

Draft Minutes



Overview and Scrutiny Management Committee

Date: 24 January 2020

Time: 10.00 am

Present: Councillors L Lacey (Chair), G Berry, P Hourahine, M Al-Nuaimi, Y Forsey, C Evans, M Evans and C Ferris

In Attendance: Tracy McKim (Partnership Policy & Involvement Manager), Gareth Price (Head of Law & Regulation) and Meirion Rushworth (Head of Finance)

Apologies: None

1 **Declarations of Interest**

None.

2 **Minutes of the Meeting held on 1 November 2019**

The minutes of the Meeting held on 1 November 2019 were accepted as a true and accurate record.

Concern was raised by a Member that there was no action sheet included in the agenda pack, nor was there in the previous agenda. There was mandatory training that was as in the previous meeting. Comment was then made that we have the action sheet to monitor and to follow up on actions that have not been completed and comments and recommendations are sent to Cabinet and Directors.

3 **2020-21 Budget and Medium Term Financial Projections (MTFP)**

Invitees

- Meirion Rushworth – Head of Finance
- Rhys Cornwall – Head of People and Business Change
- Cllr Chris Evans – Chair of Performance Scrutiny Committee – Place and Corporate
- Cllr David Williams – Chair of Performance Scrutiny Committee – People
- Tracy McKim – Policy, Partnership and Involvement Manager
- Amy Peard – Finance Business Partner

Apologies was given for the Head of People and Business Change. The Head of Finance gave an overview of the report to the committee and to talk through the process the service areas had gone through this year. It was advised that the process was straightforward in the sense that it looks similar to past processes. As our own funding has only been confirmed for one year, it was important to identify cost increases, the Corporate Plan priorities on the cost side and funding is predicted. We still have an unbalanced medium term plan, most savings are based on next year, which is a source of frustration for all. This year, we tried to break the cycle by getting external help from consultants named Knights, in the Summer which

brought a different energy and thought process. They worked with all Heads of Service to identify what we thought the saving opportunities we had. They also send a final report for areas we may want to look at to progress and develop.

Knights also reported how lean our Council's structure compared to other councils they have worked with. Work was undertaken over the Summer, got to early Autumn and still targeting and balancing next years budget, which is challenging and frustrating for Heads of Services and internally. Cabinet was updated in December about the grant issue which came two days before the Cabinet meeting. This year was unique because of the election. The budget was based on planning assumptions, which is made clear in the report, the updated report is much more positive. Cabinet is now considering its position and make a decision on 14th February.

The Head of Finance then advised that Cabinet will be updated on the increase of the minimum wage. The medium term is still uncertain. The national budget is due to be set in March, and an analysis has been done to see what that means for the Welsh Government budget. The Head of Finance was keen to stress the update in the early Summer when information is given about the March UK budget will be important. It doesn't mean we can't plan over the medium term, but it is difficult.

The Policy, Partnership and Involvement Manager advised that the consultation is running from December 2019 to 31st January 2020 so the final numbers are unknown. The team have worked closely with Heads of Services to see what proposals have been consulted on. Those have been promoted online, via social media and via public engagement events. It has also been promoted on the bus Wifi, the up to date number from the bus WiFi surveys around 3000 responses. The team are expecting a flurry of responses towards the end of the month. From Scrutiny's previous comments, the team have held pre-budget events where they talk to the public face to face in various venues about challenges, what is important to them and priorities. The team have also worked with the Fairness Commission and expect their response to go to Cabinet. It was also advised that work had been undertaken with Over 50's forums, Youth Council and promoted to other groups such as GAVO and other hard to reach groups in the community.

Members asked the following:

- The officer stated the four year plan, notes from last years recommended a four year plan. Where is that block? The Head of Finance explained that we do have a rolling medium term budget, however it doesn't identify savings over the medium term, it identifies where the cost issues are predicted to be over the four years. Assumptions had to be made, it is unsure what is the blockage. There had been an attempt this Summer to move the agenda forward but we need the time and space to do it, which is difficult with very busy people.
Knight's report even advised that the Council are very short on management and strategic capacity meaning that the amount of time get officers available to think about the future long term can be very restrictive and short.
- Members asked for clarification on page 29, are school budget pressures going down? It was advised that the figures are showing reduction however those are because of new schools and pay inflations. School funding is a real pressure issue and is worrying. The assumptions had been made on the Pay Award, which were made to be 2%.
- Member enquired about projected budget graph on page 31. With the support grant amount being better than expected would that alter the graph? Members were advised that it would in a sense that the gap in 2021 has changed. The Officer didn't

think that this trend would continue. It was advised that the national government budget in March would be important in terms of if it would mean a one year or a medium term budget for the UK and what that would mean for Welsh Government funding over the medium term. Based on Conservative manifestos, it highlighted that there would not be any extra funding going to Welsh Government however this could change in March.

- Should there be a change in the top line to look closer for 2022-23? It was advised that there would be a change, the graph will be updated in the Summer when plans are looked at, but is depended on some budget pressures we have. Newport are optimistic about the RSG Grant, but we need to be wary about both the grant and existing pressures.
- What was the cost of the external consultants? The Head of Finance advised the actual figure will be given to the committee.
- With a new government, is there a sign that austerity will end? The Head of Finance didn't think so, the public finances are static and are maybe getting slightly worse which is an issue. The Council's financial challenges are not just about funding, which is 75% coming from the grant, but also about cost pressures which include pay restraints being relaxed and demands from social care and children's costs.
- Members spoke of the importance of the budget process that residents need to get the message and what and why we are proposing. Recommendations from last year stated that Heads of Services and Cabinet Members should consult with target groups that are being affected by proposals. It was also added by a Member that there isn't much posting being made on the Council's social media about the budget. Members were firstly advised that there are quite a lot of postings being made online from the Council. It was then advised that in some service areas consultations with target groups have been made, and the budget consultation hasn't closed yet. At a recent public meeting there were representatives from sectors that are directly affected such as social care, and also groups such as GAVO. It was added that people did recognise why savings are needed to be made. Members were also advised that 15 people had attended this meeting, which was more than last year.
- Members discussed the addition of the consultant group to help spark new ideas for the budget process, and comment was made that this is the officer's job. Does the Head of Service think that it is wise to spend £30,000 of public money when the Council proposes to take money off children for bus passes, and are there any regrets in this? Members were advised that this was a process led by the Chief Executive Officer and sometimes help is needed to be brought in to help with capacity. If internal people are struggling to meet challenges, then sometimes you need to bring in external stimulus. On that basis, the Council had to. It was then advised that the funding for the consultant group came from reserves to support the cost of change and not from the Council budget.
- A Comment was made about the use of the Council social media for the consultation, that the last Facebook post made was on 10th January and the last Twitter post on 3rd January, since then nothing had been posted. Information regarding the consultation was posted on a local site and the feedback was that it was difficult to navigate, you click on the first link which one may think is the consultation but there is 50+ pages.

Additional comment was made in regards to the impact assessment, that it is crucial that we go to focused groups that are affected such as parents of children with bus passes. Members then wished to praise the work undertaken with the Youth Council.

- Members queried the Fairness and Equality Assessments, which was brought up in two sets of previous Scrutiny minutes. Had time run out to write the documents? The Officer advised that time ran out, however they have been published now as they needed more work. This has been a lesson learnt to make the quality better. It was then advised that the act is being looked into in April.
- Comment was made about the approachability of the budget, although it had been improved from last year it can be made better such as being more clear to find your way to the start page of the proposals. What are we doing to ensure the demographic and geographic spread from residents, some groups are being reached but some are being missed. Suggestion was then made if we could email residents that had agreed to communication from the Council from signing up to use My Newport. Members also asked for a comparison of responses for this year and last year.
The officer agreed that communication does need improvement however the teams are getting there. Work was undertaken on a year on year demographic and age spread so the service areas know which areas of consulting are likely to have less impact and have hard to reach groups. Members were advised that there are 4000 responses last year, which then had a flurry come through from groups, and also from both young and elderly from the bus WiFi. Councillors are also able to help during ward meetings with handing out paper surveys. It was also advised that there had been a technical problem with using email however we can't use email for purposes that people have agreed with when signing up to My Newport.
- Comment was made that the Communications Team should be looking all year round at new ways to engage with people but appreciate that it may be difficult. Suggestion was made that with proposals such as parking in Faulkner Road, the Project Team should look at best practice and start by looking at solutions, then consult with staff as currently proposals seem back to front. The Head of Finance advised that proposals are given a target based approach and ideally would like everyone to develop a medium term approach to planning such as what will services look like in three to five year. It was agreed that the challenge is to move into a different mode of thinking and is thought that a lot of the issues that are recommended would be dealt with having that approach. The Policy, Partnership and Involvement Manager added that to possibly make consultations better, a B and C option could be given.
- Members commented that Cabinet Member's responses and statement should be given to the committee, as the committee want to make clear what needs to be done next time. It was thought that more people will respond to consultations. Comment was then made that using consultancies can be of use to improve the way of working. Members then queried about council tax, was the whole planning based on a 1% increase of rates?
Members were advised that the service area went into the draft budget with a 1% increase in mind from the RSG, and will review future years but would need to wait until March's budget is announced. Today, because of Newport's population change we can be more optimistic for next year. This has been fed back to the Cabinet Members. It was also advised that the consultation was based on planning assumptions.
The Head of Finance then advised the committee of the increase of the living wage and social care contracts in which Cabinet will need to consider the cost pressure

issues and feedback from consultations. The living wage increase was only confirmed this month and the Fire Levy after the draft budget was made.

- Comment was made that the living wage increase will feed into the economy. Members were advised that from a budget viewpoint the Council will need to find more money.
- Members enquired if it would be possibly for schools to use their contacts database in order to do a wider consultation, or would the Council be able to email the schools links to the consultation to give to parents? Members were told that schools sign up to hear about news but only via My Newport, however can take suggestion to email schools with the link to give to parents, as schools have a much more successful social media.
- Are the bus surveys a satisfactory way to get meaningful data? It was advised that the bus surveys aren't complete surveys, the Council does try to reach people that previously couldn't be reached. It was then advised that when the Council does pre-budget work at events with general service users or Over 50s Days, a lot of people will say that they do not have an opinion on the budget, or it is too complicated. Some do not want to be selfish about commenting about services they don't know about.
- Query was made about page 30 of the report, putting £1.3 million into reserves for next year. The Head of Finance explained that our budget at the draft budget stage includes Private Finance Initiatives (PFI) that takes money each year. It was then advised how the Council emergency fund works, which is split into four groups to cove risks. When asked if we are comfortable with the savings, the Head of Finance advised that we shouldn't be complacent, £45 million of that is earmarked for the PFI which will be paid over 20 years. The reserve is important, not many councils have that. Enabling reserves allow us to fund capital to delivery key capital projects. 36.5 Million is the minimum what the Council requires. We have enough to cover risk, but if you dip into the big reserves then it can become a problem.
- Members enquired about the cuts in Universal Credit and how that may affect the budget. The Head of Finance advised that he doesn't have that information, Welsh Government is doing a review of the whole of Wales and how it interacts with other benefits in place. This will also be done on a national scale.
- Members queried the Council's current PFI's, such as the Southern Distributer Road. It was explained that rather than borrowing the money, an annual sum is paid each year for some else to maintain. It was advised that Welsh Government gave extra money to Newport for 20 years, so the spare money is to use for the second half of the PFI. The Council has sat on the funding but that is to pay for capital projects. Most of the Council's PFI's are quite negative in terms of cost. It was also advised that paying for a PFI ensures that they will be maintained properly by the companies and returned at a decent state.
- It was advised that the zero figure on 2022/2023 New budget Savings on page 33 will be updated with new figure.

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 disappointment with the lack of a four year strategic plan, and advised that it needs to be pushed further.
- The Committee recommended that the Fairness and Equality Impact Assessments need to be published sooner.
- The Committee commented that the proposal numbers, as shown from page 41 in the agenda, need to be changed.
- The Committee to highlight their concerns about the lack of consultations with staff for proposals such as Car Parking at Faulkner Road. Another example was that staff at the Information Station were unaware of the planned move to the Central Library. It was recommended that if a proposal will affect members of staff then they should be involved. Earlier engagement should also be made with affected groups.
- The Committee voiced satisfaction with the details contained in the business cases.
- The Committee wished to get comments from Cabinet Members about the feedback given from the Scrutiny committees.

The meeting ended at 11:50.