

Minutes



Performance Scrutiny Committee - Place and Corporate

Date: 24 January 2022

Time: 3.00 pm

Present: Councillors M Al-Nuaimi, Y Forsey, M Kellaway and J Richards

In Attendance: Meirion Rushworth (Head of Finance), Robert Green (Assistant Head of Finance), Rhys Cornwall (Strategic Director - Transformation and Corporate Centre), Paul Jones (Strategic Director - Environment and Sustainability), Gareth Price (Head of Law & Regulation), Tracey Brooks (Head of Regeneration, Investment and Housing), Amie Garwood-Pask (Service Manager Accountancy - Finance Business Partnering), Alastair Hopkins (Senior Finance Business Partner (Place & Corporate)), Neil Barnett (Scrutiny Adviser) and Louise Thomas (Governance Officer)

1 Apologies

Councillors Graham Berry, Malcolm Linton, Ibrahim Hayat and Mark Whitcutt. Cllr John Richards was nominated as the Chair for the meeting.

2 Declaration of Interest

None.

3 Minutes of the previous meeting held on 29 November 2021

The minutes of the meetings held on 29th November 2021 were approved as a true and accurate record.

It was noted that information requested on tree planting throughout the City was still awaited. The Scrutiny Adviser will chase up with the Service Manager – Environment and Leisure.

4 2022-23 Budget and Medium Term Financial Projections

Invitees:

- Meirion Rushworth – Head of Finance
- Robert Green – Assistant Head of Finance
- Paul Jones – Strategic Director – Environment and Sustainability
- Rhys Cornwall – Strategic Director – Transformation and Corporate Centre
- Gareth Price – Head of Law and Regulation
- Tracey Brooks – Head of Regeneration Investment and Housing
- Amie Garwood-Pask – Service Manager Accountancy – Finance Business Partnering
- Alistair Hopkins – Senior Finance Business Partner – Place and Corporate

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The Head of Finance gave a brief overview of the report and said that it had been a different budget process this year. Having received a relatively generous settlement this year the proposed budget was more optimistic to that of previous years, with no need to find significant savings. A more bullish approach had been taken and the medium term financial plan had been worked through and it had been reasonably prudent to assume that there would be no need to identify significant budget savings. Total funding for the following year was due to be increased by a little over £27 million, however, the Minister had highlighted a number of areas to be dealt with which included paying care providers an amount in order for them to pay their staff the living wage as opposed to the minimum wage. National Insurance would also be rising for employers, together with some pension scheme increases.

There would be no new budget proposals to scrutinise in this report but the Committee were tasked rather with focussing on proposed budget investments, proposed Council Tax increase, and proposed fees and charges. The key priorities for investment were highlighted as being:

- School's funding
- Early Intervention and Prevention activities / services
- The City Centre

Members made the following comments and asked the following questions:-

- It was pleasing to Members that this year they were not having to discuss any necessary cut backs to services. Clarity was sought on the accelerated contributions made towards the Cardiff City Regional deal and the reference to advanced manufacturing capability throughout the region.

The Head of Finance stated that we contributed just under 10 % the City Deal's costs alongside the other Councils and the treasury. The City Growth Deal was an ambitious one both in terms of investment and economic growth. The business plan in place meant that the Cabinet accelerated its investments and so all the councils had to increase their contributions in order to cover the short term cash flow and were therefore funding the projects until the treasury money was received. As part of the settlement for Wales there was also increased funding for the City Deal.

In relation to the advanced manufacturing capability, this went above and beyond the Semi- Conductor facility in the region. The Head of Regeneration Investment and Housing explained that this was one of the drivers for general growth in the region. Alongside some of the established businesses currently in Newport and the rest of the region, it was very much a target market to be investing in to create jobs and spur economic growth. Currently it was more of an aspirational investment growth plan rather than a list of specific investments.

A member asked to note that it would be helpful for members to be kept updated on developments in this area.

- Members commented on the Fees and Charges schedule and that it was pleasing to see many were remaining at the same level as last year. However, the increase to parking permits, while modest, was queried, the member stating that it was a charge that appeared to increase every year.

The Head of Finance said that there was a general overall assumption that in the medium term financial plan all of our significant fees and charges that we controlled would rise by 4% each year, roughly in line with inflation. The Strategic

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Director – Environment and Economy confirmed that car parking permits had increased last year as well and was one of the fees that rose every year by 4% or thereabouts. It was necessary to support the cost base of providing the service and to meet the element of inflation in terms of our back office costs. This was a discretionary service, not available to the general taxpayer and if it didn't keep up with inflation, then the general taxpayer would be picking up the costs. There was also the sustainability element to consider, the Council's objectives being to encourage people to live a more sustainable lifestyle and money could be spent on improving active travel and public transport, rather than subsidising car parking for the benefit of a particular group of residents only.

- Members welcomed the investment in the School budget but asked how much of the increase would be taken up by inflation and also what was the situation with the budget to support rough sleepers?

The Head of Finance explained that in relation to schools, this was where budget planning was important. Whilst the inflation figure may be 4%, the actual pay award finally agreed for next year could be a different figure and this was where we needed to be in terms of budget planning. We had made allowances in the draft budgets of 4% for full pay rises and increased our inflation figures for our social care contracts because of the need to fund providers to pay the real living wage.

In regards to the rough sleeper's budget, we had increased provision during the pandemic and were now looking at the updated cost pressures to maintain this provision. Allowances had been made for this but Welsh Government would be making specific grants available to local Councils to fund these costs and we would be looking into this to see if we could benefit from this grant.

- Members asked for further information on the early intervention and prevention activities.

The Head of Finance explained that this aspect would fall more within the Scrutiny People Committee's remit but to answer the question, it related to social care hubs and the work the social care teams did with families, joining this up with the Housing Department to prevent families getting into crisis. It also linked in to Education and Social Services, aiming to assist the more challenged families by taking a more holistic view across these services in order to try and prevent deterioration at the earliest opportunity.

- A member asked about the impact on the closure of the asbestos cell.

The Strategic Director explained that the asbestos cell was in a small designated area of the current landfill site and had originally opened as a method of raising income. Landfill space had a finite length of time and this particular area was now reaching its end of life and would shortly be full. As asbestos has been banned for some time, the ongoing need for space to dispose of it would drop off and there was no current intention to seek further landfill space for this provision.

- A member commented that it seemed unfair that some residents had to pay management fees to developers for services such as grass cutting and general maintenance on their housing estates and yet still had to pay Council Tax for providing the same services.

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The Head of Finance explained that Council Tax was a property linked tax and being a general tax based on properties, it was not therefore linked directly to the services that people received. The Strategic Director confirmed that it was a legitimate way for any new development to discharge its duties when a large-scale application came into the planning process. Developers would confer with the Council in terms of adoption, which was the Council's preferred option, taking on responsibility and maintaining upkeep of the roads. This meant building to certain standards and paying appropriate inspection fees, and so some developers preferred to pass on these charges to residents.

The Head of Regeneration Investment and Housing confirmed that all new developments at the planning stage were offered the choice of full adoption and in Wales the developers were allowed to choose the management company route, and some chose to use this route and passed those extra costs onto the residents. Welsh Government were aware that this arrangement was not ideal in all cases and this was currently under review.

- A member asked about the living wage and what would the costs be if we were to ensure this for everyone.

The Head of Finance commented that was currently just under £10 per hour and generally related to the social care sector at present. We were currently using the hardship fund but the Real Living Wage would apply to registered workers in care homes and domiciliary care, in both adults and children's services with Welsh Government providing Local authorities and Health Boards with £43 million so they could implement the Real living Wage from April.

- A member asked how the figure of the proposed rise in Council Tax of 3.7% was arrived at and queried if Newport ever reached the level of its standard spending assessment (SSA).

The Head of Finance commented that the final figure would be agreed by Cabinet in their February meeting following consultation and feedback from the public and scrutiny committees. Although we had had generous settlements, there remained cost pressures to take into consideration when determining the final figure. Council Tax in Wales was generally low and in Newport we had the second lowest council tax across Wales, generating 24% of our income. This council's current year budget was well below its standard spending Assessment (SSA) by £11.1m, which was almost entirely due to our low level of council tax funding. Given the low starting point on Newport council's tax, it would still be lower than most of the neighbouring authorities, even if they had a lower level of increase. The financial advice given had always been to maintain a steady increase in council tax and although this was a burden, it was important to find a balance that worked for the best. At a proposed 3.7%, Newport City Council's proposed Council Tax increase would still maintain its position as one of the lowest in Wales.

- Members commented on the statement in the report that the Council provided services for over 158,000 thousand people in 69,000 households, and this put the budget planning process into perspective for our City, which was still continuing to expand.

The Head of Finance agreed that Council services had had to adapt and change during the past two years and that now we were looking to progress not only the

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day to day business of the Council but also supporting and developing all of our other projects and aspirations.

- Members asked how Covid had impacted on revenue from room hire and car parks.

The Head of Finance and Strategic Director both agreed that income streams such as these, together with leisure services, had inevitably been impacted during the pandemic but that we were able to claim for these from the WG Hardship Fund, claiming the difference between budget and actual levels of income. This would be coming to an end on 1st April 2022 and the budget will then need to absorb this shortfall. Proposals were not to increase these fees so there would be some budget shortfall we would need to cover. People's habits had changed over the last 2 years and it was unknown if and when these income areas would revert to normal use and this was an area of work to be investigated over the coming year in readiness for future budgets.

The Chair thanked the Officers for their contribution and responses to Member's questions.

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

- The Committee thanked the officers for attending. Members welcomed the investment proposals presented to them and were pleased to see no savings proposals within this year's Draft Budget. Members also noted the points made with keeping pace with inflation and the importance of not falling behind.
- Members welcomed the proposal to increase the salaries of care and domestic workers to the living wage. Members queried whether the Council can ensure that social care providers follow through with the proposed increases for their staff.
- Members were pleased to hear about the accelerated funding for the Cardiff City Region Deal to fast-track support, including for advanced manufacturing capability in the region. It was asked whether officers could organise an All Member seminar or briefing to discuss the Cardiff City Region Deal in further detail, such as the involvement Newport have and what we are getting in return. Members also requested if the officers could provide the Committee with a list of projects upcoming.
- Members requested if officers are able to provide a list of housing developments that have a management fee in place.
- Members requested if in any way a more speedier approach to facilitate and help rough sleepers to get into appropriate accommodation and support.

5 Scrutiny Adviser Reports

Invitee:

- Neil Barnett – Scrutiny Adviser

a)Forward Work Programme Update

The Scrutiny Adviser presented the Forward Work Programme, and informed the Committee of the topics due to be discussed at the next committee meeting:

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Monday 13th November 2021 at 4pm, the agenda items; -

- Economic Growth Strategy and Economic Recovery Plan – Recommendations Monitoring
- Carbon Management Plan – Progress Monitoring

b)Actions Sheet

The Scrutiny Adviser told the Committee that the comments and recommendations made at the previous meeting held on 29th November 2021 were forwarded onto Heads of Service and Cabinet on 30th November 2021.

The meeting terminated at 4:28pm