

Finance Panel

Meeting Venue
**Council Chamber - County Hall,
Llandrindod Wells, Powys**

Meeting Date
Monday, 25 November 2019

Meeting Time
10.00 am

For further information please contact
Lisa Richards

lisa.richards@powys.gov.uk



County Hall
Llandrindod Wells
Powys
LD1 5LG

19 November 2019

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

AGENDA

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| 1. | APOLOGIES |
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To receive apologies for absence.

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| 2. | NOTES |
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To receive the notes of the last meeting.
(Pages 3 - 8)

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| 3. | FINANCIAL OVERVIEW AND FORECAST - OCTOBER |
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To consider the report of the Portfolio Holder for Finance.

[Financial Overview and Forecast - October 2019](#)

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| 4. | CAPITAL REPORT - OCTOBER |
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To consider the report of the Portfolio Holder for Finance.

[Capital Report - October 2019](#)

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| 5. | STATS WALES AND SOCIAL SERVICES DATA |
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At the request of the Chair, to discuss the following information from Stats Wales and social services data (attachment).

[stats wales](#)

(Pages 9 - 12)

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| 6. | EXEMPT ITEM |
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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.

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| 7. | BUDGET 2020-23 |
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Documents will be tabled at the meeting.

MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 31 OCTOBER 2019

PRESENT

Mr J Brautigam, Chair, County Councillors A W Davies, M J Dorrance, J Morris,
G I S Williams, D A Thomas and R G Thomas

Officers: Jane Thomas, Head of Finance

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| 1. | APOLOGIES |
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Apologies for absence were received from County Councillors J Gibson-Watt and P Roberts

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| 2. | NOTES |
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Documents:

- Notes of meeting held on 2 October 2019

Discussion:

- A request had been made at the last meeting for information relating to the level of severance payments met by the capital directive. In 2019/20 £2.07M severance had been met this way. Further detail would be emailed to the Panel.
- Information was also sought on transformation projects that had been undertaken with capital receipts funding. A formal report was required in this regard and this would be available to the Panel once completed.
- The Chair requested that actions be assigned a timescale

Outcomes:

- **Details of severance payments capitalised would be circulated by 14 November 2019**
- **The report detailing transformation projects would be circulated prior to the next meeting**
- **Timescales would be given to all outcomes**

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| 3. | EFFICIENCY SAVINGS REPORT - AUGUST 2019 |
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The report had been considered by County Council but had not been considered by scrutiny
- There were concerns regarding £3.7M savings
- More detail regarding savings will be included in the monthly financial overview and monitoring report in future

- It was noted that services were providing mitigating actions to address those savings which were not being achieved, and the Panel asked where they could see these mitigating actions. The Head of Finance indicated that there was no clear visibility at a corporate level and was not incorporated within the report.
- The Panel questioned the ability of services to survive within the budgets that they had agreed. In the past, where savings had been mitigated and not delivered, they were left within the service, but this had had an impact in following years. This year, pressures have been identified across all services together with what is being done. If savings are not achieved, they must be dealt with by the service or corporately if necessary.
- Members noted that the budget had been agreed and the impacts understood. At the half-way point in the financial year, services were indicating that some savings were undeliverable and were implementing alternatives. There was concern that this was neither accountable nor democratic – where were these new proposals ratified? The Head of Finance indicated that any alternative proposals must follow the same process. Members asked how they could be assured that impacts were properly assessed and were advised that this would be retained at a service level and would not be reported in finance reports.

Outcomes:

- **The report was noted**

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| 4. FINANCIAL OVERVIEW AND FORECAST - SEPTEMBER 2019 |
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Documents:

- Financial Overview and Forecast, September 2019

Discussion:

- Some Members reported difficulties in accessing the reports provided in a new way. It was also noted that they were unable to highlight sections of the report or add sticky notes. These issues would be taken up with the relevant officers.
- Reports had only been made available the evening before the meeting due the necessity of the reports being published for Cabinet prior to Finance Panel being able to access them. This did not allow sufficient time for preparation or for comments to be made.
- The projected overspend at the end of September is £3.398M
- £12.5M of savings have been achieved with a further £9.17M to be achieved during the remainder of the year. Of this, £3.5M is expected to be delivered by year end.
- The assurance level has dropped significantly since the last report mainly due to Children's Services reporting unachievable savings of £2.6M. This is being challenged at a corporate level.
- Based on the current position It is projected that a balanced budget will be deliverable at year-end, the level of flexibility in achieving this position has been reduced.
- Adult Social Care Pressures estimated at £9.5M had been estimated at the start of the year. £3.9M of these have materialised to date. It was recognised that there may be more pressures materialising, but it would

not reach the level estimated at the beginning of the year. This could be influenced by the level of winter pressures in the coming months. Members noted the collaboration that took place between the Health Board and Authority to relieve last year's winter pressures and it was hoped that this would happen again. Additional money had been granted and this had been shared between the two bodies. There were no guarantees of additional funds in the current year.

- The Panel noted that £2.7M had been mitigated by there being no uplift to providers and this had been identified as a risk. How often are such risks reassessed? Risks were continually reviewed. There is also a heat map of fragility and the service has much more detailed evidence including that of unmet demand.
- Further detail was requested regarding the increase in undeliverable savings within Children's Services – this has been requested. Under new procedures, any Head of Service not achieving savings are required to provide a detailed briefing. The Panel asked if these briefings could be shared with them.
- The current focus for Children's Services was to provide improvement and not on finance. At some point the service must balance their budget. It was noted that the Chair of the Improvement and Assurance Board had made a point that improvements in some areas of the Council may impact on other areas. The Improvement and Assurance Board has also taken on Education following a recent Estyn Inspection.
- There was concern that the Council was led by the Improvement and Assurance Board and yet they were not accountable to anyone within the Authority. A suggestion was made that the Chair of the Board be invited to Finance Panel. The Portfolio Holder reminded Members that the Chair was answerable to the Minister and that the Board did not control the finances of the Authority which were set by Cabinet and Council.
- The Head of Finance reminded the Panel that there had been a level of risk accepted when the budget was agreed with £2M being set aside for contingencies outside the level of reserves that had been planned.
- Children's Services have had an increase in budget of 60% in the last two years and Members were of the opinion that improvements should be showing
- Deliverability of the budget remained a concern as the more that was allocated to education and social services, remaining services would have to contract. Comparators with other Welsh Authorities show that Powys spends considerably more per head on Social Services and Education, at gross level, was the highest funder in Wales.
- It seemed that the Welsh Government had insufficient confidence in Powys running some services and greater emphasis was needed to improve
- It had been recommended that budget managers should all receive financial training. Despite a slow start, it was confirmed that all managers within Children's Services have now completed this training.
- It was suggested that there had been significant cuts in preventative services over recent years which could be exacerbating the demands on Children's Services, and that a review of preventative services should be undertaken. Impact Assessments should have addressed the impact of removing some services or consideration should have been given to using transformation funds to transform preventative services.

- The main areas to note within the report are the overspend in Children's Services and an underspend in Finance which is attributed to slippage in the capital programme
- Reserves are maintained at slightly more than 3% as required by the approved policy
- The schools' position has not changed but the level of deficit projections remain a cause for concern. Twelve warning notices have been issued – some schools are taking corrective action, but others are finding it difficult to reach a balanced budget. Levels of funding are making it increasingly difficult to deliver appropriate levels of education. The Panel questioned whether the new Funding Formula was working effectively. The issue is with the number of schools which has been acknowledged at a senior level. It was suggested that the Funding Formula may need minor adjustments to deal with the current situation – the Formula is reviewed annually.
- The level of historic debt was a significant risk. These sums could not be written off and the level of provision should not be disrupted. However appropriate repayment is necessary, but it was acknowledged that the current position needed to be stabilized first prior to repayment. The Panel reiterated that schools should not be shown as having a 'green' RAG status when there were underlying challenges.
- Projected capital receipts of £6.5M were shown with £3.7 being budgeted to be utilised. Some property disposal receipts had been brought forward from previous years – the forward budget plan includes £2M per year. This is reviewed on an ongoing basis.

Outcomes:

- **Heads of Service reports regarding explanations of overspends would be made available to the Finance Panel**

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| 5. CAPITAL REPORT - SEPTEMBER 2019 |
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- 41% of capital has been incurred or committed
- Only 22% has been spent
- Any underspend on capital benefits the revenue position but not delivering on the capital programme could hinder savings targets
- Cabinet has reviewed the capital programme
- Some projects have been delayed pending the review
- Training with project managers is ongoing
- 3.4% of the revenue budget is spent on current and past capital projects. If the capital programme is fulfilled, this sum will double.
- The Panel was concerned that if projects were not completed, there would be increased maintenance liabilities
- There is an ongoing discussion in Cabinet regarding the use and disposal of assets to finance projects rather than borrowing. A whole Council view needs to be taken.

- A question was raised regarding lending to other authorities. This is part of the Treasury Management Strategy and maximises the use of the Authority's cash. It is also a low risk strategy.

Outcomes:

- **The report was noted**

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| 6. | WORK PROGRAMME |
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Documents:

- Forward Work Programme

Outcomes:

- **Noted**

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| 7. | EXEMPT ITEM |
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RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

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| 8. | BUDGET 2021 |
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Documents

- Confidential report of the Head of Finance

Discussion:

- The Head of Finance gave an update on the development of the 2020/21 budget
- Members were encouraged to complete the budget simulator which closed on Sunday 3 November 2019
- The Panel supported the Head of Finance in her wish to have robust detail around full cost reductions and impact assessments
- Services will be asked to evidence pressures and to ascertain a level of risk
- Cabinet will establish a Panel to consider proposals – the Finance Panel requested that consideration be given to including representation on that Group and the Portfolio Holder for Finance agreed to take this request back to Cabinet

Outcomes:

- **The Panel welcomed the update and thanked Cabinet for releasing the information. It was hoped the Panel could play a role in developing the budget.**

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SOCIAL CARE Breakdown vs Comparators

2018-19 Data

| All £k | Powys | | Carmarthenshire | |
|-----------------------------------|---------|------------|-----------------|------------|
| | £k | % of Total | £k | % of Total |
| Total Social Services | 94,349 | | 113,357 | |
| Total Older People >65 | 34,603 | 36.7 | 44,703 | 39.4 |
| Total Adult <65 | 31,515 | 33.4 | 39,792 | 35.1 |
| Total Childrens | 28,151 | 29.8 | 28,698 | 25.3 |
| Other - Strategy | 80 | 0.1 | 164 | 0.1 |
| Relevant populations | | | | |
| Total Older People >65 | 35,775 | 27.0 | 44,011 | 23.5 |
| Total Adult <65 | 75,474 | 57.0 | 110,337 | 58.8 |
| Total Children <15 | 21,198 | 16.0 | 33,220 | 17.7 |
| Total Population Mid Year 2018 | 132,447 | | 187,568 | |
| Cost per k of relevant pop | | | | |
| Total | 712 | | 604 | |
| Total Older People >65 | 967 | | 1,016 | |
| Total Adult <65 | 418 | | 361 | |
| Total Children <15 | 1,328 | | 864 | |

| Pembrokeshire | | Ceredigion | | Gwynedd | | All Wales |
|---------------|------------|------------|------------|---------|------------|-----------|
| £k | % of Total | £k | % of Total | £k | % of Total | £k |
| 73,607 | | 44,756 | | 77,841 | | 1,920,752 |
| 25,772 | 35.0 | 17,642 | 39.4 | 27,898 | 35.8 | 625,743 |
| 30,400 | 41.3 | 15,797 | 35.3 | 24,010 | 30.8 | 630,590 |
| 17,356 | 23.6 | 11,260 | 25.2 | 25,742 | 33.1 | 659,074 |
| 79 | 0.1 | 58 | 0.1 | 191 | 0.2 | 5,346 |
| 32,130 | 25.7 | 18,195 | 24.9 | 28,171 | 22.7 | 651,993 |
| 71,502 | 57.2 | 43,847 | 60.1 | 75,156 | 60.5 | 1,923,929 |
| 21,423 | 17.1 | 10,950 | 15.0 | 20,851 | 16.8 | 562,709 |
| 125,055 | | 72,992 | | 124,178 | | 3,138,631 |
| 589 | | 613 | | 627 | | 612 |
| 802 | | 970 | | 990 | | 960 |
| 425 | | 360 | | 319 | | 328 |
| 810 | | 1,028 | | 1,235 | | 1,171 |

es
% of Total

32.6
32.8
34.3
0.3

20.8
61.3
17.9

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