

# Public Document Pack



Neuadd y Sir / County Hall, Llandrindod, Powys, LD1 5LG

Os yn galw gofynnwch am - If calling please ask for  
Stephen Boyd

Ffôn / Tel: 01597 826374

Ffôn Symudol / Mobile:

Llythyru Electronig / E-mail: [steve.boyd@powys.gov.uk](mailto:steve.boyd@powys.gov.uk)

## CABINET

Tuesday, 6th November, 2018

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The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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## S U P P L E M E N T A R Y P A C K

<b>4.</b>	<b>FINANCIAL OVERVIEW AND FORECAST AS AT 30TH SEPTEMBER 2018</b>
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Scrutiny Observations to Cabinet on Budget Outturn and Funding Flexibilities  
(Pages 3 - 4)

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**Joint Audit Committee and Finance Scrutiny Panel – 24 October 2018  
Scrutiny Observations to Cabinet on: Budget Outturn and Funding Flexibilities**

**The meeting had been arranged to consider the budget outturn position at 31 August 2018 and the projected overspend at year end. The Authority had found itself in a similar position to that at the same time in the previous financial year and the Committee and Panel were seeking assurance from the Portfolio Holder for Finance and Section 151 Officer that the budget was under control.**

**Since the meeting on 24<sup>th</sup> October the Chair and Vice-Chair of Audit Committee have also had sight of the budget outturn position at 30<sup>th</sup> September 2018.**

Any overspend will affect the following year's budget position. Should the projected overspend materialise at year end it could be met from reserves but this is not sustainable in the long term. It was noted that additional Welsh Government grant funding and an adjustment to the Minimum Revenue Policy had ensured that there had not been an overspend at the end of 2017/18, and, in fact, a contribution had been made to support reserves.

The Joint Meeting offer the following observations:

- The Authority cannot rely on 'windfalls' to balance the budget at year end and support the Portfolio Holder's wish for prudence throughout the year and in the longer term
- Members were well aware of the need to transform the Council but questioned whether some changes could be described as transformational
- It was noted that capital receipts may be used to fund transformation revenue expenditure and a policy on capital disposals is now urgently required to enable informed decisions to be made on the revenue budget
- There has been little opportunity for the scrutiny of business cases for transformation or business plans for future service delivery. The Committee seeks assurance that transformation will be backed by good planning and good scrutiny to ensure the best possible outcome.
- Processes for developing business cases do not appear to be sufficiently robust and this has been recognised by the WAO issuing a Statutory Recommendation in this regard

- Concerns remain that some service areas have overspends year on year. Since 2015, £7M of savings remain undelivered – if savings are unachievable these must be removed and savings which are achievable, built in
- The overspend position in Children’s Services continues to be a cause of major concern. Audit Committee and the Finance Scrutiny Panel seek assurances that adequate financial control is embedded in the recovery plan and on-going business plans
- Some Members had attended a training day provided by South West Audit Partnership. Issues surrounding the financial crisis at Northamptonshire County Council had been discussed and concerns raised that similar issues within Powys must be addressed to ensure that this Authority did not find itself in a similar position. The Committee and Panel suggest that the training materials be provided for Members and that SWAP be invited to make the same presentation to County Council.

## **Conclusion**

We note that difficult decisions lie ahead for the Council in order to deliver services to our residents as efficiently and effectively as possible. All Members must be kept informed of the reasoning behind what will inevitably be unpalatable decisions to ensure they are fully aware of the reasoning behind such decisions.

Scrutiny and Audit Committees are keen to assist the Cabinet in considering proposals for savings to ensure the best possible outcome for residents during this difficult financial period.

### **Members present at the Joint Meeting;**

**County Councillors J Morris, (Chair), B Baynham, J Charlton, M Dorrance, E Durrant, J Gibson-Watt, D R Jones, K Lewis, N Morrison, W D Powell, P Roberts, D A Thomas, R G Thomas, T J Van Rees, E Vaughan, A Williams, GIS Williams, J M Williams and Mr J Brautigam**