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Finance Panel – 30 July 2020

MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT ON THURSDAY, 30 JULY 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 and G I S Williams

Officers: Jane Thomas, Head of Finance

1. APOLOGIES

Apologies for absence were received from County Councillors M J Dorrance (other Council business) and R G Thomas

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. FINANCIAL OVERVIEW AND FORECAST

Documents:

- Financial Overview and Forecast as at 30 June 2020

Discussion:

- The report shows the position as at 30 June 2020
- An initial assessment of the impact of Covid 19 had been made in early May. Since then there has been considerable movement alongside discussions with the Welsh Government and WLGA
- The situation remains fluid with restrictions being eased and services beginning to resume work
- At the end of Q1 the revenue budget is £10.7M overspent
- Modelling this forward, the projected year end is estimated at an overspend of £13M excluding school delegated budgets and the HRA
- A claim of £1M has been submitted to the Welsh Government for quarter 1 to cover lost income from car parking, waste, cultural services and school meals.
- Further areas are likely to be supported and this will improve the forecast
- To date £5.73M of the approved cost reductions for 2020/21 have been achieved with a further £2.2M assured of delivery. Heads of Service have been asked to identify proposals that will limit the budget deficit for their service. Proposals will be submitted for consideration in early September.
- The Capital Programme will be reviewed to assess what has been delayed or what could be delayed or stopped.
- EMT and Cabinet will now focus on developing the budget proposals. The MTFs and four-year budget plan will need to be reviewed and the scenario modelling updated to recalculate the remaining budget gap. This work will be undertaken through August.

- The Head of Finance was asked if she could estimate the effect of business rates on the budget. During the current year, the pooling arrangements will protect the Authority and any impact will fall on the Welsh Government. This is an issue across Wales which the Welsh Government will have to consider in their budget planning, there may be an impact on the Revenue settlement in next year.
- The reserves position with schools was noted. Significant overspends were forecast in some schools and it was questioned whether this is a structural issue or whether schools needed to adapt. School budgets had been delayed due to the pandemic, but their proposals are under review. The figures reported are likely to change but there should be more clarity by September. Repayment of loans may be extended where an appropriate recovery plan is in place. The Chair of the Learning and Skills Committee asked if any costs could be reclaimed where cost reductions had not been implemented because of the pandemic – the Head of Finance confirmed that there was no provision to reclaim such costs.
- It was suggested that the Authority should be proactive with the third sector in offering support to alleviate pressures in paying Council Tax. Council Tax collection rates had declined in April but had picked up in May and again in June. Reduced collection rates are being discussed with the Welsh Government. The Council Tax Reduction Scheme supports residents who have lower levels of income and take up has increased, this pressure falls on the Councils budget.
- Pressures of £4.25M were noted as unfunded – the Head of Finance was asked if these were directly attributable to the pandemic or had they been previously identified. There was an element of both but included increased demand particularly in Social Care. This figure is likely to change.
- It was proposed that reserves should be used to protect the Authority from the overspend rather than cut services or increase Council Tax. The Panel was reminded that some reserves were specific and whilst these could be reviewed, it could impact upon revenue and borrowing requirements. This would be a discussion when it became clearer whether services would be able to balance their budgets. The need for future financial resilience was also noted. The Portfolio Holder cautioned that the new financial year could not be started with reserves severely depleted. Some use of reserves had already been identified to support current service delivery.
- 2% pay award had been factored into the current budget but this was likely to be increased. The teachers' pay award had not yet been agreed and it was not yet certain that any increase would be funded.
- £78M had been set aside by the Welsh Government to support loss of income across all Welsh authorities
- In response to a question regarding checks made on transport operators where drivers may have been furloughed, it was confirmed that specific guidelines were in place with a detailed reconciliation taking place monthly to ensure that payments being made were appropriate
- The Panel asked if any data modelling had been undertaken regarding reducing prices to increase uptake of services such as school meals and car parking? Changes to existing policies would impact on the level of support provided by Welsh Government.

4.	CAPITAL REPORT
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The revised working budget is £121M
- There will be a reprofiling of schemes between years
- Work stopped on many projects during the pandemic and the need to borrow has fallen. This will have an impact on the revenue budget and may offset some of the deficit
- The revenue budget indicates that £12M is used to support the capital programme – however, this includes expenditure incurred in previous years
- The projects included or proposed changes to the capital programme should be considered by the appropriate scrutiny committee. Heads of Service were currently reviewing their schemes within the capital programme
- Five child-care and early years sites were being developed – two of which were at school sites which had excess capacity. This should be considered for delay until such time as there is clarity on the schools' transformation programme. The Education Service are aware of the need to align capital spend with future plans.
- £950K was identified for replacement and further preventative work at Brecon Swimming Pool. There was concern that this may become prohibitively expensive if further works were identified. The schemes were all supported by appropriate business cases to warrant their inclusion in the programme.
- The Head of Finance confirmed that the capital receipts budget would not be exhausted by year end and was expected to support transformation for a few more years

5.	SAVINGS TRACKER
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Documents:

- Savings tracker

Discussion:

- It was noted that significant savings were to be made in both Adults and Children's Services
- Some businesses were being asked to repay grants that had been awarded. Members asked what measures were in place to ensure that legitimate businesses were receiving grants? The initial instruction by Welsh Government had been to make the payments as swiftly as possible. The Authority wrote to all legitimate businesses on their database explaining the criteria. Systems and controls were already in place to limit the opportunity for fraudulent claims and prevent duplicate payments. SWAP is supporting the process and will undertake some review work shortly. Audit Committee would receive a report in due course.

6. DATES OF FUTURE MEETINGS

The Panel discussed whether there should be a meeting earlier in September to consider service budget proposals. The Head of Finance was expecting submission of proposals early in September, but these would not be ready for consideration until late in the month.

Dates for future meetings would be as follows:

- 28 September 2020 – 2pm
- 29 October 2020 – 10am
- 27 November 2020 – 10 am
- 17 December 2020 – 2pm

Mr J Brautigam (Chair)