

**MINUTES OF A MEETING OF THE CABINET HELD AT COUNCIL CHAMBER -
COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 19 JUNE 2018**

PRESENT

County Councillor M R Harris (Chair)

County Councillors MC Alexander, A W Davies, P Davies, S M Hayes, R Powell and M Weale

In attendance: County Councillors G Breeze, DR Jones and J Williams.

1. APOLOGIES

Apologies for absence were received from County Councillor James Evans.

2. MINUTES

The Leader was authorised to sign the minutes of the last meeting held on 22nd May 2018 as a correct record.

3. DECLARATIONS OF INTEREST

County Councillor Stephen Hayes declared a personal and prejudicial interest in item 7 Business Rates High Street Rate Relief.

4. FINANCIAL OUTTURN FOR THE YEAR ENDED 31ST MARCH 2018
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Cabinet considered the financial outturn report for the year ended 31st March 2018. The final outturn position was an underspend of £3,682k. The final outturn had been significantly improved due to Welsh Government providing additional monies for a number of services totalling £3.184m, including £1m to help support the council's continuing transformation work.

The Portfolio Holder for Finance explained that in delivering the outturn position, consideration had been given to the balance between the use of capitalisation, a prudent level of reserves and the subsequent demand on future year budgets. It was important that the council's reserves were protected and a prudent approach adopted given the financial challenge. This approach had secured an increased level of general reserves at year end of £8.7m representing 5.40% of total net revenue budget excluding Schools and Housing Revenue Account (HRA).

Savings of £8.327m had been delivered, 71% of the £11.780m target and a slight decline on the 79% delivered in 2016/17. Unachieved savings of £3.4m had been mitigated by underspends elsewhere in the service areas but these remained a pressure going forward within the service budgets.

The report noted alternative efficiencies put forward by the Place Directorate that required Cabinet approval:

- Additional savings on Waste contracts and the extra income achieved from the Design Team utilised to mitigate other savings which were unachieved within Highways, Transport and Recycling, total £365k. The original savings included a review of Fleet targets £28k, reduction in the Highways budget by use of the jet patcher, £187k and £150k from the Highways Commissioning project.
- Savings from property rationalisation and increased income from the rental of other properties utilised in respect of income from workshops and Ladywell house of £135k not be achieved due to insufficient capacity within the workshops portfolio and the renovation of Ladywell House to maximise rental potential not to be completed until 2019/20.

The report included proposals for the creation of a number of specific reserves:

- Regional Transport monies £310k
- Builth/ Llandrindod Schools Deficit – £200k in addition to the £800k already agreed (total reserve of £1,000k required)
- Mid Wales growth fund – £150k
- Transformation grant for future demands – £1,000k
- HOWPS accrual for outstanding work – £185k

There was an overspend of £842k in the Schools Operational budget due to Home to school/college transport and severance pay resulted in outturn overspends of £314k and £573k respectively. Redundancy costs of £1.5m were originally funded against a planned use of reserve of £800k and £291k core budget. Instead of the reserve draw down, £605k of the transformational redundancies would be funded by capitalisation matched to capital receipts and the balance left within the service offset against the underspend.

RESOLVED	Reason for decision
<ol style="list-style-type: none"> 1. That the contents of the report are noted by Cabinet. 2. That the setting up of the specific reserves proposed in section 4.5 of the report be approved. 3. That the proposed for achievement of savings by alternative means set out in section 3.6.1. be approved. 4. The use of capitalisation to fund school transformation redundancies as set out in section 8.3 be approved. 	<p>To outline the end of year financial position and the Council's financial performance.</p>

5. CAPITAL PROGRAMME OUTTURN REPORT 2017/18

Cabinet considered the Capital Programme Outturn report for 2017/18. The revised Capital Programme after accounting for approved virements of £4.1m was £82.233m (£86.359m at start of year). The actual spend to the end of 31 March 2018 was £61.625m, representing 75% of the total budget. Many of the projects were yet to be completed and virements would be required to carry forward budgets to 2018/19 where appropriate.

RESOLVED	Reason for Decision
1. That the contents of the report are noted by Cabinet.	To outline the capital budget position as at 31st March 2018. To ensure appropriate virements are carried out.
2. That virements as set out in section 2 of the report be approved and where necessary recommended to Council for approval.	

6. SCHOOL BUDGETS 2018-19

Cabinet was advised that as at the 31st March 2018 there were twenty three schools with cumulative deficit balances totalling £3.71m. This compared with thirty four schools with deficits as at the 31st March 2017 with cumulative deficits of £2.2m. The cumulative deficit of school budgets placed a significant risk on the Authority's overall reserve. There had been a significant decrease in the level of cumulative reserves held, a deficit position of £0.434m. The reserves held at the 1st April 2017 totalled £0.485m, a reduction in the overall balance held by schools between the financial years of £0.919m. Finance, HR and Schools Service officers were working closely with all schools to review curriculum plans and drive down costs wherever possible to reduce deficits.

County Councillor DR Jones presented the findings of the Education Scrutiny Group and noted with concern that the situation continued to get worse despite Powys being amongst the highest funders of schools in Wales. Scrutiny was concerned that changes called for by Scrutiny and by the Wales Audit Office had not been implemented and that deficits from schools that had closed had been passed to the Council. Scrutiny was also concerned that too much faith was being put in the fair funding review which would not be ready until December 2018.

The Leader and Director of Education thanked Scrutiny for their work. The Director of Education explained that there was rigorous support and challenge to schools in deficit. There was co-ordinated work with HR and Finance and the Schools Service that were starting to pay dividends. He acknowledged that the review of the school funding formula would not create additional funding but it would address issues of equity and transparency which would help address compliance work with schools in deficit. Finally he noted that in the months and years ahead decisions would be required on the organisation of schools in the county to secure greater resilience. Cabinet recognised that this was a corporate

issue for the whole Council and noted that an additional £6m had been put into schools budgets.

The Portfolio Holder for Education and the Welsh Language referred to the huge costs of home to school transport and ALN which needed to be driven down. She stressed that fiscal probity should be top of the list of responsibilities for school governors and that passing a deficit budget should be unacceptable.

RESOLVED	Reason for Decision
1. That all planned budgets with a cumulative surplus at 31 March 2019 are approved	To comply with the Authority's scheme for the financing of schools
2. That the clawback mechanism for 2017-18 to the schools named in Section 4 of the report should apply, pending reasons for the surplus being in excess of the position being submitted to cabinet	To comply with the Authority's scheme for the financing of schools
3. That all schools that are potentially subject to clawback for 2018-19 as set out in Section 4 have their budgets re-assessed after spending plans have been submitted.	To comply with the Authority's scheme for the financing of schools
4. That the proposed budgets for the following schools, who have planned cumulative deficit balances in 2018-19, are licensed: Primary: Llanfihangel Rhydithon CP Llangedwyn C in W Special: Brynllwarch Hall	To comply with the Authority's scheme for the financing of schools
5. That the budgets for the following schools remain or are placed in an unlicensed position. Primary Schools: Brynhafren CP School Llanerfyl C in W Foundation School Llanfechain C in W Llansantffraid C in W Controlled School Pengloddfa CP School St Mary's Roman Catholic Aided	To comply with the Authority's Scheme for the Financing of Schools

<p>School Ysgol Bro Cynllaith</p> <p>Secondary Schools</p> <p>Brecon High School Builth Wells High School Crickhowell High School Ysgol Maesydderwen Llanidloes High School Ysgol Bro Hyddgen Welshpool High School Llandrindod Wells High School</p> <p>Special Schools</p> <p>Ysgol Cedewain</p> <p>The Authority will continue to work closely with these schools to reduce the deficits over the next three years, with regular meetings support to ensure improved budget recovery plans. Schools and their governing bodies will be reminded of the need to comply with Notices of Concern, and the consequences of the withdrawal of delegation, which will be implemented for non-compliance within an agreed timeframe</p> <p>Schools in deficit will have regular support, in addition to the financial surgeries that continue in the summer, autumn and spring terms. Action plans are being put in place following meetings with the Schools, and a RAG rate will be given to Schools in order for the Authority to ensure those Schools with an amber and Red RAG rating are scrutinised as failure to comply with the constitutional mechanism we have in place jeopardises the education provision for today's and tomorrow's children and young people.</p>	
<p>6. Financial surgeries continue in the autumn and spring terms and schools are reminded of the possibility of claw back.</p>	<p>To comply with the Authority's scheme for the financing of schools</p>

7. Existing Loans are monitored.	To comply with the Authority's scheme for the financing of schools
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7. BUSINESS RATES HIGH STREET RELIEF 2018-19

County Councillor Stephen Hayes declared a personal and prejudicial interest in this item and left the meeting whilst it was being considered.

Cabinet was advised that the amount of funding provided by Welsh Government grant for the high street rate relief scheme had been reduced and the maximum relief available per property in 2018-19 would be £750, a reduction from the maximum relief available in 2017-18 which was £1,500.

RESOLVED	Reason for Decision:
<ol style="list-style-type: none"> 1. That a Business Rates high Street rates relief scheme 2018-19 be established in accordance with section 2 of this report. 2. Ratepayers that received high street rates relief in 2017-18 and remain in occupation as at 1 April 2018 automatically be granted this relief for financial year 218-19. 3. New applications for Business Rates high street rates relief 2018-19 under the scheme referred to above shall be delegated to and determined by the Portfolio holder for Finance in consultation with the Head of Finance & Section 151 Officer. 	<p>To adopt a high street rates relief scheme for financial year 2018-19 that meets the requirements to maximise funding available, to support local businesses seeking rate relief and complies with Welsh Government guidance.</p>

County Councillor Hayes returned to the meeting.

8. 21ST CENTURY SCHOOLS PROGRAMME - WELSHPOOL PRIMARY PROJECT AND YSGOL CALON CYMRU
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Cabinet was advised that the former Ysgol Maesydre building which had been listed by Cadw and that this had resulted in new designs having to be developed. The re-design had resulted in an increase in estimated cost of the overall project to £16,794,385, which is an increase of £3,816,591 from the funding agreed in the Full Business Case, due to:

- Re-design costs and costs associated with remodelling a listed building;
- Economies of scale no longer achievable due to the schools now being built sequentially rather than concurrently;

- Further site investigation on the Salop Road site (the Welshpool CiW Primary School site) identified that the topsoil needs to be removed and re-filled, due to a historical use of the land.

Cabinet was asked to consider increasing the funding allocation for the Welshpool Primary Schools Project to £3,816,591 to be split between Band A and Band B of the 21st C Schools Programme, and to utilise any unallocated funding in Band A to support capital investment in Ysgol Calon Cymru.

County Councillor Graham Breeze spoke as a local member to ask the Cabinet not to support the proposal until Scrutiny had been given the opportunity to look at the reasons for the additional costs. He wanted further information on the brief given to the developers and an explanation of the extra funding allocated to Ysgol Calon Cymru.

The Portfolio Holder for Education and Welsh Language cautioned against anything which would delay the works, but was advised that a meeting of the Scrutiny Committee could be convened quickly to report back to the next meeting of Cabinet on 10 July.

RESOLVED that, subject to the views of Scrutiny	Reason for Decision:
Cabinet approves an increase in the budget for Welshpool Schools Project to £16,794,385 to be split between Band A and Band B.	To enable the two schools to be built in Welshpool therefore improving the learning environment for pupils.
Cabinet approves that any unallocated funding in Band A is invested in improvements at Ysgol Calon Cymru.	To improve facilities for pupils in a major Schools Transformation project.

9. ESTYN IMPROVEMENT CONFERENCE OUTCOME

Cabinet noted that as a result of the improvement conference held in April, Estyn did not require any specific action from the authority other than it delivers on its improvement plans.

RESOLVED	Reason for Decision:
That Cabinet notes the content of the outcome of the Estyn Improvement Conference as set in Appendix A to the report and requires the Director of Education to update the existing improvements plans to reflect decisions and actions agreed at the conference.	As part of ongoing scrutiny and assurance.

10. RISK MANAGEMENT STRATEGY

This item would be dealt with as a delegated decision and was therefore withdrawn.

11.	SCRUTINY REPORT ON GENERAL DATA PROTECTION REGULATIONS REVIEW
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Cabinet received the Scrutiny report on the Council's preparations for the General Data Protection Regulations. The Portfolio Holder would be required to respond within two months.

12.	IMPROVEMENT AND ASSURANCE BOARD MINUTES
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Cabinet received for information the minutes of the Improvement and Assurance Board held on 25 April 2018.

13.	CORRESPONDENCE
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There were no items of correspondence received.

14.	DELEGATED DECISIONS TAKEN SINCE THE LAST MEETING
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Cabinet received details of delegated decisions taken since the last meeting.

15.	FORWARD WORK PROGRAMME
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Cabinet noted the forward work programme. It was confirmed that there would be a meeting on 31 July and the Portfolio Holder for Adult Social Care advised that he would be bringing a paper on PPD to that meeting.

County Councillor M R Harris (Chair)