

Monmouthshire Scrutiny

Performance and Overview Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 3rd December 2024

Report Item 4: Financial Update

The Cabinet Member introduced the report, together with Jonathon Davies, Head of Finance/Section 151 Officer.

Key points raised by the Committee Members:

Discussion took place, the following questions and key points raised by the Committee for consideration by the Cabinet Member:

- A member asked about steps to prevent further financial deterioration and ensure sustainable recovery, addressing issues like schools' growing deficits and underfunded services. The Cabinet Member responded that the deficit is about 2% of the revenue budget, and they are working with schools through recovery plans to manage the situation gradually. They are also looking to other areas of the authority to support increased demand in health and social care. Measures include implementing a programme of change for service delivery, focusing on cost mitigation, and enhancing financial scrutiny.
- The Committee asked for clarification on financial risk and measures to address the budget deficit. The Cabinet Member explained that financial risk is secondary to the risk of harm, and the Council is spending the necessary money to provide care, leading to an overspend in social care. Measures include controlling the front door of services and managing care packages effectively.
- A member enquired about the number of schools close to deficit and why Pembroke Primary has quite a high surplus when compared to other schools. Officers advised that the deficits of all schools are outlined in Appendix 3 of the report, and Pembroke Primary's higher surplus is due to recent staffing changes and additional learning needs income allocated to support pupils.
- A member asked about being creative with resources, mentioning Castle Park School. The Cabinet Member responded that while the Council maximizes resource use, some funding is specifically allocated for certain projects, such as active travel, and cannot be redirected.
- A question was asked about the performance of leisure centres, specifically membership relative to each town and the situation with Newport Leisure Park and Castle Gate. The Cabinet Member acknowledged that MonLife is performing well, with membership data available for all centres. Caldicot has the lowest membership, and efforts are ongoing to improve facilities. Newport Leisure Park is performing adequately, while Castle Gate remains challenging, but efforts are ongoing to increase occupancy.
- Another question was asked about measures to mitigate supply teaching costs in schools. The Cabinet Member responded that supply teaching costs are a significant pressure on school

Monmouthshire Scrutiny

budgets, and the Council is focusing on this area, with the auditor conducting work to help manage these costs.

- The committee enquired about the increase in domiciliary care costs and whether it is related to improvements in the health board reducing bed blocking. The explanation given was that there has been a 10% increase in externally commissioned domiciliary care packages, resulting in an additional cost of £500k. The Cabinet Member added that improving pathways of care to get people out of hospitals transfers the financial burden to local authorities, and discussions with the Welsh Government are ongoing.
- A question was asked about the breakdown of children's placements and measures to review and prevent future breakdowns. The response was that each case of placement breakdown is reviewed to understand the reasons, which can include changes in the child's needs or the foster placement's circumstances. The Council aims to place children in the best possible environment and continuously reviews and learns from each case.
- A member asked for clarification on the status of the Castle Park Primary School project, specifically regarding the allocation of Section 106 money and issues delaying the project. The Cabinet Member for Education clarified that plans are being drawn up and will be completed by the end of December. Delays were due to the discovery of asbestos panels, but the project is now back on schedule.
- The committee enquired about the £2.3m in social care debt payments that have not been recovered, asking for details on the expected recovery amount, processes for collecting this debt, and measures to prevent future accrual. The Cabinet Member explained that the Council has increased the bad debt provision by £20k, reflecting the amount they do not expect to recover. Officers commented that the finance team works closely with families and representatives to ensure financial assessments are done upfront and takes legal advice when necessary, focusing on improving the collection process.
- A member asked about the additional learning needs (ALN) overspend of £510k, specifically the £256k overspend on new starters in independent schools. Officers explained that the overspend is due to pupils who were expected to leave school but continued their education, and new starters requiring bespoke support packages. The £256k overspend is due to new pupils coming into the county that were not anticipated.
- The Chair asked how the Council plans to manage the rising overspend, given the budget principle against using reserves to balance the budget, and whether external support will be required. The Cabinet Member responded that the Council plans to manage the rising overspend by offsetting it with outperformance in other services, seen as effective budget management. The use of Treasury gains is considered a valid tool to protect services, even if short-term. The Council aims to avoid using reserves for recurrent expenditure. The overspend has increased by just under £1m from Update 1 to Update 2 but is expected to decrease towards the end of the year. There is a possibility of an in-year injection of funding from the government's budget in October, and the Council is pursuing in-year budget recovery measures to further reduce the overspend.