



City and County of Swansea

Minutes of the **Scrutiny Performance Panel – Service Improvement & Finance**

Remotely via Teams

Monday, 9 November 2020 at 10.00 am

Present: Councillor C A Holley (Chair) Presided

Councillor(s)

P M Black
L James
J W Jones

Councillor(s)

P Downing
M H Jones
B J Rowlands

Councillor(s)

P R Hood-Williams
P K Jones
D W W Thomas

Other Attendees

Mark Thomas

Cabinet Member - Environment Enhancement & Infrastructure Management

Officer(s)

Adam Hill
Chris Howell
Ben Smith
Emily-Jayne Davies
Michelle Roberts

Deputy Chief Executive / Director of Resources
Head of Waste Management
Chief Finance Officer / Section 151 Officer
Scrutiny Officer
Scrutiny Officer

Apologies for Absence

Councillor(s): I E Mann

1 Confirmation of Panel Convener

The Panel agreed that Cllr Chris Holley would be re-appointed as Convener.

2 Disclosure of Personal and Prejudicial Interests.

No disclosures of interest were made

3 Prohibition of Whipped Votes and Declaration of Party Whips

No declarations were made.

4 Minutes

The Panel considered letters and minutes from previous meetings and agreed the minutes of the meeting on 21st September 2020 as an accurate record of the meeting.

5 Public Questions

No questions were submitted by members of the public.

6 Q1 Budget Monitoring Report 2020/21

7 Review of Revenue Reserves

8 Mid Term Budget Statement (Verbal)

The Chief Finance Officer and Director of Resources attended the meeting to present the report and answer questions. It was noted that:

- Revenue and Capital Budget Monitoring Report Q1 2020/21 tries to bridge the normal budget reporting style for Q1 and the wider challenges of Covid-19.
- Recommendation 3 is unusual - to draw such sums as £10m from reserves, however, this is consistent with accepted advice to Council.
- Council Tax arrears at the end of 2019-20 was £4.7m and the cumulative total is nearer £10m.
- Expectations are for a £2.5m shortfall in council tax this financial year.
- The Chief Finance Officer confirmed he is confident will nevertheless be in a position to balance the overall budget.
- Projected £16m overspend in the Place Directorate
- Swansea Council is unusual in that it owns much of the city centre land following the Second World War, therefore the largest commercial landlord in the city centre.
- Business grants of £53m were distributed during Q1, and continue into Q2.
- Officers expect the Q2 report to indicate the service over spend is down, reflecting the realisation of more grants.
- Panel queried whether Welsh Government would cover the Council Tax shortfall (Q1) and the £10m over spend. It remains uncertain as to whether any of this can be reimbursed.
- Cardiff University is keeping track of sums allocated via UK and Welsh Gov funding streams for Welsh Local Government as a whole.
- Panel queried whether the Council is at risk of any fines and penalties (for example over waste and recycling). Early indications are that Welsh Gov are sympathetic and unlikely to impose such fines but will look at it on a case by case basis.
- Panel drew attention to the Housing Revenue Account (HRA) not being adversely affected during Q1.
- The Chief Finance Officer emphasised that general fund reserves remain at the minimum safe level and are at the lowest they can be in his opinion.

9 Recycling and Landfill - Annual Performance Monitoring Report 2019/20

The Panel thanked the Cabinet Member and the Waste Services Manager for presenting the report and answering their questions. It was noted:

- At the end of March 2020 the 64% recycling target was met; an increase of 2.1% from the previous year.

- 2000 tonnes of waste avoided landfill, likely due to success of Keep It Out campaign.
- Swansea mostly utilises landfill. Most other authorities send all their non-recyclable waste to incineration.
- If incinerated, can claim up to an extra 6% recycling rate that is accounted for by recycling tonnage from the residue ash produced.
- Concerns raised over potential impact on climate change and Co2 emissions from waste incineration.
- The only available, realistic, option currently is incineration.
- Looking at other options as there are constantly new technologies being developed, although none are available to us at this time.
- Likely that the Council will therefore take a short-term contract for incineration, and then move towards other newer market options and methods as they become available.
- The recycling target of 64% may not be met this year (2020/2021). This situation is affecting all councils in Wales.
- We can attribute shortfalls to the impact of Covid-19.
- Not expecting any fines or penalties and understand that Welsh Government are sympathetic to this situation.
- Sites are now open and a booking system is now in place at Llansamlet.
- Black bag disposal can resume before the end of this financial year.
- Long-term strategy needs to be centred on re-use rather than disposal. 'Energy from waste' is the best option currently.
- The Council is looking at a balance of an affordable available solution with flexibility to move into emerging technologies as and when they become available
- A new round of the waste trainee scheme has started, and the Keep It Out campaign will be reinvigorated.
- Income here has been hit significantly. 90% of businesses closed so did not require commercial collections. A claim has been submitted to Welsh Government for reimbursement.
- Every outfit utilised for waste disposal is registered with UK regulators.
- This is a verified process and any company who we contract is regulated by NRW, who check on compliance.

10 Planning the Service Improvement and Finance Scrutiny Work Programme 2020/2021

- The draft work plan was noted and agreed.
- Performance monitoring reports will be issued prior to meetings to give ample time for review. Questions can then be directed to the relevant Officer beforehand in order to prepare answers in advance.
- Budget proposal to be reviewed again in March to provide further opportunity to scrutinise if needed.
- Byelaws need in depth review; yet to be scheduled.

11 Letters

The meeting ended at 12.53 pm

Chair



To:
Councillor Mark Thomas
Cabinet Member for Environment
Enhancement & Infrastructure
Management

CC: Cabinet Members

Please ask for:
Gofynnwch am:

Direct Line:
Llinell Uniongyrochol:

e-Mail
e-Bost:

Date
Dyddiad:

Overview & Scrutiny

01792 636292

scrutiny@swansea.gov.uk

25th November 2020

BY EMAIL

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Environment Enhancement and Infrastructure Management. The letter concerns the meeting on 9th November 2020 and the Recycling and Landfill Annual Performance Monitoring Report 2019/20.

Dear Councillor Thomas,

On the 9th November, the Panel met to discuss the Recycling and Landfill Annual Performance Monitoring Report 2019/20. The Panel are grateful to yourself and the Head of Waste, Parks and Cleansing for attending to discuss the report.

We paid tribute to the staff and the management of the waste and recycling services, for the hard work and dedication throughout the pandemic. The Panel heard that there has been significant public praise for the continuation of these services throughout. In addition to the commitment of the waste collection team, you also praised the public for their continuing efforts to maintain recycling standards.

You told us that at the end of March we achieved the 64% recycling target; an increase of 2.1% from the previous year, helped by the 'Keep It Out' campaign. The net effect was 2000 tonnes of waste avoiding landfill, which you acknowledged as a monumental achievement and a fantastic result.

We heard that recycling performance indicators for Wales listed Swansea as mid table, based on the amount of recycling achieved. You explained that Swansea mostly utilises landfill. Most other authorities send all their non-recyclable waste to incineration and can claim up to an extra 6% recycling rate that is accounted for by recycling tonnage from the residue ash produced. The Panel heard that this would mean we should be truly reflected in the top quarter of the statistics.

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We questioned the use of incineration for residual waste management. Although we would welcome the use of waste for energy generation, the potential problem is impact on climate change and Co2 emissions from waste incineration. We need to find a balance when looking at substitutes that give consideration to meeting climate change targets. We raised concerns over the prospect of incineration, which would help waste targets, however, would not help air quality targets for example. Our query was discussed in the context of landfill not being a long-term solution and something we need to move away from. The Panel heard that the only available, realistic, option currently is incineration. The Council is looking at other options as there are constantly new technologies being developed, although none are available to us at this time. It is likely that the Council will therefore take a short-term contract for incineration, and then move towards other newer market options and methods as they become available.

We heard that residual waste to landfill is due to come to an end in January 2022 and the Council is looking for alternative contracts. The current strategy is to exit Tir John and you are looking for alternative disposal methods. An 'energy from waste' disposal method is likely. A regional solution is no longer an option, but the Council is looking at continuing at present as a sole authority and this will be based on existing market availability.

You told us that the recycling target of 64% may not be met this year (2020/2021). This situation is effecting all councils in Wales. The target of 64% may not be met, however, we can attribute shortfalls to the impact of Covid-19, forcing recycling centres to close for two months and suspending bulky waste collections. Officers explained that under normal circumstances we would have been confident of reaching 64%. We are therefore not expecting any fines or penalties and understand that Welsh Government are sympathetic to this situation.

It was explained that the 'Keep It Out' campaign continues and the teams are out ensuring rules are adhered to.

The Panel queried whether receipt of black bags at the Llansamlet centre would now continue. You explained that the delay was due to Covid-19, however, sites are now open and a booking system is now in place at Llansamlet. We heard that the team would want to trial this new booking system for a short period, and then black bag disposal can resume before the end of this financial year.

Discussions were had about Welsh Government's circular economy strategy, no waste being the ultimate aim. Officers explained that the vast majority of carbon emissions are from production of materials, not disposal. It was heard that we need to minimise products we use and improve repair, reuse and recycle methods. Long-term strategy needs to be centred on re-use rather than disposal. We heard that 'energy from waste' is the best option currently.

Officers informed us that gasification technology is developing, however, there are no commercial operations up and running and this, therefore, is not an available option. The Council is looking at a balance of an affordable available solution with flexibility to move into emerging technologies as and when they become available.

The Panel questioned whether the team continued to inspect black bags on the curb side. We heard that this was a successful scheme, but during Covid-19 it had to be paused due to risks associated with exposing staff/public to interaction. There is a new round of the waste trainee scheme and the Keep It Out campaign will be reinvigorated through this training. Local lockdown has further hampered this progress.

The Panel queried whether you envisage a shortfall in the income of this department given that the recycle shop has closed. You explained that this area of income has been hit significantly. The Panel also heard that 90% of businesses closed so did not require commercial collections. Officers assured us that a claim has been submitted to Welsh Government for reimbursement. **The Panel would like an update on income and expenditure in this area in six months time.**

The Panel raised questions relating to external contractors and their compliance in terms of waste disposal. Officers gave assurance that every outfit utilised is registered with UK regulators. Some products are shipped abroad when appropriate, for example, glass to Portugal for use in bottle production. Officers explained we use UK brokers with various outlets and the vast majority of waste goes to UK based processors who use the material in a final product.

The Panel queried who checks that contractors go through proper channels to dispose of items. Officers explained this is a verified process and any company who we contract is regulated by NRW, who check on compliance.

We are interested in any thoughts you may have on the contents of this letter but, in this instance, we require no formal written response.

Yours sincerely,

Councillor Chris Holley
Convener, Service Improvement and Finance Scrutiny Performance Panel
✉ cllr.chris.holley@swansea.gov.uk



To:
Councillor Rob Stewart
Cabinet Member for Economy,
Finance and Strategy

Please ask for:
Gofynnwch am:

Direct Line:
Llinell Uniongyrochol:

e-Mail
e-Bost:

Overview & Scrutiny

01792 636292

scrutiny@swansea.gov.uk

CC: Cabinet Members

Date
Dyddiad:

25th November 2020

BY EMAIL

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting on 9th November 2020 and the Revenue and Capital Budget Monitoring Report Q1 2020/21, the Review of Revenue Reserves and the Mid Term Budget Statement.

Dear Councillor Stewart,

On the 9th November, the Panel met to discuss the Revenue and Capital Budget Monitoring Report Q1 2020/21, the Review of Revenue Reserves and the Mid Term Budget Statement. The Panel are grateful to the Chief Finance Officer and Director of Resources for attending to discuss the report.

We heard that, overall, these reports are not typical due to the unprecedented impacts of Covid-19 and the uncertain nature of competitive bidding for funding from Welsh Government.

The Panel heard that the Revenue and Capital Budget Monitoring Report Q1 2020/21 tries to bridge the normal budget reporting style for Q1 and the wider challenges of Covid-19. Attention was immediately drawn to Recommendation 3 as it is unusual to draw such sums as £10m from reserves, however, this is consistent with accepted advice to Council.

The Panel asked questions about Council Tax arrears. We heard that Council Tax arrears at the end of 2019-20 was £4.7m and the cumulative total is nearer £10m. It was explained that this is an unusual capital debt that can remain open for a longer period. We are on course for a shortfall in Council Tax collection. Last year the shortfall was £100K with just one week of Covid-19. Expectations are for a £2.5m shortfall in Council Tax this financial year. We heard that it is anticipated that some people may choose to defer payments due to financial difficulty. It was felt appropriate to draw

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attention to the likelihood of substantial collection losses. The Panel heard that losses cannot be spread over the following 3 years as in England, so there is no flexibility in this respect.

Officers presented to the Panel an overall summary, which continues to be challenging and likely to be an unusual year ahead for Q2 and Q3. The Chief Finance Officer confirmed he is confident we are in a position to balance the overall budget at the end of this financial year.

The Panel queried the projected £16m over spend in the Place Directorate. This was due to 'Place' being a department where lots of discretionary activity is undertaken; for example, significant reduction in parking income. Officers described how Swansea Council is unusual in that it owns much of the city centre land following the Second World War, we are therefore the largest commercial landlord in the city centre. Some tenants are struggling to pay. Similarly, leisure and culture activities have been curtailed. The Place Directorate is therefore significantly affected by the impacts of Covid-19, in terms of footfall income and support received to keep venues solvent.

The Panel heard that business grants of £53m were distributed during Q1, and continue into Q2; there are also additional funds to expand business rate relief. There is a specific additional grant of £35m. Officers assured us that the £37.7m is therefore not an under spend, but rather a variation from budget due to the interaction between specific and block grants. Officers, in discussion with Audit Wales, suggest we are acting as an Agent for Welsh Government in the distribution of these grants and should therefore be able to record this as net neutral on the account. The Chief Finance Officer described how this is difficult to report in the usual way, whilst accurately reflecting distortions of Covid-19 effects. The distortions are complicated and there remains a need to draw (potentially) from reserves. Officers expect the Q2 report to indicate the service over spend is down, reflecting the realisation of more grants. In any event, Officers assure the Panel that they will balance this year's budget.

The Panel queried whether Welsh Government would cover the Council Tax shortfall (Q1) and the £10m over spend. Officers responded with their understanding that whilst Welsh Government is sympathetic to the situation, this factor remains the biggest inherent uncertainty. It is therefore likely that there will be a loss for the year. Council Tax is the most local of taxes and therefore losses usually fall to local authorities, however, this particular loss is not caused by local circumstances, but Ministers may yet decide not to meet this local tax in full or at all.

The Panel queried whether Welsh Government give a time scale for funding decisions. Officers explained it is difficult to keep track of the numerous and differing announcements and there is a time lag of claims within this competitive process. Cardiff University is keeping track of sums allocated via UK and Welsh Government funding streams for Welsh local government as a whole. The Panel noted that there seems to be an inherent uncertainty to the rest of the year.

The Panel queried whether the Council is at risk of any fines and penalties (for example over waste and recycling). Officers assured us that although there have been no relaxation to rules around obligations, and we are therefore exposed to penalties,

it is not to say these will be enforced. The Panel heard that (recycling) targets are legislative, so Welsh Government did not want to change legislation. Early indications are that they are sympathetic and unlikely to impose such fines but will look at it on a case by case basis.

The Panel drew attention to the Housing Revenue Account (HRA) not being adversely affected during Q1 and queried why not. Officers explained that we were expecting a less generous job support scheme. The furlough scheme is now extended and therefore likely to help this position, however overall economic performance for the economy is not looking positive. Unemployment will mean adjustment to living on benefits is likely to increase pressure on ability to pay. This is a national policy consideration and not directly relevant to this report; we recognise that this is a macro-economic and policy consideration for another time.

The Chief Finance Officer emphasised that general fund reserves, in his opinion, remain at the minimum safe level and are at the lowest they can be. The Panel understood that, thankfully, the Council had earmarked reserves to fall back on.

We are interested in any thoughts you may have on the contents of this letter. We would be grateful if you could please provide a written response to the following points by 16th December:

- We require a more detailed view of Place Directorate grants and the possible short fall.
- We would like an outline of the spend profile that has taken place over the 1st Quarter in relation to the budget position.

Yours sincerely,

Councillor Chris Holley

Convener, Service Improvement and Finance Scrutiny Performance Panel

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