Performance & Overview Scrutiny 11th February 2025

1. Apologies for Absence.

Jill Bond. John Crook, with Su McConnell as substitute.

2. Declarations of Interest.

None.

3. Public Open Forum.

None.

4. Revenue and Capital Budget Proposals – To scrutinise the 2025/26 Draft Revenue and Capital Budget Proposals.

Cabinet Member Ben Callard delivered a presentation, introduced the report and answered the members' questions with Matthew Gatehouse, Jonathan Davies, Ian Saunders, Cabinet Member Ian Chandler, Jane Rodgers and Will McLean.

- *Are there any other frontline services being considered for curtailing or closure, especially in light of the proposed changes to Monmouth Library?* There are no proposals to move Monmouth Library or close any hubs. The proposal is to adjust the hub's opening hours to generate revenue savings while minimizing disruption to services.
- *How do you expect to fill the gap in the budget, considering the expected additional funding from the Welsh Government?* The budget gap is expected to be partially filled by additional funding from the Welsh Government. However, there is ongoing negotiation, and the final budget will reflect any changes. The council is optimistic that the funding will cover a significant portion of the remaining gap.
- *Are there going to be redundancies, especially in frontline services like teaching staff, given the budget pressures?* While the council has been managing vacancies to minimise the need for redundancies, it cannot be explicitly stated that there will be no redundancies. The number of potential redundancies is expected to be very low, and efforts are being made to manage this through natural turnover.
- *Are there any effects on teaching staff due to the education budget pressures, such as reductions in foreign language offerings in the sixth form?* The council is fully funding the Teachers' pay award, pension costs, National Insurance contributions, and adding an additional £1m to support schools. Decisions on staffing within schools are made by individual governing bodies, so specific impacts on teaching staff cannot be detailed at this time.

- *Why is there uncertainty about the impact of National Insurance changes on indirect employees in social care?* The uncertainty arises because the impact on commissioned services depends on how much of the increased National Insurance contributions will be passed on to the council by service providers. This varies based on the providers' business models, size, and structure. The council has modelled a pressure for this but will need to consider the risk as part of the final budget.
- *Are we in a position to give some an approximate figure as to how many hours in total we might need to reduce the hub opening hours?* The proposal is to reduce hub opening hours by approximately 35 hours per week across the four hubs. This equates to roughly one day of provision per week.
- *There will be a £2.9 million shortfall in the budget. What happens if we don't get the grant from the Welsh Government, and what will that mean for our residents and their Council tax bills? Are there criteria that we need to meet to get these extra grants?* Negotiations with the Welsh Government are ongoing, and the council is optimistic about a positive outcome. If the grant from the Welsh Government does not fully cover the shortfall, the council will look at other income streams, including additional grant income. The eligibility for these grants is not dependent on having a funding gap. The council is not expecting to increase Council tax further to close the gap, but it cannot be completely ruled out.
- *If we were to get the full £2.9m that we need, could we still utilise those extra income streams?* Yes, the council can still apply for and utilise additional grants regardless of whether the full funding gap is closed by the Welsh Government grant. The eligibility for these grants is not dependent on the funding gap.
- *Will the £300k investment in the foster care service be a direct payment to the families as an increase to what's already paid to them on a weekly or monthly basis? Will the investment see savings in payments to foster care agencies with successful recruitment, and what would those savings be per individual in the difference between annual cost of an agency and a foster family?* The investment will be used to increase both the allowances and fees paid to foster carers. The fees could be doubled in some cases. This increase aims to make the payments comparable to those from independent agencies, leading to potential savings as more foster carers are recruited directly by the council. The exact savings will depend on the number of foster carers transitioning from agencies to the council.
- *Do we have an update on how successful the budget consultation has been so far, and can councillors do more to promote it? How will the feedback influence the final budget proposals?* The budget consultation has been going well with good

engagement. Councillors can help promote the consultation by sharing information and encouraging participation. The feedback from the consultation will be considered in finalising the budget proposals.

- *Is it correct that there is no Cabinet Member attendance at engagement sessions?* The engagement sessions are being conducted as drop-in sessions across various council hubs, lasting for several hours each. These sessions are primarily led by officers who have the necessary information to answer residents' questions. If officers are unable to provide answers, they will take contact details and follow up. Unfortunately, the cabinet member isn't able to attend all sessions due to a busy schedule filled with budget consultation events and other commitments.
- *How do we focus on prevention and demand management in our budget, and what are we doing to invest in early intervention to stem the demand for our services?* The council is working on a project to develop a whole authority approach to prevention, aligning various services to focus on promoting independence, well-being, and community connections. This includes tackling inequality, increasing spending on frailty, and transitioning to reablement in social care. Although there is no specific budget line for prevention, it is a thread running through various activities.
- *How do we ensure value for money in our commissioning and procurement processes, especially for services provided to schools?* Schools are encouraged to bring forward contractors to be added to the approved contractors list to improve value for money. Schools can also obtain multiple quotations for work and present them for approval. The council supports schools in managing these processes, although it acknowledges the challenges schools face in doing so.
- *With nearly 70% of our schools in deficit, what are we doing to ensure their financial sustainability?* We acknowledge the concerning situation with nearly 70% of schools in deficit. The authority is working with schools to support them with their budgets and provide advice on becoming more financially sustainable. As part of the budget, an additional £1m is being allocated to support schools, although it is recognised that this will not eliminate their deficits overnight. Some schools will need to make changes to achieve financial sustainability. It is also important to build bridges between schools to share best practices, which is an ongoing effort within the education portfolio.
- *What is the plan to deal with the significant number of surplus places across school clusters?* The issue of surplus places is under constant review, with some areas in Monmouthshire experiencing more acute problems than others. Proposals are being developed to address these issues, but it is not a quick fix. The consultation

processes required for any changes are lengthy, and none of the schools are eligible for a speedy closure route from the Welsh government, meaning they would all undergo the full consultation process. A longer-term strategy involves increasing the number of younger people in the authority by providing affordable housing for younger families. This is expected to bolster school populations and have positive outcomes for communities.

- *Are difficult decisions regarding the school estate and asset base, as well as changes to leadership structures, such as the Federation of schools, being considered to deal with these problems?* It is important to recognise the different types of schools in the community, including religious and community schools, and how they operate under different legal frameworks. Moving forward, there will be a need to look at the leadership structures of schools. There are already two federations in Monmouthshire, which have proven to be positive developments by supporting smaller schools and providing access to more improvement resources and varied experiences for children. It is vital that we try to attract the best headteachers to Monmouthshire. Other local authorities in Gwent have larger primary schools, which correlate with higher salaries and attract a different group of headteachers and applicants. This is something that will be considered moving forward, with the aim of addressing these issues in the coming year.
- *Has any thought been given to looking at the model used in the Savoy in Monmouth, where a trust runs it successfully, for the Borough Theatre?* The Borough Theatre has previously explored a trust model, which had relative success for a period but ultimately did not work. The current model involves strong partnerships, including with the Town Council, and there are no immediate plans to change this. However, future exploration of different operating models is possible.
- *What plans are there for increasing income in leisure centres, and has there been any thought given to introducing family memberships?* The council is confident in the growth of income from leisure centres and is always looking at new options. The idea of a family membership is a good suggestion and will be explored further. The leisure centres have seen significant growth in income recently, and various membership options are already in place.
- *Residents are facing a 23% increase over three years, which is significantly higher than inflation. How will the council respond to residents who are concerned about this increase and how it aligns with the council's claim of being financially responsible?* Most of the cost pressure is due to increasing demand and complexity of services. The council emphasises the importance of protecting

valuable public services and question would be which services residents would prefer to see reduced if the council tax increase were to be lowered? Funding primarily comes from taxpayers' money, and the council is making £5.1 million worth of changes, including efficiency savings and income increases, to balance the budget. We would underscore the council's commitment to maintaining essential services that residents rely on, despite the challenging decision to raise council tax.

- *The council has a track record of not meeting its savings targets, which raises doubts about the credibility of projecting significant savings in the coming year. What reassurance can be given to residents that the financial plan is based on solid foundations?* This is a valid concern. In the 2024-25 financial year, about 80% of the projected savings were realised, leaving a shortfall in the budget. This year, the council aims to make £5m worth of savings. There is a challenging financial situation faced by local authorities and Monmouthshire has managed well under pressure in recent years. The council uses the best available data to forecast demand for the following financial year, although there have been overspends, particularly in social care and health. These overspends have been offset by better outcomes in other areas. While there is always risk, the council aims to balance the budget by the end of the year, even though exact figures may not be met. The goal is to get as close as possible with the available forecasting.
- *How is the business community supported, and has any consideration been given to engaging with business leaders to explore ways to manage and reduce costs within the council, given that business leaders are experienced in managing costs?* The council frequently engages with the business community through the Chambers of Commerce, which are part of the budget consultation process. The council aims to hear their voices and support them with policies. Additionally, the council uses the private sector to deliver services, contracting out to private organisations. While some private organisations provide good value for money, others do not, leading to proposals in the budget to bring services back in-house to provide better service and value for money.
- *Is the increasing trend in the needs of older adults within the county a straight line upwards, or is there any sign of it levelling off or accelerating?* The trend in the needs of older adults within the county is difficult to predict precisely. While there has been a steady increase, particularly after the pandemic, there are variations in specific areas. For example, there has been a rapid rise in the highest level of need around residential care homes, while care at home hours have stabilised.

Overall, the trend is expected to continue increasing due to the ageing population, but it is not a straightforward linear increase.

Chair's Summary:

The Chair thanked the officers and Cabinet Member for the report and their responses to the committee's questions.

5. Financial Update 3 – To scrutinise the budgetary position (revenue and capital) for services falling within the committee's remit.

Cabinet Member Ben Callard introduced the report and answered the members' questions with Jonathan Davies, Deb Hill-Howells, Cabinet Member Ian Chandler, Jane Rodgers and Will McLean.

- *Can the savings made through vacancies in civic enforcement be 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.
- *What is the cause of the overspend in waste and grounds maintenance, particularly related to recyclable prices and workplace recycling regulations, and how can we 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. 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.
- *How confident is the council 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 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.

- *What are the 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.
- *Has there been a shift in children's social care, with providers exiting the market, reducing the number of providers offering services and affecting 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.
- *Are discussions 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?* 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.
- *How is the £400k shortfall in housing and homelessness savings targets being addressed, and what is the impact of grant funding on the shortfall?* 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.
- *How is the council tackling the growing trend of increased discounts, exemptions, and slower tax collection, and has there 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.

- *What is the council 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.
- *Why are the specific forecast deficits for King Henry School and Chepstow School so much higher than for 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 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. The council is working with these schools to ensure a recovery that does not immediately and detrimentally affect academic or support provision.
- *How does the deficit in schools' reserves affect 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 from 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 Summary:

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.

6. Performance and Overview Scrutiny Committee Forward Work Programme and Action List.

Due to the timing of reports coming forward, it was agreed that the next meeting in March will be cancelled, unless there is any change by the end of the week.

There is an all-Wales piece of work that Audit Wales are progressing involving local audit reviews of commissioning in all 22 local authorities – the committee's wish to scrutinise the council's Procurement can do so through the lens of this work. The committee will be updated as this work progresses.

7. Council and Cabinet Work Planner.

8. To confirm the following minutes:

- **8a Performance and Overview Scrutiny Committee dated 19th November 2024.**
- **8b Special Meeting – Performance and Overview Scrutiny Committee dated 3rd December 2024.**

The minutes were agreed.

9. Next Meeting: Tuesday 11th March 2025 at 10.00am.

This meeting will be cancelled.