

Performance & Overview Scrutiny Committee 25th January 2023

1. Apologies for Absence.

Tony Kear, Phil Murphy as substitute. Councillor Murphy was elected as vice-chair for the meeting, nominated by Councillor Chandler and seconded by Councillor Bond.

2. Declarations of Interest.

Councillor Strong declared a non-prejudicial interest as Chair of The Friends Of Caldicot Library, and Secretary of the Gwent County History Association.

3. Public Open Forum.

No submissions were received.

4. Budget Scrutiny: Scrutiny of the Budget proposals for 2023/24.

Cabinet Member Rachel Garrick delivered the presentation and answered the members' questions with Peter Davies, Jonathan Davies, Jane Rodgers, Nikki Wellington, Matt Phillips, Cabinet Member Sara Burch and Cabinet Member Paul Griffiths.

Challenge:

There are concerns about levels of confidence in delivering the proposed savings, the risks involved, and the cross-collateral impacts e.g. in SCH5, reducing staff in Adult Social Care, what impact might that have on SCH6, with an increase in staff? There isn't a sense of how the two go together? What is the ability to deliver the redesigns in SCH5, when there is no head of Adult Social Services in post?

There is no denying that there are significant challenges in the mandates put forward for adult social care. We spent a lot of time thinking of the best way to generate savings without creating undue risk for individuals. Following the pandemic response, we are now at the point of regrouping and getting back to strategic priorities, particularly early help and prevention, ablement and reablement, and partnership working. We must get back to supporting practice to enable people to live as independently as possible with minimum reliance on expensive packages of care, and ensuring that every penny is spent in the most cost-effective way by expanding the type of care provision. We need to review and assess people already receiving care, and those due to come in. We won't compromise on safeguarding but we will challenge ourselves as to whether we are enabling that person to the best effect, so that we can reduce some of the care costs. It will be important to join up with health partners and use all of our collective resources. We will look to support people to avoid going into hospital or to get out quickly, and continue with innovation – we have many ideas.

Regarding an increase of £1.4m in fees and charges in the summary paper, there is no breakdown of where this will come from?

Within the budget papers, there is a detailed breakdown of the fees and charges, split out first by Directorate and then by the services for which we are charging. Within the Social Care mandates there is a separate mandate for social care charging that goes into detail. the main bloc of

information is in Appendix 1, with links through to the full schedule of fees and charges totalling the increase of £1.4m.

The £1.4m social care increase doesn't have a further breakdown in the top-level paper.

We tried to make the paper more concise but we can definitely take that feedback.

Residents are already raising concerns about savings coming from service delivery. What is the explanation and justification to residents that few savings are proposed in other areas?

Much of this is due to the number of savings previously delivered in those areas, leaving many at a base level already, and risks about what is needed: the more people are pared back, the harder it will be to deliver an adequate and competent service in those areas.

How much are the 'back office' costs compared to frontline services? And how does that compare to other authorities?

The lion's share of costs is taken up by schools and social care, then a plethora of other services, including the 'back office' ones that keep the council running smoothly: leisure, libraries, etc. We also have to meet treasury costs – the ongoing cost of borrowing to support our capital programme – and levies to pay police, drainage boards, etc. These are fixed costs imposed by statute. Within the core, there are teams to oversee governance and the good running of the organisation, including paying bills and recovering income. Each local authority will have a similar breakdown of costs.

Is there a more 'resident friendly' way to communicate the budget?

We refer back to Councillor Garrick's initial response, and as covered in the presentation. We have made significant savings each year since 2010, and in comparison with others we are incredibly lean, and unique, and given our funding base have always had to be resourceful in maintaining frontline services. All services have had to bring forward proposals for savings. Those back office functions are incredibly lean and we have to be very careful in maintaining the safe running of the organisation.

Would it be clearer to residents for us to say 6% for the council tax increase? Neighbours are consulting on 5%, 3%, 2% etc – what are your thoughts in being on the higher end, and by some distance? How can this be justified to residents?

A 0.05% increase equals £30k. We could go to whole percentage points – that doesn't seem unreasonable.

To what the extent has the idea been explored of potentially protecting services offered in communities by developing ownership of community assets e.g. hubs and libraries, to run them for maintained or extended hours through voluntary individuals/groups?

There is community ownership in various areas, such as Drill Hall in Chepstow. It's difficult to place in a budget, in terms of assessing the risk. It's unlikely that there will be an instant saving, as groups in the community need to be sought and the idea worked through – it is a very unstable saving. It is certainly something that we can continue to look to, but can't rely on as an in-year saving for planning the budget. There are many partnerships between community organisations and this

council. Our challenge is to ensure the appropriate mobilisation of volunteers, understanding where we need to be provider and where an enabler. We have to be mindful of the difficulties faced by these organisations in heating and lighting the village halls, getting enough bookings, etc.

If we are making cuts to services, they should be set out clearly – obscuring behind difficult language opens up potential criticism e.g. Gwent music subsidy 'this' year? 'Fairer' prices when we mean higher prices?

We are asking residents to pay a fair price for their services. No-one in the county should think that 'fair' means anything other than an increase, given the cost-of-living crisis and levels of inflation. The language is completely adequate.

What will be the impact on businesses of substantial parking charges? And Pavement licences? What about business rates?

Welsh Government is putting together a central fund for business rates. We have scheduled a full car parking review across the county for next year which will take into account the needs for each area and the impacts on them, including businesses. There is currently a significant difference between areas – a hangover from the 60's – where there are different parking approaches e.g. the west of the county has free parking but the east tends to have charges.

Post-16 transport increases and breakfast club increases could have a large impact on families with several children. How were the impacts assessed? And what about the links between those i.e. for a family that will be subject to all of the increases?

Regarding breakfast club impacts, we would point to what we're providing in that. It is rare to see a family with several children using a breakfast or after school club. We are providing very low-cost wraparound care: £6.95 for an evening session, we are looking at around a third of that, at £2 a session.

What is the realisation: are we raising thresholds or rationing care in Adults Services? In Children's Services, what is the impact in terms of decision-making with high-cost placements and risk? What does it mean to our engagement with Care Inspectorate Wales?

For Children's, a lot of work is ahead of us in rebalancing our use of placements so that the majority of children are placed with in-house Monmouthshire foster carers – if that can be achieved, we will make the required savings. With Adult Social Care, this is about getting consistent approaches, using all of the mechanisms available, ensuring that we are working with people through a strength-based approach, where we do have to provide care for those with complex needs we are making maximum use of existing digital technologies, and expanding our options to get the best possible value for money.

Regarding what Bank of England and OBR are saying about inflation, will we see a fall in inflation over the next year? What assumptions are being built in to take pressure off the budgets?

The OBR forecasts are in the medium-term financial planning. Education savings are incredibly firm, there is a huge reliance on individual schools budgets. Education is one of the areas with the lowest

risk of realisation. We are ensuring that with this year's targets we are avoiding mistakes previously made e.g. consultant-led targets being put in place for car parking, which led to significant losses. We are also realistic about things like the uptake of Monlife membership.

Some schools that are already in deficit might tip back into deficit?

7 schools are in deficit. Next year's forecast at the top level indicates two primaries would need to find a £14-17k saving for this. Based on the balances we currently have, we don't foresee any more schools going into deficit.

For a resident's benefit, what do mean by 'unmitigated' budget risks?

When we use the word 'unmitigated' it means that the risk isn't hard-baked into the budget as it stands: the level of risk changes through time so we will keep assessing it. The budget will evolve on a daily basis so we include our best estimates and assessment of risk when bringing it together, Cabinet will take some considered positions around that when finalising its proposals, then we move to next year. We will assess the level of reserve cover needed against those known/unknown risks

£3m of reserves are earmarked as contingencies for risk, which seems low. On what basis is the £3m calculated and how realistic is it?

Realistically, with a £26m shortfall and £11m of savings nothing in this budget is 'enough'. £3m is largely driven by the availability of reserves. This year's pressures that have come upon us are in-built and feature significantly in the £26m cost pressure; pressures have increased since reporting to Cabinet in the Autumn, so we have incorporated those updated considerations. The £3m reserve cover will be reassessed. Peter Davies as the Council's Section 151 Officer is required to undertake the assessment of the budget process's robustness and the adequacy of the reserves level. We need to strike the right balance between the best understanding of that risk and how robustly the budget process has accommodated known risk. We won't speculatively lay further cost pressures into the budget that will have significant impacts. The £3m is mainly against the deliverability risk that we carry. Social Care is the area where it sits highest, as it is a volatile and dynamic environment, hence the proposed changes.

Regarding operational risk, taking homelessness as an example, the cost escalation is due to an increasing number of homeless people and housing them in expensive provision. Bringing down the cost per person relies on some ambitious plans, set out in the community and corporate plan. Even if we are successful, there is the possibility that the economic and local housing market situation means more people will become homeless. We have similar challenges in social care.

How is Council tax determined and assessed to reach 5.9%? Do we start at the price point and work backwards or build up from the pressures?

Yes, it has been an informed piece based on where the pressures are, and where savings can be made. We have also taken into account what we believe our residents could countenance in terms of a very difficult cost-of-living crisis. Some councils are looking at higher percentages, others at lower; the latter are doing so by looking to reserves that we don't have to the same level. As a

minority administration, we are reliant on what every member of the council would be prepared to accept.

Regarding the forecast to 26-27, in compound terms it is a 20% increase in council tax (5.9% this year, then 3.95% for the following 3 years). How does that place us at the end of that period, as a council? Are we injecting enough positive strategy into the broader shape of the medium-term plan?

We have followed austerity under-funding of councils to now having a bumper year of inflation. 3.95% is the standard input for the medium-term financial plan; it is likely to be adjusted at each year-end and move into financial planning with greater clarity of our position.

Can the involvement of town and community councils be considered, particularly in relation to village halls? They have a precept and aren't capped. Some community councils lack a full understanding of what the precept is.

Thank you, we will take that on board.

What measures are we considering to get the indicative base for 26-27 of a £23m deficit to a more break-even figure?

The further we go, the more uncertainties there are around inflation, interest rates and wider pressures on services, so we make allowances in the model for those unknown pressures, based on experience and trends. In the work on service redesign, we hope to see a lower level of pressure come through towards the end of the medium-term financial plan, delivered by the work at the front end. There is confidence that inflation will fall but there are uncertainties in things like pay award.

Clarification: fig.5 in 6.2 of the paper is more of a worst-case scenario, than a forecast?

We will have a medium-term financial strategy off the back of the community and corporate plan, and will identify ways of addressing that gap. It is based on realistic estimations at this point in time but will change month to month and year to year as we go through. We are reliant on the forecast from UK Government and then Welsh Government of what funding will be made available in future years. 'Worst-case scenario' is sometimes accurate, as the Treasury won't commit itself beyond the minimum that is possible, and we work from that projection. But there will be movement, as there was this year. We have learned from the pressures that built up this year. We must change our service delivery over a period of time.

Could any staff vacancy after 6 months be removed, to reduce future pressures?

No. Thinking of a pinch-point area such as domiciliary care, there will be a number of posts advertised at any one time as that's where the demand lies. It would be unwise to take those as vacancies, given the impact on service delivery. It places the focus on how we recruit, and asking what is our competitive advantage? The answer includes what Welsh Government is doing nationally. We will always look at redeployment and retraining, where roles are potentially going. Apprenticeship and graduate roles are very important. Our recruitment process needs to be better,

we have procured a new e-recruitment system and a learning management system that will allow us to invest in and develop our people, which enables retention and improves productivity.

A big part of the capital budget is the new school. Where does the risk sit in terms of cost overrun?

The risk of price increases rests with the contractor, and the nature of how the contract has been put together. The level of contingency budget has been appropriately factored into what is a very significant capital scheme.

Is the schedule still on track?

Yes, in terms of construction being completed on time and the school opening.

The sort of thing that could come back is excess asbestos in pulling the old building down?

We have experienced that with Caldicot and Monmouth builds. The assessment of the level of contingency held took that into account, based on those experiences.

Which English councils have announced bankruptcy?

There have been several high profile examples, with the information available in the public domain, but not to hand. The Chief Officer People and Governance has data to provide to the committee outside the meeting – **ACTION**

Chair's Summary:

The Committee undertook thorough scrutiny of the budget proposals for 2023-2024, during which the following key issues and questions were raised:

- Concerns about levels of confidence in delivering the proposed savings, the risks involved, and the cross-collateral impacts
- Clarification of the breakdown of the £1.4m social care increase
- Justification to residents that few savings are proposed in areas other than service delivery
- The comparison of 'back office' costs to frontline services
- Possible ways of communicating the budget in a more 'resident friendly' way
- Comparison of our rate of council tax increase to other authorities, and whether it would be clearer to round up to whole percentage points
- The possibility of developing community ownership of assets such as hubs and libraries
- The clarity of language used e.g. 'fairer' prices, rather than 'higher' prices
- The potential impacts on businesses of substantial parking charges and pavement licences
- The effects on families of multiple increases e.g. post-16 transport increases and breakfast club increases, and how the impacts have been assessed
- Whether we are raising thresholds or rationing care in Adults Services
- In Children's Services, the impact in terms of decision-making with high-cost placements and risk, and our engagement with Care Inspectorate Wales
- Whether there will be a fall in inflation over the next year, and what assumptions are being built in to take pressure off the budgets

- Whether some schools might tip back into deficit
- The meaning of 'unmitigated' budget risks
- On what basis the £3m of reserves earmarked as contingencies for risk are calculated and how realistic they are
- How the Council tax increase is determined and assessed to reach 5.9%
- Where the compound increase in council tax to 27-27 of 20% places the council, and whether we are injecting enough positive strategy into the broader shape of the medium-term plan
- Involving town and community councils, particularly in relation to village halls, noting that some community councils lack a full understanding of what the precept is
- The measures being considered to get the indicative base for 26-27 of a £23m deficit to a more break-even figure, and clarification of whether this is more of a worst-case scenario, than a forecast
- Whether any staff vacancy after 6 months could be removed, to reduce future pressures
- Where the risk sits in terms of cost overrun for the new school, and whether the schedule is still on track
- Clarifying which English councils have announced bankruptcy

5. Next Meeting: Thursday 23rd February 2023 at 10.00am.

This meeting has changed to Monday 27th February 2023 at 10:00am.