

Monmouthshire Select Committee Minutes

Meeting of Performance and Overview Scrutiny Committee held at The Council Chamber, County Hall, Rhadyr, Usk, NP15 1GA with remote attendance on Tuesday, 3rd December, 2024 at 10.00 am

Councillors Present

County Councillor Alistair Neill (Chair)

County Councillors: Jill Bond, Rachel Buckler, John Crook, Steven Garratt, Meirion Howells, Alistair Neill, Paul Pavia, Peter Strong, Maureen Powell

Also in attendance County Councillors:

Ben Callard, Ian Chandler and Martyn Groucutt

Officers in Attendance

Hazel Ilett, Scrutiny Manager
Robert McGowan, Policy and Scrutiny Officer
Peter Davies, Acting Chief Executive
Will McLean, Chief Officer for Children and Young People
Richard Jones, Performance and Data Insight Manager
Matthew Gatehouse, Chief Officer People, Performance and Partnerships.
Jonathan Davies, Head of Finance
Tyrone Stokes, Accountant
Stacey Jones, Senior Accountant
Dave Loder, Finance Manager
Diane Corrister, Head of Children's Services
Jenny Jenkins, Head of Adult Services

APOLOGIES: Councillor Ann Webb

1. Apologies for Absence

Ann Webb, Maureen Powell as substitute.

2. Declarations of Interest

None.

3. Financial Update

Cabinet Member Ben Callard and Jonathan Davies introduced the report and answered the members' questions with Cabinet Member Ian Chandler, Nikki Wellington and Cabinet Member Martyn Groucott.

- A member asked about the steps being taken by the administration to prevent further financial deterioration and ensure a sustainable recovery, addressing structural issues such as schools' growing deficits and underfunded services. The Cabinet Member responded that the deficit is about 2% of the revenue budget. They are working with schools through recovery plans to manage the situation gradually. The administration is also looking to other areas of the authority to support increased demand in health and social care. They highlighted that the Council is working on a range of measures, including implementing a programme of change to address service delivery over the

medium to long term; working with schools on recovery plans to manage deficits gradually without causing a shock to the system; focusing on cost mitigation rather than immediate savings, with efforts to control the front door of services and manage care packages effectively; enhancing financial scrutiny measures and maintaining financial discipline across all services.

- The Committee asked for clarification on the financial risk and the measures being taken to address the budget deficit. The Cabinet Member for Social Care explained that the financial risk is secondary to the risk of harm and that the Council is spending the money required to provide care, which is why there is an overspend in social care. They explained that they are implementing measures to manage the situation, including controlling the front door and ensuring people are looked after in a way that manages their conditions.
- The Chair asked about the consistency between Risks 7 and 8 in the Risk Register specifying risk of harm to children and adults, and the council's approach to reducing overspend. The Cabinet Member clarified that the risk is not about the money being spent, as it is being spent, hence the £4m overspend in social care. The Cabinet Member for Social Care highlighted the efforts to manage care at the initial stages to prevent higher cost packages. The financial risk is considered secondary to the risk of harm, with the main focus being on preventing unnecessary harm to children and adults.
- A member asked about the number of schools close to deficit and why Pembroke Primary has a higher deficit than others. Officers advised that the deficits of all schools are outlined in Appendix 3 of the report and that Pembroke Primary's higher deficit is due to recent changes in staffing and additional learning needs income that has been allocated to support pupils.
- A member enquired about being creative with resources, specifically mentioning the example of Castle Park School and the use of resources on projects that may not be necessary at this time. The Cabinet Member responded that while the Council works hard to maximise the use of available resources, some funding is specifically allocated for certain projects, such as active travel, and cannot be redirected. It was also mentioned that the administration of these schemes is covered by the funding provided.
- A question was asked about the performance of leisure centres, specifically the membership relative to each town and the situation with Newport Leisure Park and Castle Gate. The Cabinet Member noted that MonLife is performing well and that membership data is available for all centres, acknowledging that Caldicot has the lowest membership and that the Council aims to improve facilities across all centres. Regarding Newport Leisure Park and Castle Gate, he mentioned that Newport Leisure Park is performing adequately, while Castle Gate remains a challenging asset to manage, but efforts are ongoing to increase occupancy. – **ACTION: to provide a written response in detail re: leisure centre memberships and investments**
- It was asked how many other schools will be in deficit in the coming years. The officer explained that it's too early to say. The team is working through the budgets with schools now, and once the 25-26 budgets are set, forecasts will be done with the schools. At this stage, officers are monitoring on a monthly basis.
- The Chair asked how schools manage deficits i.e. who provides bridging finance to the following year. Officers explained that schools manage their budgets independently, with head teachers and governing boards responsible for

approval and management. However, any deficit is absorbed by the Council's balance sheet, affecting the Council's overall financial resilience. Therefore, it is crucial to monitor and support schools' budget recovery plans. Significant efforts are being made to engage with schools in deficit, ensuring continuous discussions and monitoring.

- Clarity was sought as to how Newport Leisure Park and Castle Gate can be 'holding their own' if they have overspends? The Cabinet Member responded that the sites are not experiencing overspends but rather a shortfall in expected income. For example, if the forecasted income was £1m but the actual income was £950k, it would appear as a negative £50k in the budget. This shortfall is due to over-optimistic income projections, not an actual negative impact on the balance sheet.
- A question was asked about the measures being taken to mitigate supply teaching costs in schools, the Cabinet Member responding that supply teaching costs are a significant pressure on school budgets and that the Council is focusing on this area, and a piece of work is being conducted by the auditor to help support schools in managing these costs.
- The committee enquired about whether the increase in domiciliary care costs is related to improvements in the health board reducing bed blocking, and also asked if there is a risk of further increases and whether additional funding from the health board could be sought. 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 for Social Care added that while there is an emphasis on improving pathways of care to get people out of hospitals, this does transfer the financial burden to local authorities. Discussions with the Welsh Government are ongoing to address this issue.
- A question was asked about the breakdown of children's placements and what measures are being taken to review and prevent future breakdowns. The response given 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 to improve future placements.
- A member asked about the Health Board avoiding its responsibilities for delivering health-based care, asking whether legal action or a judicial review should be considered to address this concern. The Cabinet Member for Social Care explained that if a person's primary care need is health-related, the Health Board should fund it, not the local authority. There are ongoing disputes with the Health Board over several cases, especially those where it's unclear whether the primary need is medical or personal care. While legal action or a judicial review hasn't been pursued yet, it hasn't been ruled out. The Health Board's significant budget deficit complicates negotiations. The goal is to ensure that individuals receive care smoothly, regardless of who pays for it. The local authority continues to provide care while negotiating cost responsibilities, even though the situation is not ideal.
- In light of the decision by Blaenau Gwent and Torfaen to share one Chief Executive Officer, it was enquired whether there have been any discussions with them during their discovery phase to explore opportunities for further collaboration, aiming to seek efficiencies, optimize resources, etc. The officer

responded that there have been discussions with neighbouring authorities and the wider region about exploring opportunities for further collaboration. It's important to actively discuss these options, but we must remember the unique differences across geography and demographics within Monmouthshire. While digital and technological advancements offer new opportunities for collaboration, it's crucial to be involved in these conversations from the beginning to ensure alignment and effectiveness.

- A member asked for clarification on the status of the Castle Park Primary School project, specifically regarding the allocation of Section 106 money and the issues that have delayed the project. The Cabinet Member for Education clarified that plans for the project are being drawn up and will be completed by the end of December. He explained that the project faced delays due to the discovery of asbestos panels, which had to be treated, but that the project is now back on schedule, and a timetable for completion will be established in January.
- A wording error in Appendix 1 was noted: in the bottom paragraph of Section 2, 'Care at home placements' should be 'Care home placements'. The Chair also noted a typo in the numbering of sections in the covering report.
- 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, the processes for collecting this debt, and measures to prevent future accrual of such debt. 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 that the Council takes legal advice when necessary and is focused on improving the collection process to manage this debt effectively.
- A member asked about the additional learning needs (ALN) overspend of £510k, specifically seeking understanding of the £256k overspend on new starters in independent schools and any work being done to identify similar cases earlier. Officers explained that the overspend is due to pupils who were expected to leave school but continued their education, and new starters being educated other than at school, requiring bespoke support packages. The £256k overspend on new starters in independent schools 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 rule against using reserves, 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 Month 3 to Month 6 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.
- The Chair asked if we are in discussions with auditors about how our financial resilience would be affected, were we to need to draw £5m out of reserves. The officer explained that Monmouthshire has been audited by Audit Wales regarding our financial sustainability, and the verdict was reasonably positive. The audit

highlighted the need for a clear path towards financial sustainability, acknowledging the budget gap over the medium term, which the medium-term financial strategy aims to address. If we end up with a bottom-line deficit at the end of the year, it will need to come from reserves, reducing our financial resilience. However, a local authority budget is complex and constantly changing, so flexibility and effective treasury management are crucial. We aim to make the best use of our cash funds to support service delivery and reduce borrowing costs.

Chair's Summary:

The Chair thanked the members for their questions. He reiterated that there are no easy solutions to the challenges faced across the county, and thanked the Cabinet Members and officers for their report and responses. The report was moved.

4. Risk Register Update

Cabinet Member Ben Callard introduced the report and answered the members' questions with Richard Jones, Matthew Gatehouse and Cabinet Member Ian Chandler.

- Members asked about the high number of risks (14 out of 16) being rated as high and whether the mitigations are effective or if they are being overly cautious. They also enquired about unforeseen risks and how they are managed in departmental risk registers. The officer explained that the risk levels are assessed pre-mitigation and that the post-mitigation scores reflect the anticipated impact of the mitigation actions. It was acknowledged that while some risks remain high, the Council is cautious and bases its assessments on evidence and referred to the introduction of Directorate Risk Registers to manage risks at a more detailed level.
- Members asked if unforeseen and unpredicted risks would now be added to each directorate's risk register and were advised that as much as they can foresee and have evidence for risks, they will be included in the Directorate Risk Registers. Officers emphasised that risk is an ever-changing field, and the Council aims to keep up to date with it.
- The committee asked about the financial sustainability and service delivery given the persistent financial pressures, overspending in social care, and educational deficits. They enquired about key areas where further action or alternative approaches might be required to close the gap. Officers, in responding, referred to the development of a medium-term financial strategy and a new budget monitoring process as key mitigating actions and also a programme of change looking at how the Council operates in the future.
- Questions were asked about workforce challenges and retention, particularly in social care and education, and whether there are contingency plans for high-risk roles or sectors if initiatives take longer to yield results. Officers explained the development of a new people strategy focused on recruitment and retention, including a new recruitment portal and website to attract talent and referred to proactive approaches being taken in social care to recruit qualified social workers.
- Members raised the rising demand and complexity of cases in social care for children and adults, and how the Council is ensuring measures to address

potential workforce and provider problems in the medium term. The Cabinet Member for Social Care detailed several initiatives, including a new strategy for children's placements, investment in recruiting foster carers, and a new commissioning strategy for domiciliary care. The challenges of a rising aging demographic and the need for long-term projects to extend healthy life expectancy was discussed.

- A member asked if children involved in care are always managed to stay in their own area and school, or if they ever have to be moved away and the Cabinet Member for Social Care responded that while the aspiration is to keep children local, it is not always possible due to a lack of placements and foster carers. Each case is assessed independently to determine what is in the best interest of the child, and sometimes it is necessary to move them out of the area.
- The Chair asked if Welsh Government's policy commitment to eliminate profit from the care of looked after children resulted in market instability, as suggested in the previous Risk report. The Cabinet Member for Social Care responded that the Welsh Government's policy to eliminate profit from the care of looked-after children is being embedded in the new Health And Social Care bill, which is currently under scrutiny in the Senedd. The Minister for Children & Social Care has provided clarity that the implementation timelines for this policy will be extended to ensure stability in the market. In response to this policy, the Council is taking steps to establish its own in-house children's homes and post-16 supported accommodations to reduce dependency on commercial providers, and is working on recruiting more in-house foster carers by reviewing fees and allowances to make this option more attractive. The situation is being monitored continuously, with no major impacts observed at the moment.
- The Chair asked how the levels of risk can be lower, e.g. Risk 2 down from 16 to 12, given the Council's deteriorating financial situation. The Cabinet Member responded that ongoing changes to high-risk services take time to implement. Despite the deteriorating financial situation, the risk level has been reduced from 16 to 12 due to several factors including the autumn budget's positive outlook for public service spending and the ongoing budget recovery and contingency measures. The risk assessment considers both current and future mitigation actions, and the situation is continuously monitored and reviewed.
- The Chair asked if the Welsh Government's policy to eliminate profit from the care of looked-after children resulted in market instability, as predicted. The Cabinet Member for Social Care responded that the policy is being embedded in the new Health and Social Care bill, with extended implementation timelines to ensure market stability. The Council is establishing in-house children's homes and post-16 supported accommodations and recruiting more in-house foster carers by reviewing fees and allowances. The situation is continuously monitored with no major impacts observed.
- The Chair also asked how risk levels can be lower despite the Council's deteriorating financial situation. The Cabinet Member explained that ongoing changes to high-risk services take time to implement. The risk level has been reduced from 16 to 12 due to factors like the Autumn budget's positive outlook for public service spending and ongoing budget recovery measures. The risk assessment considers current and future mitigation actions, with continuous monitoring and review.

- The committee questioned the capacity within the Social Care department to realise and undertake the work of reorganising service delivery models while dealing with the day job, asking if it is feasible moving forward or if external support would be needed. The Cabinet Member for Social Care responded that the capacity at the management level to manage change has been squeezed, but they have recruited a new service manager to manage the children's placement program. This has provided additional capacity and freed up the management team within children's services to work on other areas.
- A member raised the increased risk and sophistication of cyber-attacks from external actors and criminal gangs, particularly in the context of the social care supply chain providers of care, enquiring if the Council is doing enough to ensure that their supply chains are robust against potential cyber-attacks. Officers responded that the Council employs a head of cybersecurity who supports other public bodies in Southeast Wales and that when entering into contractual arrangements with new suppliers, an assessment of their information governance arrangements is part of the process. Members were advised the Council has support and guidance available for suppliers, and they have information governance groups and backup systems to minimise the risk from cyber-attacks.

Chair's Summary:

The Chair thanked the Cabinet Members and officers for their responses. The report was moved.

5. Secondary Schools Leadership Funding

Cabinet Member Martyn Groucott and Nicola Wellington introduced the report and answered the members' questions.

- A member asked how the King Henry VIII primary phase budget relates to other primaries in Monmouthshire. The officer explained that the funding for the King Henry VIII primary phase is equivalent to that of other primary schools of similar size in Monmouthshire. The head teacher and governing body are responsible for structuring the leadership team. While the funding is the same, potential savings could come from not needing two head teachers, as the school can look at its structure to identify any possible savings.
- A member asked about the measures being put in place to ensure that reductions in leadership resources at Chepstow School do not disproportionately impact vulnerable groups, including pupils with disabilities and those from disadvantaged backgrounds. It was explained that transitional funding has been put in place to ensure a staged process into the reduced funding. Chepstow School is looking at ways to support their learners more cost-effectively. The school currently has the largest leadership group among the four secondary schools, and they are working on restructuring to manage the funding changes.
- A question was asked about how the long-term effect of these changes on outcomes is monitored, especially in Chepstow where funding is significantly reduced. The officer stated that the financial aspects of the funding changes will be closely monitored, and the educational outcomes will be overseen by the school improvement team within the Directorate. They will work together to

understand the impact of the funding changes and ensure that standards are maintained.

- It was further asked about plans to address the potential risk of leadership burnout, particularly in the light of schools' reduced funding. It was mentioned that leadership burnout is a concern that is frequently discussed with employee services. The impact of the funding changes on leadership burnout is not expected to be direct, but it will be monitored through regular discussions and sickness statistics. A member noted that burnout isn't confined to leadership but applies to classroom teachers as well.

Chair's Summary:

The Chair thanked the Cabinet Member and officers. The report was moved.

6. Next Meeting

11th February 2025.

The meeting ended at **12.57 pm**.