

**MINUTES OF A MEETING OF THE FINANCE PANEL HELD BY TEAMS ON
THURSDAY, 18 JUNE 2020**

PRESENT

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

Officers: Jane Thomas, Head of Finance

1. APOLOGIES

An apology for absence was received from County Councillor M Dorrance.

2. FINANCIAL OUTTURN 2019/20

Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The accounts had been closed and the draft statement of accounts submitted by the required deadline
- An underspend of £1.46M against the working budget was realised at the end of the financial year. This figure excludes schools and the Housing Revenue Account (HRA)
- Cost reductions of £15.79M had been achieved – this represented 73%
- The level of useable reserves had been increased to £29.8M which is 5.1% of the revenue budget. Some costs had been capitalised which enabled reserves to be maintained to allow for flexibility in the current financial year and increase resilience.
- School and HRA reserves are ringfenced
- The pandemic had no significant effect on the 2019/20 budget - £33K had been claimed in respect of expenditure in March. Subsequent claims have been significantly higher.
- The corporate activities budget was underspent in part due to slippage in the capital programme which has resulted in the Minimum Revenue Provision (MRP) and borrowing costs being lower than expected
- The schools delegated budget overall was in an improved position – it had been projected that £3M would be drawn from reserves, but the actual was less than £1M. Work with individual schools is ongoing to understand the position. Forecasting across schools needs to be addressed.
- The Welsh Government Capitalisation Directive was being used to fund transformation work – to date £3.18M to support transformation work including redundancy costs has been spent
- Whilst it was pleasing that there had been a surplus at year end there were significant variances within services. To ensure resilience, services must successfully deliver cost reductions, budgets and capital expenditure. Rebalancing budgets within year is not a robust way to move forward.
- The challenge will be managing the effects of the pandemic. Planning is needed for the recovery phase and for medium to longer term budget

- planning. Many assumptions will have to be reviewed, including the projected settlement, and scenario planning will take place.
- The Chair asked to what extent covid costs would be covered and whether this would include loss of income? The Head of Finance thought that both would be covered. Costs are being met from the Hardship Fund and the Authority is already drawing from it. Discussions are ongoing with the WLGA and Welsh Government regarding loss of income particularly as to how any funding might be drawn down. The Welsh Government have requested an update on the current position and first estimates for the second quarter. It is not yet known how much might be recovered - £200M is available across Wales.
 - It was noted that only £26K had been reclaimed in respect of the February storms. The Head of Finance explained that there was a threshold which had to be met, after which 85% of eligible expenditure could be reclaimed. This is an ongoing, annual scheme for emergencies.
 - The slippage on the capital programme was a regular occurrence. Building work had been at a standstill during the pandemic and the Head of Finance was asked whether this budget line would be reviewed? Every line in the budget was to be reviewed. The challenges of previous years were recognised in relation to the capital budget.
 - Although the improved position regarding schools was noted, there was still concern regarding overspends in the secondary sector. The comments of the Head of Service were criticized, and the Head of Finance agreed to convey the Panel's concerns to the Head of Schools.
 - With regard to the corporate activities budget, what is the proportion due to overcollection of Council Tax? This amounted to £700K. The pressure of collection at the same level during 2020/21 was noted. The risk management budget of £1.5M would also be monitored throughout the year. The Local Government Pay Award was a pressure.
 - If budget plans are tightened, flexibility could be lost. Better budgeting removes flexibility and this could be a risk.
 - Cost reductions of 27% had not been delivered. The price of school meals had increased which had led to a fall in take up. This risk was known. Of the 27% which had failed to be achieved, how many had failed due to risks that were known? There had been scrutiny of the budget risks – documentation was available to facilitate further scrutiny if necessary.
 - The Panel asked that the profiling of the delivery of Savings be considered at a future meeting
 - Achievement of capital receipts appeared to be ahead of budget, but expenditure is behind budget. The level of receipts is more than used to date, but it is anticipated that the level of receipts will reduce in the coming years allowing the budget to equalize. All opportunities for use of capital receipts were considered.
 - The Panel had previously expressed concern that the budget was skewed by excessive expenditure on Social Services – is this imbalance being addressed? As recovery progresses the way in which the Authority is operating is likely to change together with the way in which services are delivered. All aspects of delivery are under review.

3. CAPITAL OUTTURN 2019/20

Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- 86%/£62.36M of budget had been expended
- 3.4% net revenue budget was used to support past and present borrowing
- Budgets will be reprofiled where expenditure has slipped
- The Head of Finance was asked what impact the slippage of the capital programme was having on the Council structurally and on transformation projects. It was likely that there would be an impact on both costs and revenue. Projects were currently being reassessed.
- There was concern that there had been an underspend on flood alleviation schemes highlighting a failure to project plan effectively. Training had been undertaken in budget profiling. Sometimes the timing of projects is dependent on the availability of grant funding.
- The Portfolio Holder reported that there was a constant drive to improve but this could be challenging where third parties were involved
- Borrowing is undertaken through the Public Works Loans Board and interest rates are set at the inception of the loan. The current level of interest rates will not therefore impact upon existing loans.

Mr J Brautigam (Chair)