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Finance Panel – 9 April 2021

MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT TEAMS LIVE ON FRIDAY, 9 APRIL 2021

PRESENT

Mr J Brautigam (Chair), County Councillors JG Morris, M J Dorrance, L Fitzpatrick, J Gibson-Watt, J Pugh, P Roberts, E Vaughan, D A Thomas and R G Thomas

In attendance: County Councillors A Williams and R Williams

Officers: Jane Thomas, Head of Finance

1.	APOLOGIES
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Apologies for absence were received from County Councillors A W Davies and A Jenner

2.	NOTES
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Documents:

- Notes of the last meeting held on 26 February 2021

Discussion

- An issue was raised regarding a perception that one school with an unlicensed deficit was being treated differently to other schools in a similar position. The Head of Finance reported that the decision to withdraw delegation was not taken lightly and that each school would be considered on an individual basis. In the particular instance mentioned, there had been a lack of co-operation and a refusal to take action which had led to delegation being removed. The Head of Finance also reminded the Panel that such a decision was taken by officers and was not a political decision.
- School outturn figures should be reported to Finance Panel. However, there was concern that this may lead to a duplication of work. The Chair of the Learning and Skills Scrutiny Committee invited two Members of the Finance Panel to attend his Committee when school outturn figures were scrutinized. Scrutiny Committees have the ability to consider issues in greater detail than the Panel.
- It was noted that schools were subject to a programme of regular audits but that if concerns were raised, an additional audit could be arranged.
- The Chair had written to the Powys Directors of HOWPS regarding inter company charges. Whilst this is an internal matter for Kier and HOWPS, the Head of Finance was able to give assurance that charges were in line with contractual arrangements and expectations. Members expressed concern regarding the clarity of trading with HOWPS and sought further information. Contract details had been requested previously but nothing had been forthcoming. Information on the contract was required or the reasons for it not being provided explained. It was further noted that the Economy, Residents and Communities Scrutiny Committee had a separate working group to consider HOWPS.
- The Panel had previously asked why HRA reserves had not been used – this was due to some projects being delayed. The report under consideration at this meeting showed the reprofiling of larger projects.

- Potential schemes for Registered Social Landlords had been reprofiled to 2022/23/24 and the Panel had questioned why this had not been reprofiled for 2021. There had been no interest to date to progress this type of scheme, if this changed it would be possible to reprofile this provision into earlier years if necessary.
- The style of reporting was to be reviewed for the new financial year
- The Chair had been in discussion with Audit Wales regarding benchmarking. He invited Members to consider this as a means of improving oversight of the revenue budget and to contact him with their thoughts. The Head of Finance informed the Panel that Audit Wales were gathering information from all Welsh Authorities in relation to financial sustainability and that this information could be used to build appropriate benchmarking.
- A query was raised regarding the sustainability of some services in light of ongoing cost reductions. The Integrated Business Plan should make this kind of assessment regarding what is the minimum budget required and the outcomes deliverable at that level. Scrutiny Committees may be the most appropriate forum for consideration of that level of service detail.

Outcomes:

- **Noted**

3. FINANCIAL OVERVIEW AND FORECAST AS AT FEBRUARY 2021

Documents:

- Financial Overview and Forecast as at 28 February 2021

Discussion:

- A number of funding streams from the Welsh Government and grants totalling £7.8M have been received
- Whilst some of the funding is specific to certain services and is restricted in how it can be spent, it has allowed funding to be released from within the Council's own budget and overall, a significantly improved forecast is shown.
- A surplus of £5.906 million (excluding Delegated Schools and Housing Revenue Account (HRA). is now projected. The budget agreed at Council on 25th February 2021 approved a number of recommendations as a result of the improved financial position:
- – this includes increasing the MRP provision for 2020/21, the setting up of a £1.8M Covid Recovery Fund and using any further opportunities to support capital and transformation allowing capital receipts to be rolled forward for the capital programme. It is therefore proposed to ringfence £1.5M to fund remedial works on buildings
- To date over £13M has been received from the hardship fund to cover additional costs and loss of income
- £722K has been claimed for furloughed staff
- WG funding to support the costs associated with flooding of £2.4M has also been received
- There is little change in the position regarding the delivery of cost reductions

- The Reserves position reported does not reflect the setting up of the specific reserves proposed.
- The detail regarding schools' budgets was not included within the report but had been discussed earlier in the agenda
- A Member asked whether staff were given an allowance for working from home – no allowance was being paid but staff will not be incurring travelling costs into work at the moment. A tax allowance could be claimed from HMRC and staff were advised of this at the beginning of the pandemic – consideration could be given to issuing a reminder.
- There was concern regarding the lack of clarity around the £1.8M Covid Recovery Fund and how it would be spent. There had been reports that this would be used flexibly in communities and improve services, but media reports suggest that the funds would be used to repair potholes. This was not considered to be 'covid recovery'. Members sought clarity regarding the method by which funds would be allocated and scrutiny of the budget. The Head of Finance assured members that scrutiny would be given the opportunity to review how the funds would be utilised.
- Additional funding and future surpluses would be used to support the Capital Programme and there was concern that this would increase pressure on future revenue budgets. It was suggested that the increased funding could have been used to offset council tax increases. The Head of Finance reported that the improved financial position was a one off and would not be sustained year on year so it could not be used to support ongoing service budgets or to reduce council tax. The use of the funds to support transformation costs would free up capital receipts to support the capital programme reducing borrowing and limiting the pressure on the revenue budget. The Authority is already aware of significant challenges in future plans and budget gaps that remain in our budget modelling. The opportunity now must be used to support the future financial resilience of the Authority.
- It was noted that council tax collection was down and funding has been provided by WG to meet this gap, this was held in corporate budgets, and would be reported in line with legislation and guidance.
- The current style of reporting was the first year in which Heads of Service commentary has been provided. This was welcomed whilst recognising that some commentary was better than others

County Councillor P Roberts left the meeting at 11.31

- The Chair suggested that a more holistic approach needed to be taken to consider all aspects of the budget including commissioning, funding etc
- A query was raised regarding undeliverable cost reductions and what action was being taken. This had been reviewed as part of the December budget report with explanations provided as to why cost reductions were now not considered to be achievable. Some have now been written out of the budget when it was approved by Council.

4.	CAPITAL REPORT
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Documents:

- Capital report as at 28 February 2021

Discussion:

- There were few changes to report since the Q3 report
- No virements were requested but some reprofiling of projects between financial years would be taking place
- The Chair noted that capital receipts were reliant on a property review that had been promised for some time. The Head of Finance reported that the Asset Review was due to be concluded by the end of the summer.
- The review is being undertaken by council staff with some additional support.
- The Chair of Audit Committee reported that he, the Chair of the Finance Panel and the Chief Executive were discussing the Capital Programme with the Head of Finance
- Members asked how the decisions of the Strategic Asset Board could be scrutinized

Outcomes:

- **The report was noted**
- **Further information regarding the Strategic Asset Board would be obtained**

Members welcomed the robust discussion that had taken place during the meeting but were disappointed that the Cabinet Member had not been able to attend leaving the Head of Finance to field questions which were sometimes political.

5.	NEXT MEETING
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The next meeting was scheduled to take place on 30 April 2021 but there is the potential for a special Council meeting to be held that day. The Head of Finance agreed to confirm when the outturn figures would be available and to rearrange the Finance Panel as appropriate.

Mr J Brautigam (Chair)