

Monmouthshire Scrutiny

Performance and Overview Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 11th February 2025

Report Item 5: Financial Update 3

The Committee undertook thorough scrutiny of the report, highlighting the following important issues for the Cabinet Member's consideration:

- Members asked if the savings made through vacancies in civic enforcement are offset against the income that those officers would have generated.

Officers clarified that the savings listed for Civic Enforcement officers are made through vacancies and do take into account the potential impact on income generated from fines. The service has considered the overall impact, including the enforcement action and income generation, when holding these vacancies.

- Clarity was sought about the cause in the overspend in waste and grounds maintenance, particularly related to recyclable prices and workplace recycling regulations and how we can encourage a higher recycling rate in the county.

Members were advised that the overspend is due to volatility in recyclable prices and the impact of new workplace recycling regulations. These regulations have led to reduced volumes of recyclable materials collected from businesses, as some businesses have found alternative waste disposal options. This has affected the overall recycling rates and contributed to the overspend.

Officers confirmed that the Council is reviewing the costs associated with trade waste and recyclable materials and are in the process of going through a procurement exercise to address the volatility in recyclable prices and improve the financial situation for the next financial year. Additionally, efforts are being made to encourage businesses to participate in recycling programs and comply with the new regulations to maintain high recycling rates.

- It was asked how confident the Council is in addressing the budget shortfall of £1.593m, that includes a £2.376 million shortfall in meeting savings targets relating to only 78% of the £10.9 million of savings forecast to be achieved.

The Cabinet Member advised that the Council is confident in addressing the shortfall by continuing to work with services to drive through the remaining savings

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towards the end of the year and maintaining a focus on budget control to ensure that costs are managed effectively, and the remaining gap is closed.

- Detail was sought about recovery plans for schools ending the financial year in deficit, given that 69% of the schools (24 out of 35) are forecasted to end the financial year in a deficit.

The Chief Officer for Children and Young People responded that the Council is working with schools to support them in developing effective recovery plans, which includes providing guidance and assistance in managing their budgets, exploring opportunities for efficiency savings, and ensuring that schools have the necessary resources to address their financial challenges.

- Members asked if there has been a shift in children's social care, with providers exiting the market, reducing the number of providers offering services and impacting costs?

The Chief Officer for Social Care and Health agreed there has been a shift, which has led to increased costs due to reduced competition. The market is currently volatile, with some providers charging higher prices during this transition period, so the Council is working to increase in-house care provision to mitigate these costs.

- Whether discussions are taking place across the region with other local authorities to take collective action to resolve the issue of continuing healthcare (CHC) cost shunting from the NHS to local authorities was raised.

The Committee was advised that conversations are being held, but that progress has been slow, and the process remains challenging, with Councils seeking ways to resolve the issue collectively.

- It was asked how the £400,000 shortfall in housing and homelessness savings targets are being addressed, and what the impact of grant funding is on the shortfall.

Members heard that the shortfall has been addressed through grant funding from Welsh Government which has significantly mitigated the situation and that the Council is continuing to work on reducing high-cost bed and breakfast placements by utilizing more cost-effective temporary accommodation solutions. Whilst this is a positive outcome, the timely delivery of savings plans is important and in this instance could have led to grant funding being redirected to other priorities.

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- A member referred to a growing trend of increased discounts, exemptions, and slower tax collection and asked how the Council is tackling it, and whether there has been an impact on the Council's income.

The Committee was advised that the level of discounts and exemptions is increasing, moving towards an all-Wales average and that the Council has been raising awareness about available discounts and exemptions to ensure eligible residents take advantage of them. Whilst the collection rate remains robust, the process is taking longer, and the Council is working closely with the shared service with Torfaen to offer support to those experiencing difficulty in paying.

- It was asked what the Council is doing to build up its reserves, and how can it work with the Welsh Government to ensure Monmouthshire is not in the position of having the least reserves.

The Cabinet Member assured that the Council is aware of its low level of reserves and is taking steps to increase financial resilience, which includes the Council tax premium to create resilience and investment in housing issues. He advised that increasing reserve cover depends on the funding settlement and the ability to generate a budget surplus and that the Council is working closely with Welsh Government to address this issue.

- It was questioned why the specific forecast deficits for King Henry School and Chepstow School are so much higher than Monmouth Comprehensive?

The Chief Officer for Children and Young People confirmed that the higher forecast deficits for King Henry School and Chepstow School are due to specific challenges, including transitional costs for King Henry and other unique issues for Chepstow and that Monmouth Comprehensive does not face the same level of challenges.

He explained that the three schools (King Henry, Chepstow, and Monmouth Comprehensive) have broadly similar in-year overspend positions, all in excess of half a million pounds. Monmouth Comprehensive had secured a higher level of brought forward balance, which has impacted their carried forward deficit.

Chepstow School has been working closely with the Council to improve their long-term deficit position, showing recent improvements. King Henry School has faced significant cost pressures due to the transition to a through school and delayed move into the new building, along with some income streams not materialising as expected.

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He confirmed that the Council is working with these schools to ensure a recovery that does not immediately and detrimentally impact academic or support provision.

- Members asked how the deficit in schools' reserves impacts the Council's balance sheet, considering the uncertain time frame for recovery.

The explanation given was that the deficit in schools' reserves moves to the Council's balance sheet, impacting the overall financial position and resilience. The recovery plans for schools are long-term, and therefore deficits may grow before they start to reduce.

- The 3 core services of the council are forecast to overspend at year-end by £5.15 million. Last quarter the forecast was £5.3 million. This is marginal improvement, and quite a different picture to the overall council forecast overspend, as the 3 core services overspend continues to be offset by balancing finance and treasury measures. The overspend in those core services will now carry forward to next year - surely this is not sustainable.

The Cabinet Member responded that it isn't a negative to find ways to balance expenditure across the departments and that the council's budget proposals for next year include ongoing changes aimed at making services, particularly in social care, more financially sustainable. He explained that despite the forecasted overspend in the three core services, the Council has faced significant budget gaps of over £20 million annually for the past three years, which is a substantial challenge and that he was proud of the Council's efforts to address the financial pressures. The Council is working to manage costs efficiently by addressing demand within services, implementing preventative measures, and ensuring financial discipline, the focus being on maintaining service quality while managing financial pressures. He also advised that the Council had benefited from an additional £1.3 million Welsh Government grant.

Chair's Conclusion:

The Chair thanked the officers and Cabinet Member for the report and their responses to the committee's questions and said that the committee wished to recognise the work undertaken across the organisation to deliver services in a challenging financial context.