

Minutes



Overview and Scrutiny Management Committee

Date: 31 January 2019

Time: 10.00 am

Present: Councillors J Guy (Chair), M Al-Nuaimi, G Berry, M Evans, C Ferris, M Spencer and K Thomas

In Attendance:

R Cornwall (Head of People and Business Change), M Rushworth (Head of Finance), D Cooke (Scrutiny Adviser) and L Davies (Governance Officer)

Apologies: Councillors C Evans and L Lacey

1 **Declarations of Interest**

2 **Minutes of the Meeting held on 20 December 2018**

The minutes of the Meeting held on the 20 December 2018 were held as a true and accurate record subject to the amendment of the attendance record to reflect Councillor Kate Thomas' apologies as she was in attendance of the meeting.

3 **2019/20 Budget & Medium Term Financial Plan (MTFP)**

The Head of Finance introduced a brief overview of the budget process and advised that the budget was built upon the Medium Term Financial Plan, using key assumptions to update the MTFP where needed. The Officer informed the Committee that there was a growing demand in the Social Care and Education service areas, which required adjustments to be made. A cash limit budget had been drafted in summer 2018 for the 2019/2020 financial year. The Strategic Directors and Heads of Service were then given a specific total budget target for the year and Officers were required to provide their service within that specific budget. The Senior Officers were made aware of the cash budgets in early autumn and conversations were held with Cabinet Members to establish areas where savings might be made. The business cases were then decided upon and the formal processes for Cabinet Member decisions and public consultations begun.

This was the same process the Authority had used over the previous few years, and was a process that ran year round. The main challenge faced by the finance team was the medium term view, but officers were constantly engaged in conversations with service areas to add clarity and understanding to the assumptions and plans for the future.

The Head of Finance explained that it was difficult but not impossible to plan for the future. To be able to accurately understand the impact of pressures and savings on the budget, the Council was constantly reviewing and refining its assumptions. This was made more difficult by one off payments and grants that were made available throughout the year. In the previous year a one off payment was made available for schools, and during the next financial year a one off payment would be made available for Social Care. This allowed the Council to expedite some of the savings needed, but also made it difficult to plan.

The Head of Finance explained that when creating the budget proposals and business cases the Officers had to make certain assumptions, based on the most detailed information available to them. The finance team were also involved in any discussions around income generation if that would be an intended outcome of the business case.

The Members asked the following questions and received the following responses from the Officers:

- The Committee were concerned at the level of detail in the business cases. The Head of Finance explained that they needed to be selective with what information made it to the business cases to ensure that it was only the most essential information being used in the business case for consultation. There had always been information that was used in creating and writing the business cases that was deemed unnecessary, but that did not mean it was not important to the Officers. Business cases were designed to be as concise as possible.

The Committee felt that this was unacceptable and stated that for the public to make an informed decision on an issue they would need as much information as possible.

- The Officer explained that the all Local Authorities were in a difficult financial position, but Newport City Council was committed to funding everything in the Corporate Plan. The Discovery Centre was the only part of the Corporate Plan not included in the Medium Term Finance Plan. Sometimes the Councils Aims and Objectives did not have a financial impact. For instance, Civil Parking Enforcement would fund itself, and any money raised from fines would be ring fenced for road improvement.

The Committee requested a statement from the Head of Finance on the aspirations and impact of the final budget on the long term aims and objectives of the Corporate Plan.

- The Committee accepted that there were some overspends that were unavoidable, especially in areas like Education and Social Services. These overspends could sometimes become very large and it became unrealistic for the service area to manage them alone. At this time the overspend would become managed at a council level. The non-service area budget enabled the Council to manage its bottom line.
- The Committee was encouraged by how the Heads of Service were aware of the amounts of savings they needed to make by early autumn, as this would allow for them to test their ideas with the people the potential savings would impact before the business cases were created. The Head of Finance stated that it was important to remember that the spring budget setting was not the only part of the annual budget saving process. The Officer explained that Heads of Service could take delegated decisions at any point of the year, or Cabinet Members could take decisions at any point, these were processes that were in place.

The Committee stated that they were aware of Head of Service delegated powers and that all Members were consulted on Cabinet Member decisions, but they wanted to comment on how public engagement, especially engagement with those who will be most affected by a potential decision. Members referred to SenCom as a prime example of how consultation with those service users could change an outcome for the Council.

- The Head of Finance stated that when the Council were looking three to four years ahead and consulting with people as they went along, they would be where they needed to be. This was especially true in the current financial climate, but other Local Authorities did manage to achieve this and so could Newport if all Officers and Members committed to looking ahead.

The Head of People and Business Change joined the table as the Committee's questions were beginning to address public consultation around the budget.

- The Head of People and Business Change explained that his team worked with service areas in developing the business cases, but they were doing so with dwindling resources. The aspirations were there to engage with service users and that this was sometimes the part that was missing from the process. The Committee accepted dwindling resources had impacted on the ability to engage with service users but stated that the Cabinet Members and Officers should look to do more to engage with the those impacted by potential decisions in particular.
- The Head of People and Business Change stated that if they were to engage with potentially impacted upon people and organisations there needed to be organisational and cultural change within the Council. The Officer continued to say that the Consultation and Engagement Group were meeting on March 5th and that the Group would be happy to feedback to Scrutiny what was discussed and what they planned to take forward.
- The Head of People and Business Change clarified his role and the roles of other Heads of Service in engagement with the public, and specifically impacted people. The Committee felt that Heads of Services and Strategic Directors needed to be challenged to engage with key stakeholders to develop savings before decisions were decided upon.
- The Head of People and Business Change informed the Committee that the Council had recently been audited to find out how the Wellbeing of Future Generations Act's Five Ways of Working was being implemented. The Council had a long way to go and it was a great way of thinking and planning for the long term. The Head of Finance agreed and stated that the Act was a tough ask in today's financial climate but they were embedding it in the Council's working practices. The Head of People and Business Change stated that the regeneration work the council carried out was a great example of the impact the Act could have upon on service delivery.

The Officers continued to inform the Committee of how the Act could be used a framework for planning services, using an outline budget forecast over the next couple of years.

- The Committee wished to know if the Fairness and Equality Impact Assessments (FEIAs) were being utilised to measure the potential impact on people or organisations. The Officers agreed and stated that the FEIAs should be used prior to the business case being written, and a business case should be developed from the information gained in a FEIA. The Committee stressed the importance of the FEIAs in ensuring a service area consults with an impacted group or person prior to a business case or decision being taken. The Members also said it was important that the FEIAs were completed properly to a specific standard with a required depth of analysis.
- The Head of Finance stated that Newport financially needed a 'bigger slice of the pie' due to a number of factors, including a growing population and building and developing schools. Newport City Council was in the top five or six councils in Wales, but its costs were above its Standard Spending Assessment (SSA) if the Council were to close the gap between spending and SSA with funds raised from Council Tax, there would need to be a hike of more than 20%.
- The Head of Finance informed the Committee that a rolling four year planning horizon should be used to establish a cost plan for the four years. Budget modelling should be used to take into account key potential budget strains from education, young people in care and a 4% base assumption. The Committee wished to recommend that the Officers looked to develop this rolling four year planning horizon for the budget.

- The Committee wanted to provide schools with an education/school specific 4-year budget plan to allow them to plan more effectively.

The Chair thanked the Officers for attending.

Conclusions:

The Committee wished to make the following comments and recommendations to the Cabinet:

- The Committee wished to highlight their frustration and disappointment of the poor level of detail in the business cases again this year, as this recommendation was made to the Cabinet in last year's budget consultation. The level of information contained in the business cases and consultation mechanisms was important to allow for an informed comment to be made by the consultee.
- The Committee requested a statement from the Head of Finance to be provided to the Committee on the aspirations and impact of the final budget on the Council's long term aims and objectives set out in the Corporate Plan.
- The Committee recommended that all decisions which impact on Services, both Head of Service and Cabinet Member, are preceded by engagement with the potentially affected people.
- The Committee wished to receive an update and action plan from the Consultation and Engagement Group after their meeting on March 5th 2019.
- The Committee recommended that more time is taken to develop high quality Fairness and Equality Impact Assessments to allow more in depth analysis before a decision is taken. A decision should also indicate how the information gained in a FEIA was used in its development.
- The Wales Audit Office report on the Councils embedding of the Wellbeing of Future Generations Act's, Five Ways of Working to be circulated to the Committee for information when published.
- The Committee requested a documented procedure of the annual budget process, with specific feedback when requested throughout the year.
- The Committee recommended that the Council move to a four year rolling budget based on the modelling and information available at the time.
- The Committee recommended that schools were provided with a four-year budget to allow for more effective budgeting and planning.

4 Scrutiny Adviser Reports

Scrutiny Adviser Reports

Attendees:

- Daniel Cooke – Scrutiny Adviser

a) Forward Work Programme

The Scrutiny Adviser presented the forward work programme, and informed the Committee of the topics due to be discussed at the next two meetings:

7 March 2019

- Wales Audit Office Waste Follow Up Review and Recommendations Monitoring – Waste Strategy
- Annual Corporate Safeguarding 2018/2019

18 April 2019

- Draft Economic Regeneration Strategy
- Draft Public Convenience Strategy

b) Actions Arising

The Committee requested that the action sheet is included alongside the minutes in future agendas.

The Committee noted the action sheet provided containing one action from the previous meeting which is still outstanding. Scrutiny Adviser will chase an update before the meeting.

c) Scrutiny Topic Referral Letter

The Scrutiny Adviser presented the Scrutiny Topic Referral Letter from the Regulatory Services Manager – Environment and Community. The Committee requested that the final draft report is brought to the Committee, post consultation, to allow the Committee to make any recommendations or comments that they feel are necessary.

The meeting terminated at 12.30 pm