

Finance Panel

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

Meeting Date
Friday, 17 January 2020

Meeting Time
2.00 pm

For further information please contact
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County Hall
Llandrindod Wells
Powys
LD1 5LG

10 January 2020

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

1.	APOLOGIES
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To receive apologies for absence.

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

3.	BUDGET 20/21
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To consider the proposed budget for 2020/21.
(Papers will be released on Wednesday 15 January 2020)
(To Follow)

4.	FINANCIAL OVERVIEW AND FORECAST
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To consider the report of the Portfolio Holder for Finance.
(To Follow)

5.	CAPITAL REPORT
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To consider the report of the Portfolio Holder for Finance.
(To Follow)

6.	WORK PROGRAMME
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To note the forward work programme and consider any other items for inclusion.
(Pages 9 - 10)

MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT COUNCIL CHAMBER, COUNTY HALL - COUNTY HALL ON MONDAY, 25 NOVEMBER 2019

PRESENT

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

Officers: Jane Thomas, Head of Finance and Anne Phillips, Finance

1.	APOLOGIES
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An apology for absence was received from County Councillor G Williams.

2.	NOTES
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Documents:

- Notes of last meeting

Discussion:

- Arising from the last meeting, documents were to have been sent out relating to severance payments and transformation projects. These would be sent out within the next week. Severance payments of £2.07M were noted and that these should reflect a difference in the way the service is delivered. Members were of the opinion that there was little evidence of transformation. It was noted that the figure included severance costs for schools to assist with the management of deficit budgets. The Panel had previously asked whether implementation of the new curriculum could attract funding under the capital directive and were advised that this was not possible. Members questioned how the management of a budget deficit could qualify and were advised that only severance costs could be included as curriculum delivery was delegated by the Funding Formula.
- There had been an expectation that further detail regarding Head of Services comments relating to Children's Services savings that were undeliverable would also be circulated. Reminders had been sent but the report had not been forthcoming.
- The Panel remained concerned that full consideration was not being given to alternative proposals for savings and sought assurance that any saving proposed over a certain amount would be considered by Council. The Head of Finance reminded Members that overspends could be offset by underspends in other areas or an alternative suggested. However, any proposal that would impact upon residents or needed a change in policy, would have to follow the proper process.
- Service pressures within Adult Services had not materialised which raised issues surrounding the methodology of assessing pressures. The Head of Finance indicated that there were two distinct types of pressure – true pressures or pressures that could be a risk and how likely they were to materialise
- The Cabinet were to consider whether the Finance Panel could be represented at a Panel to consider impact assessments. This was still under consideration.

Outcomes:

- **The following documents which were outstanding from the previous meeting would be circulated:**
 - **Severance payments**
 - **Transformation costs**
 - **Head of Service, Childrens Services briefing on unachieved savings**

3. FINANCIAL OVERVIEW AND FORECAST - OCTOBER

Documents:

- Financial Overview and Forecast as at 31 October 2019

Discussion:

- The forecast has improved with a projected year end overspend of £2.7M due to additional savings delivered
- £8M of savings remain undelivered of which £2.7M are assured of being achieved by year end
- Pressures have not all materialised within Adult Services due to earlier intervention
- Demographic pressures are often cited in reports and the Panel question whether these actually exist. The 2001 to 2011 Census showed an increase in the over 65 population of 16% but the increase in care home residents had only increased by 0.4%. A Member had recently attended a briefing which indicated that there was a significant reduction in numbers of residents in care homes and that there were significant surplus places. Maintaining residents' independence at home is welcomed, but savings are not materialising.
- The Chair noted that expenditure on over 65s is now well controlled but there is significant expenditure in under 65s. Children's Services demonstrate a low demand with a high unit cost, but Adult Services for those under 65 show a high demand with a low unit cost.
- A further concern was raised whether there was unmet demand as Members were aware that it was proving difficult to recruit domiciliary carers.
- The position regarding Children's Services has improved slightly with a reduction in costs of Children Looked After and agency costs
- The impact on reserves shows the figure if the current, projected overspend is realised. The level of reserves would still be in line with policy.
- Efficiency savings stand at 66% delivered. £5.3M are undelivered and will be considered alongside next year's budget proposals.
- Members were concerned as to how many of the undeliverable savings were identified within impact assessments as being high risk. The Head of Finance replied that up to £3M of savings had been added to the budget late in the process and may well not have been as robustly assessed as they should have been.
- Performance on savings seemed to be significantly worse than in previous years. If savings are not achieved in the current year, they will

be rolled over and impact on next year's budget. Council Tax had been increased by 9.5% and still savings have not been delivered.

- The Senior Leadership Team is exploring ways forward and will update Cabinet on 3 December
- Briefing papers from Heads of Service are critical and savings which cannot be delivered must not be left in the budget plan
- The Panel questioned whether one off savings would be sought to balance the current year's budget or would savings for the longer term be sought. This should be subject to further discussion by the Council. The Head of Finance thought there may be elements of both short and long-term proposals, with any new proposals being considered as part of the budget in February.
- It had been a suggestion by the Panel some years ago that services should over budget for savings to allow some flexibility in delivery throughout the year. This had been accommodated by providing a revenue reserve budget.
- Members expressed concerns that in regard to the current budget, impact assessments had failed, a budget had been approved without awareness of all risks and alternatives may now be included which had not had adequate Member scrutiny – what confidence is there that impact assessments are adequate for the budget for forthcoming years? Budget proposals had changed late in the year and impact assessments had not been updated. The process is considered to be robust, but it is essential that the assessments are completed robustly. These should be reviewed by the relevant Head of Service and Portfolio Holder. A Cabinet Panel would also review all impact assessments. The Authority was aware of criticism regarding delivery of savings proposals from both the WAO and Finance Scrutiny Panel.
- It was agreed that impact assessments were key to the process in identifying mitigation measures around high risk proposals and the need to understand the impact on other areas of the Authority
- Services are being asked to deliver in different ways and are finding challenges along the way. This is compounded by significant financial pressures.
- Following challenge by the Panel, the way in which BRAG status is shown in the report has changed to reflect the impact on reserves of overspends etc
- It was noted that Finance appeared to be underspent by £5.6M. This included all corporate activity including capital charges and a surplus on council tax. The Capital Programme is underspent year on year which benefits the revenue budget. A complete review of the capital programme is being undertaken.
- The Panel was informed that the cost per child of children's services was £1328 in Powys which was £300 more than Ceredigion and £100 more than Gwynedd. Although it was acknowledged that Powys had had a difficult CIW report, Gwynedd had a very positive report and lessons should be learned. This was the aim in the long-term, but the service was addressing historic care packages whilst trying to invest in early intervention.
- Those areas where savings had not been achieved would be reviewed as part of current budget discussions. Sensitivity analyses should have been carried out to ensure proposals were robust.

Outcomes:

- **The report was noted**

4. CAPITAL REPORT - OCTOBER

Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The revised capital budget following virements is £101M
- Committed and actual expenditure is £49M representing 48.7% of the budget
- 3.4% of the revenue budget supports past and present capital spend which is a slight increase on previous years
- Highways, Transport and Recycling are £1.1M underspent due to an extensive vehicle replacement programme over the last two or three years which has slipped forward. The Panel were concerned that if monies were not spent, they should be taken out of the programme. It was suggested that it should be made clear to officers that predictable expenditure should be carried out earlier in the year.
- The underspend in the capital programme is offsetting unachieved savings
- The target for capital receipts for the year is £6.7M but only £120K had been achieved by October. This should be addressed as a matter of urgency.
- The budget relies on capital receipts brought forward from previous years for transformation projects and redundancies. If the target is not achieved, then it is not critical to this year's budget.
- Asset disposal is to be reviewed as part of the financial plan

Outcome:

- **The report was noted**

5. STATS WALES AND SOCIAL SERVICES DATA
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Documents:

- Stats Wales
- Social Services comparative data

Discussion:

- The data had been shared with the Senior Leadership Team and Portfolio Holder and the Chair was awaiting a response
- Accounting for central services costs needed clarifying – in the current financial year a review was undertaken regarding the apportionment of central costs and it had been agreed that this be carried out at the end of the year. £19M was reported as being central services costs but this figure would more accurately be reported at £9M. However, this would

result in £10M being allocated across service areas. It was expected that this reallocation will take place shortly.

- Once Stats Wales figures are available, the accounts are updated. Scrutinizing the difference in data is part of the new budget approach.

Outcomes:

- **The report was noted**

6. IMPROVEMENT AND ASSURANCE BOARD

Documents:

- Report of the Corporate Director, Transformation and Resources

Discussion:

- The Panel, and in particular the Chair, were concerned that this report had been put on the agenda with no consultation with the Chair
- After the last meeting, a number of concerns had been raised and reports had appeared in the press – the Corporate Director thought it was an opportune time to clarify the position of the Improvement and Assurance Board
- It was thought more appropriate for a senior officer to approach the Chair to discuss the matter
- The comments made at the Panel had been answered by the Portfolio Holder at the time

Outcomes:

- **The Corporate Director, Transformation and Resources would be invited to attend the next meeting**
- **Given the position on the budget it was agreed to defer the next meeting from 12 December to 20 December 2019 at 2pm**

7. EXEMPT ITEM

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 1 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

8. BUDGET 2020-23

The Panel were brought up to date with the most recent position as considered by Cabinet and the next steps that would be taken.

Members were reminded of the confidential nature of the papers under consideration.

Outcome:

- **A further update would be presented to the next meeting of the Panel which had been moved to Friday 20 December 2019**

County Councillor Mr J Brautigam (Chair)

Finance Panel Work Programme	
Date	Items for consideration
17/01/20	Budget Financial Overview and Forecast - December Capital - December
21/02/20	Financial Overview and Forecast - January Capital Report - January MTFS
20/03/20	Financial Overview and Forecast - February Capital report - February
27/04/20	Financial Overview and Forecast - March Capital report - March
28/05/20	Financial Overview and Forecast - April Capital Report - April
26/06/20	Financial Overview and Forecast -May Capital Report - May
29/07/20	Financial Overview and Forecast -June Capital Report - June
11/09/20	Financial Overview and Forecast -July Capital Report - July
05/10/20	Financial Overview and Forecast -August Capital Report - August
19/11/20	Financial Overview and Forecast -October Capital Report - October
10/12/20	Budget 2021/22

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