

**NOTES OF A MEETING OF THE FINANCE PANEL HELD AT COMMITTEE ROOM A
- COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 20 MARCH 2020**

PRESENT

Mr J Brautigam (Chair), County Councillors JG Morris, A W Davies, J Pugh, D A Thomas, R G Thomas and G I S Williams

Officers: Jane Thomas, Head of Finance

1. APOLOGIES

Apologies for absence were received from County Councillors M Dorrance and E Vaughan.

2. NOTES

Documents:

- Notes of meeting held on 17 February 2020

Discussion:

- A document detailing the impact of the 2020/21 budget on service areas was to have been circulated following the last meeting – this had been included within the budget papers for consideration by County Council

Outcomes:

- **Noted**

3. COST REDUCTIONS AND AVOIDANCE AS AT 31 JANUARY 2020

Documents

- Report of the Head of Finance

Discussion:

- The Panel had been concerned regarding the level of undeliverable savings
- The report will also be considered by Audit Committee
- Of £21.69M of proposed cost reductions, £14.95M had been achieved, £5.6M avoided and a further £1.3M expected to be delivered by year end
- Some reductions cannot be achieved, and the report provided a breakdown of those reductions together with an explanation of why they could not be achieved
- Where budget gaps remained, it had been recommended that the budgets be reinstated where those reductions could not be delivered. Budgets would be amended, and the unachieved reductions written out at service level
- The Panel had also been concerned at the quality of impact assessments. These had been reviewed and it was found that the assessments focussed on residents and communities rather than implementation. It

had been recognised that the quality of the impact assessments was not as robust as it could be. More rigour had been applied as part of the 2020/21 budget process. Senior management will review impact assessments again and look for further improvements to the process.

- A cost reduction is a proposal to reduce budgets by a specific action. A cost avoidance is mitigation to avoid pressures such as demand in social care. An unfilled post would be a cost reduction.
- The Portfolio Holder for Finance reminded Members that setting the 2019/20 budget had been a difficult process with some savings not being identified until the last moment. The impact assessments were acknowledged to be inadequate in these circumstances. A new more rigorous process had been implemented which included Integrated Business Planning. There was more confidence in this year's budget and the Portfolio Holder had expected it to be delivered prior to the outbreak of the Covid 19 pandemic.
- The reasoning given for non-delivery was given as over ambitious or unrealistic. The Panel recalled that comment had been made regarding the impact assessments were not detailed enough or had not been completed at all. The Panel sought assurance that this would improve, and a similar situation be avoided.
- Concern was expressed that Heads of Service were not being held to account for failure to deliver cost reductions. The impact of non -delivery is carried forward and ultimately lead to further cost reductions. The issue of accountability was one that would be discussed with the Chief Executive.
- The Chair questioned whether activity around the Improvement and Assurance Board had impinged on some service areas' ability to achieve cost reductions. The Portfolio Holder confirmed that this was not the case and that the Chair of the Board had always emphasized that it was up to the Authority to set a balance budget.
- It had been apparent by the end of the first quarter that Children's Services were likely to be overspent by year end. The budget was not thought to be adequate and this has been addressed in the 2020/21 budget. Had there been greater investment in early intervention some years ago, the current situation may have been avoided.
- It was suggested that the monthly outturn reports should have more detail around how potential overspends were to be dealt with.
- Budgets were a responsibility of the whole Council.
- The Panel had previously commented that budgets were skewed with those in comparator counties. It had been hoped that the new process would allow these issues to be resolved by taking a more holistic view. It was expected that Integrated Business Planning would be key in delivering this.

Outcomes:

- **The Chief Executive would be informed of the Panel's concerns regarding accountability and an invitation to attend a future meeting would be extended**

Documents:

- Financial Overview and Forecast as at 29 February 2020

Discussion:

- An underspend at year end had been forecast to be in the region of £500K
- This may well change given the emerging situation with Covid 19 although this may have a greater impact on the 2020/21 budget.
- Details of costs relating to the storms in February are still being collated – claims will be submitted to the Welsh Government, but the threshold for claims is £500K
- The Authority had estimated that the cost of the storms could reach £1.5M but this has not yet come through in claims
- £5.4M cost reductions remain undelivered
- The Transformation budget is underspent by £200K so there will be no need to draw on capital receipts which will be available going forward
- The Panel questioned the level of expenditure an authority can incur in an emergency – authorities have previously had access to the Emergency Financial Access Scheme. The first £500K has to be met by the authority with further funding being at 85% of cost.
- Within the Council, all Business Continuity Plans refer to financial management. Services can react within their existing budgets. If life is in danger, they may also react but are asked to seek prior approval wherever possible.
- During the current Covid 19 situation, Gold Command are meeting daily including weekends and decisions can be taken there
- Clarity was sought around the schools' deficit position and different figures being provided within the report – table 4.2 shows the revised forecasts provided. It was thought that service directors' comments were needed.
- The Funding Formula was funding the current school structure and it was recognised that transformation was required. Was there confidence that Governing Bodies would take action and that warning notices were being heeded. Meetings with schools were still taking place and all Governing Bodies were working with the Authority to address long term deficits. Financial surgeries are continuing. The full cost of pay and pensions has been included in the 2020/21 budget and this will have a positive impact on budgets. Some significant deficits will not be covered in the short term. Additional funding has been provided but difficult decisions will still need to be made. Budgets for 202/21 should enable schools to balance their in-year budgets
- It was hoped that new transformation proposals would be brought forward in the spring. The funding for schools will be changed as transformation progresses.
- It was not possible to give a blanket dispensation with regards council tax – individual cases would continue to be considered on merit. The risk had been highlighted but the budget is dependent on council tax payments.
- Bids have been submitted for capital receipts and are currently being reviewed. If capital receipts exceed requests, then consideration may be given to increasing transformation or increasing the capital programme

Outcomes:

- **Notes around school deficits to be updated to reflect the current position**

5. CAPITAL REPORT, FEBRUARY 2020

Documents:

- Capital report as at February 2020

Discussion:

- The original capital budget was £92M reducing to £71M after virements
- Actual and committed expenditure is £62.5 which is 80%
- Actual spend is only £49M
- Further slippage is expected
- Some grants are time limited but discussions are ongoing at a national level with regards to the current Covid 19 situation
- With regard to Brecon High School, actual costs will be used
- Business cases are based on tendered results
- Concern remained that capital funding within schools was essential pending the transformation programme. The Portfolio Holder has made it quite clear that funds will not be spent unless necessary. Health and Safety projects will continue.

Outcomes:

- **The report was noted**

Mr J Brautigam (Chair)