

Monmouthshire Select Committee Minutes

Meeting of Economy and Development Select Committee held at Remote Microsoft Teams Meeting on Thursday, 21st January, 2021 at 10.00 am

Councillors Present

County Councillor P.Pavia (Chairman)
County Councillor (Vice Chairman)

County Councillors: J.Becker, R.Roden, B. Strong
and P. Murphy

Officers in Attendance

Frances O'Brien, Chief Officer, Enterprise
Jonathan Davies, Central Accountancy Finance
Manager
Dave Loder, Finance Manager
Hazel Ilett, Scrutiny Manager
Robert McGowan, Policy and Scrutiny Officer

APOLOGIES: County Councillors A.Davies and D. Dovey

1. Declarations of Interest.

There were no declarations of interest.

2. Public Open Forum.

No members of the public were present.

3. Budget Monitoring: Scrutiny of the budget monitoring capital and revenue position at Month 7, setting the context for scrutiny of budget proposals.

Jonathan Davies, Dave Loder and Frances O'Brien presented the report and answered the members' questions.

Challenge:

Some of the non-Covid savings couldn't be implemented because staff had moved into Covid roles. How were Covid and non-Covid related expenditure determined? Could we claim more grants?

Separating out what is defined as Covid and non-Covid expenditure is complex. We have some stipulations and rules from Welsh Government. Those costs and income losses have to be directly attributable to our pandemic response. There are indirect impacts as well: one of these is the ability of the services to achieve the savings that they were budgeted to make during the financial year. Where staff and resources have been diverted to front line support, they haven't been able to focus on achieving those savings. The Month 9 report is being drawn up now: services are currently budgeted to make over £4m of service efficiencies; the current forecast is that £732k of those won't be achieved. That's an automatic pressure on the budget for this year, and into next year. Regarding additional support, we are following up with Welsh Assembly where additional grants and support are available. As well as business support, there will be some in the areas of art and culture. There are a number of additional avenues to go down to support those additional costs and losses.

The income loss from MonLife brings a number of challenges. What are the early building blocks to recovery?

One of the things MonLife is looking at is reopening. The branding and marketing are ready so that they have a strong product when they are able to reopen. One difficulty is the continual opening and closing – it's sometimes easier to know that you're going to be closed, then when you reopen you can do so with confidence. In our dialogue with Ian Saunders, the Chief Officer overseeing MonLife, we can see that given the impacts of Covid on people's health and wellbeing, in the long-term we will need to provide these services so that people can be fit and well again. Leisure services will play a fundamental part in that recovery. MonLife is confident that it can rebound; it is just the period that the recovery will take. Some say it will take 2 years, and it might be that there will be a lengthy recovery plan to get those services back up to where they were previously.

Have there been initial discussions with the Health Board to map a picture of the help that will be needed after Covid?

Yes, it is important to consider the role that we can provide, whether that is facilitating through our community support network or MonLife services. The MonLife team has been working very closely with children's services, as have our CYP colleagues around the role that outdoor education can play in the future to facilitate alternative learning and provision. So there are many opportunities for the service areas. A key focus will be to work in a networked way.

It seems we're managing Castle Gate well. Have there been further discussions with Cineworld in Newport about re-opening, or any further detail in terms of rental relief?

The officer who deals with that, Debra Hill-Howells, would be able to give a detailed answer but is not in this meeting. We are experiencing issues with Newport Leisure Park, as the site is predominantly retail and leisure. We are claiming any income loss from Welsh Government on the quarterly returns. Regarding Cineworld, I don't think there is any immediate risk of any problems, in terms of them staying on the site.

Welsh Government has given assurance about Covid costs being paid – what sort of assurance has that been?

The significant announcement from Welsh Government at the end of the autumn detailing a further support package, which included local government and the associated Hardship Fund, gave us additional confidence that the additional expenditure and income losses would be covered. Through our Leader's conversations with Welsh Government and the forums he sits on, and with civil servants in Welsh Government, we expect that to go through to the end of the financial year. The real focus for us, in terms of planning, is what that support looks like as we move past March. The pandemic is going to halt at the end of March, so we need to plan for that and get some certainty about how that support fund is going to look as we move into the new financial year.

Have other avenues been considered, regarding what we can sell? e.g. Museums? Online?

The income that we make from sales at tourist information centres and museums is minimal. The cost of setting up an online or click-and-collect service for those sorts of things has not been seen as feasible. During lockdown and Covid, the team has continued to review the artefacts in our museums, and go through a process of identifying whether they need to be retained or disposed of. So they are not at the stage yet where items are being sold, but we are going through the process – there are tens of thousands of artefacts across the museums and

in storage. The team also has a funding stream from the Heritage Lottery Fund to look at the stories that need to be told in the museums – that also helps in identifying which items to display. This work has continued in the background while we deal with the pandemic.

Regarding the non-Covid budget pressures mentioned in 3.18, could some of the one-off savings in this portfolio area be identified?

We have a lot of vacant posts within the services. Managers are choosing to freeze those posts because they are aware that we need to close the gap, as an authority. Delay for the LDP is also bringing savings, as we had budgeted professional and specialist fees for this financial year. We are also pushing some LDP costs to the capitalisation directive, and there are collaboration costs coming out of business growth and enterprise, which is producing a staff saving. So staff and capitalisation directive are mainly driving the underspends.

What potential impact will staff freezes have on future service provision?

We are really starting to notice the impacts now. Perhaps that is because of increased demand and our inability to respond to our customers as we would wish. To take Planning as an example: ensuring that we are able to respond on time, and in the parameters that we try to set, is starting to affect us. Within Highways, we've had significant grant-funded programmes and projects, which is fantastic, but it means that our ability to deliver is limited, or we're struggling, because we haven't filled the vacant posts. There is always a judgement call as to whether we should fill them, but we are now at the point where we need to do so, because we are starting to see a detrimental impact on our ability to deliver against key priorities.

Chair's Summary:

It's clearly been a hugely difficult year for the authority, financially. The impact of the pandemic is biting everywhere but particularly so in regards to this portfolio. Congratulations to officers on their continued efforts. We hope that the assurances given by Welsh Government will indeed materialise.

4. Budget Scrutiny: Scrutiny of the budget proposals for 2021/22.

Jonathan Davies and Dave Loder delivered the presentation and answered the members' questions, with Frances O'Brien.

Challenge:

Given the previous discussion about pay freezes and service delivery, and pressures next year, is it realistic to say that we are going to continue delivering our full suite of services?

That's a valid question because we are going to have to consider if some of the services will be sustainable long-term, or whether they can be delivered in a different way. We will need to continue reviewing them over the medium-term financial plan and strategy. We've been very fortunate not to have to significantly close or change any services, but we have to continually monitor the situation and prioritise, in terms of what non-statutory services are there that we would look to adapt and change. Those are very difficult considerations to make.

One of the cost pressures not budgeted for is MonLife investment considerations. Can we have more detail on this?

We don't have detailed information for this meeting. The team is considering whether to postpone some of those investments for the immediate future while we understand what the Covid recovery situation is. The presentation slide was in relation to the capital commitments

going forward, and those pressures and investments sitting outside the current budget. There's a list of potential MonLife investments that they would seek to make over the medium term, which is available in the pack of papers that went to Cabinet and is linked on today's agenda.

The Welsh Government settlement has been more generous than ever this year. What are the reasons for this? Are there lessons to learn from other councils?

The settlement itself is made up of quite a complicated calculation around many factors, of which some have higher impacts than others. A couple of the indicators where we've benefitted this time are concerning population and 'equalisation of resources': this looks at the ability of authorities to raise their funding from council tax, and applies a ratio to adjust for that across Welsh authorities. It is very difficult to explain. Welsh Government are working now to make that indicator a lot clearer for authorities. It's been a big factor this time; the reasons for that are probably statistical, and we don't understand the full picture of that yet.

Does our input affect the amount that we get?

The inputs are set at a statutory level so the returns we make, in terms of those statistical returns to Welsh Government, go towards producing that data for them to put into their model. We don't have the ability to change those but there are varying amounts of what goes in: pupil numbers, population estimates, benefits data, and the demands on our services and populations that we give information back on. We therefore have very limited scope to change or influence those factors – it is very much reliant on those statutory indicators that we have to report back.

What have the discussions been around medium-term plan and deficit recovery? What are our expectations?

It's a very difficult picture to play through in relation to the medium term. We're continuing to focus on the areas that we can control, and look to influence Welsh Government to give more clarity on the position going forward. When we have a one-year settlement there is very limited scope to plan past the end of 2021-22. We will always aim to maintain and sustain services – we don't want services to fall away. Many of them are going to transform and develop as we recover from the pandemic e.g. how town centres look, how residents travel, working from home, etc. Various working groups have been established to look at these things. The key point is to put pressure at a political level back on Welsh Government to provide clarity over how our funding will come through in the longer-term settlement.

Has our Section 151 Officer (Peter Davies) raised any concerns about the drawdown of reserves?

Our officer has had to consider that as we develop these proposals. A lot of the reserves and council fund balances are limited. We have benefitted from the 2019-20 outturn position – we were able to bolster the council fund by £1.8m. This gave us some flexibility to deal with the Covid and non-Covid pressures coming in the current financial year. It's important to note that even though that was increased by £1.8m it still brought us to a middling level on the council fund reserve, compared to across the Welsh authorities. We're proposing to use £750k from that council fund, which is very much a one-off use. When we say it's not sustainable to maintain that, if we use it and we don't then top up that reserve at year-end, it's a continual cycle in the reduction in those balances, and gives us limited opportunities to support the budget when our only other viable options of funding those priorities are council tax and Welsh Government settlement. Per head, we are still right at the bottom of that funding.

Chair's Summary:

We have covered the impact on income, which has had a significant income on budget planning. The various levels of uncertainty in relation to central government is a challenge for us to map out what the next few years will look like, financially. There are no particular recommendations but we can give overall feedback, as a committee. Cabinet Member Phil Murphy will pick up the points and questions raised by members today.

5. Economy and Development Select Committee Forward Work Plan.

The evening format for workshops has worked very well. Procurement will need to be picked up later this year, having gone on the backburner due to the pandemic. It would be beneficial to hear from Cardiff City Deal Director Kelly Byrne in the coming months. Note that the car park review with Strong Communities has been put on hold temporarily due to pressures from Covid and flooding, but we will revisit this important subject later in the spring. Consideration of flooding will be added to the planner as well; Councillor Becker suggested perhaps including the possibility of using heat exchange in our rivers to lower our carbon footprint.

6. Cabinet and Council Work Planner.**7. To confirm the minutes of the previous meeting.**

The minutes were confirmed and signed as an accurate record.

8. Next Meeting: Thursday 25th February 2021 at 10.00am.

The meeting ended at **Time Not Specified**

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