

**MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT COMMITTEE ROOM
A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON WEDNESDAY, 7 AUGUST
2019**

PRESENT

County Councillor Mr J Brautigam (Chair), A W Davies, M J Dorrance, JG Morris, P Roberts, E Vaughan, G I S Williams, D A Thomas and R G Thomas

Officers: Jane Thomas, Head of Finance, Ness Young, Corporate Director
Transformantion, Alison Bulman, Corporate Director, Children andAdults and J Pugh,
Finance Business Partner

1.	APOLOGIES
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Apologies for absence were received from County Councillors J Gibson-Watt

2.	NOTES
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Documents:

- Notes of meeting held on 3 July 2019

Outcome:

- **Noted**

3.	TRANSFORMATION
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The Finance Panel received a presentation on Transformation by the Corporate Director, Transformation.

Discussion:

- Members sought clarification as to the proportional split for the Mid Wales Growth Deal – this would be one third each from the private sector, Welsh Government and UK government. Powys County Council would contribute towards the government funding.
- The Panel suggested that a Member Seminar on the Mid Wales Growth Deal be provided as it was proving difficult to discuss the Deal within constituencies.
- Services were also expected to transform and return to efficiency – each project is supported by a business case. The link would be savings identified for current and future years. Budget, including savings, proposals have already been agreed for 2019/20.
- The total property asset value is approximately £850M
- The Capitalisation Directive offers considerable opportunity, but a thorough understanding of the asset base is required. A significant asset disposal programme has been agreed and this has since been enhanced. However additional resource in property and legal services would be required.
- There had been a feeling of frustration during the last budget round that there was a paucity of transformation projects and it was hoped that more

would be available in the future. The Corporate Director Transformation reported that medium term planning was in hand and there was a move to greater ambition and aspiration regarding longer term programmes.

- A bid has been submitted to the Welsh Government to improve data capability. The success of the bid and recruitment of appropriate staff will be key.
- Services still have to be delivered and it has been reported that service areas do not have the time to develop income generating projects and deliver service. Business development is needed within the Authority. To date, the focus has been on savings delivery and an unintended consequence of this has been that income has not been generated.
- Although it was acknowledged that budgets were important, it was thought that the quality of services was being ignored whilst income generation was taking priority. A move to outcome-based planning should improve the situation. All services must be assessed to ensure they operate as effectively and efficiently as possible.
- It was noted that departmental budget plans were to be ready by the end of August 2019. The Panel hope that they will be able look at these early to enable effective contributions and comments to be made. A communication and engagement plan has been agreed and the wider membership is to be involved in the budget process as early as possible. There is likely to be an opportunity to discuss budgets in late September.

Outcomes:

- **The Mid Wales Growth Deal be considered for a Member seminar**

4.	BUDGET MONITORING REPORT
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The Panel had hoped to have the Q1 savings report for consideration but not all commentary was complete. This will be considered by Executive Management Team shortly and Cabinet in September.
- How realistic is it to bring Children's Services budget back in line? There was a clear picture of pressures that might be encountered within the social care budget. Some of these have already materialised, others have not. When the budget was agreed there was a gap if all pressures materialized and this is being carefully monitored.
- The Panel had previously noted that there were reported differences in social worker pay in the county compared to other authorities. A report investigating these claims is nearing completion and would be circulated in due course.
- Education budgets are likely to bring significant challenges. Schools delegated budgets balanced at an overall level at the end of 2018/19, but this included a significant draw on reserves for some schools. The position for the current year is projected to see the reserves fall into overall deficit. School budgets continue to be a significant risk that needs to be addressed, compliance work and action is crucial to ensure that this is managed effectively. Notices of Concern have already been issued to

some schools and in the last month a number have been followed up by the issue of a formal Warning Notice Recovery plans are required to be submitted by 10 September.

- The Councils budget Outturn is often improved at year end with the receipt of unexpected additional grant income. Although welcome the Authority cannot rely on this happening every year and this income should be seen as a bonus and not a means of balancing the budget.

Outcomes:

- **Q1 Savings report to be considered at the next meeting**
- **The social worker pay comparison report to be circulated when available**

5.	CHILDREN'S SERVICES - SAVINGS DELIVERY
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Discussion:

- The financial forecast for Q1 shows that £2M of savings have been delivered
- Pressures totalling £6.25M were acknowledged within the budget
- Savings plans total £3.65M of which £2.441M have been delivered to date with and a further £1.1 expected to be delivered. There is a shortfall of £350K and discussions are taking place to address this.
- The Chair of the Improvement and Assurance Board had commented *It remains the view of the Board that the extra costs being experienced in both Adult and Children's Social Care are highly unlikely to be offset by any efficiencies or savings within the service in the short term. Other Council services will undoubtedly need to be reviewed in order to maintain a balanced budget going forward.* The Corporate Director, Children and Adults, reported that it was difficult to forecast potential pressures. The current month had seen an increase in agency spend. A contract to recruit to permanent social worker posts was in the early stages of implementation. Work is ongoing with the Health Board regarding an escalation and disputes model for continuing health care for both adults and children. The Corporate Director was reasonably confident that the savings programme was achievable and was on target. This seemed to be at odds with the report of the independent Chair of the Improvement and Assurance Board. It is difficult to accurately predict future demand and savings identified were not always sufficient to offset these pressures. Whilst there is no guarantee that there would be no further pressures, there was assurance that there were frameworks in place to deal with those pressures.
- The Head of Finance reported that if flat line budgets were still in place it would not be possible for the service to deliver within budget. However, pressures are being provided for and the services are demonstrating that savings can be delivered, but it will take time to reduce the base budgets. Efficiencies can be made and deliver better outcomes for clients. The Corporate Director expected the service to deliver within budget in the next 2 to 3 years.
- There was also a need to be in line with comparator authorities

- The Panel were of the opinion that it was not acceptable for the Chair of the Improvement and Assurance Board to say that money would need to be taken from other services

6.	CAPITAL MONITORING REPORT
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- 10% of the budget has been spent to date
- Discussions regarding improving the profile of capital spend are ongoing
- A new approach to budgeting should improve forecasting. Capital and revenue budgets need to be aligned and a cohesive financial plan is crucial.
- The Panel sought assurances that the 21 Century Schools budget aligns with the transformation programme. They were advised that it did.
- Comment was made regarding the costs of an office block in Newtown which remained half empty. The building had been acquired as an investment – partly it was hoped to generate income, but it also facilitates office rationalisation. These details were included in the business case.
- £2.5M had been identified to support transformational change under the Capitalisation Directive. The Panel questioned whether this was sufficient? The position on Capital receipts and their use will be provided regularly in budget monitoring reports. There were no plans currently to dispose of any property which had not already been declared surplus.

County Councillor R G Thomas left the meeting at 13:00

- The Capitalisation Directive ceases in 2022 and this opportunity should be fully utilised. Officers were asked when the last comprehensive review of the asset base was undertaken and if this assessed whether income generation had been achieved. The asset base is not reviewed as a whole but individual services undertake reviews as part of their own service business plans.
- A comprehensive review of maintenance implications across the education portfolio had been carried out and it was suggested that this should be extended across all properties
- All assets, including the County Farms Estate, must be considered

Outcome:

- **The report was noted**

7.	REPORT OF THE CHAIR OF THE IMPROVEMENT AND ASSURANCE BOARD
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Discussed under Children's Services – Savings Delivery above.

8.	WORK PROGRAMME
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The next meeting scheduled for 13 September 2019 would be cancelled. Therefore, the next meeting would be 2 October 2019.

In the meantime, the Q1 savings report and budget monitoring report for July would be circulated by email for comment.

County Councillor Mr J Brautigam (Chair)