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COUNTY COUNCIL
Thursday, 24th February, 2022

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

1.	MEDIUM-TERM FINANCIAL STRATEGY 2022-2027 AND 2022-23 BUDGET AND CAPITAL PROGRAMME FOR 2022-2027
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Scrutiny Committee recommendations and responses.

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Economy, Residents and Communities Scrutiny Committee – 31-01-2022

Learning and Skills Scrutiny Committee – 01-02-2022

Health and Care Scrutiny Committee – 01-02-2022

Finance Panel – 02-02-2022

Scrutiny Observations to Cabinet on: Draft Budget 2022 - 2023

The Economy, Residents and Communities, Learning and Skills, and Health and Care Scrutiny Committees and the Finance Panel met between 31-01-2022 and 02-02-2022 and considered the following documents:

- Draft 2022 – 2023 Budget

The Scrutiny Committees and the Finance Panel thank the Portfolio Holders and officers for attending scrutiny.

Economy, Residents and Communities Scrutiny Committee – 31-01-2022

Scrutiny made the following observations:

Housing and Community Development:

- HOWPS – Whilst it was understood that the aim of bringing HOWPS back in house was not a cost saving but an improvement in service, the Committee expressed concern that whilst there was emphasis on the potential saving following transition, this could not be guaranteed, especially in the first years following transition. It was not clear whether sufficient budget is held for any potential extra cost with the project.
- Arts and Cultural Services:
- Whilst the Portfolio Holder suggested that there are other ways of supporting arts and culture venues, the Committee was of the view that arts and culture needed to be properly supported by the Council, which it was not assured was currently the case.
- The Committee is of the view that this sector adds value to the Powys economy as they are more than just businesses, and the current proposal creates risk in this regard especially in relation to their ability to continue contracts with Welsh Government and the Arts Council and the potential knock on impact on smaller organisations should they close.
- The Committee also suggested that the previous funding reductions to arts and culture venues should be evaluated to gauge the long term impact as well as the potential impact on the Council's vision. Covid will have had an additional detrimental impact but this is not reflected in the proposals.
- The Committee whilst noting that the quality of Impact assessments had generally improved, expressed concern that the Impact Assessments for Arts and Culture:
 - required further review as the negative impacts had been overlooked in the final assessment

- reflected silo-working within the Council and that the impact on other services by the proposed cost savings had not been taken into account
- where there was a poor / negative impact required further detail to explain the context and impact

Legal and Democratic Services:

- The Committee was not assured that the proposal:
 - would secure the improved resourcing of Member Support and support for the Scrutiny Committees as highlighted in the Audit Wales review of Scrutiny in Powys.
 - would provide adequate resources to support new Members when they were appointed in May, some of whom may have disabilities and special support requirements.

Workforce and Organisational Development:

- The Committee expressed concern that the cost reductions for DBS checks and Health and Safety are not true cost reductions, as it merely moves the cost and pressure to another service.

Property, Planning and Public Protection:

- The Committee was reassured that the Council is wherever possible seeking to maximise income from its buildings.
- The Committee commented that if the Council was not going to utilise buildings or areas within buildings itself due to revised ways of working for staff or other reasons, that those areas be considered for income generation at the earliest opportunity.
- The Committee was assured that there was a long term vision for the County Farms Estate as set out by the Portfolio Holder.

Highways, Transport and Recycling:

- The Committee was reassured that the current budget provided would assist the Service in improving rather than maintaining the highway network.
- However, the Committee expressed concern that the rising costs of materials and the possible reduction in the Council's ability to undertake as much improvement work as it hoped, could put the Council back in a position of maintaining rather than improving the highway network.
- The Committee expressed concern about the removal of paper and glass recycling from bring sites and asked for this to be reviewed particularly in terms of impacts on tourists and where overnight parking was allowed in Powys car parks.

General:

- The Committee commented that whilst in all services there was a general ambition to regenerate Powys, there was a lack of ambition to invest in that regeneration.
- The Committee believes that the proposals do not provide enough assurance that the budget will enable / resource the Council to deliver on its Vision 2025 – Corporate Improvement Plan.

Scrutiny's Recommendation	Accept (plus Action and timescale)	Partially Accept (plus Rationale and Action and timescale)	Reject (plus Rationale)
<p>1 that the Council should review the proposed cuts to the arts and cultural sector in Powys and provide better financial support to this sector.</p>	<p>Following review, the Portfolio Holder and Cabinet have agreed to delay the implementation of the proposed reduction in funding for the supported Arts organisations, for 12 months, while a review of future support is undertaken. Additional financial support through the covid fund will be available again for organisations to apply for in 22/23 FY. Funding bids will be submitted in order to seek additional resources and capacity to support arts and culture in Powys.</p>		
<p>2 that Impact Assessment should contain better information on impacts on other services as well as greater detail where there was a poor or negative impact.</p>		<p>Will be taken on board for future completion of impact assessments. Saving has already been made and services have adjusted in 2021/22 with regards to the change.</p>	
<p>3. that the Legal and Democratic Services' cost reduction / cut proposal be reviewed as in the Committee's view the proposal will not adequately resource the service or enable an</p>	<p>£50,850 of the total savings of £ £63,510 for 2020/21 and 2021/22/22 already been achieved, leaving a saving of £12,660 to meet. In the circumstances it is proposed that the restructure of Scrutiny / Democratic Service and Member Support will not</p>		

<p>improvement in Members' and Scrutiny Committee support as the Council continues its improvement journey.</p>	<p>take place, with the saving of £12,660 to be met from existing budgets. If the 2022/23 Budget is approved, an extra admin member of staff will be provided for the elections team who will work across all Legal & Democratic Services teams and will be available (outside of election periods) to assist scrutiny officers and members support</p>		
<p>4. that the removal of paper and glass from bring sites should be reviewed in terms of its impact on tourism and where car parks are used for overnight parking</p>		<p>Take on board the concerns. We will review over the next 6 months to see if there has been any impact around paper and glass being left. We will also ensure clear communications are put out that all householders need to use the kerbside service for glass and paper, and similarly commercial holiday lets to use the commercial recycling.</p>	

Membership of the Economy, Residents and Communities Scrutiny Committee on 31-01-2022:

County Councillors: M Dorrance, D Evans, J Charlton, J Pugh, D Selby, D Jones-Poston, G Jones, J Wilkinson, L Corfield.

Learning and Skills Scrutiny Committee – 01-02-2022.

Scrutiny made the following observations:

- The Committee suggested that:
 - in future budget reports a separate appendix with detail of individual Service pressures would be useful for consideration as part of the scrutiny process.
 - In relation to Property Plus it needs to be clarified that this is for essential repairs and maintenance for compliance purposes, and that it would be of assistance if Members could receive further detail on the previous and likely forward costs to further explain the background to this cost pressure.
 - The budget report be amended in respect of Post 16 travel and the vacant places scheme to reflect that this is for existing users only as the Council cannot provide vacant seats for new post 16 pupils.

- The Committee commented that:
 - In relation to IA59 and IA60 (DBS checks and Health and Safety), these should not be included as cost savings as they are transfers between services and therefore do not meet the definition of a saving which is understood to be an overall saving to the Council.
 - In addition if some of this cost should be funded through the schools funding formula, there are processes to be followed to include such detail in the formula which to date have not been followed. Currently these costs are not included in school budgets and schools will need to make cuts elsewhere in their budgets to accommodate these costs.
 - In particular in relation to Health and Safety this is essential work which needs to be undertaken and rather than a cost saving this is a cost pressure on the Education Service and should be reflected as such in the budget papers.

Scrutiny's Recommendation	Accept (plus Action and timescale)	Partially Accept (plus Rationale and Action and timescale)	Reject (plus Rationale)
<p>1 in future budgets reports that a separate appendix detailing Service cost pressures be included</p>	<p>Scrutiny recommendation partially accepted if this is across the board / for all services.</p> <p>Action: provide separate appendix as requested.</p> <p>Timescale: L&S specific report to be provided in future budget reports.</p>		
<p>2. that further clarification be included in the report relating to property plus and Post 16 vacant seats as detailed above</p>	<p><u>Property Plus</u></p> <p>Scrutiny recommendation accepted.</p> <p>Assurance (Property Plus): The Property Plus pressure is for essential repairs and maintenance for compliance purposes</p> <p>Action: Further work is being undertaken to analyse previous and likely forward costs.</p>		

	<p><u>Vacant Seats</u></p> <p>Action (Vacant seats scheme clarification):</p> <p>Currently any learners on our list are still being offered their vacant seat, however the scheme is not offered to new families. To note, there are 65 names on the list who were offered continuation, of which only 16 have taken up the offer until 07.04.2022, when we will re-issue for the summer term.</p>		
<p>3. That cost reductions IA59 and IA60 be removed from the list of cost reductions as these were transfers between services</p>			<p>Scrutiny recommendation rejected.</p> <p>The costs are expected to be met from the existing delegated budget, in line with funding regulations and accounting best practice.</p>
<p>4. That consideration be given to whether IA59 and IA60 could be funded through the schools funding formula</p>	<p>Scrutiny recommendation accepted.</p> <p>Consideration has been given to whether IA59 and IA60 however, the formula is the mechanism by which the schools' delegated pot (individual school budgets ISB) is allocated to individual schools, it does not, and is not intended to, identify every individual element of spend.</p>		

<p>5. that in the event of Recommendation 4 above not being feasible that this be identified as a budget pressure for the Education Service in the budget report</p>			<p>Scrutiny recommendation rejected.</p> <p>The average charge per school for the DBS checks is estimated to be £703 per annum, the equivalent of 16 DBS checks. The average charge for Health and Safety is estimated to be £536 per school. The Council does not include every single item of pressure in the IBPs. Services / schools are expected to manage some costs as part of their normal budget management. The budget proposals also include the savings resulting from the Transformation programme (£288,000) been retained and allocated within the Delegated School budget.</p>
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Membership of the Learning and Skills Scrutiny Committee on 01-02-2022:
County Councillors: P Roberts, M Williams, S C Davies, J Berriman, L Roberts, A Jenner, D Jones, G Thomas, B Davies, D Meredith.
Co-Opted Members: S Davies, M Evitts, A Davies.

Health and Care Scrutiny Committee – 01-02-2022

Scrutiny made the following observations:

Adult Services

- The biggest risk to the service is the stability of the workforce given the unpredictability of the extent to which pandemic pressures will continue. Key to providing a resilient workforce will be the Powys Health and Care Academy and scrutiny wish to continue to be involved in transformation projects such as the Health and Social Care Academy and the North Powys Wellbeing Programme.

- The Committee noted the pressures associated with paying the Real Living Wage and the Contractor Provider Uplift but agreed with the need, particularly in light of the stability of the workforce and wider market.
- Scrutiny noted the increased pressure relating to the service being required to match fund towards the Regional Integrated Fund and the impact this could have on innovation in the Adults Service. Scrutiny proposes future early involvement in pilot projects to ensure that innovative practice is not damaged by this change and the contribution is value for money.
- The Committee asked about the increased costs associated with hospital discharge pressures and noted that an additional team manager is needed in order to meet demand, help manage the risk and ensure the right level of support. There were further concerns that more people were accessing social care services because of not being able to access NHS services and with that comes an associated financial burden. Although the Committee understands there are discussions on each individual case/package of care, the Committee questioned whether PTHB would be financially contributing towards the service as these residents would have come under PTHB pre-covid.
- A planned increased use of Direct Payments was noted. Scrutiny requested further detail to be provided to Health and Care Committee in the new term to ensure Members are kept fully informed with developments and can scrutinise the suitability of this proposal.
- The Committee asked questions on the budget impact of Extra Care Housing. The Committee noted that the cost efficiencies associated with Extra Care Housing will not materialise in this next financial year.
- The Committee asked about the budget impact from any savings made from the remaining closure of Day Centres (due to the pandemic). The Committee noted that these are minimal due other support being provided to residents as an alternative.
- The Committee noted the evidence cited regarding the financial benefits of changing practice from double handed care packages to innovative working arrangements. The Committee requested that the evidence that supports the benefit to individual service users be included in the impact assessment.
- The Committee request regular reviews and updates in order to assess the appropriate funding of partnership working.

Children's Services

- The Committee noted that the highest risk within the service is the stability and resilience of the workforce due to the pressures of the pandemic and an increase in complex cases and increased demand to the front door.
- Whilst the Committee noted that scrutiny of some areas has been constricted due to the pressures on the service associated with the pandemic and the service being in 'Business Critical', the Committee propose undertaking an assessment of the investment into early help and support services to assess value for money.
- The Committee noted the explanation from the service that there are still legacy cases connected to the department's improvement journey. The Committee propose a review of this in order to assess their impact on the department's budget position going forward.
- The Committee noted that the increase to the base budget once inflation and demography has been taken into account is around £900,000.

- The Committee noted that the service has considerable pressures associated with projected increased demand over the next financial year. The Committee questioned how funding for projected increases in demand would be dealt with if those pressures did not materialize during this financial year. The Committee requested that this is considered to ensure that projected demand which does not materialise is not unnecessarily included in the Children's base budget going forward.
- The Committee noted that there is a red RAG rating for many cost efficiencies and remain concerned at the risk attached to delivery of these and the impact this may have on the Council budget as a whole. It was noted that the Service has delivered the efficiencies from the last financial year.
- The Committee asked questions on the financial pressures involved with supporting and training social workers (Grow your Own). The Committee noted that costs include supervision time, reduced caseloads and training costs. However, cost efficiencies should continue materialise down the line and it was noted that there is an associated cost efficiency in this year's budget.
- The Committee questioned why extra workforce support is needed for Foster placements. The Committee noted that this is to support Foster Carers' own children and there is growing evidence that this is significant towards stabilising placements. The Committee requested that in the next term, future scrutiny work takes place to consider Foster Care support and the cost of placements.
- The Committee questioned why an extra workforce position was needed in the commissioning team. The Committee noted the increase in complex placements needed and the pressures associated with finding suitable placements to keep children safe.
- The Committee asked questions about the cost pressures regarding increasing Special Guardianship Orders. The Committee noted that there is an expectation from the family court that SGOs are increased and that there are costs involved in moving to this position. However, this will result in further cost efficiencies down the line and there are also efficiencies associated with this in this year's budget.
- The Committee request regular reviews and updates in order to assess the appropriate funding of partnership working.

Scrutiny's Recommendation	Accept (plus Action and timescale)	Partially Accept (plus Rationale and Action and timescale)	Reject (plus Rationale)
1. that the Committee remain actively involved in scrutiny of large transformational projects to ensure financial resilience and stability of the service	Accepted. Ongoing.		
2. that the Committee are actively involved in	Accepted. Ongoing.		

<p>pilot projects to ensure that innovative practice is maintained and contributions to the RIF are value for money</p>			
<p>3. that the evidence on the benefit to service users from reducing the number of double handed care packages be included in the Impact Assessment for this cost efficiency</p>	<p>Accepted.</p>		
<p>4. That work is done to ensure that any projected increased demand which do not materialise are not unnecessarily included in the Children's Services base budget going forward</p>	<p>Accepted. Ongoing.</p>		
<p>5. That the Committee be provided with cost details of the legacy cases connected to the Children's Services improvement journey and their impact on the overall budget</p>	<p>Partially accepted. Further discussion required to gain clarity on requirement.</p>		
<p>.6. that the Committee remain regularly involved in the scrutiny of the services' budgets at quarterly scrutiny meetings</p>	<p>Accepted. Ongoing.</p>		
<p>7. the Committee receive regular reviews and updates to assess the position on appropriate funding of partnership</p>	<p>Accepted. Ongoing.</p>		

Membership of the Health and Care Scrutiny Committee on 01-02-2022:

County Councillors: A Jenner (Chair), S Hayes, J Gibson-Watt, E Jones, S McNicholas G Morgan, K Roberts-Jones, D Rowlands, L Roberts, L Rijnenberg, A Williams, J M Williams and R Williams

Finance Panel – 02-02-2022

The Panel made the following observations:

- The Finance Panel welcomed the robust scrutiny undertaken by the three Scrutiny Committees and confine its own observations to whether there is sufficient assurance that risks are being managed and that the budget is deliverable. Specific comments on overarching issues such as council tax, the capital programme and reserves are made.
- It is noted that over a five-year period, the budget gap could increase to £14M. The Panel welcome the indicative three-year settlement and would wish to see a corresponding three-year indicative programme around the revenue and capital budgets which would also alleviate the pressures on scrutiny committees in scrutinizing budgets at a very late stage.
- Statistics show that free school meals have increased between 11% and 13% and unemployment claimants have increased by 76% albeit from a relatively low base. Further work is needed to understand these increases and the ongoing impact on future budgets.
- The Economy, Communities and Residents Scrutiny Committee have highlighted the need to address the climate and ecological crisis and support the Portfolio Holder for Finance's comment that opportunities to address these issues must be a 'golden thread' through all services.
- The Panel notes the proposed increase in Council Tax of 3.9% but question its affordability for residents against a backdrop of rising inflationary pressures
- Concern has been expressed that a County Council decision that the current premium on council tax on second homes should be increased has not been implemented. The Panel have asked for further evidence of both the risks regarding destabilizing the council tax base if this were to be implemented against the financial impact of not implementing the decision.
- Historically delivery of efficiencies has peaked at 80% and this poses a risk to the overall budget. A large proportion of efficiencies lie with Social Care and this has been explored in some depth by the Health and Care Committee. All efficiencies must be monitored regularly throughout the year to provide the necessary assurance.
- The Panel note that no funding will be released from the Budget Management Reserve until pressures materialise. The level of general reserves is at the lower end of acceptability and the proposal to increase this to 4% is welcomed. Given the risk associated with many of the proposed efficiencies, it is the Panel's opinion that there is limited scope to address any shortfall other than through reserves.
- The Panel had previously noted significant debts by partners and have requested that an urgent report be prepared for consideration by the Governance and Audit Committee.

- Capital expenditure has reduced due to delays attributable to covid but note that projects remain within the programme Projects are being driven forward and further detail is required around these as there is no assurance around funding for many of them. The peer review has recommended that a road map is required and the Panel believe this to be essential. The Governance and Audit Committee established a Capital Workstreams Working Group, and this will report to the Governance and Audit Committee in February.
- The programme relating to Capital Receipts does not appear to be particularly ambitious and there is an urgent need for completion of the Asset Review
- The Panel require assurance that inflationary pressures will be managed.
- In line with comments made by Scrutiny Committees, there has been limited time for scrutiny and it is hoped that this situation will improve given that an indicative three-year settlement has been provided.
- There are substantial pressures going forward and this cannot be considered to be a low-risk budget. Careful monitoring will be required on a daily and weekly basis.

Scrutiny's Recommendation	Accept (plus Action and timescale)	Partially Accept (plus Rationale and Action and timescale)	Reject (plus Rationale)
1. That a three year indicative budget, including schools transformation, be prepared for earlier consideration by scrutiny committees and the Finance Panel		The Medium Term Financial Strategy already includes indicative budgets for the next 4 financial years. These are subject to further work as the budget develops. The late publications of the settlement has impacted on the timescales in preparing and sharing the budget information in recent years, but we plan to share information earlier when timescales allow.	
2. Given the risk inherent in the budget regarding delivery of efficiencies, regular monitoring must take place throughout the year	The delivery of all cost reductions included in the approved budget are routinely monitored and reported in the budget monitoring reports through out the year.		

Membership of the Finance Panel on 02-02-2022:

County Councillors J G Morris (Chair), M Dorrance, J Gibson-Watt, K Laurie-Parry, A Jenner, J Pugh, P Roberts, D A Thomas, R G Thomas and E Vaughan and Mr J Brautigam. County Councillors A Williams and R Williams were also in attendance.

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