

**MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT TEAMS ON
THURSDAY, 7 MAY 2020**

PRESENT

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

Cabinet Portfolio Holders In Attendance: County Councillor M R Harris

Officers: Jane Thomas, Head of Finance

Other Officers In Attendance: Caroline Turner, Chief Executive

1. APOLOGIES

There were no apologies for absence.

**2. INITIAL FINANCIAL IMPACT ON THE COUNCIL'S REVENUE BUDGET
FOR 2020/21 ARISING FROM THE COVID 19 PANDEMIC**

Documents:

- Initial Financial Impact on the Council's Revenue Budget 2020/21 Arising from the Covid 19 Pandemic

Discussion:

- The report under consideration had been considered by Cabinet on Tuesday 5 May 2020
- The information provided was an initial forecast and it was noted that there was uncertainty going forward
- The report identified areas where income was being lost, costs were increasing due to increased demand and new costs that are arising
- A reduction in the collection of Council Tax and non-domestic rates has already been noted but it is not yet clear if these payments are delayed or lost
- The agreed 2020/21 budget also required £10.7M cost reductions and these are at risk as services are diverted during the pandemic
- Cost reductions are being achieved in some areas with materials not being purchased. This is likely to be temporary.
- Transport payments are being made at 75% to maintain sustainability
- There is a significant impact on the capital programme and slippage here will have a positive impact on the revenue budget
- Grants are a cause of concern – some are being maintained, some withdrawn and some redirected. Additional grants are likely in relation to Covid 19.
- Cost pressures are predicted to be in excess of £10M by the end of June. It was acknowledged that this was based on one month's expenditure and would undoubtedly change
- Reserves would only be able to cover these additional costs for four months. Specific reserves are being reviewed to assess whether they

could be diverted but there would be an impact on services if such action were taken.

- In order to mitigate against potential losses, consideration will be given to furloughing staff particularly where those officers are employed in income generating services. However, this is a complex area with some roles having a mix of business-based work in addition to income generating work. The Portfolio Holder noted that advice from the Welsh Government indicated that income generating roles should be considered for furlough. Gold Command would be considering furlough during the next week. The Portfolio Holder noted that whether staff were furloughed or continued to work, the costs fell to the public purse. He was of the opinion that staff should continue to work to enable day to day business to be carried out wherever possible and keep the economy working. There was some debate that it seemed as if the lower paid were being singled out for furlough and that this was not equitable, nor did it send out the right message regarding the value of jobs. The Portfolio Holder confirmed that this was not the case and that all staff engaged in Income Generation could be considered.
- Members noted that furlough could be backdated but asked that those decisions be made sooner rather than later so that staff could be provided with some clarity.
- Would the Council second staff to assist with Track and Trace? The Head of Finance informed the Panel that the Authority would be expected to participate in Track and Trace – it was not yet known if those costs would be met from the base budget or if additional funding would be provided.
- The Panel sought assurance that contractors would be monitored to ensure their ongoing viability. The Head of Finance advised that daily monitoring was occurring – some contractors had suspended operations, some continued to work and some would be restarting work. Supplier relief is being provided and this is based on open book accounting and reconciliation.
- It was noted that English authorities had been advised that they would be fully compensated for Covid-19 expenditure. It was questioned whether there would be a Barnett consequential and what conversations were being had with central and Welsh governments? The Portfolio Holder reported that £1.6B of funding had been allocated to local government of which £90M would come to Wales. Of this £4M would flow to Powys in due course. The detail of how and when this would happen was awaited.
- The Chair noted that the costs of Covid 19 may be funded but it was unclear whether lost income would be covered. Within the figure reported, what is the proportion that is attributed to lost income? The Head of Finance advised that the total lost income forecast to the end of June was currently projected to be £6.395M. However, one of the biggest risks to the budget was non-delivery of cost reductions.
- Further questions were put regarding the Council Tax Reduction Scheme (CTRS) and Discretionary Housing Payments (DHP). The budget for 2020/21 for CTRS was £450K but this represented an increase to the budget – overall the cost of the CTRS was £8M per year. Initial reports show that the shortfall on Council Tax is £700K which is more than the 5% predicted in the report. There is the possibility that payments will increase. The way in which this pressure will be dealt with is being discussed at both a local and national level.

- The Panel noted that the figures to evidence the report were not available but were assured that these were available. The Portfolio Holder reported that there would be more clarity as the year progressed. Figures are collated monthly for the Welsh Government. The need for evidence to support any claim for additional funding was noted.
- An underspend on the Capital Programme could be anticipated – would more flexibility within the Capital Receipts Directive be beneficial in the current situation\? The Head of Finance confirmed that discussions in that regard were ongoing. All potential flexibility was being explored.
- The situation around payments to HOWPs was questioned. Payments are continuing and HOWPS work is continuing. Consideration had been given to maintaining suppliers with specific reference to HOWPS and Freedom Leisure. A reconciliation is undertaken every month before any further payments are made. There had been a considerable number of management changes at HOWPS earlier in the year and a query was raised regarding whether the Authority was getting value for money. Both the Head of Finance and Portfolio Holder for Finance were Directors on the HOWPS Board. The Head of Finance noted that it was her responsibility as S151 Officer to ensure that all payments made were in line with guidance and appropriate. She confirmed that she had not taken part in any decision regarding payments to HOWPS – these had been made in conjunction with other senior officers in Finance.
- HOWPS has worked to keep council housing voids available for homeless people but access to some housing properties has been reduced.
- A steep decline in high school budgets had been noted and the Panel asked what measures were being taken during the pandemic to address this. Additional funding had been included within the 2020/21 budget to stabilize school budgets. Schools and Governing Bodies had not been operating since the start of the pandemic but school budgets for 2021 were due to be submitted in May. It was not yet clear if recovery plans were being implemented but the requirement to do so was still in place. The risk had increased. Guidance on other issues, such as the payment of exam fees, was awaited. The scheme for the financing of schools remains in place.
- The Chief Executive was invited to comment on the report. She welcomed the discussion and the Panel's contribution. The need for everyone to work together across the political spectrum was noted. The Chief Executive reminded Members that the situation would change and evolve. Requirements were constantly being monitored. There continued to be a good working structure and understanding across the Senior Management Team, Heads of Service and Cabinet.

Outcome:

- **The Chair noted that the public had not been able to attend the Teams meeting and proposed that a short report be prepared to circulate to other Members for information.**

Mr J Brautigam (Chair)