

Service Improvement & Finance Scrutiny Performance Panel Update

1. Remit of the Panel

The overarching purpose of the Panel is to ensure that the Council's budget, corporate and service improvement arrangements are effective and efficient. The Panel meets on a monthly basis.

2. Key Activities

Meetings have included a range of issues such as budget monitoring, annual performance reports and the Welsh Language Standards Annual Report as outlined in the table below.

Since the last update in February 2021 meetings have resulted in a number of convener's letters to Cabinet Members. The issues covered were as follows:

8 th March 2021	<ol style="list-style-type: none"> 1. Mid-Year Budget Statement 2020/21 2. Q3 Budget Monitoring 2020/21 3. Treasury Management Strategy
12 th April 2021	<ol style="list-style-type: none"> 1. Corporate Complaints Annual Report
10 th May 2021	<ol style="list-style-type: none"> 1. Welsh Housing Quality Standards Annual Update 2. Annual Review of Work Plan 2020/21
17 th May 2021	<ol style="list-style-type: none"> 1. Pre-Decision Scrutiny: Development of 71/72 The Kingsway & 69/70 The Kingsway
11 th June 2021	<ol style="list-style-type: none"> 1. Overview: Understanding Financial Reporting 2. Revenue Outturn, HRA Outturn and Capital Outturn and Financing 20-21
23 rd June 2021	<ol style="list-style-type: none"> 1. Welsh Language Standards Annual Report 2. Overview: Byelaws

3. Achievements / Impact

Financial Monitoring

The Panel has heard that in Q3 the Council submitted a loss of income claim to Welsh Government, the position regarding which has now been confirmed as £2.2M. We understand that officers have now submitted the Q4 loss of income claim, although the final awarded amount remains to be confirmed.

We heard that Capital financial requirements will go up by hundreds of millions of pounds, measured as a percentage of the revenue budget. Officers explained that, in every scenario, they see budgets going up, although subject to complex interplays. We heard that the Chief Finance Officer would have liked to have externalised borrowing already but, as restricted by law and the code of practice, cannot borrow in advance of need.

Officers explained that there are currently relatively low interest rates, which are favourable. We heard that there is a risk inflation will go up, and subsequently interest rates will also rise; officers explained that the Council would ideally externalise borrowing soon and to lock in at good rates.

We queried the general fund capital expenditure – there is now a £115M general requirement. We questioned why there is such a huge difference in original estimate / outturn. Officers explained that this is due to a direct consequence of building the Arena, fuelled by the field hospital expenditure. The Chief Finance Officer commented that this demonstrates the sheer amount of capital spend that is underway.

Capital and Revenue Budget Monitoring

The Panel noted the unprecedented figures outlined within this report and, in particular, the exceptional £50M reserves figure. It was explained to the Panel that these figures had come about due to the unparalleled level of funding and compensatory grants awarded by Welsh Government since the beginning of the pandemic. We heard that such funds covered compensation for failure to deliver planned savings, and extra digital costs to remain agile and flexible during lockdown.

Officers highlighted that the Revenue Outturn report demonstrated the sheer scale of money that flowed in and out, both to the Council directly and also through the Council as an Agent of Welsh Government providing support to businesses. Despite the positive reflections in the report, we are aware that future economic consequences remain unclear and the longer-term impacts unknown.

We heard that the Capital Financing costs, in the short to medium term, reflect significant underspends due to the deferring of the financing of the capital programmes by externalised borrowing. We noted that a Council Tax deficit of £2.5M has been neutralised as a consequence of grant compensation from Welsh Government.

Corporate Complaints Performance Monitoring

The Panel held a brief discussion about the circumstances surrounding the availability of the report, and the data therein, as impacted upon by the pandemic restrictions. The Panel's attention was drawn to the fact that this report was late coming to Scrutiny due to these unavoidable repercussions, both on workforce and resources. The Panel understood that this data was, therefore, somewhat out of date and look forward to a full discussion on this topic when the next report becomes available.

Welsh Housing Quality Standards Annual Update

The Panel heard that the last fourteen months have been challenging, following pandemic restrictions in terms of internal work on properties. It was explained to the Panel that emergency repair work was carried out when required, and we acknowledged the hard work of staff working sympathetically and carefully during the pandemic. We recognise that this did

set back targets, however, we understand Welsh Government have addressed this and subsequently extended the compliance deadline.

Officers explained that the WHQS programme was introduced in 2002 with the objective of raising the standard of social housing across Wales, embracing a large number of legal and regulatory obligations. Officers explained that the Council has a duty to compile and present statistics annually. We heard that normal reporting cycles have been disrupted by the pandemic and this report subsequently covers the longer period from April 2019 to December 2020. The pandemic also impacted upon the ability to deliver the work programme. Welsh Government have given an extension of twelve months to meet the compliance period, now being 31st December 2021.

Officers outlined achievements since April 2019 as; an increase in compliance by 2,338 properties, a 17% increase in compliance since last reported. 5,795 properties are currently categorised as an acceptable fail, inclusive of 3,165 properties where residents have chosen not to participate in the scheme. Officers calculate that the Council will not achieve beyond 77% of compliance, in line with other Local Authorities statistical returns, due to tenant choice.

Development of 71/72 The Kingsway & 69/70 The Kingsway: Pre-Decision Scrutiny

The Panel, along with members of the Development and Regeneration Scrutiny Performance Panel, met on 17 May to consider the report presented to Cabinet on 20 May, and gave a view on the proposed decision. This item was considered in closed session in accordance with the cabinet report.

Welsh Language Standards Annual Report

Officers highlighted the new format of the report this year, in line with new guidance issued by the Welsh Language Commissioner in September 2020. We also heard that 2020-21 was a challenging year due to the pandemic restrictions, however, in general the Council has continued to make improvements on implementing the Welsh Language Standards.

Officers explained that the report aims to highlight updates across the Standards Groups (Service Delivery, Policy making, Operational, Promotional and Record-Keeping Standards). We understand that the Service Delivery standard continues to be a priority, and this is also the main area for which complaints are received. Officers explained that the complaints policy has been reviewed and updated to reflect helpful feedback from both the Welsh Language Commissioner and the Ombudsman.

Members queried the intention for the Council to review whether more jobs can be recruited with mandatory Welsh skills, and the possible effect on recruitment. Officers assured the Panel that this will not apply to all posts, based on skills and job markets, although some posts could be made mandatory Welsh in the future. The Panel raised concerns over whether this could jeopardise the availability of the right candidates, should Welsh language skills become mandatory. Officers highlighted that regard would be had to the five year strategy, enhancing training for existing staff.

4. Future Work Programme

The Panel also have some new items for monitoring in the remainder of this year, including but not limited to:

20 September	<ol style="list-style-type: none">1. Q1 Budget Monitoring Report – 2021/222. Peer Review & Self-Assessment (Local Government and Elections (Wales) Act 2021)
19 October	<ol style="list-style-type: none">1. Q1 2021/22 Performance Monitoring Report (provisional)2. Mid-term Budget Statement3. Overview from Ben Smith: Understanding Financial Reporting (Reserves)4. Review of Reserves
16 November	<ol style="list-style-type: none">1. Q2 Budget Monitoring 21-222. Planning Annual Performance Report, inclusive of public questions.
15 December	<ol style="list-style-type: none">1. Recycling and Landfill - Annual Performance Monitoring2. Draft Budget Proposals (TBC)
18 January 2022	<ol style="list-style-type: none">1. Q2 2021/22 Performance Monitoring Report2. Sustainable Swansea Commissioning Reviews (Outcomes)
15 February 2022	TBC
22 March 2022	<ol style="list-style-type: none">1. Progress update on the Local Government Use of Data Action Plan2. Welsh Public Library Standards – Annual Performance Report

It should be noted that there is the possibility of a further meeting regarding the City Deal, to clarify aspects of funding / projects.