

Appendix – Response to Finance Scrutiny Panel Cabinet Report

<u>Ref</u>	<u>FSP Comments</u>	<u>Responsible Officer</u>	<u>Cabinet Response</u>
			<u>People</u>
1.	More detail should be given regarding the context for savings	Amanda Lewis	<p>Full details on each efficiency saving within the People Directorate are contained within the trackers which have been presented to Cabinet and full Council. The progress against the deliverables is reported through to Portfolio Holders at the Performance & Finance meetings on a quarterly basis and cabinet receive a monthly update through the Financial Overview and Forecast reports.</p> <p>We have utilised a number of other key strategic documents including the Directors Report and the Service Improvement Plans to highlight the changed legislative landscape of the services that are being provided. These include the SSWB Act and the implementation of this, along with the cost pressures that the legislation brings including the potential impact of the national living wage.</p>
2.	More emphasis needed on what can be delivered	Amanda Lewis	<p>In our approach we are describing a whole system response, which includes how we take a collaborative approach with citizens and communities to enable them to support themselves, recognising that individuals will be the experts in their own lives and that as we move from doing for, to doing with, through participation and engagement with all parts of the sector including the third sector, private and business organisations, we will be able to describe more clearly what will be delivered. The report on Day Time Activities including day centres is scheduled for 28th July and has a detailed analysis on how the shift in approach to our Early Intervention & Prevention model will be developed.</p>
3.	Equity of access	Amanda Lewis	<p>This is a fundamental requirement in terms of the Council's commitment to fulfilling its strategic intent, and is supported by the strategic equalities plan. Our redesign of services e.g. day time activities and day centres, is seeking to ensure that we can build an approach to early intervention and prevention that touches upon all of our citizens and communities in Powys, rather than building based services which do not enable all citizens to have a response at a time that they want, based on what matters to them.</p>

4.	Comment should be made regarding which services will be decommissioned – although it was noted that the MTFS was strategic rather than service level	Amanda Lewis	As each efficiency saving is progressed which may including detailed consultation with service users, all elements of the commissioning cycle are included, including the de-commissioning of services. Any plan to de-commission will be agreed by the Portfolio Holder and/or Cabinet, and we cannot pre-empt the outcome of public consultation by stating what our intent is without going through a very important part of engagement with our communities and citizens to achieve this.
5.	More schools are likely to become overspent and this cannot be allowed. The MTFS identifies £30M retained with £10M of that reserved for school transport. Whilst the bulk of the remainder was spent on schools, it was thought that this should be identified.	Ian Roberts	<p>There is £21.6m retained with expenditure identified as follows: -</p> <ul style="list-style-type: none"> • Home to School transport- £9m • Freedom Leisure £1.7m (for schools use of dry side and pool facilities) • Early years- £0.7m (for statutory provision in 3+ settings) • Educated Otherwise than at School - £1m (including PRU and medical provision) • Out of county Placements- £1.1m (including independent and other LA placements for pupils with complex needs) • Specialist Units in Powys - £1.7m • Severance pay -1.7m (school based redundancies) • School service staffing- £4m • School Transformation operating costs£0.2m • Miscellaneous £0.6m (Subscriptions, contribution to ERW , Teachers Centre, management information systems, copyright licenses for school , ICT SLA for primary schools, subsidy for Free School Meals, Maternity cover for schools, etc.
6.	Overall performance in schools is declining but the focus is on budgets. The documents states the Authority is 'striving' towards improved performance. This should be changed to 'must' improve performance.	Ian Roberts	Overall performance in schools is not declining. In the academic year 2014-15 at all key stages there was an increase in the majority of performance indicators from Foundation Phase to GSCE. At all stages, Powys performed in the top 4 of Local Authorities with the improvement trend being higher than the Welsh average in many indicators. The Estyn profile for primary schools for 15-16 academic year has more schools requiring no follow up from Estyn than in previous years. There are significant issues relating to secondary school inspection outcomes that are being addressed through the regional secondary school strategy for Powys. It is agreed that the aspiration should be "must" rather than

			“striving”.
7.	Can school transformation be delivered? It is not feasible to continue to put pressure on budgets and deliver outcomes. There was some confusion regarding 21 st Century Schools funding and whether it could only be used for transformational projects or whether it could be used to improve school buildings.	Ian Roberts	<p>There is a need to reduce surplus places in our schools and also to reduce the variation in spend per pupil whilst at the same time raising standards. There is considerable pressure on school budgets due to falling numbers in the secondary sector in particular and the need to meet pressures such as pay increases, National Insurance, etc. without growth to the delegated budget which is allocated to schools through the Powys Resource Allocation Formula.</p> <p>Welsh Government has currently allocated funding under band A which ends in 2019. When submitting a strategic outline case to Welsh Government the following issues need to be addressed: -</p> <ul style="list-style-type: none"> • the condition of the school proposed for replacement, refurbishment or relocation; • current capacity of the school/s; • The demand for places at the school / college; • How will the proposed project reduce surplus capacity; • What will the impact of this project be on nearby schools and colleges; • Will it increase surplus capacity elsewhere / will it address sufficiency of places in the area? • How does the school / college work with other providers in the area? • Will the project have any impact on nursery places / early years education, Welsh Medium Education, Play areas, After school care / wrap around childcare, Special Educational Needs Provision, Further Education Provision?
8.	If the number of schools cannot be reduced, what is the alternative plan?	Ian Roberts	<p>All school reorganisation proposals consider a range of options. These include amalgamation, federation and all through school solutions. There is no efficiency identified in respect of the current secondary school proposals. Without prejudice to any Cabinet decision, should the current primary consultations not result in closure there will be a need to evaluate budget lines including schools delegated budgets as the non-controllable income held centrally is limited.</p>
9.	Powys has to transform as it is unable to deliver to current budgets. However,	Ian Roberts	<p>Transformation does not always lead to lower costs. It very much depends on the solution in</p>

	does transformation lead to lower costs? Maesydderwen has one of the highest costs per pupil in the authority but standards have improved. The lowest cost per pupil school, Crickhowell High School, has been the best performing green school for some years and lessons need to be learned from this model.		place. Where there are school closures then it is probable that there will be efficiencies realised which can be re-invested into the schools delegated budget should this be the Cabinets decision to do so. It is inevitable that there will be variation in delegated budgets received by schools due to the number of pupils on role, ALN provision, schools with dual streams etc. An objective must be to reduce the variation between schools. This is complex within a rural authority
10.	A figure should be included for the overall budget not just savings – this should apply to all directorates	David Powell	The presentation of budget data will be reviewed following FSP's comments
Place			
11.	The Panel welcomes the identification of services no longer appropriate or required	Paul Griffiths	Although there are services that can be decommissioned the quantum in financial terms is relatively low.
12.	What plans are in place for Income Generation?	Paul Griffiths	Every area of opportunity for income generation is being considered as part of service modernisation and income generating opportunities have already been taken across a range of services.
13.	Where an issue is subject to review, a timescale should be given – even if it only identifies the year in which the review will be completed	Paul Griffiths	All projects associated with budget savings have an identified time scale attached. Those savings that are either immediate savings requirements or complex longer term transformational projects have more detail attached whilst others will not.
14.	Processes for transfer of assets must be right. There seems to be little progress and the actual list of assets transferred is short	Natasha Morgan	We took the opportunity to streamline the sales process in the latest review of our Corporate Asset Policy as approved by Cabinet on 23 rd February. Our disposals are on track with 5 already agreed this financial year (and a further 8 from this year/previous years still with legal). Extra staff are needed to increase the pace of disposals. Whilst we received approval for this at the start of the financial year, there have been delays in recruitment pending the property services restructure and the ability to find suitable candidates (e.g. we were unable to recruit a temporary valuer despite a national advertising campaign with the industry leading professional body (RICS)). In addition it should be noted that we are working in a challenging market and properties are not selling quickly – we are therefore having to find alternative options e.g. a surplus unit failed to sell after many months of marketing and so we found a tenant to take a lease instead which provides a 15 year income stream for the Council. The development of our Strategic Asset Management

			Plan is looking at how we can get the best outcome for the Council whether that be in the form of income generation, regeneration or capital receipt.
Resources			
15.	Services should be identified for removal or for further investment if an appropriate business case can be provided	David Powell	There is a process in place to support investment on a case by case basis but it is acknowledged that further development in this area can be made. There is an invest to save fund available for services to apply to use if support is needed.
16.	Levels of council tax need to be considered – council tax can be set against the income of an area and Powys has the second lowest average income in Wales	David Powell	The financial model allows for different levels of council tax to be set. Clearly if a lower level is set this increases the level of budget savings required. The annual process can be more explicit about the impact of varying levels of council tax and resulting savings requirement and this will now be clearer in the budget report.
17.	Capital drives increases in efficiency. Careful consideration needs to be given as to how capital can be used to ensure savings are delivered. Further borrowing could be justified and the capital budget used proactively. A more integrated approach to capital, revenue and reserves should be taken	David Powell	The 2016/17 budget saw a closer link made between capital and revenue budgets. This also featured in the new capital strategy. The integration of the financial planning approach across revenue, capital and reserves is supported by the Reserves Policy agreed in December 2015
18.	If Impact Assessments (IAs) are used correctly then budgets are deliverable. If mitigation cannot be identified then that item should not be in the budget. More emphasis on alternative plans needs to be included in the budget.	David Powell	<p>In making a decision regarding funding or service provision, Powys County Council like any public authority must assess the potential impact of that decision, both positive and negative, as regards race, disability and gender. Where further action is required, public authorities must take this into account. Should a public authority be unable to avoid any potential negative impact which arises as a result of the decision, this must be a key consideration of future action, such as considering the effect of the decision when the financial situation has improved.</p> <p>The reality is that, in times of financial constraint, Powys CC has to make difficult and often unpopular decisions regarding funding and service provision. The Public Sector Equality Duties do not prevent authorities making these decisions, provided that decisions are taken in accordance with the duties.</p>
19.	IAs must accompany budget plans	Caroline Evans	Impact Assessments are completed for each individual line of saving identified within the MTFs, and accompany the budget pack to Cabinet and Council when signing off the budget.
20.	There is confidence that general risk is being dealt with. Risk registers must be	Caroline Evans	The risk management process is now embedded throughout the organisation with services

	used proactively in developing the budget and associated IAs. Portfolio Holders must also assess service risks and ensure that appropriate risks are elevated to the Corporate Risk Register.		updating their risk registers on a minimum quarterly basis. The corporate risk register is discussed by Directorate Management Teams, Cabinet and Audit Committee. Risk management has been incorporated into the IAs which allows the risks for each budget saving to be identified and inform the decision making process. Portfolio Holders are appraised of service risks on a quarterly basis at the Performance Review meetings. Moderation is undertaken at Service Management Teams and Directorate Management Teams to ensure that appropriate risks are elevated to the Corporate Risk Register.
21.	The pace of change is causing some concern as there are major risks if transformation is not timely	David Powell	There is now an overall resource plan in place that identifies that over 100 projects are to be delivered. The reporting of progress is key and the resource plan identifies the timeframe and what resources are needed. It is acknowledged that unless transformation is delivered the MTFS will not be delivered.
22.	Consultations tend to be county wide – should consideration be given to a structure where some choice is left at a local level?	Sue Ling	<p>We currently capture postcode and demographic profile information when we carry out consultations – age, gender, disability, etc. As long as we have a large enough sample we can look at the data from a more geographical perspective.</p> <p>Local consultations do also take place. E.g. a recent public transport consultation targeted communities that were going to be affected including across border. We also carried out specific sessions at local areas. Consultations are targeted depending on the topic.</p> <p>Capture people / resident voice. As part of WbFG Act we are looking at locality specifically to undertake some targeted consultation. There are 13 localities within the County.</p>