

**MINUTES OF A MEETING OF THE FINANCE PANEL HELD BY ZOOM ON FRIDAY,  
28 APRIL 2023**

**Present:** County Councillor AW Davies (Chair)  
County Councillors, E A Jones, J Pugh, E Vaughan, C Walsh, P Lewington.  
Co-opted Member: Gareth Hall.

**Cabinet Portfolio Holders in Attendance:** County Councillor D Thomas  
(Cabinet Member for Finance and Corporate Transformation)

**Officers:** Jane Thomas (Head of Finance),  
James Chappelle (Capital and Financial Planning Accountant)

<b>1. APOLOGIES</b>
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Apologies for absence were received from:  
County Councillor: A Cartwright. Officer: W Richards and Lay Member, L  
Hamilton – observer.

<b>2. DECLARATIONS OF INTEREST</b>
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There were no Declarations of Interest from Members relating to items to be  
considered on the agenda.

<b>3. MINUTES</b>
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**Documents Considered:**

- 01.02.2023, 13.02.2023, 24.02.2023.

**Outcomes:**

- Minutes agreed by Panel members present as a true and accurate  
reflection of the meetings and ratified accordingly by the Chair.

<b>4. REVIEW THE TERMS OF REFERENCE</b>
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**Documents Considered:**

- TOR of Finance Panel as written in the Constitution.

<b>Points raised by the Panel:</b>	<b>Responses received from Officers or Cabinet Members.</b>
Whilst details may appear light touch, Chair confirmed that the TOR is kept at a high level to avoid analysis into Service Areas which are covered by other Scrutiny Committees, thus maintaining an overall view of the services provided by the Council.	Possible wording to be suggested and submitted for recommendation via the Chair and Head of Finance.

<p>Are there pathways for Finance Panel to forward outcomes and recommendations.</p>	<p>Formal pathways are in place for recommendations and outcomes of scrutiny to be forwarded to Cabinet, as per the Scrutiny Committee Report process under Section 7 of the Constitution. (7.25.1 &amp; 7.25.2)</p>
<p>For Panel to have confidence in the assumptions and predictions made, request for a protocol to be included in the TOR, for the review of the previous 2-3 years financial reports and predictions.</p>	<p>Review past financial performance, understand the variances and reason for those variances, what action is to be taken and lessons learned. <i>(see the Constitution 7.38.2 any other monitoring and performance reports as appropriate)</i>. Cabinet Member in agreement with bringing accountability into the process.</p>
<p>Various deep dives are undertaken by the Governance and Audit Committee Working Groups. The Chair confirmed that updates of relevant outcomes should be brought to Finance Panel.</p>	

**Actions:**

1. Chair/ Vice Chair and Head of Finance to discuss wording of TOR.
2. G&A Working Groups outcomes to be added to Forward Work Programme when appropriate.

**Observations:**

Panel made the following observations:

- The Panel welcomed:
  1. The opportunity to receive updates from G&A Working Group deep dives on relevant financial matters.
- The Panel requested that:
  2. Wording be recommended to the TOR re: protocols to review past financial performance.  
Following the meeting, the Head of Legal and Democratic Services confirmed that proposed amendments to the Finance Panel TOR should be forwarded to him in the first instance, then submitted to Democratic Services Committee, from where a recommendation would be made to Full Council.

<b>5.</b>	<b>UPDATE ON ENERGY EFFICIENCY FUNDING AND CRITERIA FOR SCHOOLS</b>
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**Background:**

- The Learning and Skills Scrutiny Committee has requested involvement in developing the criteria. Learning and Skills Committee meeting scheduled for the 19<sup>th</sup> June 2023.
- Once criteria has been developed, it will then be proposed to Cabinet to be taken forward, thereafter Panel will have sight of the outcome.

<b>Points raised by the Panel:</b>	<b>Responses received from Officers or Cabinet Members.</b>
<p>The crucial element is that schools have had to present finalised budgets to Council by the 1<sup>st</sup> May. In theory the additional £500k was to support during this financial year (2023-24). There was a significant use of funding reserves going forward, and concern was raised of lateness of the criteria being developed and information forwarded to schools.</p>	
<p>Frustration held by School Governing Bodies that this information has not been disseminated. Schools are setting difficult and challenging budgets, with energy costs amongst other elements adding to those challenges. It is imperative that this information be passed to Schools as soon as possible</p>	

**Observations:**

Panel made the following observations:

- The Panel requested that:
  1. Criteria information be passed to schools at the earliest opportunity once developed.
- The Panel expressed concern:
  2. Of the lateness of the criteria being developed, particularly as after schools have submitted their finalised budgets for the forthcoming year.

<b>6.</b>	<b>RE-IMAGINING POWYS / PEOPLES' POWYS WORKSHOP FINANCE UPDATE</b>
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**Background:**

- The report on Re-Imagining Powys has not yet been approved by EMT (Executive Management Team) nor Cabinet.
- Unsure how progress will be managed from a Finance Panel aspect. Members will be briefed on progress regularly, with Service Area's progress monitored via the relevant Scrutiny Committee.
- Cabinet Member wished to identify the specifics that Finance Panel would be requesting oversight of.
- Overarching principles of Re-Imagining Powys and how it would assist the Council's finances bridge gaps in the MTFS.

<b>Points raised by the Panel:</b>	<b>Responses received from Officers:</b>
<p>Concern raised on the overall impact of constraints on the budget of the Council, and the balance between the</p>	<p>This is a whole Council approach, with all County Councillors, the Council, staff, and the wider public engagement</p>

<p>various services. The rough outlines of the budget have to be in place by the middle of Q2, which creates a tight timeline if there are significant changes to how the budgets are pulled together in that period.</p>	<p>being crucial. The feedback from the workshop, of those in attendance, was that they valued the day with 97% in support of the outcome and plan being developed to take the programme forward. The focus of the workshop was to understand what the Council was hoping to achieve, the case for change and the need to implement this programme and look to the future. Once EMT and Cabinet have approved the report and the next steps captured, the report would be scheduled for Finance Panel.</p>
<p>Reassurance sought of behind the scenes work, as to date, little visible progress.</p>	<p>As appreciated, work continues behind the scenes. The role for this Panel, would be to review the process to delivery, the timeframe and understand the overall impact of the work and how it would assist to bridge the gap over the Medium-Term Financial Plan.</p>

**Observations:**

Panel made the following observations:

- The Panel expressed concern:
  1. That to date no significant evidence of progress on Re-Imagining work.
  2. Budgets outlines should be in place mid Q2, leaving a tight timeline, if any significant changes made for Services to adhere to.

<b>7.</b>	<b>THE REVENUE FINANCIAL FORECAST 2022-23 (AS AT 28TH FEBRUARY 2023)</b>
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**Documents Considered: The report of the 2022-2023 revenue financial forecast position as at 28th February 2023**

**Background:**

- Improved position from Q3 £2.4m deficit, as projected outturn reported at a surplus of just over £800k.
- This is reported after drawing down payroll reserve, to meet additional pay pressures of last year.
- Anticipate a further draw down on specific reserves set aside when inflationary impact identified.
- If draw down the £2.5m as expected this would further improve the financial position to a surplus of £3.4m.
- The surplus is already set aside for specific elements.
- Improved position due to the following (see section 2.3)
- Adult Social Care reported an improved position of £1m from additional PTHB funding, in final settlement of an outstanding debt.
- Funds set aside for external partners, in relation to the real living wage, is not fully required, leaving £300k.

- Improvement in borrowing costs – further impact on Capital schemes, some delays and re-profiling into next year
- Within Housing and Community Development, in December the Council agreed to fund, from a draw down on reserves, pressures in Leisure Services of approx. £287k. Due to current position those funds will now be met from the reported underspends.
- Section 3 Cost Reductions Delivery – Target of £10.8m savings, delivering 74% approx. £8m, some still be delivered by year end, but do have £2.5m unachieved. Some are to be delivered in the next financial year; however, some have been written out of the budget plan going forward.
- Section 4 Reserve position, anticipating using £10.2m Councils Revenue Reserves, reducing opening balance of £67.3m to £53.5m. The nationally agreed pay award is the key pressure to meet. School reserves also reported there.
- Latter sections highlight ongoing financial risk and Head of Service commentary.

<b>Points raised by the Panel:</b>	<b>Responses received from Officers &amp; Cabinet Member:</b>
<p>Secondary school reserves show a deficit of £3m, the new funding formula for schools has created additional issues and challenges, concern held that the deficit over the coming years will increase, how would some schools remain sustainable in future.</p> <p>The Chair commented that the Learning and Skills Scrutiny Committee are interested in this and will review.</p> <p>Some of the schools' deficits related to actions out of the schools' control. Brecon High School is 1/3 empty, how can a budget operate effectively with large pupil vacant spaces</p>	<p>Secondary Schools are an area concern, where historical deficits being carried forward, recovery plan work continues with those schools.</p> <p>Updated budget plans due from Schools within the next week, with action where required to support schools through the next financial year.</p> <p>The schools' deficit and lack of reserves is impacting a number of Local Authorities in Wales.</p> <p>Accept there are major challenges within schools and finance officers are working to address issues.</p>
	<p>It was clarified that the £1m improvement for Adult Social Care was reported against the overall budget and was not due to one specific thing.</p>
<p>Section 3 Cost Reduction delivery, the written-out savings, were these anticipated savings, as need Service Areas to have a better understanding on targets and deliverable savings.</p> <p>Chair commented where challenging budgets set, it becomes more difficult year on year to deliver 100% on projected savings, the use of Impact Assessments is imperative to highlight risk.</p>	<p>The £0.5m was not anticipated from PTHB.</p> <p>Where savings have not been delivered, the reasons would be clarified. As part of the out-turn report, there will be in depth review as to why savings undelivered, what level of risk was identified, action to be undertaken or lessons to be learned. Delivery on projected savings improved pre-pandemic, given the myriad of uncertainties during and post-pandemic this reduced, disappointing</p>

	<p>to report further reductions at the end of 2022. It is not acceptable and must improve.</p> <p>Where savings brought forward, the Impact Assessments (IA's) should highlight any issues with savings delivery. Work continues on making IA's more effective.</p> <p>Delivery of the whole Budget carries a level of risk, which is clearly set out at the approval by Council.</p> <p>Savings targets are stretched, to ensure maximisation; however, it is critical to fully understand associated risks.</p>
<p>Council Tax collection rate is anticipated at 98.5%. With the current inflationary pressures impacting on the cost of living, has a possible reduction in collection rate been factored in budget forecasts 2023/24 &amp; 2024/25. Request for the Self -Employed to be included in discussions with CAB.</p>	<p>Potential collection rates of Council Tax are reviewed on an annual basis and amended within tolerances. There are mechanisms to assist eligible residents to claim assistance. The Council has increased staff resource within the Money Advice Service, within the last year approx. 9000 calls were received.</p> <p>National Council Tax Collection Rates report due shortly.</p> <p>The Deputy Leader and Portfolio holder meeting with CEO of CAB to review our guidelines and procedures and will bring outcomes back to Cabinet for discussion.</p>
<p>Was expenditure tempered last year and were some capital projects pushed back as a deliberate financial decision.</p>	<p>The specific reserves set aside will be spent immediately in the new financial year to support ongoing pressures i.e., nationally agreed pay awards, this position will help mitigate those existing pressures.</p> <p>Some Capital projects were pushed back, business cases not progressed, others delayed by the economic challenges. Action to delay projects only taken where appropriate to do so, without creating additional risk to the Council.</p>

**Action:**

- Head of Service to discuss outside this forum PTHB contract and uplifts.

**Observations:**

Panel made the following observations:

- The Panel expressed concern that:

1. The new schools funding formula had created additional challenges, with likelihood of deficits increasing casting doubt on sustainability in future.
2. Service areas are to have a better understanding of Cost Reduction delivery and tracking risk through the Impact Assessments.

<b>8.</b>	<b>THE CAPITAL FORECAST 2022-23 AS AT 28TH FEBRUARY 2023</b>
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**Documents Considered:** Capital Forecast 2022-23 Report as at Feb 28<sup>th</sup>, 2023.  
**Background:**

- Revised budget just over £95m, reduction from £133m at beginning of the year.
- Spend stood at £49m, 38% of the capital programme expected to be funded by borrowing, with 50% funded by capital grants.
- Grants received for Shared Prosperity, Housing - optimised retro fit programme for energy efficiency works. Small grant scheme for schools and the Capital Efficiency Works grant £2.2m
- Virement requests from Planning Property and Public Protection re: fanning system, supported by the Capital Oversight Board to be implemented in 2024, Installation of whiteboards in schools of £100k.
- Capital receipts £1.5m had been received, including £400k for the HRA.
- Sales agreed at £2.6m, financial year reported in dependent on end date.

<b>Points raised by the Panel:</b>	<b>Responses received from Officers or Cabinet Members:</b>
What date was the £2.2m Capital Efficiency works grant awarded previously informed in financial year (2023/24)	Capital Efficiency works grant received in 2 <sup>nd</sup> February, used to fund works already completed in that financial year as not sufficient time once awarded (6-8weeks) to complete those works. It was noted in the report to carry the displaced funding forward to carry out capital works in future years.
Efficiency Works Grant awarded early February yet did not form part of the Budget debate around the 500k to schools for Energy Efficiency, when clearly it was in the system.	A stipulation of the Grant was to be used on Energy Efficiency works, allowing the flexibility to displace funding already incurred, the spend for this grant is effectively being made in this financial year.
Is the assumption correct that monies have been sent back to WG from Education budget, around adult learning, as not used.	Head of Service did not recall funds being returned, will review, and advise Panel accordingly.
What are the timescales for delivery of the capital project regarding Ysgol Bro Hyddgen	Bro Hyddgen capital project delivery timescales, HoS will request information and forward to Panel.
What was projected final capital spend for 2022/23	Final projected spend at £62-63m.

**Actions:**

- Grant Advice notes for 2022/23 information to be forwarded to Chair.
- Information on receipt of £2.2m Capital Efficiency works grant to be forwarded to Chair / Panel.
- HoS will review comment in relation to funding returned to WG and advise.
- Bro Hyddgen capital project delivery timescales, HoS will request information and forward to Panel.

<b>9.</b>	<b>FORWARD WORK PROGRAMME</b>
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**Comments:**

- Review of previous years Financial Reports to be undertaken
- G&A Working Groups deep dive outcomes to be added when appropriate.

**County Councillor A W Davies (Chair)**