

Cabinet Scrutiny Committee

(Via Microsoft Teams)

Members Present:

8 March 2021

Chairperson: **Councillor M.Harvey**

Vice Chairperson: **Councillor S.Rahaman**

Councillors: S.E.Freeguard, N.T.Hunt, S.K.Hunt, D.Keogh, S.A.Knoyle, A.Llewelyn, S.Miller, R.Mizen, J.D.Morgan, S.Paddison, L.M.Purcell, S.M.Penry, S.H.Reynolds and A.N.Woolcock

Officers In Attendance: A.Evans, A.Jarrett, H.Jenkins, C.Davies, C.Griffiths, K.Jones, A.James, H.Jones, N.Pearce, A.Thomas and J.Woodman-Ralph

Cabinet Invitees: Councillors C.Clement-Williams, D.Jones, L.Jones, E.V.Latham, A.R.Lockyer, P.A.Rees, P.D.Richards, A.Wingrave, M.Caddick, J.Hale, L.Newman, D.Whitelock, S.Renkes and R.W.Wood

Observers: Councillor Wyndham Fryer Griffiths
Councillor Sean Pursey

1. Chairs Announcements

The Committee was informed of a change to the following report on the Cabinet Board Agenda:

- Agenda Item 8 – Capital Programme Monitoring Report 2020/2021 – The Implementation of Decisions was to be changed from ‘3 day call in period’ to ‘immediate implementation’

Following the update, Members were happy with the changes, therefore chose not to scrutinise the report.

2. **Declarations of Interests**

The following member made a declaration of interest:

Cllr. M.Harvey -	Re. Item 11 – Revenue Budget 2021/2022 as he works for South Wales Police.
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3. **Minutes of the Previous Meeting**

The minutes of the meeting which took place on 3 February 2021 were approved.

4. **Pre-decision Scrutiny**

The Committee scrutinised the following cabinet items:

Education through Regional Working Consortium Developments

Members were updated on the Education through Regional Working (ERW) consortium developments.

It was highlighted that ERW had provided various training courses and information to educational practitioners such as teachers, teaching assistants and school governors; Members asked what had replaced that provision, since the Council had withdrawn from ERW.

Officers explained that the Council provided its own school improvement services to schools within the County Borough; some examples of the arrangements included:

- The core visit, to which chairs of governors were invited, was undertaken by the Councils Education Support Officers (ESOs);
- The support for curriculum development was also provided by the school improvement staff. There were opportunities for schools to share practice to ensure they benefitted from each other in terms of learning, and there were a number of pioneer schools who had been involved in the development of the curriculum since the outset;
- The Education department were involved in running governor support programmes;
- The Council bought in a number of national leadership programmes from ERW, such as the National Professional Qualification for Headship (NPQH), as well as programmes for middle leadership etc.

Following on from this, Officers stated that it was important to ensure that the quality of what was being delivered to pupils was in line with the aspirations. Members were informed that a curriculum advisory group had been developed in which school practitioners were involved in along with other individuals for example, people in the community who run their own businesses and Officers from the Environment Directorate; this enabled Officers to gain an understanding of how the skills that had been developed at school level, were benefitting young people in terms of their future work prospects and the skill demands that will be in place over the next 10-15 years, to ensure that those young people were equipped with those skills as well as being made aware of work opportunities. It was added that staff in the Education Directorate had been completing work around the creative industry; a very successful curriculum convention was held in which local companies, involved in production programmes such as S4C, attended.

The Chair of the Education, Skills and Culture Scrutiny Committee assured Members that the Education, Skills and Culture Scrutiny Committee had been and would continue to receive updates in relation to ERW; the Chair stated that Members who were interested in the subject matter had the opportunity to attend the Scrutiny Committee if they wished to be informed further.

A discussion took place in relation to Swansea and Carmarthen's withdrawal notice, to which Officers confirmed that the notices to withdraw were rescinded as they were unable to complete the legal processes within the timescale that they were originally looking at.

Detailed within the circulated report it highlighted that Officers had requested details of the redundancy liability, however were yet to receive a response; it was asked if Officers had any idea as to when they would receive an answer to this. It was noted that Officers hadn't received an indication as to when they would receive the breakdown, and they will be sending a reminder of this in due course; however, there was considerable work currently being undertaken regarding a potential re-configuration of ERW that could mitigate some of the redundancy costs. It was added that it was a case of working with regional colleagues to understand the redundancy liability, including the costs and how it could be mitigated going forward.

In relation to the Welsh Governments response to the Council withdrawing from ERW and if they were going to continue to provide funding, it was confirmed that the Council had received funding from

the Regional Consortia School Improvement Grant (RCSIG) for the current financial year and the next financial year.

Members asked if there was any regret in withdrawing from ERW. Officers stated that the most important factor in current discussions was if the support that schools needed was being delivered. It was highlighted that Neath Port Talbot's school improvement profile and data in terms of categorisation, were very positive and one of the best across Wales. In regards to the Estyn categories, Neath Port Talbot was one of the lowest across Wales; there were currently two local schools in Estyn review and currently no schools in the 'statutory category' (for reference, the statutory category meant a school was either in need of significant improvement or special measures). Officers mentioned that these factors vindicated the decisions that had been taken, however as school improvement practitioners, it was important to always reflect back to the needs of the schools; there was a need to understand what was required moving forward from the current position of the pandemic, and thinking around how the Council could ensure it was delivering against those requirements. It was mentioned that Officers were starting to receive feedback from schools, since they had started to re-open, around some of the issues that young people were presenting with as they returned; there had been reports from the Health Authority regarding an increase in eating disorders amongst children and young people, therefore it was essential to work closely with health colleagues and children services to plan and deliver a recovery programme that would be agile enough to understand the issues as children returned to school. It was added that there was additional funding being made available to support recovery, which would need to reach the classroom in order to try and compensate from the experiences that young people have had over the past 12 months.

Following scrutiny, the report was noted.

Budget Update and Monitoring Report 2020/2021

The committee was presented with an overview of the financial implications of COVID19 on the Council's Financial Resources and 2020/21 Budget.

Members asked Officers to provide a commentary on the end of year out turn and the potential £1.2million underspend, and how that would be treated going forward. It was highlighted that the circulated report detailed that the projected underspend of the year was £1.9million, which would be put into the general reserves; this meant that the

projected reserve balance at the end of March 2021 would be £19.845million. Officers mentioned that Members would be receiving a final report in relation to the budget figures in due course. In relation to the £1.2million underspend, it was stated that it had been factored into the circulated reports.

Officers were asked if they could provide details of the general reserves and net revenue expenditure for the neighbouring authorities. It was confirmed that Officers did not have the general reserves figures for other authorities and they weren't aware of how this information could be obtained; however, the net revenue budget information could be found on the Stats Wales website. It was noted that Officers would download this information from the website and circulate it to Members.

It was queried whether the general reserves table that Members had previously received, which captured information from every Local Authority in Wales from March 2019, was the most up to date version. Officers confirmed that the table referred to was very likely out of date as the general reserves data changed regularly, therefore it would not capture the current position of any Local Authority.

Members asked if it was mandatory that all Local Authorities publish information in regards to their general reserves. The committee was informed that, as part of their statement of accounts, all Local Authorities were required to do this; Neath Port Talbot Council published the latest position on the general and specific reserves in every budget monitoring report presented to Cabinet Scrutiny Committee and Cabinet, before it then would be presented to the Audit Committee at the end of the year for the statement of accounts.

A discussion took place in relation to comparative information to other Councils, to which it was stated that the population/size of County Boroughs was very varied and even though the services that Councils provided were statutory similar, the level of which they provide was very different, therefore it was difficult to complete a comparison.

It was asked if Officers were comfortable with the current planned level of projected reserves. In terms of the calculations, they were noted to be the best estimate of the Councils current position; there were still a few weeks to go before the end of the financial year, and there were processes to go through with Audit Wales in order to verify the accuracy of the accounts. It was added that all of those factors will be taken into account over the next few months, with the aim of

having all the accounts for the current year signed off by the end of July. The Director of Finance and Corporate Services added that since being in the role, the Council had never had a qualified audit report in terms of the accounts.

Officers were asked if the council tax take tended to reduce as the level of council tax increased. Members were informed that the collection of council tax had been exceedingly good over the past 5 years; the Council were one of the highest ranked in council tax collection in Wales, and in the last financial year was the highest with 98.1% of council tax collected. It was mentioned that the Council Tax Team had been working very hard to allow people to re-profile their instalments from early this year to the end of this financial year; at the end of February 2021 it was recorded that 96.4% of council tax had been collected with further instalments being higher than normal.

Following scrutiny, the committee was supportive of the proposals to be considered by Cabinet

Revenue Budget 2021/2022

A report in relation to the revenue budget for 2021/22 was presented to the Committee.

The circulated report stated that the Council would use £3.1million to balance the budget from the reserves; Members asked for clarity on what was meant by using reserves to balance the budget.

It was explained that reserves were the arrangement of making sure the Council had sufficient monies to deal with the unexpected and large purchases that the Council would need or want to undertake in the future; it was essential that the Council had the ability to deal with unexpected measures, for example flooding and other emergency situations. Officers highlighted that the Covid 19 pandemic was also an example of this, however this had been slightly different to usual circumstances as Welsh Government had stated they would provide funding through the Hardship Fund for the unexpected costs; normally the first £6,013 of the Councils work associated with emergencies would need to be paid by the Council itself, this calculated to 0.2% of the budget, along with a further 15% of anything over and above the £6,013 threshold. It was noted that this was called the Emergency Financial Assistance Scheme that Welsh Government had in place for dealing with issues. Officers added that the general reserves were there for these types of situations along with fluctuations in service levels and costs; it was important to

ensure that the Council had sustainable budgets and processes to manage both activity and financial matters through the years.

Members asked how Officers had been able to reduce the original proposed council tax of 3.75% down to 2.75%. It was stated that at the previous meeting of Cabinet Scrutiny Committee in which the draft budget proposals were presented (13 January 2021), Welsh Government had indicated that they were only able to provide support up to a certain level; the Councils projected overspend at that time was £2.5million and now it was projected at £1.2million. It was highlighted that since then, Welsh Government had announced they were providing additional monies to support the challenges around council tax support; the Council had received £7,027 for that and a further £6,003 towards council tax support. Officers explained that Welsh Government had confirmed that Councils could recover more monies in terms of loss of income up until the end of December, which had resulted in more monies being made available to put into the reserves; this enabled the £3.1million to be pulled from the reserves next year in order to reduce the council tax by 1%.

A discussion took place in relation to the increase of council tax for Neath Port Talbot Council in comparison to the council tax increase for other Local Authorities. Members were informed that most Councils either recently set their council tax for next year or were about to finalise their figures; the information that Officers had seen to date suggested that Neath Port Talbot Council will be the second lowest increase in terms of council tax for next year. It was noted that Rhondda Cynon Taf County Borough Council was likely to have the lowest rate at 2.65%; other Councils had declared their rate between 3-4% and a few higher than that. It was noted that currently there was a projected forward financial gap of £49million over the next three years if the UK and Welsh Government were not able to increase the current level of financial support they were providing; this was quite substantial as they provided just under 75% of the funding towards running council services which was equivalent to £236.68million. It was added that the 25% was the amount that the local council tax payer contributes towards running council services.

Following on from this, it was noted that overall Neath Port Talbot Council had the third highest council tax rate in Wales. Officers explained that the reasoning for this goes back to when there was a local government re-organisation; the details of this resulted in higher council tax in the first year. It was stated that the decisions that had

been made every year since then, had been to try and get closer towards the standard spending assessment.

Members were informed that the projected closing balance on the reserves for this financial year had increased to £19.845million, which was detailed to be the opening balance of 2021/22; with the projected use of £3.1million worth of general reserves to underpin the budget for 2021/22, it meant that the projected reserves on 31 March 2022 would reduce to £16.86million.

The Director of Finance and Corporate Services read an extract from an article written by Rob Whiteman, the Chief Executive Officer of the Chartered Institute of Public Finance and Accountancy (CIPFA), which was written on 2 April 2020.

Officers then stated that if too much money was taken out of general reserves in one year, preparations would need to be put in place to reduce activities and/or services for the following financial years; the strategy that needed to be place would focus on the sustainability of Neath Port Talbot Council for future financial years, not just the current financial year. It was highlighted that the forward financial plan had identified that if there was no extra monies being brought in from any source, then there would be a £49million challenge over the next three years; this challenge needed to be considered each year when looking at the budget. Officers added that over the past few months, since the budget proposals were being considered, they had not received any alternative proposals from Members.

In addition, it was noted that whilst the £206.6million that Welsh Government had put into the Hardship Fund to cover Covid 19 next year was welcomed, the longevity or the impact of the pandemic on the overall finances was unknown; therefore, the amount of monies that may need to be pulled from reserves could be higher than £3.1million which was currently set out in the circulated budget report. The Committee was informed that all of these issues needed to be considered whilst producing a sustainable budget strategy for the next and future financial years.

Members asked what support was available for those who struggle to pay their council tax. It was stated that the total amount of money which was available for council tax support this year was £18.7million, which would rise to £19.8million for the next financial year; this money would be supporting around 17,500 council tax payers out of 64,000 properties across the Country Borough, with over 12,000 residents having full financial support towards their

council tax. It was added that the other 5,500 residents would be receiving partial support as their earnings and income levels allowed them to make some contributions towards council tax. Officers highlighted that the proposed band D value for council tax in Neath Port Talbot was detailed in the circulated report (£1,660), however the report also mentioned that about 80% of properties in the County Borough were in the three lowest bands (A,B and C) of the council tax regime; those in band C with two paying adults in the house would pay around £1,457, and those who were single occupants would receive a 25% discount towards their total council tax amount. Members were informed that the majority of residents in Neath Port Talbot paid less than the £1,457 that was mentioned for band D, and whilst the 2.75% increase would be applied to every band, the ratio of council tax payers in the County Borough were mainly in bands A,B and C which had the lower council tax rate.

A vote was undertaken to determine which Members were for and against the recommendations detailed in the circulated report. The results of the vote were as follows:

- For – 12
- Against – 4
- Obtaining – 0

Following scrutiny, the majority of the committee was supportive of the proposals to be considered by Cabinet.

Treasury Management Strategy 2021/2022

Members were provided with a report which set out the Council's Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy for 2021/22.

Officers provided a commentary on the indications for the rate of inflation during the course of the year and how it could affect the treasury management strategy. The circulated report provided an indication of what the probable impact on investment interest was going to be for the current year through to 2024/25. It was noted that the probable returns were likely to be 0.10% for the next three years and then rising to 0.25% in 2024/25; this was the treasury advisors view of how interest rates could apply over the next few years. In terms of inflation, it was stated that 1% had been built into the Councils estimates for pay awards for both teaching and non-teaching staff; the demand for pay awards was likely to be higher

than this, however that would be resolved with negotiations elsewhere. Members were informed that the government target was to continue to keep inflation at or around 2% over time, currently it was much lower than that; at the moment inflation was higher than the investment interest, however most of the loans that were in place were for long term (over 40-50 years). It was highlighted that the more challenging issue going forward was identifying what interest rates were going to be from now on to support the Councils capital programme and the funding needed to underpin the capital programme. Officers made reference to the Capital Financing Requirement and the prospect for interest rates which were detailed in the circulated report; these factors would have an impact on the capital programme, however they had been built into the treasury management budget and will be managed accordingly.

A discussion took place in relation to the additional monies that had been announced for Wales and the impact that it would have on the Councils capital projects, particularly the 21st century schools, as it was stated that none of the money would be available for capital projects. It was noted that Officers had put forward their initial plans for the £80million worth of investment through band B; the first investment was in relation to Cefn Saeson Comprehensive School, which had been delivered during the pandemic and was due to open in June 2021. Members were informed that some of the other projects in the capital programme had been reflected earlier on and were included within the £80million package; the fact that there hadn't been any additional announcement from UK Government shouldn't have an impact on the band B strategy, however it could have an impact on what Welsh Government may want to do with either extending it for further bands of investment or for other projects. It was concluded that Officers did not think this would have an impact on 21st century schools projects from this point of time.

Following scrutiny, the committee was supportive of the proposals to be considered by Cabinet.

5. **Forward Work Programme 2020/21**

The Committee noted the Cabinet Scrutiny Forward Work Programme 2020/21.

CHAIRPERSON