

Report of the Budget Research and Evaluation Panel in respect of the Medium Term Financial Strategy 2021-22 to 2024-25

- 1.1. The Budget Research and Evaluation Panel (BREP) has considered the draft budget proposals for the year 2021-22. During this period, the authority was experiencing unprecedented demand in relation to its support for communities during the Covid-19 pandemic. This is ongoing and, in response, the authority has set up a Cross-Party Recovery Panel. The Terms of Reference for this Recovery Panel extend beyond financial management. Particular emphasis was placed on BREP management to ensure there was no duplication in review processes.
- 1.2. The Panel met on five occasions and were supported by two Scrutiny Officers, Interim Chief Officer Finance, Performance and Change, Interim Deputy Head of Finance and the Deputy Leader.
- 1.3. At the first meeting in July, Members discussed the importance of attending for the full cycle of the BREP. Should Members feel unable to attend during the year, their Group Leader could nominate another Member to attend. This would apply for the duration of the BREP cycle.
- 1.4. The Interim Chief Officer Finance, Performance and Change set out in full the financial position, detailing the overspends and underspends in relation the Medium Term Financial Strategy (MTFS). It was identified that the underspends were utilised to set up a new earmarked reserve of £3m for unfunded Covid-19 costs.
- 1.5. At the second meeting in September, the Chief Executive presented an overview of the current budgetary position linked to the Covid-19 recovery and impact. The Consultation Engagement and Equalities Manager presented an update on the proposed Budget Consultation.
- 1.6. Members discussed the direction of the BREP and, with the agreement of the Chief Executive, invitations would be made to all Corporate Directors to attend the BREP in future meetings.
- 1.7. At the third meeting in October, the Consultation Engagement and Equalities Manager provided the BREP with an update on the Budget Consultation. BREP Members were encouraged to support the Consultation. The current Covid-19 situation presented unique challenges to public consultation.

- 1.8. The Chief Executive provided an overview of his budget. The Chief Executive answered questions on a variety of budgetary issues including Miscellaneous spend (apprenticeships), Business Support, the challenges to remote working, the impact of Covid-19 and the need to set the council tax rate. The issue of managing multiple grant opportunities from Welsh Government (WG) was also discussed. It was accepted that this was also an increased burden on the authority.
- 1.9. The Head of Operations – Community Services provided an overview of the Directorate’s budget. In particular, BREP Members asked questions on Highway, Fleet, and Supplies Services, the delay in vacating the Waterton depot, and public realm. Additionally, the impact of Covid-19 on the Directorate was also discussed.
- 1.10. At the fourth meeting in November, the Corporate Director - Education and Family Support provided an overview of the budget. In particular, BREP Members enquired about deficit budgets within schools and what central support was being provided.
- 1.11. The BREP also received an overview from the Corporate Director - Social Services and Wellbeing. In particular, BREP Members enquired about the overspend on Looked After Children (LAC).
- 1.12. The BREP were aware of the pressures on each Directorate when compiling and meeting budget savings year on year. These savings would prove difficult to deliver when considering expenditure to meet the Covid-19 pandemic demands. At present this left little opportunity to suggest additional budget saving proposals.

MTFS Budget Reduction Proposals for 2021-22 to 2023-24

- 1.13. After receiving a presentation from the Chief Executive in relation to his budget management, the BREP identified the following challenges.
 - The impact of financial management of Covid-19.
 - The closure of the Bridgend Ford plant that would have a significant community impact.
 - The necessity to work closely with WG in relation to ongoing grant funding management.
 - The necessity to work in partnership with third sector organisations.
 - The necessity to work in partnership with Town and Community Councils.

- 1.14. The BREP identified that the centralisation of Business Support mechanisms within the authority may well be a positive step forward to manage these unique challenges.

Recommendation 1

The Panel recommends the development of the centralisation of Business Support that would improve services, for example to other Directorates including Education and Family Support, and Social Services and Wellbeing.

- 1.15. The BREP acknowledged overspends in most Directorates that may well have been impacted upon by the current Covid-19 pandemic. This may well adversely affect Directorates' ability to support the MTFS.

Recommendation 2

The Panel recommends that all Directorates review their individual bespoke savings plan to support the MTFS and to present these revised plans to the BREP 2021/22.

- 1.16. The BREP identified there were significant Covid-19 costs and budgetary pressures, which previously could not have been anticipated. These costs were not only in relation to current Directorates' activities to support activities but may well have been impacted upon in the long-term post Covid-19.

Recommendation 3

The Panel recommends that all Directorates identify all Covid-19 related costs and budgetary pressures, with clear differentiation between savings and cuts and with clear differentiation between budget pressures and the impact of Covid-19 pressures and in particular ensures there is full cost recovery, where appropriate, from WG.

- 1.17. The BREP acknowledged the unique set of circumstances that the authority found itself in with regards to all aspects of financial management and the obligation on the authority to deliver a MTFS. The Corporate Management Board (CMB) and Cabinet will clearly be confronted with a difficult decision-making process in terms of meeting this obligation. The Panel therefore recommends:

Recommendation 4

The Panel once again extends an invitation to Members of the CMB and Cabinet, to take a more thematic approach in tasking BREP when considering a Forward Work Programme. This is an ideal opportunity for CMB and Cabinet to identify areas of work for BREP going forward.

- 1.18. The BREP reviewed the Education budget and identified the large number of deficit budgets within various schools across the county borough. The Panel was satisfied that central support was in place and that schools were receiving bespoke financial advice and guidance.
- 1.19. The BREP complimented the School Modernisation Programme and saw this as a positive step forward to improve educational facilities across the county borough. BREP noted a number of new school buildings across the County Borough. The Panel queried whether there were cost savings in revenue to run these new schools.

Recommendation 5

The Panel recommends a review of revenue costs for all new school builds, subject to the School Modernisation Programme and to establish whether there are cost savings in overall revenue costs for the new schools. The Panel also requested assurance that the School Modernisation Programme was compliant with the carbon neutral green policy adopted at Council.

- 1.20. The BREP identified a reduction in Youth Service provision across the county borough as a result of service cuts to meet the MTFs. The Corporate Director – Education and Family Support provided information that there was a Youth Service provision, albeit on a smaller scale, that was proving effective in some communities. Youth Service provision was made on a needs basis. The Panel identified that, for example, ACE may well impact upon youth mental health. The Panel suggested that this may well be a subject matter for the Recovery Panel to consider. In addition, the current Youth Service provision may well be suitable to be included in a Scrutiny Committee Forward Work Programme.
- 1.21. **The Panel recommends referring to the Cross-Party Recovery Panel the development of a method for recording the effects of Covid-19 on ACE and education. The current Youth Service provision is subject to a Scrutiny Committee Forward Work Programme.**
- 1.22. The BREP also looked at opportunities to further support schools in managing deficit budgets. It was accepted that an option for some schools may well be to implement staff redundancies. The Panel felt there were significant skills and experience within the teaching community across the county borough, which could be utilised in a transfer process. This process could be considered when one school was forced into a redundancy and another school was looking to appoint.

Recommendation 6

To further support schools in their management of deficit budgets and the likelihood of potential redundancies, the Panel recommends that a central redeployment register of qualified and experienced staff is set up in collaboration with the Trade Union Movement. This central register should be made available to all Senior Management Teams within schools across the county borough.

- 1.23. The BREP acknowledged that LAC was a continuous and annual overspend. The Panel fully acknowledged that this was a demand-led service that was difficult to manage and financially prepare for. The Panel focused exploration on prevention and early intervention measures as a means to support the Directorate in meeting its obligations to the MTFS. The Panel therefore recommends:

Recommendation 7

The Panel acknowledges that LAC is an annual overspend and the Directorate considers further strategic investment in prevention and early intervention programmes. Further, that the Scrutiny Committee process supports the Directorate in this initiative.

- 1.24. In respect of the Budget Consultation, the BREP complimented the Consultation Engagement and Equalities Manager in the focus, direction and energy to deliver a public budget consultation process during the height of the Covid-19 pandemic. Although public responses were reduced significantly when compared with previous years, this was in no way reflected in the effort to fully engage with the public.
- 1.25. The BREP identified that the budget consultation process was an essential tool to both the CMB and Cabinet in gauging public awareness of public finances and public expectation of services.
- 1.26. The BREP identified that financial management issues may well be considered by the Recovery Panel in their review of Covid-19 pressures currently in place across the county borough.

1.27. **The Panel recommends that the Cross-Party Recovery Panel reviews financial support processes and value for money from the following organisations:**

- **Recovery support for well-established partnerships such as Halo and Awen.**
- **An assessment of the financial costs of volunteering services and the possibility of developing a joint volunteer register with the third sector.**
- **The impact of Covid-19 on individuals who receive support through other methods other than the conventional methods of referrals into Social Services.**

1.28. The BREP acknowledged the Recovery Panel Work Programme and the necessity to prepare a bespoke action plan for consideration by the CMB and Cabinet. In order to ensure transparency and consistency, the recommendations from the BREP could also be included in an action plan. Both action plans could then be considered individually and prevent duplication with the Recovery Panel.