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

Os yn galw gofynnwch am - If calling please ask for

Lisa Richards

Ffôn / Tel:

Ffôn Symudol / Mobile:

Llythyru Electronig / E-mail: lisa.richards@powys.gov.uk

FINANCE PANEL

Monday, 14th February, 2022

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

SUPPLEMENTARY PACK

1.	MINUTES
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To receive the minutes of meetings held on 20 January 2022 and 2 February 2022.

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MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT TEAMS LIVE ON WEDNESDAY, 2 FEBRUARY 2022

PRESENT

County Councillors JG Morris, M J Dorrance, A Jenner, K Laurie-Parry, J Pugh, P Roberts, E Vaughan, D A Thomas and R G Thomas

Cabinet Member in Attendance: County Councillor A W Davies

Other Councillors in Attendance: County Councillors A Williams and R Williams

Officers: Jane Thomas, Head of Finance

1. APOLOGIES

An apology for absence was received from County Councillor J Gibson-Watt.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. DRAFT MEDIUM-TERM FINANCIAL STRATEGY 2022-2027 AND DRAFT 2022-23 BUDGET AND CAPITAL PROGRAMME FOR 2022-2027

The budget documents had been circulated at the last meeting.

The Head of Finance confirmed there had been no changes to the documents submitted and considered by the Panel at their last meeting. Any alternative budgets had to be submitted by Monday 7th February 2022 for consideration.

The Head of Finance is required to assess the budget being proposed and to offer an opinion on the robustness of the proposals. Part of this assessment considers the level of risk in the proposal, what is in place to mitigate the risks and whether the reserves in place are adequate. There was a greater level of risk for the forthcoming year due to the following challenges

- Delivery of savings – historically only 80% of efficiencies are achieved in any year
- The future course of the pandemic is not clear – the Welsh Government Hardship fund has mitigated many of the costs incurred to date but this ceases at the end of March and the responsibility becomes the Authority's
- Inflation is rising and there is the potential that inflation will rise at a higher rate than envisaged when proposals were drafted. The level of inflation could also influence any pay award.
- There are greater risks associated with council tax collection rates and increased claims on the council tax reduction scheme
- Reserves need to be maintained to offset any unexpected events

- Indicative allocations for the next three years have been provided by the Welsh Government and the future financial sustainability of the Council must be considered

These challenges have been mitigated against through the robust budget setting process in place. Risks need to be understood and a robust monitoring system is in place. The Authority must also maximise any additional funding. A budget management reserve is in place alongside other council reserves. The entire budget proposal must be considered when assessing risk.

Discussion:

- Clarification regarding the level of current and projected debt was sought. The Head of Finance stated that debt was reported on the Balance sheet and was monitored continually through reports to managers. Policies on debt and write off of debt were in place, Provision for bad debt was reflected in individual service budgets. The Authority deals with a number of outside bodies and the Head of Finance agreed that further information on outstanding debt could be provided.
- The level of inflation had been set at a general 2% but each service would have identified specific levels of inflation above this level within their own service pressures. There is the potential for inflation to rise to 6% by March. Bank base rate has already risen to 0.5% although the Head of Finance reported that cash held by the Authority remained relatively low, any new borrowing undertaken would be at the higher rate.

Scrutiny Committee reports

Health and Care Committee

- The Committee had been given considerable detail at pre meetings and a formal meeting regarding £9.1M of pressures in Adult Services and £3.6M in Children's Services
- The biggest risk in both services was the resilience and stability of the workforce particularly in the light of increased demand due to the pandemic

Adult Services

- The real living wage for both the Authority's staff and provider staff was a significant pressure
- A number of innovative projects which have led to transformation have been grant funded but should be included within the base budget and will provide value for money in the long term.
- There are few savings to be realised from the closure of day centres and efficiencies arising from extra care housing will be made in the future
- The Committee was confident efficiencies will be realised but more evidence should be provided in Impact Assessments

Children's Services

- There has been a significant increase in demand at the front door
- Investment in early help is showing value for money

- The Committee questioned whether the budget is sustainable knowing there are legacy issues. It is the Committee's intention to review the impact of these cases on the budget.
- There was uncertainty regarding what would become of additional funding in the budget for increased demand if those pressures did not materialize. The Head of Service would report back to the Committee.
- The Committee remains concerned regarding the number of 'red' risks

The Committee intended to monitor finance and performance closely

Questions:

Closer to Home had a red RAG status and the Panel were concerned about the level of assurance in achieving the target. The Chair of the Committee recognised that the service was moving in the right direction but there had been delays in getting the properties ready. There had been a high level of risk with the current year's efficiencies, but they had been achieved

County Councillor M J Dorrance declared an interest as a member of the Powys Teaching Health Board

Learning and Skills Committee

- There were four cost pressures but the most significant was one relating to Property Plus and any works needed over and above routine maintenance. The impact of HOWPS being brought back in house was not yet known.
- Extra revenue could be generated by supporting newly qualified teachers – the numbers involved will not be known until the end of the summer term for the next year
- It was proposed that DBS checking fall to individual schools. This appeared to be no more than transference of cost with no assurance that there would be an overall saving to the Authority. This should be funded through the Funding Formula to ensure there is no additional pressure on schools' budgets. The Portfolio Holder advised that both service areas had agreed this issue. The Head of Finance indicated that the Funding Formula was the basis of allocation of funding to schools and that not every item was included.

Economy, Residents and Communities Committee

It was noted that HOWPS was not being brought back in house on the basis of cost but it was not clear if there was any provision for the funding of any additional costs

Arts and Culture

The Portfolio Holder had indicated that there were other ways of supporting arts and culture, but these arguments were not supported by the Committee. A review of the previous year's funding should be carried out before and further efficiencies were introduced. Impact Assessments had improved considerably but this one was lacking in detail

Legal and Democratic Services

Proposals to restructure the Democratic Services team were not thought to improve the resourcing of Member Support, Democratic Services or Scrutiny Services. It was considered that there would not be adequate support for new Members following the election.

Workforce and Organisational Development

Proposals merely shift the cost burden and the narrative provided did not support the proposal

Public Protection and Planning

- The Committee had been assured that the service would maximise income
- The Asset Management Strategy should be revised in light of New Ways of Working

Highways, Transport and Recycling

- Improvement to the network had been assured
- Concerns had been raised regarding the removal of glass and paper recycling banks from community sites

In general the Committee had hoped that the budget would do more to contribute to regeneration but there seemed to be a lack of resource to achieve this or deliver Vision 2025

Questions

- Evidence was requested regarding use of paper and recycling banks – none had been provided but the service was to be removed due to there being kerbside collections
- Had any consideration been given to proposals by the Welsh Government to require businesses to separate all waste?

Outcomes:

- **The Panel would summarise overarching issues in the composite report to Council and Cabinet**

County Councillor