

**MINUTES OF A MEETING OF THE FINANCE PANEL HELD BY TEAMS LIVE ON
THURSDAY, 29 OCTOBER 2020**

PRESENT

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

Officers: Jane Thomas, Head of Finance

1.	APOLOGIES
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There were no apologies for absence.

2.	NOTES
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Documents:

- Notes of the last meeting held on 28 September 2020

Outcome:

- **Notes were received**

3.	FINANCIAL FORECAST FOR THE YEAR ENDED 31ST MARCH 2021 (AS AT 30TH SEPTEMBER 2020)
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The pandemic continues to have a significant impact on the Council's financial position
- At the end of Q1 a predicted overspend of £12.5M was noted although this was subject to confirmation of Welsh Government support. At the end of Q2 the predicted overspend has reduced to £7.5M but with further assurances regarding delivery of cost reductions and claims for lost income, the forecast overspend at year end is currently £2.8M.
- The report and appendix detailed underspends, cost pressures etc by service area
- Cost reductions of £12.3M had been identified for the current year - £7.4M has been delivered with assurance around delivery of a further £3M, leaving £1.9 M unachieved by year end. Of this amount, some cost reductions are not expected to be delivered and will leave a budget gap for the next financial year.
- Reserves may have to be used to meet some of the deficit, but this needs to be carefully considered to maintain the Authority's reserve position of 3% of Net revenue budget
- A decision on use of reserves will not be made until the end of the financial year
- The use of reserves should be minimised to ensure reserves are available for future resilience. The Head of Finance was asked how Powys

reserves compared to those of other authorities. Some authorities carry significant reserves. Previously, Audit Wales has produced a Wales wide report relating to reserves. If such a report currently existed, it would be circulated to Members, otherwise the data would be compiled and provided for information.

- There had been delays in receiving some school budgets. The Learning and Skills Scrutiny Committee will consider the budgets in more detail. Further compliance work and recovery plans will be needed.
- The Hardship Fund has been instrumental in supporting increased costs, ppe, school meals, homelessness and general expenses, such as the temporary mortuary facility
- Claiming from the Hardship Fund has led to significant demand on the Finance Team
- The claim for Q2 loss of income will be submitted in early November
- Overall, the Hardship Fund has £500M available to all Welsh authorities. Approximately half of this has been utilised and the situation is being monitored closely. All expenditure is being tracked. To date the Authority has claimed £6M which has been sufficient to meet our additional costs. However other authorities may have different needs. For example, Powys had a well-developed home working system and so employees were quickly able to work from home at the start of the pandemic. This was not the case with all authorities and some IT costs were covered by the Fund. However, IT costs are no longer claimable.
- The report highlighted that the most significant risk to the authority will be balancing the budget for the current and future years
- Cash flow within the Authority is good and the Council remains in an under-borrowed position
- The Medium-Term Financial Strategy and budget plan is being reviewed and updated
- The Panel asked if those staff who were furloughed would automatically move to the new scheme once the current scheme ceased at the end of October.
- Schools budgets have been affected by lost income – this can be considered and will form part of the Q2 claim for the Authority
- The revised Funding Formula sees additional funding being directed to secondary schools, but half of secondary schools had received warning letters. The Panel asked how long such letters remained in place and also sought clarification regarding the repayment period for historic deficits. The Head of Finance acknowledged that the Formula had been amended for the secondary sector. It had been expected that this would assist schools in managing their in-year budget position. An improvement was recognised but some schools were still developing recovery plans. Payback periods would be considered on an individual school basis. Warning notices are only withdrawn once recovery has been delivered. The Funding Formula would be reviewed again to ensure that the funding would support schools once the transformation programme has been delivered.
- 15% of cost reductions have not been achieved. What challenge is given to Heads of Service and why were such savings included when they were unachievable? EMT has challenged each Head of Service regarding proposals for next year and reasons why cost reductions have not been

achieved in the current year. No decisions have been made regarding which cost reductions will be written out of future budgets, if any.

- It was noted that daytime activities' future needs would be assessed according to the 'what matters conversation' with clients. There was concern that the pandemic could be used as a cover to close day time activities. The Panel asked for details regarding the numbers of clients accessing daytime activities prior to the pandemic and what service was being provided currently.
- The Income and Awards Team supported by the Finance Team is processing the Welsh Government Lockdown Business Fund grants . Tight timescales are in place and a significant effort is being made by both teams in ensuring payments are made quickly. Staff are redeployed to critical areas and this is under constant review. It may be necessary to pay overtime or employ agency staff to assist with this work, the costs of which could be recovered under the scheme.
- The full details of costs relating to Ladywell House including unachieved income of £62K was requested
- The need to highlight the support mechanism for residents having difficulty with Council Tax payments was noted
- What was the impact on council tax or NNDR of the pandemic? Council Tax collection rates have fallen but not as significantly as in some other authorities. There has not been a significant fall in NNDR but this is funded through the settlement. This year's allocation has been confirmed but it may well have an impact on future year's settlements.
- The extra cost of Covid on schools' budgets was noted – these costs can be reclaimed but the Head of Finance needs to be assured that schools are taking a pragmatic approach. The Finance Team is working with all schools to ensure expenditure is recorded appropriately to aid future claims.
- Although the report noted that approximately half of cost reductions had been achieved in social care, the Head of Finance had assurance from both Heads of Service that the projected unachieved figure at year end would be £74K for Adult Services and £500K for Children's Services
- It was not possible to reclaim costs of redeployed staff from the Hardship Fund, only additional costs. Neither is claiming the non-delivery of cost reductions permissible.
- The Panel asked if a report regarding undelivered cost reductions would be available to the Panel – this was likely after Q3 when there would be more information available. This would aid future planning.
- Was the Head of Finance aware of any Town or Community Council that was struggling financially during the pandemic and whether there was any risk of services being provided by them having to be picked up by the Council. The Finance Team were processing payments from Welsh Government through to Town and Community Councils. Precepts were unaffected. She agreed to liaise with Heads of Service regarding whether any services were in jeopardy.
- It was noted that insurance claims continued to rise and may necessitate a draw on reserves. The Panel requested further information on the number of claims and what level of overspend might be expected. The Head of Finance agreed that a report would be considered at a future meeting of the Panel. However, a specific reserve was in place to deal with fluctuations in insurance claims.

- The Medium Term Financial Strategy and budget plan proposal should near completion within the next month. A council budget seminar was to be held on 9 November 2020. The provisional settlement was expected after 8 December 2020.
- A review of Council assets was underway with the results expected during the autumn – the Panel questioned whether this was still on track and the Head of Finance confirmed that it was.

Outcomes:

- **Further information would be sought on**
 - **Reserve levels in other authorities**
 - **Furloughed staff – whether they will be automatically transferred to the new scheme**
 - **Daytime activities – numbers of clients previously supported and what current provision is available**
 - **Ladywell House – breakdown of costs to include the unachieved £62K income**
 - **Town and Community Councils – whether any risk fell to the Council for provision of services currently provided by Town and Community Councils**
- **The Finance Panel would consider the following at future meetings**
 - **Insurance claims including a breakdown by type and service area and potential overspend**
 - **Medium Term Financial Strategy**
 - **Undelivered cost reductions (after Q3) and reasons for non-delivery**

4. CAPITAL FORECAST AS AT 30TH SEPTEMBER 2020
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Documents:

- Report of the Portfolio Holder

Discussion:

- Actual and committed expenditure as at 30 September 2020 was £44M (38%)
- 3.9% of annual net revenue budget supports past and present capital expenditure
- The Head of Finance reported the reprofiling of expenditure across financial years – this was a reporting exercise and did not require approval. The overall cost of each Project was not being amended.
- Capital receipts of £780K had been received with current sales expected to increase this by a further £1.96M. Capital receipts are used to fund transformation costs of £3.44M under the WG capitalisation directive
- The Panel discussed the impact of deferring capital expenditure and the impact on the revenue budget and other capital projects. It was agreed that this should be the subject for future member training.
- The Capitalisation Directive would run to 2022 and the Panel asked what planning was in place when the programme ceased. The revenue budget already incorporates £2M to support the transformation programme. The Head of Finance had no information regarding whether the Directive would be extended.

Outcomes:

- **Training regrading capital to be considered as a topic for member development or budget seminar**

5.	DATE OF NEXT MEETING
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The next meeting was scheduled to take place on Friday 27 November 2020 at 10am.

Mr J Brautigam (Chair)