

Cabinet Scrutiny Committee

(Via Microsoft Teams)

Members Present:

2 June 2021

Chairperson: Councillor S.Rahaman

Vice Chairperson: Councillor S.E.Freeguard

Councillors: N.T.Hunt, S.K.Hunt, S.A.Knoyle, A.Llewelyn, S.Miller, S.Paddison, L.M.Purcell, S.M.Penry, S.H.Reynolds, R.L.Taylor and A.N.Woolcock

Officers In Attendance: K.Jones, A.Jarrett, A.Thomas, H.Jenkins, C.Griffiths, H.Jones, S.Rees, S.Brennan, C.Furlow-Harris, R.Headon, W.John, M.Shaw, P.Walker, J.Woodman-Ralph and C.Davies

Cabinet Invitees: Councillors C.Clement-Williams, M.Harvey, D.Jones, L.Jones, E.V.Latham, A.R.Lockyer, P.A.Rees, P.D.Richards and Lynch

Observers: Councillor S.Lynch

1. **Pre-decision Scrutiny**

The Committee scrutinised the following Cabinet Board items:

Welsh Language Standards Annual Report

Members were presented with the Welsh Language Standards Annual Report for 2020/2021.

The circulated report contained data on the language skills of staff within the Council; it was asked if Officers could provide a reflection on how the proportion of staff compared to the general population of the County Borough. Officers stated that they were in the process of moving to a new Human Resource payroll database which would improve the way in which data could be presented; this type of information could be provided moving forward.

Following Scrutiny, the report was noted.

2020/21 Revenue Outturn and Reserves Position Statement
2020/2021

The Committee received a report in relation to the Councils Revenue Outturn and Reserves Position Statement for 2020/2021.

Officers expressed the difficulty of the past year due to the Coronavirus pandemic and the need to deliver some services in a very different way. It was stated that the circulated report included the substantial amount of additional monies that Welsh Government provided throughout the year, which resulted in improved figures for the end of the 2021 financial year. Officers confirmed that they will still be in discussions with Welsh Government in relation to some of the claims that they had yet to pay, which could change some of the elements included within the report. It was added that the auditors had commenced work in relation to managing and reviewing the Councils statement of accounts, and they were due to report to the Governance and Audit Committee towards the end of July 2021; this will finalise the overview of the last financial year in relation to the information included in the circulated report and Officers will have to prepare in terms of statutory accounting requirements for those statements.

A discussion took place in relation to the data that was available to help understand the differences in usable reserves as a percentage of spend on services, for each Local Authority in Wales. Officers confirmed they had made inquiries and reviewed the documents that the auditor made reference to in a recent meeting of Council, and found a report they prepared in October 2020 called the 'Financial Sustainability of Local Government as a Result of the Covid 19 Pandemic'. It was confirmed that the Director of Finance and Corporate Services would circulate this report and any other relevant information to all Members following the meeting.

It was asked at what point in the financial year did the reserves needed to be assessed and when was the last time the need for reserves was assessed. Members were informed that every budget monitoring report presented to Cabinet Scrutiny Committee and Cabinet included detail of the reserve balances; last year these were provided every two months, and in previous years they had been provided every quarter, then at the end of the year Members would receive a report on the final position. Officers confirmed that they would provide a further report for Members in the autumn period prior to the commencement of the budget discussions for 2022/23; this

report would indicate what the balance was on 1 April 2021, and include detail on what had been spent or committed to spend in the current financial year and the future indicative positions on spend into subsequent years. Officers expressed the importance of keeping some of the reserves as they were very difficult to replenish once they had been spent.

Continuing the discussion, Officers highlighted that the Council had been very fortunate this year, along with the other Local Authorities in Wales, as Welsh Government had made additional allocations in the last few weeks of the year which resulted in the improvement of the reserves figures; Welsh Government had made £2.2 million available to spend on maintenance of schools and various monies for catch up and learning in schools. Similarly, it was noted that Welsh Government had made commitments around social services and environment with specific grants, and also provided additional support for digital services and council tax collections. In terms of schools, it was stated that it was the various governing bodies responsibility to decide how they will spend the money in the current year to help with learning and catch up for the children that lost some of the education provision whilst in the various stages of lockdown. Officers highlighted that over the next few months, further confirmation will be produced around what investments will be undertaken in relation to commitments from the reserves; for example, £2 million had been set aside for the decarbonisation strategy that was recently approved by Council. It was added that there will be projects and investment opportunities that will be provided to Members for consideration around this once Officers had the opportunity of setting the money aside and identifying the best way of utilising those monies; a lot of that funding will be released over the next couple of years.

Members referred to the 'Striking a Balance' report that the Audit Commission published in December 2012; according to the Audit Commissions research, most Chief Finance Officers regarded an amount between 3-5% of Council's net spending as a prudent level for risk-based reserves. It was asked what percentage was Neath Port Talbot Councils risk based reserves in terms of net spend and if it fell within the 3- 5% as outlined in 'Striking a Balance'? In regards to figures, it was noted that Neath Port Talbot Council had the 9th best reserve balance in Wales in terms of usable reserves which included monies for schools and money that the Council was setting aside to meet the commitments of the City Deal and other similar commitments; the figures include general reserves as well as specific

reserves. It was explained that the lowest percentage rated Local Authority in Wales had reserves of around £11 million (4.6%) and the highest rated Local Authority had £83 million (33%); this showed a variation, however the amounts in terms of useable reserve values also depended on how much monies were allocated to schools. The NPT budget for the 2019/20 financial year was noted to have been £306 million, in which around 19% of the net budget was calculated to be held in the reserves. The circulated report showed that the Councils general reserves were currently closing at just over £20 million (6.34%) of the budget for the current year, which was £316.2 million; however, taking into account that the Council had committed £3.1 million from those reserves to balance the budget in 2021/22, the projected balance based on the closing figures was around £16.9 million (5.36%) which was just over the 5% that was mentioned in the 'Striking a Balance' report.

A discussion took place in relation to general reserves and council tax, as Members expressed their concerns in relation to how much reserves were actually needed. Officers stated that every 1% of council tax was equivalent to around £770,000; the Council recently increased council tax by 2.5%, which meant that £2 million would have been further committed into the budgets. It was added that if the £2 million hadn't been committed, then the reserve figure would have been below 5%; however, Officers had to consider the risks around managing the budget going forward and were able to build in a 1% pay award for teaching staff and non-teaching staff into the base budget for next year and also allowed for some contingencies. In terms of the national pay award negotiations, it was highlighted that the green book pay awards had turned down the Councils (England and Wales) 1.5% pay award for the current year; the potential for the Council having to dip into reserves with a significant pay award over and above the £3.1 million that had been set aside for the current financial year, was increasing by the minute. Officers predicated that there would be other challenges to face as a result of not being fully recovered from the pandemic; the Council will need to consider how to manage funding releases from UK and Welsh Government over the next 10 months of the current financial year and into subsequent years, as it will have an influence on how much reserves were needed and how much could be used to manage activities over the next few years.

It was stated that an additional sum of £12 million had been put into the Councils reserves; Members asked if there were any plans for

how this money would be utilised. Members were informed that after decisions had been made in relation to the reserves position (expected to be available at the end of the financial year), the Council received a lot of extra monies from Welsh Government; therefore moving forward into the recovery of the pandemic, thoughts needed to be focused on how this extra money could be utilised. It was mentioned that a lot of the money had already been specifically allocated to certain areas such as schools. It was noted that the Cabinet Member for Finance would be working with the Director of Finance and Corporate Services, the Head of Finance and Senior Officers to set out priorities going forward.

Members asked if it was a regular occurrence that Welsh Government provide extra monies at the end of a financial year. In terms of late announcements, it was confirmed that Welsh Government often made announcements during January/February of the financial years, however they were usually linked with social care and some areas in environment, to allow projects to be funded and delivered by the end of the financial year. Officers highlighted that the Council had never witnessed this amount of monies that had been confirmed in the current financial year; the financial position had changed quite dramatically during the year. Reference was made to the summary of COVID funding received in 2020/21 which was included in the circulated report; the Council had received a reimbursement of additional expenditure which totalled at £14.5 million and received a reimbursement of loss of income which totalled at £9.6 million. It was added that Welsh Government had also approved some very late claims that the Council had made for loss of income in the first quarter around such things as licencing and registrars. The circulated report also provided details of the further Welsh Government funding that was announced during March which totalled at £4.4 million; this included areas such as digital transformation, council tax support and circular economy. Members were informed that staff in the Business Rates Team and the Economic Development Team had been working hard to pay out the various grants to businesses within the Country Borough; so far £47.6 million had been paid out throughout the financial year and the teams still continued to provide businesses with these grants. Officers explained that grants were also being provided to carers, those on the sick pay scheme, residents who had been advised by Test, Trace, Protect to self-isolate and to Skewen residents who had been affected by the recent flooding.

The Committee asked how long the Councils reserves had been around the sum of £20 million. It was confirmed that the general reserves had been in the range of £18 million to £19 million over the last few years; part of this was due to the excellent council tax recovery rate. Officers mentioned that the council tax support scheme was in place for those who were most vulnerable and needed support, and significant additional support was provided during last financial year and at the start of the current year; due to the hard work and commitment of staff, the Council collected 97.9% of the council tax from last year. It was highlighted that this would help ensure that Neath Port Talbot County Borough Council would be in a better position going into future years to enable important work be recommenced as the country moved into recovery from the pandemic.

It was asked that when Officers would become aware of monies that were committed, whether they had been received or not, could they form part of the budget discussion. It was stated that this time last year, Officers were extremely concerned that the UK and Welsh Governments hadn't announced any additional funding to help manage the outbreak of the pandemic; it took some time for both governments to actually put money forward and the details of multiple announcements had changed such as information around the Furlough Scheme and the money they were making available for the Health Service. The circulated report detailed that the Council had been reimbursed £24 million for increased costs and loss of income; this time last year Officers presented a report to Members which stated that the Council could be facing a £20 million shortfall if no additional funding was made available. It was noted that the position had changed since moving on from the initial impact of the pandemic and since the UK and Welsh Government had announced budget funding for the current year; they had announced that there was £206 million for managing the Local Authority Hardship Fund for the first 6 months and they had allocated another £32 million to the Test, Trace Protect Service to be able to extend the service through to March 2022, which was good news as it allowed the Council to have continuity of service on some of those elements. Officers mentioned that they were sometimes aware of some of the Government announcements, and these were always taken into account when they were made; however, there were sometimes delays in the loss of income claims for the quarter.

Following scrutiny, the Committee was supportive of the proposal to be considered by the Cabinet Board.

2. **Urgent Items**

Because of the need to deal now with the matters contained in Minute No. 4 below, the Chairperson agreed that these could be raised at today' s meeting as urgent items pursuant to Statutory Instrument No.2290 (as amended).

Reason for Urgency:

Due to the time element.

3. **Access to Meetings**

RESOLVED: that pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A to the above Act.

4. **Youth Custody Service (YCS) contract with Neath Port Talbot County Borough Council, through Hillside Secure Children's Home**

Members were provided with a report which set out the historical and current matters pertaining to the contractual arrangements Neath Port Talbot County Borough Council, through Hillside Secure Children's Home, had with the Youth Custody Service.

Following scrutiny, the Committee was supportive of the proposal to be considered by the Cabinet Board.

CHAIRPERSON

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