term cuts which are false economies in the long term.

The Cabinet Member Communities welcomed the improved settlement, but the Council needed to exercise caution as to whether austerity measures had ended. The improved settlement would allow investment in highways improvements, infrastructure and highway repairs. Additional resources would be put into Community Asset Transfers, with a proposal to establish a sports club support fund and clubs entering into discussions for the self-management of facilities would not be subject to an increase in fees in 2020-21. He stated that those organisations entering into discussions in the CAT process were seeing the benefits of doing so and that rugby clubs entering into such a dialogue would bring them into line with the majority of clubs in Wales. The Cabinet Member Communities informed Cabinet that there needs to be dialogue with the police on the future funding of CCTV provision. He also stated that whilst the settlement was welcomed, 10 years of austerity measures could not be addressed in one year.

The Cabinet Member Wellbeing and Future Generations thanked officers working in all Directorates for the contribution they had made behind the scenes in relation to the budget. She was grateful to the Welsh Government for the positive settlement which would enable support to be given to housing, free school breakfasts, pitch drainage and play areas, the development of the apprenticeship programme, the provision of dropped kerbs and electric charging points for vehicles, delivering a rounded budget. She was also pleased to see the shortfall between Housing Benefit payable and Department for Works and Pensions subsidy that can be claimed for property for vulnerable adults would be funded.

The Leader in commending the MTFs echoed the comments made by the Cabinet Members particularly in relation to the development of the apprenticeship programme where the Council has been successful in growing its own, especially in areas where there is competition to recruit with both the private and public sectors and where the training of staff takes a number of years. He stated that winter pressures were being funded which would lessen the number of people being admitted to hospital. He requested a report to a future meeting of Cabinet on Pupil Development Grant and stated there was good news in relation to the funding of the school maintenance grant.

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The Corporate Director Education and Family Support informed Cabinet that it was not known how many year groups the injection of funding of School Access Grant will cover.

RESOLVED: That Cabinet submits for consultation with Overview and Scrutiny Committees the 2020-21 annual budget and development of the MTFS 2020-21 to 2023-24 as set out in the report prior to presenting a final version for approval by Council in February 2020.

456. URGENT ITEMS

There were no urgent items.

The meeting closed at 15:45