

**MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT BY ZOOM ON
MONDAY, 13 FEBRUARY 2023**

PRESENT: County Councillor A W Davies (Chair)
County Councillors A Cartwright, E A Jones, P Lewington, J Pugh, C Walsh.
Co-Opted Member (Representing the Governance and Audit Committee): G Hall.

Cabinet Portfolio Holders In Attendance: County Councillors D Thomas (Cabinet Member for Finance and Corporate Transformation and M Dorrance (Deputy Leader and Cabinet Member for a Fairer Powys)

Officers: Caroline Turner (Chief Executive), Wyn Richards (Scrutiny Manager and Head of Democratic Services), Jane Thomas (Head of Finance), Emma Palmer (Director of Corporate Services), Clive Pinney (Head of Legal Services)

Others in Attendance: J Brautigam (Governance and Audit Committee observer)

1. APOLOGIES

An apology for absence was received from County Councillors E Vaughan, J Gibson-Watt (Leader) E Vaughan and L Hamilton (Scrutiny Committee Observer)

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest from Members relating to items to be considered on the agenda.

3. DECLARATIONS OF PARTY WHIP

The Committee did not receive any disclosures of prohibited party whips which a Member had been given in relation to the meeting in accordance with Section 78(3) of the Local Government Measure 2011.

4. AMENDMENT TO THE PROPOSED BUDGET 2023-2024
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Documents Considered:

- Budget Amendment Report.

Issues Discussed:

- Some amendments made to the Cabinet's original budget proposals:
 - Establishment of a £500k fund to support energy costs and energy efficiency measures in schools.
 - To release this funding there were some other adjustments to the budget. Some of those were considered by the relevant scrutiny committees as they fell within their remit.
 - One amendment related to the setting aside of £287k funding to replenish the general fund reserve as a result of using the reserve to fund the financial pressures on Freedom Leisure in the current financial year. However, due to the quarter 3 position which was reported to Council the outturn position for the current financial year had improved and as a result that Freedom Leisure pressure could be met from the base budget rather than having to draw on reserves.

- That meant that the budget set aside to replenish reserves for next year was no longer required for that purpose and that funding had been diverted as part of the £500k fund.

Questions:

Question	Response
Where did the £287k identified originally to support Freedom Leisure, come from.	<p>Officer Response: It was anticipated that it would be drawn from reserves but the virement was not actioned at that time, until the total amount was known. The budget virement will still be required but will not need to be drawn from reserves.</p>
<p>This sum will need to be vired – from where.</p> <p>Is there a possibility it will need to come from reserves.</p>	<p>Officer Response: From within the overall budget plan, either from the risk budget or an underspend on one of the other corporate budgets.</p> <p>It is not anticipated that it will need to come from reserves. There is a forecast of around a £1m underspend in the total budget so there is no expectation of a draw on the general fund.</p>
Regarding the £1m underspend has there been a draw from reserves to create that underspend.	<p>Officer Response: There will be a draw on specific reserves, but not on the general fund. Specific reserves were within Services for example for pay awards and other specific service pressures. There is about £3m coming from specific reserves.</p>
Whilst everyone is distinguishing between general and specific reserves, this is all coming from the same pot in the end	<p>Officer Response: It is part of the overall reserves pot but specific reserves are established for a particular purpose.</p>
<p>This is confusing in terms of the different numbers of reserves being used and how the money is moved around. Regarding the £191k (bullet point 3) why was an impact assessment not completed initially.</p> <p>In relation to the Freedom Leisure virement being no longer needed, what else might not be needed. Could there still be further adjustments at a later point.</p>	<p>Officer Response: There was an impact assessment for the initial £1m and a second one was being completed due to the increase of £191k.</p> <p>Any budget is an estimate and things do move during the year even once a budget has been set. In relation to the estimate there is no guarantee that everything will come in on budget next year.</p>
Additional £500k for schools. How will it be allocated – to individual schools as a proportion, or will schools with a surplus	<p>Officer Response: The detail will need to be determined. This sets aside the provision for the</p>

budget not receive anything.	fund. The Learning and Skills Scrutiny Committee asked to be involved in determining the criteria. The fund would not be allocated as part of the formula.
The criteria will be drawn up at the end of the current financial year. Can you confirm that the fund will not be used for schools to balance their budgets but for capital projects to reduce energy use long-term.	<p>Officer Response:</p> <p>The fund will be directed for specific purposes and not to support schools with deficit budgets. The criteria would need to be clear to ensure that schools were taking all possible action to balance their budgets without having to draw on any other fund.</p>
This will have a long term benefit not balancing budgets in one year.	<p>Officer Response:</p> <p>Yes if it is directed to energy efficiency measures then it would be longer term.</p>
<p>In relation to Highways, Transport and Recycling (HTR) was there only one impact assessment.</p> <p>The impact assessment indicated that the funding was going from the fleet replacement budget into the HTR Savings budget, but it was being diverted into the Education Service budget.</p>	<p>Officer Response:</p> <p>A second impact assessment was created for the increase which was circulated to the Economy, Residents and Communities Scrutiny Committee.</p> <p>The £191k is going into the Education budget. HTR were moving this funding to the transport reserve previously but this is coming from the HTR Service and would reduce the HTR budget for that year.</p>
In proposal (2) of the proposed amendment - £120k for older day provision. How do these figures match.	<p>Officer Response:</p> <p>The proposed saving was £120k. As the detail of the saving had not been worked up, and in discussion with the Service, the Service indicated that it could manage this within the overall service budget as the proposal was an estimate.</p>
If the demographic pressures are greater than the forecast and sum allocated where would that funding come from.	<p>Officer Response:</p> <p>This would be part of the general risk within the budget and would be managed as all other pressures were within the budget. It could be a draw on the risk budget and this was where any change in budgets was managed.</p>
Originally there was an estimate of £120k saving subject to a review being completed. Therefore, it was considered that the saving was not possible. Could there other similar occurrences across the budget where there was insufficient information as to potential savings.	<p>Officer Response:</p> <p>This saving was dependent on a review being undertaken, hence the level of uncertainty. There would be a greater level of certainty for other elements in the budget proposals.</p> <p>Cabinet Member Response:</p> <p>The Health and Care Scrutiny Committee commented on the £120k saving and asked the Service to review</p>

<p>Is the review about all of the demographic assumptions being made or specifically around this year. Have the pressures for next year been over-estimated.</p>	<p>this and this was the result. Officer Response: The saving was challenged by the scrutiny committee as the review has not been done. This was about a specific review of an aspect of the service. The review would be in relation to the potential saving rather than the pressure.</p>
<p>Comment: The financial position is improving which is encouraging. The £120k saving was picked up by Health and Care Scrutiny Committee as the review had not been undertaken it could have provided a false expectation so was better to be removed. The second impact assessment for HTR had been scrutinised and assurance was provided to the Committee. The good work of the Finance Officers and Services was also highlighted.</p>	

Discussion / Debate:

- The Chair commented that it was difficult to comment on the use of reserves to balance the budget as the information was not available. Difficult to make that judgement until it was known what the £500k for schools was used for. It was clear that some reserves were being used to bolster that sum of money.
- The Head of Finance clarified that no reserves were used to established the £500k fund. In response to a question, the Head of Finance indicated that the £287k came from the base revenue budget plan for the next financial year. The £287k was going to replenish reserves but was no longer required. In relation to the £1.1m underspend there was a draw on specific reserves set aside as part of the previous year’s outturn in response to the inflationary pressures.
- The Cabinet Member reiterated that the £287k was coming from reserves but was no longer required due to an improved outturn. In response to a question about whether the 2022/23 budget set was adequate, the Cabinet Member indicated that the budget set had proved to be adequate, but Heads of Service were also to be credited for the way that they had managed budgets under difficult circumstances as the sum built into budgets for inflationary pressures was inadequate, which the previous Cabinet would not have known would have been the case. The underspend was as a result of Services absorbing the various pressures.
- The Head of Finance indicated that spend was reduced during the year in response to the pressures that were being seen.
- In response to a question about whether it was individual items or a number of items which had led to an improvement in the outturn by quarter 3, the Head of Finance indicated that there were three services highlighted where there were significant changes which assisted the position with the largest changes in Children’s Services and Social Care Comissioning.

Outcomes:

The Panel made the following observations:

The Panel welcomed:

- The work undertaken by Finance Officers and Heads of Service in relation to the improvement in the financial position during this year by reducing spending to address inflationary pressures.

The Panel noted that:

- The £287k for Freedom Leisure was now to be funded from the Council's base budget and a contribution from reserves is not required. Reserves therefore, do not need to be replenished releasing the £287k for allocation elsewhere.
- This funding is proposed to be redirected to support energy costs and energy efficiency measures in schools.
- The £500k schools fund would be allocated based on detailed criteria which has not yet been developed. The fund is not proposed to be distributed as part of the school funding formula.
- Directing the fund towards energy efficiency schemes would have a long-term benefit.
- The fund would not be used to meet school budget deficits.
- In respect of the £120k saving for Adult Social Care, concern had been raised by the Health and Care Scrutiny Committee as to whether this was achievable as the review had not been undertaken. Therefore, it had been withdrawn.
- It was difficult to judge the impact of the additional funding for schools until the criteria had been established.

There were no recommendations to the Cabinet.

County Councillor A W Davies (Chair)