

## Finance Panel

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Meeting Venue  
**Committee Room A - County Hall,  
Llandrindod Wells, Powys**

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Meeting Date  
**Thursday, 31 October 2019**

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Meeting Time  
**2.00 pm**

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For further information please contact  
**Lisa Richards**

[lisa.richards@powys.gov.uk](mailto:lisa.richards@powys.gov.uk)



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

24 October 2019

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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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### AGENDA

<b>1.</b>	<b>APOLOGIES</b>
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To receive apologies for absence.

<b>2.</b>	<b>NOTES</b>
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To receive the notes of the last meeting.  
(Pages 3 - 8)

<b>3.</b>	<b>EFFICIENCY SAVINGS REPORT - AUGUST 2019</b>
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To consider the report of the Portfolio Holder for Finance.  
(Pages 9 - 16)

<b>4.</b>	<b>FINANCIAL OVERVIEW AND FORECAST - SEPTEMBER 2019</b>
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To consider the report of the Portfolio Holder for Finance.  
(To Follow)

<b>5.</b>	<b>CAPITAL REPORT - SEPTEMBER 2019</b>
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To consider the report of the Portfolio Holder for Finance.  
(To Follow)

<b>6.</b>	<b>WORK PROGRAMME</b>
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To consider the forward work programme and whether any other items should be included.

(Pages 17 - 18)

<b>7.</b>	<b>EXEMPT ITEM</b>
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The Monitoring Officer has determined that category 1 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information).

These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

<b>8.</b>	<b>BUDGET 2021</b>
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## MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT COUNCIL CHAMBER, COUNTY HALL - COUNTY HALL ON WEDNESDAY, 2 OCTOBER 2019

### PRESENT

Mr J Brautigam (Chair), County Councillors A W Davies, M J Dorrance, J Gibson-Watt, JG Morris, P Roberts, R G Thomas and D A Thomas

Officers: Jane Thomas, Head of Finance and David Morris, Income and Awards Senior Manager (Transformation)

<b>1.</b>	<b>APOLOGIES</b>
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Apologies for absence were received from County Councillors E Vaughan and G I S Williams

<b>2.</b>	<b>NOTES</b>
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#### Documents:

- Notes of meeting held on 7 August 2019

#### Discussion

- The Panel asked whether progress had been made regarding a Member Development session on the Mid Wales Growth Deal

#### Outcome:

- **Clarity would be sought regarding a Member Development session on the Mid Wales Growth Deal**

<b>3.</b>	<b>MEDIUM TERM FINANCIAL STRATEGY INCLUDING BUDGET UPDATE.</b>
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#### Documents:

- Report of the Portfolio Holder for Finance
- Medium Term Financial Strategy 2019-2024

#### Discussion:

- The MTFS has been refreshed but not changed significantly
- The budget gap has changed
- The primary change within the document is with reference to the Integrated Planning process
- A 5-year model has been adopted but there is less detail in the latter years – it is expected that this will be rectified when the next MTFS is updated
- The Panel questioned whether the budget outturn will affect the MTFS – the MTFS is the strategy which considers modelling etc. The Finance Resource Model (FRM) is continually updated to reflect the current position.
- The document refers to a grant to top up protection relating to sparsity – this grant is not guaranteed, and this should be made clear

- The Leader's introduction refers to an additional £1M put into schools. As the MTFS reflects the position for 2019-24 this should be amended as the £1M was fixed for three years and will not continue to 2024.
- Funding scenarios for schools now show a decline after pay and price pressures are included
- The Panel questioned how much modelling had been done on the likely fall in revenue due to falling school rolls together with the rising costs and risk to the Authority of not transforming schools. Contract pressures relating to school transport have been included. Individual pupil numbers are reflected at school level and in the FRM. Transformation of schools needs to move more quickly. School budget pressures on the overall budget is seen as the single biggest risk to the Authority. School deficits are projected to rise considerably. Some schools currently only set a one-year budget, but greater clarity is being obtained through meetings and assessments at schools
- The Panel asked at what point the current school system became unviable. There was no clear point, but deficits continue to indicate pressures in schools delegated budgets. The school estate exacerbates this situation.
- It was noted that Council Tax is average across Wales for a Band D property. However, overall, Council Tax per dwelling is the third highest in Wales despite Powys having a low wage economy. Affordability is a major issue.
- The Head of Finance was asked whether each service would provide an Integrated Business Plan (IBP) to support the 20/21 budget round and if an analysis of those plans would identify whether they could deliver service to an acceptable standard. The aim of IBP is to focus on outcomes and delivery of those services as efficiently and effectively as possible. The Authority will no longer offer funding scenarios but will require services to identify outcomes. Some services are more advanced with the new process than others but there is an expectation that this will be fully in place within three years. There is still some uncertainty regarding transformation and how this may impact upon service delivery.
- Pressures show that there will be a £1.4M reduction in Social Care. Members questioned whether this was realistic. The Panel was informed that pressures will be managed differently particularly with prevention becoming the focus of work.
- Capital Funding costs are based on the 5-year programme agreed in January 2019. The impact of revenue costs is a concern and a complete review of the Capital Programme is underway. IBPs will also reinforce capital needs and revenue costs to services.
- There was concern that the cost of projects exceeded predicted costs. A new process has been introduced which will see an increased level of scrutiny of business cases. The 5-case business model is used for all projects, and existing projects will also be subject to review under this model.
- Members asked if there were contingency funds within the budget. Members needed to understand what is affordable and what can be taken forward.
- The rate at which the capital budget is spent is also a concern and has been highlighted previously

- The Head of Finance was asked how much had been raised through capital receipts over the last three years and how much of this had been spent on staff severance
- It was not clear what the potential was for capital receipts in terms of the revenue budget. Were there any constraints and how could these be removed to get the best use from the Authority's assets. The Head of Finance reported that there was a commitment of £2M within the budget for use for transformation projects. However, capital receipts exceeded this allowing some flexibility. The HRA has purchased land from the Authority and can also be included. The level of capital receipts dictates how much can be used. The IBP process should indicate those areas where greater investment may be needed to facilitate transformation. There is no information regarding whether there will be an extension to the directive beyond 2022. The Panel questioned whether an accelerated programme of disposals should be considered. Capital receipts can also impact upon the capital programme which may reduce revenue costs. Proposals will be drawn up for consideration by Cabinet and the Panel will have the opportunity to scrutinize those proposals.
- The Panel requested examples of where receipts have been used to invest in change
- The MTFS shows that savings delivery stood at 80% in 2013/14 but this has reduced steadily to 53% in the previous year. This is a stark reminder that transformation is essential.
- Reserves are used to deliver a balanced budget yearly – this would usually be the use of planned specific reserves. Last year was the first year where a policy decision was made to use reserves to balance the budget.
- The WAO is currently undertaking work regarding financial resilience – the results of this work would be shared with the Panel
- Costs arising from the Estyn Inspection have not yet been included within the MTFS. This is a work in progress and should be addressed through the Schools IBP.

**Outcomes:**

- **The Panel note the Medium-Term Financial Strategy and have requested the following information:**
  - **Capital receipts over 3 years and how much of this has been spent on severance payments**
  - **Examples to be provided of where Capital Receipts have been used for transformation projects**

<b>4. EXEMPT ITEM</b>
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The Panel agreed that the following items were not confidential and could be considered in open session.

<b>5. FINANCIAL OVERVIEW AND FORECAST - AUGUST</b>
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**Documents:**

- Financial Overview and Forecast as at 31 August 2019

**Discussion:**

- The projected overspend at year end has reduced to £3.4M
- Savings of £11.2M have already been achieved
- Pressures totalling £9M in Adult Social Care have not materialised in full
- It is anticipated that the budget will not be overspent at year end
- An overspend in Children’s Services has been attributed to an increase in more children being looked after. However, data shows that the number of children looked after has reduced from 250 in February to 239 in August. The Panel expressed concern that the commentary was not accurate.
- Concern was raised regarding the projected deficits in schools budgets. It was noted that there were political decisions to be made given the acceptance that the current structure could not be sustained without significant investment.
- Warning notices have been issued where appropriate and meetings are being held with schools causing concern. Some schools have made changes and are unable to achieve any further savings. Consideration has been given to whether the funding is not correct or whether Governing Bodies are not managing effectively. No one factor appears to outweigh others.
- The way forward seems to be to reconfigure the service to ensure viable school units are in place that could manage within their budgets
- It was known that there would be limited opportunity for schools to repay overspends once the new Funding Formula had been implemented
- The Education Scrutiny Group had asked for further information relating to previous budget predictions for schools and how accurate they had been
- If schools are unable to balance their budgets under the new Funding Formula this should be reviewed as there may be a shift in funding for years 2 and 3 particularly in larger primary schools
- Pupil costs vary widely across the county which demonstrates that there are issues in some areas
- £1.7M of savings will be reprofiled for the following year
- £2M of savings have been deemed unachievable by services. These are being reviewed and some may be written out.
- All savings were approved by Members following assurances regarding deliverability and Impact Assessments. The Panel questioned what had gone wrong. Meetings are being held with Heads of Service following which a check will be made against the Impact Assessment that had been provided.

**Outcomes:**

- **The report was noted**

<b>6. CAPITAL REPORT - AUGUST</b>
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**Documents:**

- Capital Forecast as at 31 August 2019

**Discussion:**

- The Panel noted that slippage within the capital budget was supporting the revenue budget
- Unpredictability within the programme is of concern
- Additional capital funding has been awarded to provide economic stimulus

**Outcomes:**

- The report was noted

<b>7. CIPFA REVIEW - ACTION PLAN</b>
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**Documents:**

- Presentation slides – Transforming Financial Management
- Improvement Plan

**Discussion:**

- A CIPFA assessment defined what good looked like
- The Panel received a presentation on improvements
- This would also support Vision 2025 and Making it Happen
- The strategic aim is to change the culture and empower the organisation
- Within Finance, there will be a reduction in transactional processes
- Three enablers will be delivered –
  - Accountability
  - Enable Transformation
  - Support Performance
- Scoping work will be undertaken during the next three months
- An officer project board will be established to monitor and evaluate improvements
- Once a project plan has been prepared, the Finance Panel will have the opportunity to review it

**Outcomes:**

- **The Project Plan to be considered at a future meeting of the Finance Panel**

<b>8. WORK PROGRAMME</b>
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The September outturn would be considered at the next meeting of the Panel on 31 October 2019.

**Mr J Brautigam (Chair)**

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## CYNGOR SIR POWYS COUNTY COUNCIL

10<sup>th</sup> October 2019**REPORT AUTHOR:** County Councillor Aled Davies, Portfolio Holder for Finance**SUBJECT:** Efficiency Savings Report as at 31<sup>st</sup> August 2019

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**REPORT FOR:** Information

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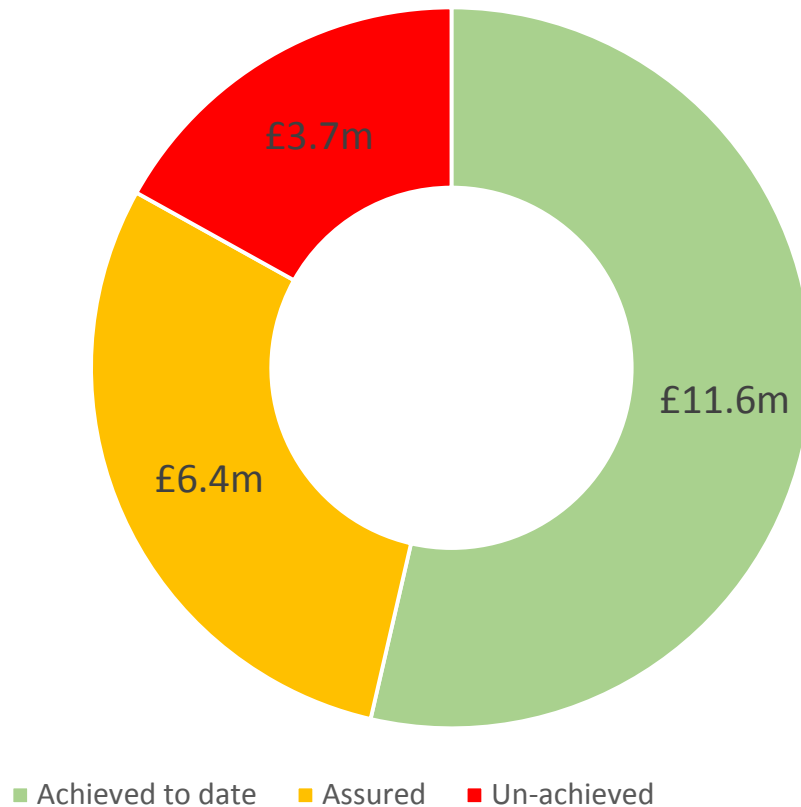
**1. Summary**

- 1.1 The 2019/20 budget required efficiency savings of £12.989m. This total includes outstanding savings carried forward from previous financial years that need to be delivered in financial year 2019/20.
- 1.2 In addition, both Adults and Children Services had identified savings of £8.703m required to mitigate, in part, the estimated rising cost and demand pressures facing these services in 2019/20.
- 1.3 At the end of August (month 5) the total savings delivered stands at £11.628m, 54% of the full £21.692m required.
- 1.4 This position is reflected in the Revenue Outturn Forecast reported to Cabinet in October 2019.
- 1.5 The delivery of a balanced budget for 2019/20 is reliant on the achievement of these savings. This report provides the detail around the delivery of savings to date, assurance around the further delivery by the year end, identifies any savings that are now considered to be at risk of being unachieved and what action is being taken to manage the shortfall.

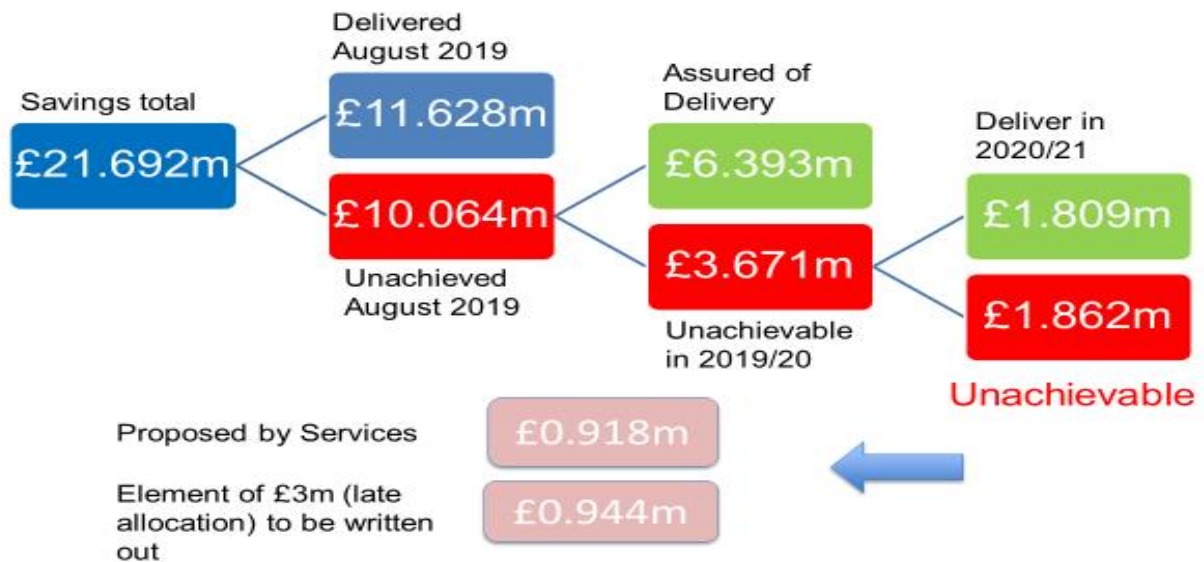
**2. Delivery of Savings and Proposed action**

- 2.1 Savings of £11.628m (54%) have been delivered to date. The delivery of the remaining savings has been challenged with Heads of Service and they have provided assurance that a further £6.393m (29%) can be delivered by year end, there is confidence that these will be achieved as the year progresses. The assured savings have been allocated an Amber RAG status. The remaining £3.672m (17%) are currently considered to be unachievable and are therefore recorded as Red. Appendix A provides a detailed breakdown of the savings by service.
- 2.2 The overall position is summarised in the graph below

### All Services



- 2.3 Some mitigating action has been taken by services, and alternative means of covering the savings shortfall in the current financial year has been put in place, whilst this resolves the gap for the current financial year it does not remove the requirement to permanently resolve the base budget.
- 2.4 At budget setting last year some savings were targeted late in the process, these were identified corporately without direct input from services. It is now apparent that some of these savings are not sustainable.
- 2.5 Of the £3.672m undelivered savings, £1.809m of these are expected to be achieved in full next year, but there remains a further £2.156m of savings that are considered unachievable on a permanent basis. £944k relate to the late allocation of savings and £918k to service proposals.
- 2.6 The diagram below summarises the position.



2.7 This creates a gap in our budget plan which needs to be resolved. The Senior Leadership Team are collectively developing a recovery plan to identify alternative means of bridging this gap and proposals will be submitted to Cabinet for consideration.

**3. Options Considered/ Available**

3.1 N/A

**4. Preferred Choice and Reasons**

4.1 N/A

**5. Impact Assessment**

5.1 Is an impact assessment required? Impact Assessments were completed as part of the budget setting process for all savings proposals. Any new savings proposals will require an impact assessment before it can be approved.

**6. Corporate Improvement Plan**

6.1 N/A

**7. Local Member(s)**

7.1 This report relates to all service areas across the whole County.

**8. Other Front Line Services**

8.1 This report relates to all service areas across the whole County.

**9. Communications**

9.1 N/A

**10. Support Services (Legal, Finance, HR, ICT, BPU)**

10.1 The Deputy Head of Finance comments: Finance will continue to work closely with each of the service areas to monitor, challenge and support the timely delivery of outstanding savings as they form part of the Council's Benefit Realisation Plan, underpinned by Transformation Funding which provides resources to support the service change.

**11. Scrutiny**

11.1 Has this report been scrutinised? No

**12. Statutory Officers**

12.1 The Head of Finance (Section 151 Officer) comments: The budget plan for the financial year 2019/20 is dependent on the achievement of savings to maintain a balanced budget. Over the last few years delivery of savings remains consistently below 80% with corrective actions taken in year to mitigate this impact. A collective response by the Senior Leadership Team must ensure that the gap in the budget can be bridged. The proposal must be supported by clear delivery plans.

12.2 It is important that the projected outturn position reported monthly, includes the savings forecasts and narrative from Service Heads to evidence their commitment to delivering the plan and where necessary remedial and mitigating action is taken.

12.3 The Monitoring Officer has no specific concerns with this report.

**13. Members' Interests**

13.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
The contents of this report are noted by Council.	To understand the impact of savings delivery on the 2019/20 Budget and glean assurance that action is being taken to address the shortfall in the 2019/20 budget.

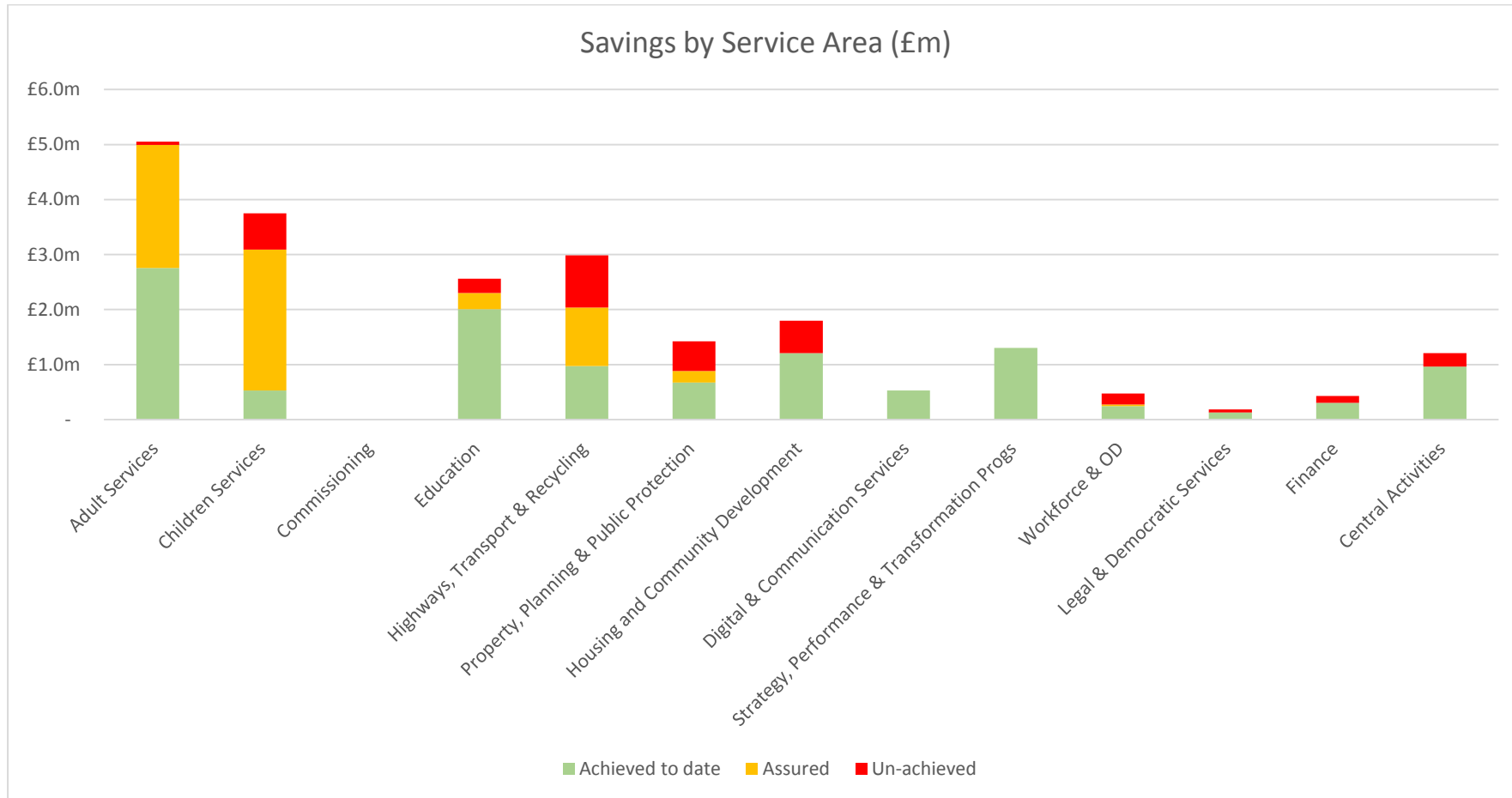
<b>Relevant Policy (ies):</b>		<b>Financial Regulations</b>	
<b>Within Policy:</b>	Yes	<b>Within Budget:</b>	Y
<b>Relevant Local Member(s):</b>			
<b>Person(s) To Implement Decision:</b>		Jane Thomas	
<b>Date By When Decision To Be Implemented:</b>			
<b>Contact Officer Name</b>	<b>Tel</b>	<b>Fax</b>	<b>E mail</b>

Jane Thomas	01597-826341	01597-826290	jane.thomas@powys.gov.uk
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Appendix A – Table Showing Savings Delivery 2019/20 (as at 31st August 2019)

Service	Total To Be Achieved £'000	Actually Achieved £'000	Assured £'000	Un-achieved £'000	Achieved %
Education	2,561	2,006	295	260	78%
Highways, Transport & Recycling	2,986	974	1,065	947	33%
Property, Planning & Public Protection	1,421	675	210	537	47%
Housing and Community Development	1,798	1,209	-	589	67%
Digital & Communication Services	530	530	-	-	100%
Strategy, Performance & Transformation	1,302	1,302	-	-	100%
Workforce & OD	473	247	26	200	52%
Legal & Democratic Services	183	131	-	52	72%
Finance	430	307	-	123	71%
Central Activities	1,207	962	-	245	80%
<b>Total</b>	<b>12,989</b>	<b>8,343</b>	<b>1,596</b>	<b>3,050</b>	<b>64%</b>
<b>Memo Items</b>					
Adult Efficiencies	5,052	2,755	2,238	59	55%
Children's Efficiencies	3,651	530	2,559	562	15%
<b>Total</b>	<b>8,703</b>	<b>3,285</b>	<b>4,797</b>	<b>621</b>	<b>38%</b>
<b>Overall Total</b>	<b>21,692</b>	<b>11,628</b>	<b>6,393</b>	<b>3,672</b>	<b>54%</b>

**Appendix A – Summarised Through Graph**







<b>Finance Panel Work Programme</b>	
<b>Date</b>	<b>Items for consideration</b>
31/10/19	Financial Overview and Forecast - September
	Capital report
	CIPFA Action Plan monitoring
	Q2 Savings
25/11/19	Financial Overview and Forecast - October
	Capital Report
12/12/19	Financial Overview and Forecast - November
	Capital Report

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