

Pecyn Dogfennau Cyhoeddus

Pwyllgor Archwilio

Man Cyfarfod
**Ystafell Bwyllgor A - Neuadd y Sir,
Llandrindod, Powys**

Dyddiad y Cyfarfod
Dydd Gwener, 6 Gorffennaf 2018

Amser y Cyfarfod
10.00 am



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

I gael rhagor o wybodaeth cysylltwch â
Lisa Richards
01597 826371
lisa.richards@powys.gov.uk

29/06/2018

Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

AGENDA

1.	YMDDIHEURIADAU
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Derbyn ymddiheuriadau am absenoldeb.

2.	DATGANIADAU O DDIDDORDEB
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Derbyn datganiadau o ddiddordeb gan Aelodau.

3.	DATGANIAD O CHWIPIAU PLAID
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Derbyn datganiadau ynglyn â gwaharddiad chwip plaid a gyflwynwyd i Aelod mewn perthynas â'r cyfarfod yn unol ag Adran 78 (3) Mesur Llywodraeth Leol 2001.

(D.S: atgoffir yr Aelodau, dan Adran 78, na all Aelodau sydd wedi derbyn gwaharddiad chwip plaid bleidleisio ar fater gerbron y Pwyllgor.

4.	COFNODION
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Awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod blaenorol.
(Tudalennau 1 - 12)

5.	ADRODDIADAU ALLDRO ARIANNOL 2017/18
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Ystyried adroddiadau'r Aelod Portffolio ar faterion Cyllid.
(Tudalennau 13 - 36)

6.	GWNEUD IDDO DDIGWYDD
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Derbyn cyflwyniad ar y Rhaglen Gwneud Iddo Ddigwydd.

7.	ADRODDIAD CLOI AR GYFER Y CYNLLUN ADFER ASC
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Ystyried adroddiad y Pennaeth Gwasanaethau Ariannol.
(Tudalennau 37 - 46)

8.	ARCHWILIAD MEWNOL - ADRODDIAD BARN FLYNYDDOL 2017/18
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Ystyried adroddiad y Cyfarwyddwr Cynorthwyol, SWAP.
(To Follow)

9.	GRWP CRAFFU ARCHWILIO MEWNOL
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Derbyn adroddiad cryno craffu.
(Tudalennau 47 - 48)

10.	RHEOLI RISG
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Ystyried adroddiad y Swyddog Rheoli Risg a Pharhad Busnes
(Tudalennau 49 - 64)

11.	ADOLYGIAD BLYNYDDOL RHEOLI'R TRYSORLYS
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Ystyried adroddiad yr Aelod Portffolio ar faterion Cyllid.
(Tudalennau 65 - 74)

12.	SYSTEM TRACIO GORFFORAETHOL
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Ystyried adroddiad yr Aelod Portffolio ar faterion Cyllid.
(Tudalennau 75 - 90)

13.	PANEL CRAFFU CYLLID
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Derbyn copi o adroddiad yr FSP i'r Cabinet ar Gyllideb Gwasanaethau Plant.
(Tudalennau 91 - 100)

14.	AELODAETH FSP
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Penodi tri Aelod o'r Pwyllgor Archwilio ar y Panel Craffu Cyllid.

15.	AMSERU CYFARFODYDD
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Ystyried adroddiad y Rheolwr Craffu.
(Tudalennau 101 - 102)

16.	RHAGLEN WAITH
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Ystyried y blaenraglen waith.
(Tudalennau 103 - 106)

17.	GOHEBIAETH
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Ystyried unrhyw eitem o ohebiaeth sydd ym marn y Cadeirydd yn ddigon o frys i haeddu ystyriaeth.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNCIL
CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 27
APRIL 2018**

PRESENT

County Councillor JG Morris (Chairman)

County Councillors B Baynham, Mr J Brautigam, J Charlton, L George, K Laurie-Parry, M J Jones, WD Powell, T J Van-Rees, A Williams, S L Williams and H Hulme

In attendance: County Councillors

Cabinet Portfolio Holders In Attendance:

Officers:

Other Officers In Attendance:

Apologies for absence were received from County Councillors M Barnes, GD Price, R G Thomas and A W Davies

1.	APOLOGIES
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Apologies for absence were received from County Councillors

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest.

3.	DISCLOSURE OF PARTY WHIPS
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There were no disclosures of party whips.

4.	MINUTES
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The Chair was authorised to sign the minutes of the previous meetings, held on 2 and 22 February 2018, as correct records.

Arising thereon:

Financial Viability of Schools: the joint working group had not yet reconvened pending outturn figures for schools' finance.

5.	WAO - AUDIT PLANS 2018
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Documents:

- 2018 Audit Plan – Powys County Council
- 2018 Audit Plan – Powys Pension Fund

Discussion:

- As part of the audit, WAO will
 - Examine and certify whether the financial statements are ‘true and fair’
 - Assess whether proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources
 - Audit and assess whether the Authority have discharged the duties and met requirements of the Local Government Measure
 - Undertake studies to enable recommendations to be made for improving economy, efficiency and effectiveness or financial or other management arrangements
- The WAO will consider the Heart of Wales Property Service (HOWPS) as this is a new arrangement which has an annual budget in the region of £10M. There will be an element of estimation within the Authority’s accounts as the company’s year-end does not tally with that of the Authority – the WAO will need to assess if this is reasonable.
- The WAO’s Annual Audit Letter highlighted significant financial pressures. It was noted that an adjustment to the Minimum Revenue Position (MRP) policy had reduced the over-spend and allowed the budget to balance. This will be reviewed to ensure that this has been properly accounted for.
- As usual the fees charged are based on the assumption that information will be provided to a quality expected and in a timely manner
- Details were provided of the performance Audit which will be conducted across all 22 local authorities. The scope of local studies will need further definition and scoping
- The same principles will be applied to the audit of the Pension Fund
- Revised accounting and audit regulations issued by the Welsh Government allow for pension fund accounts to no longer be included with the main accounts. If these are not included however, an audit is still required. The WAO are in discussion with the Authority as to how this will be dealt with and whether the Annual Governance Statement will include the Pension Fund
- The Wales Pension Partnership has no implications for 2017/18 accounts as investments did not commence until 2018. Individual pension funds will have to consider how to reflect the new arrangements within their financial statements.

Outcome:

- **The Annual Audit Plans for the main financial statements and Powys Pension Fund were noted**

6.	CIPFA FINANCIAL MANAGEMENT MODEL
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Documents:

- Delegated Decision report by the Portfolio Holder for Finance
- CIPFA discussion document – Local Government Financial Resilience in Wales

Discussion:

- The WLGA has provided an opportunity for authorities to participate in a CIPFA assessment of financial resilience
- 6 authorities are taking part, Powys County Council is the first
- CIPFA have completed interviews, including the Chair and Vice Chair of Audit Committee
- A survey across the organisation will be completed to assess financial management
- A review two years ago focussed on Financial Services and recommendations from the WAO were implemented – the current assessment will determine whether the service is improving or identify whether any gaps remain
- A report is expected in late May or early June and will be reported to Audit Committee
- It was confirmed that SWAP had been interviewed as part of the process
- The scope of the work will include performance as well as financial resilience
- The Committee noted with concern the term ‘unplanned overspends’ and noted that this was not affordable and must be avoided. Financial monitoring had improved considerably and was one of the tests of financial resilience

Outcome:

- **The decision to participate in the CIPFA pilot scheme was noted**

7.	RISK MANAGEMENT
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8.	RISK MANAGEMENT - Q3
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Documents:

- Report of the Business Continuity and Risk Management Officer
- Risk Register (Q3)
- Summary
- Heat Map

Discussion:

- The register reflects the position as at 15 March 2018
- Two risks had been removed – CR3 (inadequate corporate governance arrangements) had been removed following implementation of a new model, and CR5 (lack of a clear definition and structure to support the commissioning and commercial vision) removed now that the commercial services team is fully embedded
- Six new risks had been added:
 - CR19 – GDPR noncompliance – this comes into force on 25 May 2018 and failure to comply could result in a significant fine
 - CS11 – failure to meet a statutory deadline regarding training to raise awareness of domestic violence. There had been a poor take up of staff undertaking the training

- ASC18 – recruitment to Adult Services
- ASC19 – projected demographics – it was noted that this was not due to an increased risk of demand but by a decrease in the available workforce to provide services
- ASC22 – BUPA contract expires and new management needs to be agreed and implemented
- Work continues on business continuity and a new policy is being drafted – this will be available for comment by Audit Committee
- The framework for Impact Assessments will also be updated
- The Chair reported that he and the Vice Chair had been concerned by the lack of comment by the Strategic Overview Board regarding ASC19 despite it being in the ‘catastrophic’ category. The Vice Chair reported that the Office of National Statistics had reported that in the period 2001 to 2011, the adult population over 65 had increased by 14% but that the increase of residential care clients had only increased by 0.4%. The relatively static population of residential care clients is confirmed by Stats Wales. It was important to break the link between demographics and demand in social care. There is a similar concern regarding data for those with learning disabilities – these numbers are steadily falling. The decrease in available workforce was acknowledged but determining this as ‘catastrophic’ was challenged given that the workforce was likely to reduce from 73800 in 2018 to 72800 in 2020. It was thought that the immediate threat was no more than that allocated to ASC18
- It was suggested that ASC18 reflected the current position but that ASC19 depicted a future crisis
- This is likely to be a corporate problem and further discussions are needed
- Complexities of care need to be understood
- Working age is rising to 67
- Carers of an ageing population are also ageing
- Over 85s are predicted to increase from 5200 now to 11200 in 2035 which would allow time for planning to take place
- It was suggested that the private sector was not experiencing the same difficulties in recruitment as more flexible employment opportunities could be offered
- Members also suggested that Brexit could have an impact depending on visa arrangements post Brexit. Wales as whole, and rural areas in particular, were more likely to be adversely affected by recruitment difficulties.

The Head of Transformation (People) joined the meeting

- The issues surrounding ASC19 were a concern and posed a significant risk to both ASC and the Council as a whole
- The increase in older residents was a separate risk and further debate could be had regarding whether demand will increase
- The working population (ie those aged between 16 and 64) is expected to decline from 77200 in 2014 to 73500 2018 and projected to drop to 56000 representing a significant and rapid decline
- This will have a significant effect on both recruitment and other issues such as council tax etc

- The Head of Transformation reported that there was currently 750 hours of domiciliary care that cannot be provided for. There was also a recruitment problem in the private sector. The Head of Transformation has agreed an increase in hours for the in-house team and reablement staff. Additional staff may be brought in but accommodation will have to be provided.
- In Radnorshire alone, two years ago between 20 and 30 hours care could not be provided – today this is 370 hours
- Other measures were being taken to address the issue – for example, work with Occupational Therapists to reduce double handling, and reassessing packages
- There were difficulties in retaining care staff as well as recruitment
- Although the workforce is currently 80% female there is a growing number of male carers
- Minimum wage is paid in an attempt to reduce costs and it was thought that some carers felt undervalued
- From next year, all carers will be regulated by Social Care Wales
- It is hoped that a university will undertake some work regarding workforce resources
- It was noted that there were many job vacancies for personal assistants
- The Health Authority is also experiencing difficulties
- It was suggested that if recruitment at higher levels was more successful, it may be easier to recruit at lower levels

Outcome:

- **ASC19 be reworded but remain in the catastrophic category**
- **A working group be established to consider the issue**

9.	RISK MANAGEMENT TOOLKIT AND JCAD CORE
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Documents:

- Report of the Business Continuity and Risk Management Officer
- Risk Management Guide and Toolkit (April 2018 – draft)

Discussion:

- An all-encompassing guide has been drafted
- All Members and Officers will have access
- Ownership of risk is being passed back to service areas
- Currently there is no scrutiny of controls – in future all will have action deadline dates
- Risk assessment should also identify opportunities
- Risk should also be integrated with Programmes and Projects
- Members will have read only access to the database – the database will be live and reports generated will be much more timely
- Training will be provided
- The new system is being used by over 40 local authorities and several FTSE 100 companies. It will ensure the Authority meets ISO 3000, the international standard.
- A risk maturity level is to be determined
- It is essential that services engage with the process

- Risk Champions will be appointed from each service area and a series of workshops will be held
- Members of the Audit Committee will need to have their role clarified – all Members must understand how to challenge and scrutinize the risks. The WAO suggested that there should also be clarity around who is undertaking the scrutiny and challenge regarding the management of risks.
- There needs to be correlation across services – for example, the recruitment issue discussed earlier
- A risk appetite should be ascertained prior to budget work being undertaken – some services may be more risk intolerant

Outcome:

- **The toolkit be approved and the Committee's comments incorporated**

10.	INTERNAL AUDIT
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11.	INTERNAL AUDIT PLAN 2018/19
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Documents:

- Internal Audit Plan 2018/19

Discussion:

- Topics would include managing contracts, workforce, Heart of Wales Property Service and benefit realisation
- SWAP were to introduce a new approach and work alongside the service as they go through the process to enable issues to be corrected as they arise
- Key financial processes would also be audited

Outcome:

- **The Internal Audit Plan for 2018/19 be approved**

12.	INTERNAL AUDIT ACTIVITY 2017/18
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Documents:

- Internal Audit Activity 2017/18

Discussion:

- Approximately 15% slippage had occurred primarily due to it being the first year of operation of SWAP in Powys, new staff, new management structure and processes and long term sickness absence
- Work outstanding will be carried forward
- A project sponsor is to be identified for each topic going forward

- The appendix identifies an opinion for every audit and the recommendations made as requested by Audit Committee
- It was questioned why issues relating to a particular school were not included – the role of Internal Audit is to ensure processes are in place rather than investigate individual issues. The Scheme of Financing dictates the levels of intervention that can be followed and Internal Audit ensures those processes are followed

County Councillor Van Rees left the meeting at 12.25

- There has been less intervention in those areas that have their own inspectorates
- The use of Internal Audit in a 'pre consultancy' capacity will be encouraged
- Relationships can be improved upon going forward
- It was noted that there was a significant sum related to invoices being disputed and whether income generation had been achieved – fees and charges are reviewed regularly and are included in a specific register. A strategy is needed going forward.
- The Committee questioned how effective the Income and Cost Improvement Board had been – it was noted that £1.7M of income had not been achieved. The role of the Board would be reviewed by all Heads of Service.

Outcomes:

- **Internal Audit Activity 2017/18 was noted**

13.	CORPORATE TRACKER
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- The report covers Quarter 3
- 64 recommendations were included but none were 'red'
- A report and proposals for improvements would be brought forward for Audit Committee's consideration
- Two recommendations were recommended for archiving – CSSIW6 and CSSIW11 relating to domiciliary care and carers assessments
- The final paragraph within CSSIW11 contained figures which were confusing – an amended version would be circulated

Outcomes:

- **The report was noted**
- **The final wording of CSSIW11 would be circulated**
- **CSSIW6 and CSSIW11 were approved for archiving**

14.	CLOSURE OF ACCOUNTS
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Documents:

- Report of the Head of Financial Services

Discussion:

- Closure of accounts is under constant review
- Timescales are shortening
- Officers are attending training events
- Management accounts will close shortly
- Given the shorter timescales, it was acknowledged that there may be a need for more estimates within the accounts and the Head of Finance's opinion was sought on this issue – the team were working with WAO in defining a process for estimates

Outcomes:

- **The report was noted**

15.	TREASURY MANAGEMENT
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Documents:

- Report of the Portfolio Holder for Finance
- Credit Rating List (Confidential)

Discussion:

- The report covered Quarter 4
- Members were aware that there were difficulties in getting service areas to submit the correct supporting documentation to enable VAT to be reclaimed – 2000 invoices a month were received but only those over £5K were checked. It is mandatory for purchase card holders to attach receipts or invoices when claiming. Any potential recovery that cannot be claimed due to errors is charged back to the appropriate service area. To date £72K has been charged back to service areas
- The system was not thought to be at fault, but there are compliance issues
- Training has been given and is available online and over the phone
- A further £50K has been charged back to services where errors have been made including claiming for foreign purchases
- Advice has been given to schools
- Purchase cards are designed to be efficient but there needs to be a debate about accountability. All Heads of Service have agreed this must be prioritised. It is proposed to switch an ethos of accountability rather than control.
- A briefing note will be prepared for LEA Governors
- HMRC will not expect 100% accuracy but will monitor to ensure reasonable care is being taken. HMRC have also introduced a penalty regime
- A further issue relating to schools is that PTAs may be ordering goods – it must be the school that places the order although a PTA may make a donation to the school to cover the item
- Tax is going to be made digital and electronic evidence will be a requirement

- Internal Audit are also undertaking an audit of the debtor system and will report back.

Outcomes:

- **The report was noted**

16.	CORPORATE LEADERSHIP AND GOVERNANCE PLAN (SECTION D)
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Documents:

- Corporate Leadership and Governance Plan (Section D – Strategic and Financial Planning) – Action Plan

Discussion:

- Following the CIW Children’s Services Inspection a number of priorities were put in place
- Financial resilience would now be addressed through the CLGP Action Plan rather than the Corporate Tracker
- D1 - Medium Term Financial Strategy (MTFS) is amber due to the significance of the challenge faced. However, to date progress is good.
- D7 - Savings - £1.7M target has not been delivered. Heads of Service were not bringing savings to the Income and Cost Improvement Board and had been dealing with them on an individual basis. Heads of Service were now working more corporately.
- D8 - ASC Budget Recovery – actions are being implemented. A report on Learning Disabilities has been completed and further reports on Physical Disability and Mental Health are to be completed in the next two months. This is slightly later than expected due to capacity within the Team. The Committee suggested that it may not be the cost per client that is a cause for concern but that there is a disproportionate number of clients. The Learning Disability report has been considered and does not address the point that was being made by the joint Audit / ASC Group. Once all three reports are complete, the joint working Group should be reconvened.
- D17 - Income – pricing strategies have been developed. Evidence will be in outturn figures and there remains further work for improvement
- D5 - Reserves – these are continually reassessed. Some reserves are ringfenced for specific purposes.

Outcomes:

- **The Action Plan was noted**

17.	FINANCE SCRUTINY PANEL
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Documents:

- Scrutiny Summary Report

Discussion:

- It was noted that as part of the review of Committee structures, the role of FSP will also be reviewed – however it will continue in the near future pending further discussions

Outcomes:

- **Noted**

18.	CORRESPONDENCE
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There were no items of correspondence.

County Councillor JG Morris (Chairman)

Public Document Pack

Audit Committee – 17 May 2018

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 17 MAY 2018

PRESENT

County Councillors JG Morris (Chair), M Barnes, B Baynham, J Charlton, K Laurie-Parry, M J Jones, WD Powell, GD Price, R G Thomas, A Williams, M J Dorrance, E Durrant, D R Jones, K Lewis, P E Lewis, N Morrison, E Vaughan and J M Williams and Mr J Brautigam,

1.	APOLOGIES
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Apologies for absence were received from County Councillors T J Van-Rees, L Fitzpatrick and D A Thomas

2.	ELECTION OF CHAIR
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RESOLVED that County Councillor J G Morris be elected Chair for the ensuing year.

3.	ELECTION OF VICE CHAIR
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RESOLVED that Mr J Brautigam be elected Vice Chair for the ensuing year.

County Councillor J G Morris (Chair)

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CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

19th June 2018

REPORT AUTHOR: County Councillor Aled Davies

Portfolio Holder for Finance

SUBJECT: Financial Outturn for the Year Ended 31st March 2018

REPORT FOR: Decision / Discussion / Information

1. Summary

- 1.1 This report provides the summary outturn position by Directorate for the year ended 31st March 2018. The final outturn position, is an underspend of £3,682k. This compares with a forecast overspend of £141k at the end of February. The figures include savings delivered of £8.327m, 71% of the £11.780m target, this compares with 79% delivered last year.
- 1.2 The final outturn has been significantly improved due to Welsh Government providing additional monies for a number of services totalling £3.184m. This includes £1m to help support the council's continuing transformation work.
- 1.3 In delivering the outturn position, consideration has been given to the balance between the use of capitalisation, a prudent level of reserves and the subsequent demand on future year budgets. It is important that the council's reserves are protected and a prudent approach is adopted given the financial challenge. This approach has secured an increased level of general reserves at year end of £8.7m representing 5.40% of total net revenue budget excluding Schools and Housing Revenue Account (HRA).

2. Revenue

- 2.1 The final outturn position is an underspend of £3,682k. A summary by directorate is shown below:

Summary Forecast by Directorate	Original Budget	Total Working Budget	Actuals excluding reserve movements	Variance (Over) / Under Spend	
	£'000	£'000	£'000	£'000	%
People	69,993	71,221	75,578	(4,357)	(6)
Place	37,391	38,189	36,145	2,044	5
Schools	99,778	24,961	24,863	98	0
Resources	17,004	17,091	16,755	336	2
Corporate Activities	15,815	13,070	7,911	5,159	39
Total Service Areas	239,981	164,532	161,252	3,280	2
Financed by (RSG/CT/NNDR):	(239,980)	(239,980)	(240,382)	402	(0)
Total	1	(75,448)	(79,130)	3,682	2
Housing Revenue Account (HRA)	0	0	(907)	907	

Schools Delegated	0	75,446	74,397	1,049	1
Total including HRA and Delegated Schools	1	(2)	(5,640)	5,638	3

2.2 The table contained in Appendix A provides the outturn position by service, against approved working budget, which includes budgeted transfers to or from reserves. RAG (Red, Amber, Green) status has been applied to service variance based on the defined parameters. This method helps to highlight those Service areas with significant pressures, which are at most risk to the Authority, and to ensure future year budgets are managed effectively and mitigate any risk for future years.

3. Efficiency savings

3.1 The total revenue saving target for 2017/18 is £11.780m, made up of in year and previous year's targets. Savings of £8.327m have been achieved to date representing 71% of the total required, a slight decline on the 79% delivered in 2016/17. The council's current approach is to roll forward unachieved savings rather than remove them from the overall target. This ensures transparency about the overall financial position.

3.2 Unachieved savings of £3.4m have been mitigated by underspends elsewhere in the service areas but these remain a pressure going forward within the service budgets. Savings of £1,157k for 2015/16 and £321k for 2016/17 to be delivered, and equates to 43% of the unachieved savings rolled forward. Given the age of some of the savings consideration has been given in the forthcoming Medium Term Financial Strategy (MTFS) to replacing these savings with alternatives.

3.3 Of the total £1,720k, (50%) of the outstanding target relates to the phase 1 income and third party savings targets. A decision was taken to hold these corporately in 2017/18 and consequently £970k of income and 3rd party spend of £749k were drawn back from the service budgets to be delivered by the Income and Cost Improvement Board (ICIB). Opportunities were identified by the board and have been included in service savings, these have not however contributed to the corporate target. As a result the total is included as part of the 2019/20 savings target.

3.4 The table contained in Appendix B provides the detailed outturn position on the delivery of efficiency savings across the service areas. A prudent approach is adopted and only savings that have been delivered are included in the outturn. A summary is provided in the table below:

	Target £'000	Delivered £'000	Variance £'000
2015/16	1,323	165	1,157
2016/17	841	520	321
2017/18	9,616	7,641	1,975
Total	11,780	8,327	3,453

3.5 **People** – the overall savings target was £3,333k with £1,101k, 33% unachieved at year end. The delivery gap was due to:

- Childrens Services – as has been reported throughout the year, no plans or proposals have been put forward by the Service to achieve the outstanding savings, they will therefore be carried forward into 2018/19.
- 3.6 **Place** - the overall target was £3,532k with £302k, 8.5% unachieved. The delivery gap was due to:
- Logistics review – delays in project implementation has resulted in the full saving not being achievable in 2017/18, £249k is expected to be achieved in 2018/19.
 - Property Service Joint Venture –additional income from the rental of property to Heart of Wales Property Services generated a saving of £19k, leaving a shortfall of £31k to be carried forward into 2018/19.
 - Fleet/Transport - £10k remains to be found, the saving will be achieved in 2018/19, due to timing issues, from the review of Fleet and Transport targets.
 - Closure of 2 household waste recycling centres – £11k will be carried forward to 2018/19 where the full saving will be realised.
- 3.6.1 Place have replaced original savings proposals with alternative efficiencies achieved in year, approval is required for the achievement of savings by alternative means.
- Additional savings on Waste contracts and the extra income achieved from the Design Team will be utilised to mitigate other savings which were un-achieved within Highways, Transport and Recycling, total £365k. The original savings included a review of Fleet targets £28k, reduction in the Highways budget by use of the jet patcher, £187k and £150k from the Highways Commissioning project.
 - Savings in respect of income from workshops and Ladywell house of £135k will not be achieved due to insufficient capacity within the workshops portfolio and the renovation of Ladywell House to maximise rental potential not to be completed until 2019/20. It is proposed that the savings from property rationalisation and increased income from the rental of other properties will be utilised.
- 3.7 **Schools** – the savings target was £1,865k with £207k, 11% unachieved at the end of the year. The key delivery gap issues are:
- Small School closures – the split site allowance change anticipated did not materialise in respect of Nantmel School and Ysgol Dolafon Welsh Stream.
 - Home to School Transport – the target of £158k, brought forward from 2015/16, remains outstanding.
- 3.8 **Resources** – the overall savings target for Resources was £2,760k, which includes the £1,720k transferred to the ICIB. A total of 88% of the service target of £1,040k was delivered leaving 12% outstanding at the end of the year. The remaining savings to be carried forward relate to:
- Vacancy Management – targets within Business Services £92k and ICT £32k have not been achieved but have been managed in-year through the management of vacant posts.
- 4 Reserves**
- 4.1 The total revenue reserves held at 1 April 2017, together with the use of reserves during the year and the year end are set out in the table in Appendix C.

- 4.2 The revenue reserves held at the beginning of the year totalled £38.8m, with £8.6m held in the General Reserve and Specific and Ring fenced reserves of £28.3m.
- 4.3 The General Reserve balance has increased by £1.1m, whilst the use of specific reserves to support the revenue budget at year end, (excluding Schools and HRA) is £38k, compared with the forecast use of reserves in February of £3.1m.
- 4.4 A number of reserve movements, originally included in the budget were not required as follows:-
- £151k Trade unions and job evaluation funded from job evaluation reserve
 - £87k Sopra funded from General reserve
 - £48k Senior Officer in business services funded from job evaluation
 - School redundancies, of £1.5m were to be in part funded from the equalisation reserve. Instead the cost was funded through; £291k core budget, £605k capitalisation and £604k non-delegated underspends.
- 4.5 A number of specific reserves have been requested to be drawn against the final position, it is proposed that the following are approved:
- Regional Transport monies £310k
 - BUILT/ Llandrindod Schools Deficit – £200k in addition to the £800k already agreed (total reserve of £1,000k required)
 - Mid Wales growth fund – £150k
 - Transformation grant for future demands – £1,000k
 - HOWPS accrual for outstanding work – £185k
- 4.6 The level of General Fund reserves as at 31st March 2018 is £9.7m (following the above adjustments), 5.9% of the total net revenue budget excluding Schools and HRA. This compares with the strategy of 3% level agreed as part of the MTFS.

5 Revenue Forecast

- 5.1 Previous reports have focussed on those areas with RAG status red, however, given this is the final outturn report for 2017/18, an explanation of other areas with significant under/overspends has also been provided.

6. <u>People Directorate</u>	Net Working Budget:	£ 71,221k
	Net Outturn:	£ 75,563k
	Variance (Over)/Under Spend:	£ (4,342)k
	February Forecast (Over)/Under Spend	£ (5,703)k
	Change in Forecast	£ 1,361k

6.1 **Adult Social Care (ASC) Underspend £1,128k**

- 6.1.1 The Adult Social Care (ASC) outturn for 2017/18 was an underspend of £1.128m, an improvement of £1.36m from the forecast at the end of Period 11, due to the following: additional income of £210k; removal of commitments and client adjustments of £662k, reduction in the bad debt provision £117k and utilisation of grants £350k.

The service is broken down as follows:-

6.2 Older People Underspend £1,083k

6.2.1 Home Care – outturn underspend of £382k. Additional one-off monies received from Welsh Government of £519k, with a further £65k received from the Powys Teaching Health Board (PtHB) in respect of winter pressures, however, both of these income streams have funded clients that will become budget pressures in 2018/19. To offset this underspend is an overspend of £89k in respect of the Llys Glan yr Afon Scheme, due to increased packages and new clients.

6.2.2 Residential Care – outturn underspend of £120k. Demand in residential and nursing placements, offset by care home deferred charge income which exceeded budget by £316k, this is an income stream hard to predict due to waiting for the appropriate time to collect income from the sale of properties.

6.2.3 Small underspends including staff and travel slippage provides a mitigating £147k underspend.

6.3 Learning Disabilities (LD) Overspend £ (593)k

6.3.1 Supported Tenancies – outturn overspend of £536k – inflation and TUPE pressures from suppliers in respect of pay increases totalling £286k. Increase in support hours for existing clients and repayment of supporting people grant for void tenancies has resulted in budget pressures of £153k and £133k respectively.

6.3.2 Independent Residential Care – outturn overspend £543k – planned transitions identified within growth pressures of £756k, along with an unplanned transition from Childrens resulting in part year cost of £144k. Reassessment of clients' need, due to frailty leading to additional support hours costing a further £211k. Savings of £494k have been delivered through the right sizing of packages.

6.3.3 Underspends across the other Service areas totalling £462k. Clients that have ceased home care offsetting the cost of 3 new additional clients £197k. Spend in relation to staffing in Supported Tenancies, Day and Employment and the Social Worker team totalling £265k, mitigate the overspends.

6.4 Physical Disability Underspend £195k

6.4.1 Residential and nursing placements had an outturn overspend of £21k offset by an underspend of £226k within Services in the Community due to a reduction in Service users.

6.5 Support Services Underspend £422k

6.5.1 The underspend within this area relates to vacancy staff slippage and staff expenditure funded by grants.

6.6 Childrens Overspend £ (5,536)k

6.6.1 The level of pressure faced by Children's Services has been covered in previous reports to cabinet. This continues to be the case. In addition outstanding efficiency savings relating to Childrens with Disabilities in residential establishments – Golwg Bannau/Camlas of £556k remains outstanding and £494k relating to partnership working with the Powys Teaching Health Board and Third sector for which there are no current plans in place.

- 6.6.2 Looked after Children are at a 5 year high with the outturn exceeding budget by £3.7m. This is a high risk area due to fluctuating demand and complexities of Service user need making it very hard to predict.
- 6.6.3 Legal costs of £411k over budget aligns to the fluctuating number of looked after childrens.
- 6.6.4 Additional capacity required to deliver the improvement plan along with agency costs equates to £1.24m over base staffing budget. Underspends in corporately held budgets were set aside to fund this.
- 6.6.5 Maximisation of grant funding has contributed to small overspends which partially offset the overall position.

6.7 Housing General Fund (HGF) Underspend £50k

- 6.7.1 The outturn underspend of 50k is due to many small underspends across all of the Housing General Fund (HGF) budget areas.
- 6.7.2 Gypsy sites underspend £14k - reduced running costs in Kings Meadow and Leighton Arches along with over achieved income at Kings Meadow. Offset by a small amount of expenditure on temporary toilet facilities and water supply at Machynlleth Gypsy site development.
- 6.7.3 Homelessness underspend £51k – additional income re Homelessness rent activity and not fully utilising rent and B&B budgets due to activity levels

7. <u>Place Directorate</u>	Net Working Budget:	£ 38,189k
	Net Forecast Expenditure:	£ 36,145k
	Variance (Over)/Under Spend	£ 2,044k
	February Forecast (Over)/Under Spend	£ 1,107k
	Change in Forecast	£ 937k

- 7.1 The Place Directorate have reported an outturn underspend of £2,044k against a forecast outturn position overspend of £1,107k at the end of period 11, February including capitalising spend of £564k.
- 7.2 The service improvement of £937k is mainly due to overachieved income of £420k across the Directorate, a £420k improvement in the position of Public Transport as a result of late grants received from Welsh Government, and £120k of repairs and maintenance works not completed. The service also received additional monies from Welsh Government of £197k to mitigate the costs of the severe adverse weather conditions.

7.3 Leisure and Recreation Underspend £324k

- 7.3.1 Service redesign in Youth Services has delivered the Service savings targets of £180k for 2017/18 and contributed towards the target for 2018/19. The service has been remodelled to create a universal service in conjunction with third sector organisations. This has resulted in an underspend of £105k from reductions in staffing.
- 7.3.2 Catering achieved an underspend of £81k by the year end which was achieved through the 5p increase in High School meals from November 2017, and additional income received from 2 day centres from August through to March.

- 7.3.3 The Archives service showed an overall under spend of £39k from staff vacancies and savings on supplies and services.
- 7.3.4 The Freedom Leisure Contract price was reduced by £350k in 2017/18 in line with the MTFs target. Breakage contract costs in respect of Staylitttle Outdoor Pursuits Centre amounted to £61k.
- 7.3.5 The Library Service have made savings in advance of their 2018/19 target of £125k. Work was already at an advanced stage in achieving this target by co-location and joint working with the community.

7.4 Regeneration, Property and Commissioning Underspend £701k

- 7.4.1 Additional income has been achieved in a number of areas, County Farms and Development Management of £315k. Offset by under-achieved income in Building Maintenance of £120k.
- 7.4.2 Grant monies have not been fully paid out in respect of Community Regeneration resulting in an underspend of £52k and the Carbon reduction commitment budget was also not fully utilised resulting in an underspend of £108k.
- 7.4.3 Underspends on office accommodation, property management, and environmental health totalled £429k offset by an overspend of £178k in Trading Standards relating to 'Operation Inject' in Animal Health and the Consumer Fraud Team.

7.5 Highways, Transport and Recycling Forecast Underspend £ 1,014k

- 7.5.1 Highways, Transport and Recycling outturn position is an under spend of £1,014k including capitalising costs of £564k; structural maintenance £466k and waste bins and caddies £98k. The main areas contributing to the underspend are as follows:-
- 7.5.2 **Head of Service HTR overspend £(179k)** – mainly due to unachieved savings, which have been addressed through utilisation of savings in the Waste Service and overachieved income in the Design Team.
- 7.5.3 **Waste and Recycling underspend £782k** – underspend of £905k on waste contracts, including £500k from contract changes. Additional income was realised of £293k as a result of maximising quality of recyclates, offset by an overspend in Waste operations of £221k mainly in respect of underachieved income in Trade Waste.
- 7.5.4 **Highways Technical underspend £514k** – mainly due to overachieved income from the Design Team of £554k. Underspends were also achieved in Streetworks £91k, due to staff vacancies and car parks £68k from overachieved income and reduced spend on machine maintenance.

8 Schools Service

(non-delegated)

Net Working Budget:	£24,961k
Net Forecast Expenditure:	£24,863k
Variance (Over)/Under Spend:	£ 98k
February Forecast (Over)/Under Spend	£ (360)k
Change in Forecast	£ 458k

- 8.1 The significant change in forecast for this area, was due to improved income and joint funding on out of county placements and inter-authority recoupment of £200k. Home to School transport overspend was less than anticipated by £100k, the pupil referral

unit saw an improvement of £100k and £70k relating to outstanding works carried out by HOWPS.

8.2 Schools Central underspend £236k – mainly due to staff slippage of £195k along with the use of the Education Improvement Grant to support additional teaching costs.

8.3 Schools Operational costs overspend £842k – Home to school/college transport and severance pay resulted in outturn overspends of £314k and £573k respectively. Redundancy costs of £1.5m were originally funded against a planned use of reserve of £800k and £291k core budget. Instead of the reserve draw down, £605k of the transformational redundancies will be funded by capitalisation matched to capital receipts and the balance left within the service offset against the underspend.

8.4 Schools Pupil Inclusion underspend £574k – the net effect of inter-authority recoupment and costs relating to out of county placements resulted in an underspend of £315k and the pupil referral units were underspent by £125k due to staff vacancies.

8.5 Schools delegated centrally held budget underspend £163k – due to the reduced demand for additional learning need provision of £99k and underspends relating to funding for class size protection and match funding for posts.

9	<u>Resources Directorate</u>	Net Working Budget:	£ 17,091k
		Net Forecast Expenditure:	£ 16,755k
		Variance (Over)/Under Spend:	£ 336k
		February Forecast (Over)/Under Spend	£ 225k
		Change in Forecast to Outturn	£ 111k

9.1 Resource outturn position was an underspend of £336k, an improvement of £111k from the forecast at the end of February, due to an improved position within Financial Services as a result of vacancies within the structure. The underspends within the other service areas make up the balance through vacancy management.

10	<u>Corporate Activities</u>	Net Working Budget:	£ 13,070k
		Net Forecast Expenditure:	£ 7,911k
		Variance (Over)/Under Spend:	£ 5,159k
		February Forecast (Over)/Under Spend	£ (34)k
		Change in Forecast to Outturn	£ 5,193k

10.1 The reason for the significant change in forecast within Corporate Activities is due to an underspend on Capital Charges of £4,760k and a reduction in prudential borrowing due to delays in capital spend and Welsh Government providing £6,028k of capital grants, which saved the cost of borrowing. Because of the reduced capital financing requirement only £2.2m of the Minimum Revenue Provision adjustment was drawn down.

10.2 The position was further improved at year end with the receipt of Welsh Government totalling £1m to cover the cost of transformation, a HMRC receipt of £0.5m for a VAT repayment in respect of Leisure income and slippage on the use of the Management of Change transformation budget of £0.5m.

10.3 The Council's general fund is responsible for its share of any losses from the implementation of the Joint Venture Company, Heart of Wales Property Services

(HOWPS), the financial position of the company as at the 31st March is reporting a loss and accordingly £157k has been accounted for within the Councils Accounts for 2017/18. HOWPS year end is the 30th June and it is expected that the current deficit position will improve.

11	<u>Schools Delegated</u>	Net Working Budget:	£	75,446k
		Net Forecast Expenditure:	£	74,397k
		Variance (Over)/Under Spend:	£	1,049k
		February Forecast (Over)/Under Spend	£	(382)k
		Change in Forecast	£	1,431k

11.1 The actual outturn position of School Delegated Budgets was better than previously anticipated with a use of reserves at year end of £870k compared with the budgeted figure of £2.153m.

11.2 The table below shows the breakdown of the deficit and surplus positions at year end by type of school:

School Sector	Opening Balance	Budgeted Contribution/(Use)	Actual Contribution/(Use) of Reserves	Change in Contribution/(use) of Reserves	Closing Balance
	£'000	£'000	£'000	£'000	£'000
Primary	1,607	(287)	655	942	2,262
Special	(259)	19	128	109	(131)
Secondary	(863)	(1,673)	(1,702)	(29)	(2,565)
Sub Total	485	(1,941)	(919)	1,022	(434)
Loans & other items	(494)	(212)	49	261	(445)
Total	(9)	(2,153)	(870)	1,283	(879)

11.3 The revised reserve position will need to be incorporated into the Schools budget plans, along with corrective action to ensure a balanced budget can be achieved within the required timeframe.

12 Housing Revenue Account Underspend (HRA) £906k

12.1 The HRA core budget was underspent by £909k at year end, mainly due to a reduction in the budgeted bad debt write off of £475k, this evidences better collection of debt and less outstanding or at risk at year end. Interest charges reduced as a result of a reduction in borrowing, in part planned through virements in year, due to a proportion of the Welsh Housing Quality Scheme (WHQS) program being rolled forward into 2018/19.

12.2 Write off of stock and overspend on repairs and maintenance totalling £119k, offset by underspends on adaptations of £127k through maximisation of grant funding and capitalisation and policy and management, including tenancies and rent collection of £146k.

12.3 HRA's share of the losses from the implementation of the Joint Venture Company, HOWPS £157k as at 31st March.

12.4 The current balance on the Housing Revenue Account is £3,267k, which is significantly in excess of the £1m balance required to satisfy financial regulations.

13 Options Considered/Available

No alternative options are considered appropriate as a result of this report.

14 Preferred Choice and Reasons

None to consider.

15 Impact Assessment

Is an impact assessment required? Yes/No

16 Corporate Improvement Plan

To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning with its medium term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. These capital and revenue monitoring reports are used to ensure the funding identified to deliver the council priorities is spent appropriately and remains within a cash limited budget.

17 Local Member(s)

This report relates to all service areas across the whole County.

18 Other Front Line Services

This report relates to all service areas across the whole County.

19 Communications

Budget information is of interest to internal and external audiences and regular updates are provided by the Portfolio Holder for Finance. Detailed finance reports are presented to Heads of Service, Cabinet and the Audit Committee. These reports are public and are part of a range of statutory and non-statutory financial information documents including the Statement of Accounts.

20 Support Services (Legal, Finance, HR, ICT, BPU)

This report has no specific impact on support services other than reporting on those service areas financial outturns. Financial Services work closely with all service areas in monitoring financial performance against budgets.

21 Scrutiny

Has this report been scrutinised? Yes / No

22 Statutory Officers

The Head of Financial Services (Deputy Section 151 Officer) has provided the following comment:

As with previous reports to Cabinet the position is a prudent reflection of the 2017/18 revenue budget outturn.

The improved financial position achieves a transfer to reserves to support the future medium term financial strategy, that said there are concerns about the undelivered efficiency savings that will be reflected in the initial 2018/19 financial reports.

The increasing demand within Children Services and the implementation of the improvement plan continues to be the main financial challenge for the Authority. It is essential that the costings developed to support the plan are robust in order to provide the appropriate level of financial resource and governance.

The overall schools' balance position, particularly the secondary sector, remains a risk that needs to be addressed and will require concerted effort to ensure it is managed effectively.

The Monitoring Officer has no specific concerns with this report.

23 **Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
<p>a. The contents of this report are noted by Cabinet; and</p> <p>b. That the setting up of the specific reserves proposed in section 4.5 are approved;</p> <p>c. That the proposal for achievement of savings by alternative means set out in section 3.6.1 be approved;</p> <p>d. The use of capitalisation to fund school transformation redundancies is approved as set out in section 8.3.</p>	<p>To outline the end of year financial position and the council's financial performance.</p> <p>To ensure appropriate reserves are established.</p> <p>To help support the Cabinet's priorities.</p>

Relevant Policy (ies):		Financial Regulations	
Within Policy:	Yes	Within Budget:	n/a
Relevant Local Member(s):			
Person(s) To Implement Decision:		Jane Thomas	
Date By When Decision To Be Implemented:			
Contact Officer Name	Tel	Fax	E mail
Jane Thomas	01597-826341	01597-826290	jane.thomas@powys.gov.uk

Outturn by Service Area including RAG status as at 31st March 2018

Service Area	Net Budget	Outturn Spend	Variance (Over) / Under spend	Variance (Over) / Under spend as a % of Net Budget	Variance RAG status
		£'000	£'000	%	
People					
Adult & Commissioning	57,335	56,206	1,129	1.97%	B
Children Services	13,153	18,689	(5,536)	-42.09%	R
Housing General Fund	733	683	50	6.82%	B
Place					
Leisure & Recreation	9,217	8,893	324	3.52%	B
Regeneration, Property & Commissioning	8,828	8,127	701	7.94%	B
Highways, Transport & Recycling	20,144	19,125	1,019	5.06%	B
Schools					
Schools Service	24,961	24,863	98	0.39%	G
Resources					
Financial Services	1,877	1,666	211	11.24%	B
Information Services	3,431	3,385	46	1.34%	B
Business Services	6,265	6,218	47	0.75%	G
Legal Services	3,033	3,008	25	0.82%	G
Workforce, OD and Comms	2,485	2,478	7	0.28%	G
Service Area Totals	151,462	153,341	(1,879)	-1.24%	
Corporate Activities	13,070	7,911	5,159	39.47%	B
Financed by (RSG/CT/NNDR)	(239,980)	(240,382)	402		
Total	(75,448)	(79,130)	3,682	-4.88%	
Housing Revenue Account (HRA)	0	-907	907	0.00%	G
Schools Delegated	75,446	74,397	1,049	1.39%	B
Total including HRA	(2)	(5,640)	5,638		

EFFICIENCY TRACKER AS AT 31st March 2018

APPENDIX B

Efficiency / Saving	2015/16	2016/17	2017/18	Total to be Achieved 17/18	Total Achieved to Date	Remainder to find	Achieved
	£000's	£000's	£000's	£000's	£000's	£000's	%
Place							
Highways Transport & Recycling	151	364	1,839	2,354	2,084	270	89%
Regeneration, Property & Commissioning	14	35	399	448	417	31	93%
Leisure & Recreation	0	0	730	730	730	0	100%
Place	165	399	2,967	3,532	3,230	302	91%
Schools							
Schools	158	88	1,619	1,865	1,658	207	89%
Schools	158	88	1,619	1,865	1,658	207	89%
People							
Adult	0	0	2,231	2,231	2,231	0	100%
Children Services	0	1	1,101	1,101	0	1,101	0%
People	0	1	3,332	3,333	2,231	1,101	67%
Chief Executives							
Chief Executives	0	0	250	250	250	0	100%
Legal	0	12	28	40	40	0	100%
Chief Executives	0	12	278	290	290	0	100%
Resources							
Business Services	0	0	278	278	187	92	67%
Information Services	0	0	232	232	200	32	86%
Professional Services	0	20	215	235	235	0	100%
Corporate Activities	999	320	695	2,015	295	1,720	15%
Resources	999	340	1,421	2,760	917	1,844	33%
Grand Total	1,323	841	9,616	11,780	8,327	3,453	71%

RESERVE BALANCES

Summary	Opening Balance (1st April 17) Surplus / (Deficit)	Actual (Use) of Reserves	Balance (31st March 18) Surplus/ (Deficit)
	£`000	£`000	£`000
General Fund	8,685	1,010	9,695
	8,685	1,010	9,695
Ringfenced & Specific Reserves			
Budget Management Reserve	3,484	100	3,584
Specific Reserves	1,902	511	2,413
21st Century Schools Reserve	6,297	(773)	5,524
Adult Services Reserve	2,750	0	2,750
Regeneration Reserve	0	100	100
Invest to Save & Corporate Initiatives (inc JE)	5,300	531	5,831
Insurance Reserve	2,394	(807)	1,587
HOWPS	0	185	185
Mid Wales growth fund	0	150	150
Transport & Equipment Funding Reserve	6,199	(35)	6,164
Sub-Total	28,326	(38)	28,288
Schools Delegated Reserves	486	(930)	(444)
School Loans & Other Items	(494)	60	(434)
Net School Delegated Reserves	(8)	(870)	(878)
Total Ringfenced & Specific Reserves	28,318	(908)	27,410
Housing Revenue Account	1,761	1,506	3,267
	1,761	1,506	3,267
Total Revenue Reserves	38,764	1,608	40,372

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

19 June 2018

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: Capital Programme Outturn Report 2017/18

REPORT FOR: Decision

1. Capital Programme 2017-18

- 1.1 The revised Capital Programme after accounting for approved virements of £4.1m was £82.233m (£86.359m at start of year).
- 1.2 The actual spend to the end of 31 March 2018 was £61.625m. This represents 75% of the total budget. Many of the projects are yet to be completed and virements will now be required to carry forward budgets to 2018/19 where appropriate.
- 1.3 Table 1 below summarises the position for each directorate and service at the end of the year ending 31 March 2018.

1.4 Table 1 Capital Table as at 31 March 2018

	Service	Original Budget	Virements Approved	Revised Working Budget 2017/18 as at 31st March 2018 (after virements approved and required)	Actuals	Remaining Budget	
		£,000	£,000	£,000	£,000	£,000	%
	People						
P50	Adult Services & Commissioning	0	840	840	341	499	59.4%
P60	Childrens Services	0	289	289	228	61	21.1%
HGF	Housing	2,943	-560	2,383	1,620	763	32.0%
P20	Schools and Inclusion	30,086	-2,847	27,239	21,758	5,481	20.1%
G10	Workforce, OD and Comms	0	0	0	0	0	
	Resources						
G20	Business Services	446	189	635	438	197	31.0%
G50	Information Services	1,192	783	1,975	1,053	922	46.7%
LS04	Legal Services	0	23	23	4	19	82.6%
G60	Financial Services	500	-432	68	0	68	100.0%
G80	Corporate Activities	0	0	0	605	-605	
	Place						
G70	Highways, Transport & Recycling	21,826	-878	20,948	18,146	2,802	13.4%
P40	Leisure & Recreation	4,451	6,205	10,656	5,388	5,268	49.4%
R40	Regeneration, Property & Commissioning	3,655	-639	3,016	899	2,117	70.2%
	Total Capital	65,099	2,973	68,072	50,480	17,592	25.8%
	HRA						
	Housing Revenue Account	21,260	-7,109	14,151	11,145	3,006	21.2%
	TOTAL	86,359	-4,136	82,223	61,625	20,598	25.1%

2. Virements Required

2.1 The remaining budget of £20.598m will need to be carried forward to 2018/19 to meet commitments to on-going projects that are continuing into future years. A virement is therefore requested for all projects with an outstanding budget balance of over £100k.

2.2 The tables below, provide details of all projects requiring a virement to carry forward to 2018/19. All projects with remaining budgets of less than £100k will automatically be carried forward to 2018/19.

2.3 Table 2a. Leisure and Recreation

<u>Project Name</u>	<u>Original Budget</u>	<u>Working budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Virement Required</u>
2015 LC Improvements	-	142,020	17,602	124,418	124,418
2016 RESTORATION OF ARTEFACTS	-	108,875	1,655	107,220	107,220
2012 Brecon Cultural Hub	4,133,820	9,313,141	4,045,131	5,268,010	5,268,010
2017 Captain's Walk Gardens	-	375,540	4,000	371,540	371,540
	4,133,820	9,939,576	4,068,388	5,871,188	5,871,188

Work at The Brecon Cultural Hub is still on-going and the remaining budget will be required to see through the completion of the project. A virement to carry forward the remaining budget of £5.871m is therefore requested.

2.4 Table 2b. Schools Transformation and the 21st Century School Project.

<u>Project Name</u>	<u>Original Budget</u>	<u>Working budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Virement Required</u>
CLYRO SCHOOL	3,576,519	3,109,128	2,791,427	317,700	317,700
Ysgol Y Mynydd Du	4,010,810	4,420,901	3,965,287	455,614	455,614
WELSHPOOL CATCHMENT	1,161,000	569,095	220,971	348,124	348,124
HAY ON WYE SCHOOL	4,769,946	4,552,868	3,817,140	735,728	735,728
GWERNYFED HS REFURBISHMENT	-	150,206	35,638	114,568	114,568
2015 Crickhowell HS Sport Centre	440,000	204,169	81,553	122,616	122,616
	13,958,275	13,006,367	10,912,016	2,094,351	2,094,351

This is a 2 phased project funded jointly by the Council and the Welsh Government, with the funding budget split into Bands A and B. The first phase of the project is funded from Band A and is progressing well. The virement of £2.094m is to re-profile the balance of the 2017/18 budget into 2018/19. An application to re-profile the budget has already been approved by the Welsh Government in accordance with the terms and conditions of the Grant, therefore there is no risk to loss of funding.

2.5 Table 2c. Regeneration and Regulatory Services

<u>Project Name</u>	<u>Original Budget</u>	<u>Working budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Virement Required</u>
2017 LADYWELL HOUSE	-	300,000	22,874	277,126	277,126
2017 COUNTY HALL	-	550,660	99,169	451,491	451,491
NEW INDUSTRIAL UNIT AT FFRWDGRECH	-	301,750	4,393	297,357	297,357
2017 ABERMULE BUSINESS PARK	-	330,000	3,065	326,935	326,935
	-	1,482,410	129,500	1,352,910	1,352,910

The Budget for these projects were secured late in the financial year and works did not start until the latter half of the year. Due to this delay the work, along with the bulk of the budget has slipped into the 2018/19 financial year. Approval is sought to carry forward the budget accordingly to enable the works to be completed.

2.6 Table 2d. Information Services.

<u>Project Name</u>	<u>Original Budget</u>	<u>Working budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Virement Required</u>
2007 DESKTOP ICT REFRESH STRATEGY	220,000	262,990	145,170	117,820	117,820
2016 Finance System	-	300,000	6,235	293,765	293,765
2016 Share Point	-	200,000	86,295	113,705	113,705
	220,000	762,990	237,700	525,290	525,290

There is a number of works currently on-going across the council to improve and upgrade the Council's ICT systems and infrastructure. Virement of the remaining budget of £525k is paramount to ensure availability of funding to complete the projects.

2.7 Table 2e. Housing

<u>Project Name</u>	<u>Original Budget</u>	<u>Working budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Virement Required</u>
2016 Welshpool Gypsy Site	405,000	483,681	104,580	379,100	379,100
MANAGEMENT FEES	-	761,000	571,919	189,081	189,081
Asbestos Management	-	285,270	84,436	200,834	200,834
Bathrooms South - 4	-	430,000	167,402	262,598	262,598
Roofing North - 9	-	600,000	219,202	380,798	380,798
Wallwork North - 10	-	340,000	133,167	206,833	206,833
Level Access Bungalows North	1,000,000	220,800	56,474	164,326	164,326
Adaptations	250,000	250,000	123,899	126,101	126,101
FIT FOR PURPOSE SOUTH	400,000	495,110	381,324	113,786	113,786
NEW BUILD/REPURCHASE	-	3,124,000	1,859,112	1,264,888	1,264,888
	2,055,000	6,989,861	3,701,516	3,288,345	3,288,345

All of these projects relate to the Housing Revenue Account (HRA) which is therefore ring-fenced. Works on the HRA projects are progressing well. The project report suggests that more work has been done than is currently reflected in the general ledger due to outstanding invoices from HOWPS.

2.8 Table 2f. Highways Transport and Recycling

<u>Project Name</u>	<u>Original Budget</u>	<u>Working budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Virement Required</u>
2010 ST LIGHTING EFFICIENCY UPGRADES	-	926,395	627,150	299,245	299,245
Structures Planned Mnt - North	-	175,000	33,864	141,136	141,136
2013 ABERMULE BUSINESS PARK	1,880,464	343,500	22,216	321,284	321,284
2014 LLANDRINDOD CA SITE (HWRC)	400,000	417,102	80,131	336,970	336,970
2016 Newtown HWRC	-	644,924	47,835	597,089	597,089
2017 Relocation to Cwt y Plyffin	300,000	300,000	4,917	295,084	295,084
2016 Baling and Compaction Equipment	-	213,413	85,967	127,446	127,446
2017 Presteigne Safe Routes Project	-	299,530	126,439	173,091	173,091
2017 Llandrindod Wells AT Interchange	-	450,000	304,838	145,162	145,162
HIGHWAYS DSO - CAPITAL	7,563,000	2,743,005	1,351,714	1,391,291	1,391,291
	10,143,464	6,512,869	2,685,071	3,827,798	3,827,798

A number of Highway works are weather dependent and had to be suspended during the severe winter conditions. These works are now continuing and will run alongside the 2018/19 planned works. A carry forward of the remaining £3.827m will be needed to pay for on-going works.

3. Funding

- 3.1 The capital programme was funded from various Funding sources including Grants and Contributions from Central Government and other third parties, the use of Council resources from Capital Receipts, Reserves and Borrowing. This is summarised in Table 2 below.
- 3.2 Prudential Borrowing is only used as a last resort after all available resources have been utilised, as it is also the most expensive. Keeping this to a minimum helps the revenue budget.

3.3 Table 3. Funding Sources for the Capital Programme 2017/18

<u>Funding</u>	<u>Supported Borrowing</u>	<u>Prudential Borrowing</u>	<u>General Capital</u>	<u>Capital Receipts</u>	<u>Grants</u>	<u>Reserves/ Revenue</u>	<u>Total</u>
General Fund	3,572,705	7,983,186	2,827,000	8,904,620	24,221,878	2,970,036	50,479,425
HRA		298,640		1,137,681	4,056,253	5,652,430	11,145,004
Total	3,572,705	8,281,825	2,827,000	10,042,301	28,278,131	8,622,467	61,624,429

4. Grants

- 4.1 Total grants and contributions applied in the year amounted to £31.105m.

This consists of £26m from the Welsh Government, £4m contributions from third parties and £1.10m from the Heritage Lottery Fund. The Welsh Government grant includes some £6m which was received in the closing month of the financial year. This was used to reduce borrowing in 2017/18 financial year.

5. Capital Receipts

A capital receipt occurs when an asset of the authority is sold. Capital receipts can only be used to finance new capital expenditure or repay loans. In the 2017/18 financial year, capital receipts of £927k were received from the sale of Properties (274k), Vehicles (54k) and County Farms (596k). £605k of the capital receipts were used to fund the capitalisation direction linked to the delivery of transformation.

- 5.1 Total receipts to the period ending 31 March 2018 is £1.207m.
- 5.2 A recent decision by Cabinet to suspend declaring any further property from the Farm estate surplus, will effectively mean the target for capital receipts will not be met in future.

6. Table 4. CFR Position

	As at 31.03.18 Actual	2018/19 Original Estimate	2019/20 Original Estimate	2020/21 Original Estimate
	£M	£M	£M	£M
Capital Financing Requirement	332,072	326,461	357,224	382,433

- 6.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resource.
- 6.2 The carry forward underspends and virements have an impact on the CFR figures for future years. In addition, any capital bids and approved projects for future years, for which borrowing is required will increase the CFR. This in turn increases the MRP and the borrowing requirements. The real capital charge revenue budgets, while showing underspend in the current year, will require additional budget to meet the additional borrowing and MRP costs in future years.

7. Borrowing Requirements

- 7.1 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.
- 7.2 Net external borrowing (borrowings less investments) should not, except in the short-term exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and next two financial years. This allows some flexibility for limited early borrowing for future years.

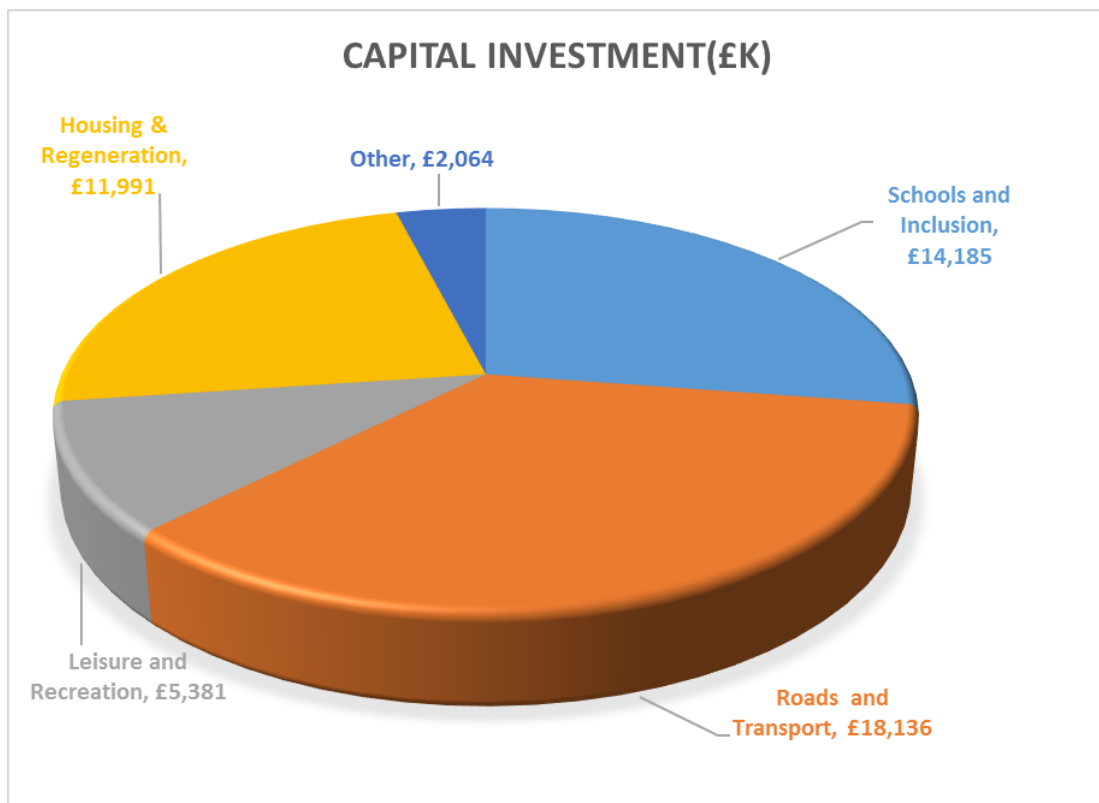
The Authority had outstanding long-term external debt of £246.4M at 31st March 2018. In relation to the CFR figure for 31st March 2018, this equated to the Authority being under borrowed by £85.7M. This is a prudent and cost effective approach in the current economic climate. However, members will be aware that internal borrowing is only a temporary situation and officers have advised that, based on capital estimates, it will be necessary for the Authority to borrow at stages over the next few years. There have

been instances of temporary borrowing throughout this financial year for cash flow purposes.

- 7.3 Any borrowing undertaken will have a revenue implication which includes both the payment of interest on the loan and the repayment of the principal of the loan via the Minimum Revenue Provision (MRP) required. MRP is a statutory and prudent way of setting aside the funds required to repay loan principal in the future. Work is ongoing to improve the forecast for capital spend so that Treasury Management are able to improve the cash flow predictions for the authority. The net cost of borrowing together with the MRP are the real capital charges.

8. Investment Output

- 8.1 The investment of £61.625m has been necessitated by the need to acquire new assets or enhance ageing, and in some cases, dilapidated assets that will enable the council to provide services to its residents more effectively, in the pursuit of its statutory obligations. The diagram below, shows some of the priority areas where the Council has invested in the 2017/18 financial year.



8.2 Education

The Council, with the aid of Welsh Government grant, is investing substantially to bring schools in the County Council to the 21st century. The investment involves, the construction of new schools, enhancement of existing schools, expansion of classroom places and development of ICT infrastructure and sports facilities. Work has already begun and will continue over the next 5 years.

All levels of education, including Pre-primary, Primary, Secondary and Special schools are being improved as part of this programme. The Council is also working in partnership with other Foundation and Faith schools to improve facilities and conditions with the view to raising standards across the County. A total of £14m has been spent in 2017/18 financial year, with a further £166m earmarked for the next five years.

8.3 Transport and Highways

A total of £18.136m was spent in 2017/18 and a further £44m is earmarked for the next five years. Investment in Transport and Highways will see our roads infrastructure renewed to improve road safety and traffic calming measures over the next few years. Improvement in public transport, footways, Bridges and structural maintenance also constitute a substantial proportion of our Highways and transport strategy. The Council is also investing on Street Lighting, car parking and Land Drainage and Flood Prevention as part of the Transport and Highways strategy.

8.4 Housing and Regeneration

About £12m has been spent on major refurbishment and general repairs of Council Dwellings. Renewal of Kitchens, Bathrooms, Heating, and replacement of Roofs have started across the County and more investment has been committed in the next few years to improve living conditions and general wellbeing of our residents.

8.5 Leisure and Recreation.

A total of £4.963m was spent on Museum and galleries, parks and open spaces and sports facilities. Part of this project will be to develop Brecknock Museum and Brecon Library as a valuable community resource for the people of Brecon and the surrounding area, provide opportunities for participation and volunteering and become a significant tourist attraction.

9. Capital Forecast and Spend profile

- 9.1 The outturn result indicates that more work needs to be done to improve the way we forecast and profile our spend intentions of capital through the year to reflect the real performance of our projects. An analysis of the spend pattern indicates that about 40% of the total spend was incurred in the final quarter of the financial year.
- 9.2 At the beginning of the financial year, a budget of £86.359m was approved for Capital development works. This budget was revised through the forecast by project managers to £82.33m and a virement of £4.136m to 2018/19 was requested and approved.
- 9.3 Despite forecasting full spend of the £82.233m, there was still some £20.597m underspend at the end of the financial year which will need to be transferred to 2018/19 financial year. While several factors could have contributed to this level of underspend, the forecast by project managers failed to capture and reflect these factors accordingly. A robust monitoring arrangement should have highlighted this oversight.

10. Governance Framework

- 10.1 A new governance framework for Capital is being developed by the Head of Financial Services with the view to implement in the 2018/19 financial year. This will provide appropriate gateways for scrutiny and robust monitoring of all Capital projects from inception to completion.
- 10.2 The new framework will underpin the monitoring arrangement for all projects and project managers will be required to report on the progress of their projects on a monthly basis. All exceptions will be discussed and reported to Cabinet/Council accordingly. This, it is hoped, will bring greater transparency and make project forecasts more realistic.

11. Impact Assessment

Is an impact assessment required?

No

12. Corporate Improvement Plan

To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning with its medium term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. These capital and revenue monitoring reports, are used to ensure the funding identified to deliver the council priorities is spent appropriately and remains within a cash limited budget.

13. Local Member(s)

This report relates to all service areas across the whole County.

14. Other Front Line Services

This report relates to all service areas across the whole County.

15. Communications

This report has no specific communication considerations. Detailed finance reports are presented to Heads of Service, Cabinet and the Audit Committee. These reports are public and are part of a range of statutory and non-statutory financial information documents including the Statement of Accounts.

16. Support Services (Legal, Finance, HR, ICT, BPU)

This report has no specific impact on support services other than reporting on those service areas with capital programmes. Financial Services work closely with all service areas in monitoring financial performance on capital programmes against budgets. The Capital and Financial Planning Accountant confirms that the projects included in section 3 are included in the Capital Programme.

17. Scrutiny

This report presents financial information which will help inform the future capital strategy and therefore has implications for any related organisation.

18. Statutory Officers

The Head of Financial Services & Deputy Section 151 Officer notes the contents in the report.

The Monitoring Officer has no specific concerns with this report.

19. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
a. The contents of this report are noted by Cabinet. b. Virements as set out in section 2 are approved and where necessary recommended to Council for final sign off	To outline the capital budget position as at 31 st March 2018. To ensure appropriate virements, are carried out.

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	
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Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer Name	Tel	Fax	E mail
Jane Thomas	01597-826341	01597-826290	jane.thomas@powyscc.gov.uk

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.**Audit Committee****6th July 2018****REPORT AUTHOR: Jane Thomas, Head of Financial Services****SUBJECT: Closure Report for the Adult Social Care Budget Recovery Plan**

REPORT FOR: Information

1. Summary

1.1 This is a report to request the closure of the Budget Recovery Plan (BRP). The action plan focused on improving the financial position of Adult Social Care (ASC) and reducing the risk of reoccurrence, it was put in place following a report to Cabinet on 20th December 2016.

2. BRP Update

2.1 The report agreed at Cabinet highlighted a number of weaknesses and learning points that needed to be addressed and formed the basis of recommendations that have been reported on regularly to Executive Management team by way of a BRP.

2.2 Eight recommendations from the report formed the action plan:

- 1) A full transformation plan must be delivered through completion of the vision of ASC to 2021
- 2) A review of all business cases for current savings proposals and the production of business cases for all future savings activities
- 3) Immediate review and reduction of care and financial systems and processes
- 4) Increase in financial expertise and capacity available to the service
- 5) Bespoke financial and system training for all managers within ASC and other budget holders
- 6) Review of change/management capacity within ASC
- 7) Development and delivery of a scrutiny programme
- 8) An updated Income Register

2.3 Appendix A provides a brief update on what has been delivered by each recommendation.

2.4 There are a number of recommendations that are completed:

- Recommendations 2, 3(in part), 4, 5, 6 and 7

2.5 Two of the BRP recommendations were transferred to other Boards, who took over the monitoring and delivery of the recommendations, in particular:

- Recommendation 1 is still ongoing and updates on delivery are monitored through the ASC Improvement Plan.
- Recommendation 8 although was completed, the ongoing monitoring of income and savings is being undertaken through the Income and Cost Improvement Board.

2.6 Recommendation 3, the action relating to Housekeeping, is still causing concern. There is a significant amount of validation undertaken each month and at year end to review the work of the BSU and ASC contracts team. There are large swings each month due to client orders being amended. This analysis is undertaken by finance to ensure accurate forecasting of ASC. The BSU have put extra resource into the service, but have not reviewed or streamlined to align themselves with customer need. This recommendation will be part of a wider project “Right First Time” with Housekeeping being a single workstream. If these issues were addressed there would be the capacity to reduce headcount in finance.

Recommendation:	Reason for Recommendation:
The update on the BRP is acknowledged, with the ongoing monitoring and improvement to recommendation 3 through the Right First Time project	

Relevant Policy (ies):	Financial Regulations		
Within Policy:	<u>Y</u> / N	Within Budget:	<u>Y</u> / N

Relevant Local Member(s):	Cllr Stephen Hayes and Aled Davies
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Person(s) To Implement Decision:	Stephen Caple
Date By When Decision To Be Implemented:	1/6/18

BUDGET RECOVERY PLAN – Closure Report

Appendix A Budget Recovery Plan Update

Ref 01	Key Task - A full Transformation Plan must be delivered through completion of the Vision of Adult Social Care to 2021	Owner: J Patterson / C Shilabeer /D Powell
Completion Date	<p>FIRST DRAFT Outline Report 31/01/2017 Detailed 3-Year Plan 31/03/2017</p> <p>Realistic timescales need to be adopted – the budget review has a timeline to fit in with the FRM and incorporate the Whole System Review and more detailed transformational plan</p> <ul style="list-style-type: none"> • Base budget review 30/9 • Feedback 31/10 • Whole systems review (WSR)31/10 • Realign budgets 31/12 • Financial strategy 31/01/18 	
Outcomes	<p>This focuses on transformation within a strategic and legislative agenda, and will include</p> <ul style="list-style-type: none"> • Budget modelling that shapes the financial strategy. A first draft will be delivered by 31st January 2017. Final Draft 30/11/17 • The Vision must be linked to the MTFs and thus be for at least a 3 year period and cover the complete budget, fully identify and cost both savings and growth pressures and clearly articulate how and when they will be delivered or met (in the case of growth pressures). • The Vision must be informed by a review of the base budget for ASC and also incorporate a rigorous examination of growth pressures and address issues of culture and behaviour within the Service. • It is important that the Strategy goes beyond merely re-producing financial data and it makes the strategic links between the individual activities to produce a comprehensive picture of improvement, integration and financial management. <p>It is also recommended that this approach is adopted for all services, but ASC is the priority.</p>	
Over	<p><u>A base budget review of the Adult Social Care Budget</u></p> <p>Phase 1 seeing the completion of the realignment of the budgets, in part using elements of zero based budgeting. Agreed growth for 2017/18 to close down all the historic deficit items</p> <p>Phase 2 of the base budget review -</p> <ul style="list-style-type: none"> • S33 pooled budget for “integrated care budgets”. - Done • BI developing demographic analysis to help predict modelling - Done 	

BUDGET RECOVERY PLAN – Closure Report

- Accommodation business case and modelling to 2036 - Done

Budget review LD finished- report includes benchmarking and recommendations for improvement and silo issues that could benefit budgets if addressed. Mental Health and Physical Disability will be completed by end of May 2018



LD Review Report
v7.docx

Financial strategy forms part of the improvement plan and will be monitored through the Assurance Board

Transformation Plan

ASC have held workshops to shape the Whole Systems Model Review (WSR) of the service, so a vision can be developed. The findings worked up into a Transformation Plan (TP) / Improvement Plan and the budget review that will support the production of the financial strategy.

The wider cultural changes required at practitioner level in order to deliver in accordance with legislation have commenced with specialist training covering Vanguard and CHC applications and outcomes focused training across teams Managers feel practitioners are utilising this training to improve the service, and it is evident that there are some benefits feeding through positive outcomes for service users and positive effects on achievement of savings to date

Phil Evans and Dylan Owen got approval from Executive Management Team for the BRP to be included in the Improvement Plan (IP), which is their core document for monitoring the delivery of actions. It suggested that these outstanding actions are wrapped up into the IP and monitored through that process each month

BUDGET RECOVERY PLAN – Closure Report

Ref 02	Key Task - A review of all business cases for current savings proposals and the production of business cases for all future savings activities.	Owner: C Shilabeer
Completion Date	Existing Business Cases 31/01/2017 Any new Business Cases for 2017/18 to be developed in line with finalising plan <ul style="list-style-type: none"> • 15/03/2017 	
Outcomes	This approach will test deliverability and strategic alignment and thus support the production of the overall financial strategy for the Service. – This focused solely on business cases to deliver the efficiency agenda	
Overall Update	<p><u>Finance reviewed the Reablement Peopletoo efficiency targets</u> Discussions about how this could be phased in over a longer term. Service agreed they need to see if realistic to be able to prevent more cases accessing services post reablement treatment and also how they measure this for evidence. BI have now provided information that shows the reablement statistics by client from this data we have been to identify the number of clients who have had reduced packages of care after reablement intervention, this being a true efficiency saving to the council. We have used standard assumptions on hourly home care rates and fairer charging income.</p> <p>Full efficiency savings have been delivered for this target</p> <p><u>Income and Awards</u> Income and Awards will be targeted to change policies and improve the income collection, and reduce write off. This could see the reduction of the bad debt provision – monitored through ICIB rather than this agenda</p>	


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BUDGET RECOVERY PLAN – Closure Report

Ref 03	Key Task - Immediate review and reduction of care and financial systems and processes.		Owner: M Evans
Completion Date	<p>Ongoing</p> <p>Phase 1 – Audit of priority cases (based on value), identified and pursued for settlement. Direct Payments</p> <p>Phase 2 – Ongoing audit plan requirements.</p> <p>In correlation with the implementation of the WCCIS System and subsequent Finance module.</p> <p>However work to be progressed in conjunction with action point 3 that is not dependent on the implementation of the new WCCIS System.</p>		
Outcomes	<p>The investigation of the reasons for the over-spending within ASC and the production of this Report have revealed that there are still multiple systems and processes in existence. These lead to delay, complexity, confusion and cost. Their rationalisation will improve financial reporting and budget accountability and produce financial savings.</p>		
Overall Update	<p>Housekeeping</p> <p>Initial review work has been undertaken and some adjustments made to enhance existing process, this has improved the accuracy of budget forecasting and commitments and provided a better understanding of changes and impact on cost. Additional resource in the BSU north now in post to address the delivery gaps</p> <p>Monthly meetings between Business Support and Corporate Finance continue. Contracts and Commissioning Team representative to also be invited to meetings. Business Support continue to use housekeeping reports and creditor reports to identify anomalies for action.</p> <p>BPU finally have access to Tell Us Once – waited 6 months for ICT and Registrars to sort this out so they have access to all Powys deaths</p> <p>Corporate Finance still undertaking month end analysis, as there continue to be swings in housekeeping that takes place affecting the forecast, for example Direct Payment orders for 2018/19 have been set up in the finance ledger in 2017 /18, this makes the in year deficit worse and shows a false position. Year end problematic and a large swing in the forecast due to housekeeping being done and orders removed</p> <p>Direct Payments</p> <p>Phase 1 – Audit of priority cases (based on value), identified and pursued for settlement. Phase 2 – Ongoing audit plan requirements.</p> <p>Targets met as in respect of direct payment audits started and completed. Discussions ongoing regarding future audit requirements. Direct payment audits continue.</p> <p>Partnership Agreement in place between Income and Awards and Adult Social Care for 2 years (January, 2017 to December, 2018).</p> <p>Direct payment recovery exceeds budget again for a second year</p> <p>WCCIS</p> <p>Further process review to be undertaken of the full end to end panel and post panel process in Adult Social Care including systems, process, responsibility, accountability and communication including all stakeholders in the process to potentially further enhance the process and systems.</p> <p>Process maps produced to document decision points and accountabilities. Graphical data produced in respect of trends to aid Panel performance monitoring. Ongoing work continues in response to system (WCCIS) and process (Panel/Service Approval) change requests</p> <p>This is being monitored through the WCCIS Board.</p> <p>WCCIS Housekeeping</p> <p>Significant work undertaken by Adult Services, Business Support and Data Quality Clerks to data cleanse WCCIS and process case closures, where appropriate.</p> <p>Work is ongoing with WCCIS Income and Awards, with phase 1, calculations being available by the end of January, 2018. Work is also ongoing with implementing the Finance Module – providers, services, service provisions and payments within PCC. However this is proving challenging, and will likely include Business Change activity in addition to the System configuration in terms of maintaining the data moving forward. This module will not pay invoices, but provide good management information for practitioners</p>		

BUDGET RECOVERY PLAN – Closure Report


Ref 04	Key Task - Increase in financial expertise and capacity available to the service.		Owner: J Thomas/ D Powell / J Rowles
Completion Date	Final restructure completed 30/11/17		
Outcomes	The need to increase management accounting and strategic capacity and capability across the Council had previously been identified as a priority. There is also a need to ensure that where it is evident that budget protocols are not being adhered to escalatory action is taken.		
Overall Update	<p>Budget proposals include increased resource for Finance (two additional managers). Funding confirmed as part of budget setting process. Restructure completed and have filled all vacant senior posts</p> <p>Finance restructure with new posts identified, agreed and consultation has commenced. Training plan developed with some training already delivered. Finance Business Partner training will commence in the Autumn in collaboration with other adjacent LAs and PTHB.</p> <p>Training for staff ongoing – lease v buy and use of capital to support revenue delivered by CAPITA in Aug to services, procurement and Finance. Identified other skills gaps - reporting writing / presentations training completed. Finance Business Partners completed the 6 month course affiliated to Cipfa.</p>		

Ref 05	Key Task - Bespoke financial and system training for all managers within ASC and other budget holders.		Owner: J Thomas/ S Powell
Completion Date	Training programme to be rolled out from May 2017 and to be completed in November 2017		
Outcomes	Feedback from a number of sources has identified a lack of understanding and ownership of financial and budget issues across many Services. The Council must take positive action to address this and to support managers within the Services.		
Overall Update	<p>Training company identified to deliver public sector online training – reviewed and proved unsuitable for PCC requirements. Full training plan to be drawn up, with internal resource used to develop the training packages, and external expertise brought in to upskill Accountants.</p> <p>Training plan developed and in place.</p> <p> Appendix A.docx</p> <p>Operational manager training is completed, but service managers are still to be trained, estimated at 12 staff. All completed, but more required as staff have changed in Childrens.</p> <p>This action is now being picked up and monitored as part of the Manager induction roll out which includes a 3 hour session on finance and a suite of regular courses that can be booked onto</p>		

BUDGET RECOVERY PLAN – Closure Report

Ref 06		Key Task - Review of change/management capacity within ASC.	Owner: C Shilabber / J Rowles
Completion Date	2017/18		
Outcomes	The Council has made additional resources available to the Service to support change and savings activity. An assessment must be undertaken to ascertain whether this resource has been adequately deployed and whether or not further resources are needed.		
Overall Update	<p>Successful in getting 2 business managers to support the Peoples services.</p> <p>There has been a commissioning and contracting restructure to realign staff to ensure there is sufficient capacity to deliver the transformation plan</p> <p>Improvement Plan costings completed and included in the FRM for 2018/19 – and assumes in future years some cost reductions will be recouped. 2017/18 In year requirements, such as interim staff, assessments and home care hours will be matched by business cases to draw down the ASC reserve</p> <p>The transformation plan and Improvement Plan has also been costed for costs for 2018/19 and included in the FRM – budgets approved at Council February 2018, budget drawn down as needed via business cases, must demonstrate success of outcomes for the spend – to be monitored through the Assurance Board</p>		

Ref 07		Key Task - Development and delivery of a scrutiny programme.	Owner: C Pinney
Completion Date	Ongoing – dependent on completion of stages above 2017		
Outcomes	The implementation of the recommendations above need to be subject to review and scrutiny to ensure their effective implementation.		
Overall Update	<p>Update June - August A joint Audit / Adult Social Care Working Group is already in existence and will be undertaking the review of progress to deliver the recovery plan.</p> <p>All work will be considered by FSP going forward, and will be built into the FSP work programme. FSP is currently being re-constituted, with the first meeting to be held late July, and further meetings held monthly thereafter.</p> <p>FSP work programme of work has been agreed and three weekly meetings now in place with representatives from services and finance.</p>		

Ref 08		Key Task - An updated Income Register	Owner: J Thomas
Completion Date	Ongoing – dependent on completion of stages above 2017		
Outcomes	Presented to cabinet with an action plan to mitigate the impact of any shortfalls in 2017/18.		
Overall Update	<p>Update June - August Fees & Charges Register considered by ICIB. All HoS to confirm that their elements of the register are complete and up-to-date by 17th July 2017. Completed register will now form part of Cabinet’s budget considerations.</p> <p>ICIB has identified a list of opportunities for development. However, these focus on potential savings for future years, rather than current budget shortfalls. A review of all income budgets vs. actual income received has been undertaken, but this has not identified any quick wins.</p> <p> Action Plan.docx Action plan from the ICIB attached. Team developing ideas but nothing significant identified to reduce the target</p> <p>ICIB updates are monitored through EMT and not this arena</p>		

BUDGET RECOVERY PLAN – Closure Report

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

Audit Committee

6 July 2018

Internal Audit Scrutiny Group

Purpose of Report: Progress report

The Group has met once since the last Audit Committee. It considered the following:

- **Housing Service Charges** – the service had requested an internal audit following the requirement to provide a detailed breakdown of service charges to tenants. It was found that the service would benefit from more automation and a system is being assessed for improvement to accommodate this element.
- **Income Generation** – work had been undertaken in 2014/15 which suggested that there were opportunities for income generation. Since that time there have been few plans and income opportunities have not been achieved. Generally there was a lack of planning and preparation and targets were changed or rolled forward. The Cost and Improvement Board was to be reviewed to ensure more rigour. An efficiency tracker is maintained which monitors monthly spend including income targets and this is reported to Cabinet. Finance training is to be included as part of the Management Induction Programme.
- **Fraud** – the Group are briefed on any instances of fraud at every meeting

The Group welcomed a suggestion that Internal Audit reports be tracked through the Corporate Tracker. It was noted that there had been a lack of engagement by some services since moving internal audit services to SWAP.

Report contact: Lisa Richards, Legal, Scrutiny and Democratic Services

Contact details: lisa.richards@powys.gov.uk, 01597 826371

Background papers: Notes of meeting held 11 May 2018

Group Membership: County Councillors J G Morris (Lead Member), M Barnes, K Laurie-Parry, A Williams and Mr J Brautigam

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

7th July 2018

REPORT AUTHOR: Greg Thomas, Business Continuity & Risk Management Officer

SUBJECT: Update Report on Risk Management (Quarter 4 2017/18)

REPORT FOR: Information

1.0 Summary

1.1 An update has been requested by the Audit Committee on Risk Management and Business Continuity within the Council, following a report to the Committee on 27th April 2018.

1.2 This report outlines the position statement for Risk Management and Business Continuity within the Council, and progress made since the last committee.

2.0 Background

2.1 The Council is in a process of continuously improving and updating its approach to risk management, to help better understand and manage the risks which it is facing, and to increase the likelihood of achieving objectives. Risk management is a core management discipline that supports organisational delivery. The risks that the organisation faces are changing all the time, so the art of good risk management is to combine planning for what we know might happen, with preparation for unknown situations, and to safeguard the organisation and in turn make it more resilient.

2.2 A process of implementing risk management in service and directorate management teams has been implemented over the last three years, to review and update service and corporate risks, and to ensure that control measures are identified. The risk registers are now reviewed and updated quarterly to ensure that they are dynamic and remain up-to-date. Risk registers are regularly reported to Portfolio Holders, Management Team and Cabinet Management Team.

3.0 Risk Management

3.1 Progress

3.1.1 The Cabinet continues to view the corporate risk register on a quarterly basis via Cabinet Management Team, and the Leader is updated on the progress of risk management on a monthly basis, as part of her role as Portfolio Holder

for Risk Management. Risk Management is now a recognised component of the decision making process.

3.1.2 In October 2017 SWAP undertook an audit of the risk management arrangements in Powys County Council, this audit concluded that current risk management arrangements in Powys County Council place the organisation at high risk of not being able to achieve its objectives and to successfully execute its strategies. The audit was only able to offer partial assurance in relation to the areas reviewed and the controls in place. It was found that key risks are not well managed, and that system requires the introduction or improvement of internal controls to ensure the achievement of objectives.

3.1.3 As a result of this audit a new risk management toolkit has been written, and JCAD Core (an electronic risk management system) has been procured, this was presented to Audit Committee on 27th April 2018, and has since been agreed by Management Team and Cabinet.

3.1.4 This new toolkit and software will be delivered by 1st August 2018, with Caroline Evans taking responsibility for its roll out and implementation.

3.2 Current Position

3.2.1 The following have been removed from the Corporate Risk Register in the current reporting period: -

- i. **PPPP2 – Legal challenge to Powys County Council’s intentions to handback responsibility of privately owned closed landfill sites to the landowners.**

Powys County Council won the appeal at the High Court, and the aggrieved party was refused permission to appeal this decision.

- ii. **PPPP3 – Failure by County Council to adopt the Local Development Plan (LDP).**

Full Council voted to adopt the LDP on 20th April 2018.

3.2.2 The following 2 risks have been added/raised to the Corporate Risk Register in the current reporting period: -

- i. **ASC28 – Legal case is being undertaken at the High Court with regards to payment for ‘sleep-in’ care work.**

The pay that carers receive when asleep has not been consistent (not receiving minimum/living wage). Depending upon the case law set out, this could lead to legal challenge, and a significant financial impact for Powys County Council.

- ii. **HS9 – Heart of Wales Property Services (HoWPS).**

HoWPS are underperforming their agreed contract, leading to a failure of statutory functions, failure to perform repairs and maintenance, and an additional cost to Powys County Council.

3.2.3 The remaining 29 risks remain unchanged for this period. However some Portfolio Holders and Risk Owners have been amended due to organisational changes.

3.2.4 Full details of the risks, consequences, and identified mitigation is included on the attached Risk Register (changes shown in red text), summary sheet, and heat map.

3.3 Further Work

3.3.1 Engagement with SMTs and DMTs will continue, to further embed the risk management process throughout the Council. Services will review their risks ongoing on a quarterly basis, and will report this information at the Quarterly Performance Review meetings, as well as to Cabinet Management Team.

3.3.2 The Risk Management Officer will continue to meet with the Leader on a monthly basis to ensure that the corporate risk register remains up-to-date with the appropriate mitigating controls identified.

3.3.3 A new Risk Management Toolkit has been developed, and agreed by Executive Management Team, Audit Committee, and Cabinet, this will be implemented across the organisation by August 2018.

3.3.4 An electronic risk management system, JCAD has been procured, and is currently being built. This will be implemented across the organisation by August 2018.

3.3.5 Risk Management training will be developed and will be delivered to Members, with initial focus on Cabinet and Audit Committee.

4.0 Business Continuity Management (BCM)

4.1 Current Position

4.1.1 All Service Business Continuity Plans (excluding ICT) have now been completed. These will feed into the review of the Corporate Business Continuity Plan. Which will be undertaken this quarter.

4.2 Further Work

4.2.1 Discussions are underway with the Schools Service to develop a framework for business continuity for individual schools. This is not a statutory obligation, but is considered best practice by many local authorities.

4.2.2 A quality assurance framework is to be developed for Service Business Continuity Plans.

4.2.3 A public facing webpage offering support and advice to businesses and the third sector with regards to their business continuity has been developed and launched, ensuring that we are meeting all the requirements of the Civil Contingencies Act (2004).

4.2.4 Following the completion all Service Business Continuity Plan, the Corporate Business Continuity Plan is to be fully reviewed.

4.2.5 Work is underway to better align the Business Continuity and Emergency Planning functions of the Council under the requirements of the Civil Contingencies Act (2004), and to ensure the most efficient use of resources.

5.0 Impact Assessments

5.1 As the budget setting process is currently being reviewed, and it is likely that the process will be changed to streamline the review process.

5.2 Moving forward this work will be led by members of the Policy and Performance Team.

6.0 Future Status of the Report

6.1 Not applicable.

Recommendation:	Reason for Recommendation:
That the Audit Committee notes the progress being made by the Business Continuity & Risk Management Officer in increasing awareness of Risk Management and BCM throughout the organisation.	To ensure the adequate management of risk, and safeguard the Council.

Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

Relevant Local Member(s):	Not Applicable
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Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
Greg Thomas	01597 82 6149		greg.thomas2@powys.gov.uk

Risk Ref	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk				Notes
						P	I	Risk Rating						P	I	Risk Rating		
ASC9	15/07/2015	SIP	Adult Social Care	The Council's ability to recommission the Domiciliary Care Service without increased costs as a result of Dynamic Purchasing System (DPS).	Domiciliary Care Service fails, leaving service users at risk. Reputational and financial impact / damage. The Council would not be providing domiciliary care services according to procurement regulations. Increase in spend on Domiciliary Care.	M	C	High	8	Progressive rollout. Engagement with providers via contract management process. Action Plan & Accountability Framework. Action within SIP. Portfolio Holder delegated decision report was agreed for Domiciliary Care Framework Options (July 2017). Market position statement will lead into a Domiciliary Care Strategy. Implement approved provider list. Currently developing the DPS which will aim to manage costs by adopting floor and ceiling prices.	Alison Bulman	Cllr Stephen Hayes	Improved working arrangements with PAVO to support and build capacity in the third sector; Move from traditional provider / commissioner relationship to co-production with stakeholders; Develop outcome based commissioning. Integrated approach with PTHB to design a joint domiciliary service model. Revisit Adult Scrutiny Group with further proposals on the DPS.	L	H	Medium	3	
CR2	15/07/2015	HoS	Organisational Development	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Insufficient staff to meet service demands; Inability to progress service development. Financial implication of using agency staff/contractors.	H	H	High	9	Powys County Council Recruitment Campaign. Growing our own/career graded apprenticeship approach policy approved and launched	Sarah Powell	Cllr James Evans	Develop workforce plans looking at workforce demographics over next 5-10 years, skills and workforce training. Workforce assessment plans due from each service areas end of January 2018. Move to a new approach of values based recruitment process. Future Workforce (Making it Happen/Corporate Leadership and Governance Plan) has replaced ROOTS Programme. Work with PCC/Heath Board to understand new skill mix required. Informed by Healthcare Strategy/Parliamentary Review of Health and Social Care in Wales.	M	H	Medium	6	
CR17	22/01/2016	SMT	Corporate	Living wage and increased pension requirements are resulting in increased financial pressure.	Additional financial implications; Some ASC providers may remove provision; Inability to meet statutory requirements; Unaffordable within current budget.	H	C	High	12	Working with ASC providers to understand increased cost pressures; Funding identified for 2017/18 in the budget process. Identify capacity issues. All change projects allocated a project manager. Regular budget monitoring. ICF money from WG to engage with Work undertaken with Vanguard.	David Powell	Cllr Aled Davies	Continuation of existing controls.	L	C	Medium	4	
ASC14	14/09/2015	CEO	Social Care	Continuity of provision of WCCIS (DRAIG replacement). Financial model has not been implemented. WCCIS system is not currently able to provide all the data required for service monitoring and planning.	Loss of data resulting in officers being unable to access client files. Continuity of reporting; Loss of data; Decisions around service management and change can not be based upon robust data. The development of the DPS requires accurate data. Work is ongoing to utilise different packages within WCCIS, and work is ongoing with the Business Intelligence team to draw accurate information as required.	H	H	High	9	Ongoing support from ICT: - SIP Objective 2017 - ICT1 Support post implementation benefit release of the National WCCIS system. Some data will become available beginning of November 2017 enabling reporting and practice. <i>Work is ongoing to utilise different packages within WCCIS, and work is ongoing with the Business Intelligence team to draw accurate information as required.</i>	Alison Bulman	Cllr Stephen Hayes	Delivery plan for the proposed WCCIS finance module. Business Intelligence working on data reporting and performance measures from WCCIS. Some decisions may need to be deferred if the data is not ready. This could lead to financial loss, legal risk, and reputational damage.	H	H	High	9	
CG1	Prior to 2014	SIP.L.V2	Legal	Failure of governance.	Council acts ultra vires; Contravenes finance regulations and EU procurement regulations. Failure to distribute	M	M	Medium	4	All work is report based and there is a mechanism in place by which appropriate checks are made - two checks are made by Finance and two checks by Legal (Section 151 Officer and Monitoring Officer).	David Powell	Cllr Aled Davies	ModernGov Phase 2 project started. Input required from company to provide training. Will be piloted with one service initially. This will insist on timely provision of reports and will send reminder emails to the appropriate officers; Programme Governance Action Plan - spot audits of Programme Boards; Audit of Programme Board governance; Regulatory Reports.	L	M	Low	2	The software is extensively used by WG and automatically sends reminder emails to officers.

Risk Ref	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk		Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Residual Risk			Notes			
						P	I					P	I	Risk Rating				
CG2	21/11/2012	Risk Register 21/11/12 12.11	Corporate	Data Protection Breaches	Information Commissioners Intervention. Financial Penalties	H	H	High	9	<ul style="list-style-type: none"> Information Governance Plan supported by the Corporate Information Governance Group which meets on a quarterly basis; Ensure we comply with corporate training requirements and quality assure our processes; IT equipment encrypted; Policies and procedures in place; Staff training; Printer security controls; Data transmission controls (secure email). Work to comply with the General Data Protection Regulations (GDPR). 	Mark Evans	Cllr James Evans	Introduction of information asset owners; Information Asset Register; Information Risk Assessments.	M	M	Medium	4	Linked to CR19.
CR1	21/11/2012	Risk Register 21/11/12 12.100	Corporate	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position	The Council incurs significant overspend. Projected budget will suffer an overspend. Penalties and fines may be imposed Council reputation damaged	H	H	High	9	<ul style="list-style-type: none"> Medium Term Financial Plan; Cost Recovery work; 3rd party spend reduction; Income Generation; Monthly reports to cabinet and Management Team on budget progress and progress on savings; Budget Challenge Events; Moved to a 3 year balanced budget; Budget Management Reserve; Impact Assessments; Resource Delivery Plan. 	Jane Thomas	Cllr Aled Davies	Re-establishment of the Income & Cost Improvement Board.	M	H	Medium	6	
CR6	21/11/2012	Risk Register 21/11/12 12.90	Corporate	Lack of adequate resilience planning	Non-compliance with Civil Contingencies Act (CCA) 2004; Failure to deliver critical services in the event of a declared emergency or event.	M	H	Medium	6	<ul style="list-style-type: none"> Education and training programme; Business Continuity Management (BCM) Group established; Services supported to produce their own Business Continuity Plans (BCPs); Self-evaluation of BCM incorporated into SIP process; PCC representation on Dyfed Powys Local Resilience Forum (LRF); 24/7 Duty Emergency Planning Officer to facilitate PCC response. 	David Powell	Cllr Aled Davies	Continual engagement with BCM Champions via quarterly Business Continuity Group; Services to continue to develop and test their BCPs; External Education and Training with LRF Partners to ensure Integrated Emergency Management (IEM); Recent audit undertaken by Internal Audit team, resulting in an Action Plan.	L	M	Low	2	
CR10	21/11/2012	Risk Register 21/11/12 12.97	Corporate	Failure to monitor and protect Council assets	Theft and abuse of Council property	H	M	Medium	6	Each service should have its own asset register; All ICT equipment should be recorded on the ICT central asset register.	Mark Evans	Cllr James Evans	Ensure that all services have their own asset registers in place; Incorporate into Starters and Leavers process.	M	M	Medium	4	
E1	Prior to 2014	SIP	Environment Directorate	The authority doesn't have a sufficiently robust risk assessment process for the management of Health & Safety (H&S) across the organisation. In addition to this, due to nature of the work carried out in HTR, considerable reliance is placed on the workforce to deliver services safely, in the interests of both staff and public.	Injury to individuals and risk to the Authority; People could be seriously or fatally injured; Exposure to litigation.	H	H	High	9	<ul style="list-style-type: none"> Health and Safety meetings, revenues, training and audit; Public liability insurance; Procurement - external contractors risk statements - monitoring. Promotional campaign for risk assessment for staff across the authority completed w/e 26/05/2017; Staff bulletin issued; Management Team (MT) briefing cascaded to ensure learning is understood by all staff responsible for H&S; 	Nigel Brinn	Cllr James Evans	Continually review robust site supervision and monitoring processes internally and externally with contractors; Full review of risk assessments to be undertaken by all Service Areas - Risk assessment audit process currently being reviewed by H&S team; H&S to be included within IPRs; MT considering sufficiency of current mechanism for managing H&S;	M	H	Medium	6	
ICS1	Prior to 2014	SIP.ICT.?	ICT and Programmes	Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/processes)	Failure to maintain key ICT services in the event of a major incident.	H	H	High	9	<ul style="list-style-type: none"> Close working with Microsoft and Platform Consultancy to explore utilising the latest cloud services. This will provide both a backup solution and disaster recovery solution. This will provide PCC with the ability to instantly power up all replicated servers in the cloud. Microsoft Data Protection Manager will perform nightly backups to on-site storage, this will then be replicated into Azure blob storage as an off-site back for long-term storage. 	Mark Evans	Cllr James Evans	Replacement of existing systems; Fire prevention for server rooms; Second link from a second site within the North of the County to replicate systems; New systems which are purchased require cloud hosting capability; DR and BC within 2017/18 SIP; SLA discussions will also impact the solutions; Engagement with external provider to identify and provide a suitable BC solution.	H	H	High	9	
PPPP2	Updated- 19th April 2016	SIP.PPP.V 1	Property, Planning & Public Protection	a) Legal challenge to PCC's intention to hand back responsibility of privately owned closed landfill sites back to the landowners; b) Liabilities arising from PCC owned closed landfill site portfolio.	a) Costs arising from legal challenge and future liabilities. b) Potential legal action by NRW should an incident occur.	H	H	High	9	<ul style="list-style-type: none"> QC advice sought at the outset, and supporting the Council's stance. We have two specialist Contaminated Land Officers who will seek external legal advice when appropriate, and work closely with Natural Resources Wales. Appeal heard June 2017, currently awaiting result. 	Paul Griffiths	Cllr Jonathan Wilkinson	PCC won appeal at the High Court, however the aggrieved party is seeking permission to appeal this decision.	L	H	Medium	3	Result of request of Supreme Court hearing still unknown.

Risk Ref	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk		Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk		Notes			
						P	I						P	I		Risk Rating		
PPPP6	Prior to 2014 Risk updated 05/04/2016	SBP-2014/17	Property, Planning & Public Protection	Failure by County Council adopt the LDP	Reputational damage to the Council and a period when the Council would determine planning applications without an adopted LDP. Financial implications due to increased costs to produce LDP.	H	H	High	9	There has been close working relationships with WG officers. Examination process of re-submitted LDP has been completed, it went well. But currently awaiting response from Planning Inspector.	Paul Griffiths	Clr Martin Weale	Currently awaiting response from the Planning Inspector. Final hearing held 10/1/2018 no action arising, draft inspection report expected 21/2/2018.	M	H	Medium	6	Full Council meeting to vote on the adoption of the LDP to be held 20/04/2018.
PPPP12	11/12/2015	HoS	Property, Planning & Public Protection	We have identified £1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Financial and reputation risk to the Council if the remedial works are not undertaken.	H	H	High	9	A further £500k capital identified to undertake work in 2018/2019.	Nigel Brinn	Clr James Evans	Rolling programme of works. Funding for the urgent works has been dealt with as part of the Council's overall budget setting process. £500k capital works (urgent works) has been completed. Programme developed for the next 2 years to address the highest priority cases. Underspend from 17/18 rolled forward to 18/19.	M	H	Medium	6	Programme developed for £500k spend for 2018/2019.
CR14	13/01/2015	SMT	Corporate	Condition and security of buildings, premises and sites.	<ul style="list-style-type: none"> Breach of Equalities legislation; Failure to comply with H&S legislation; Failure to be able to provide services in a suitable way to the public, and accommodation which is suitable for staff. 	M	H	Medium	6	Strategic review of office accommodation in progress. Schools Review of Special Schools; 21st Century Schools Programme (prioritised according to pupil vulnerability); A new Schools Service Major Improvement Programme Scoring and Prioritisation criteria was agreed by Cabinet 3/3/15, and it was also agreed a spend of £1m per year for the next three years.	David Powell	Clr Phyl Davies	Strategic Outline Plan for 21st Century Schools and Capital Investment Programme; Revision of Schools Service Asset Management Plan including: - <ul style="list-style-type: none"> Revision of SLAs as part of JVC (incorporating Property Plus); Defined Client side role; Develop robust SLA with clearly defined roles; Develop a commissioning model; Understanding of how work is commissioned. Health & Safety Officer carrying out a rolling programme of audits. Further guidance to be issued to schools in September relating to Health & Safety and Safeguarding.	L	H	Medium	3	
CR15	25/01/2016	PCC Welfare Reform Advisory Group	Business Services	The welfare reform programme against a backdrop of changing legislation and roll out of Universal Credit has likelihood of large impact on Powys citizens, in addition to HRA income. Access to IT equipment. Resourcing issue, particularly in Libraries.	Customers having less income and requiring support to adjust; Resilience of service to continue to provide additional service as UC increases; In subsidy audit potential penalty imposed; Rent collection rates drop, resulting in a loss of income for the HRA; Inability to implement change requirements and provide the expected service within the Government set framework and targets.	V	M	High	8	Provide financial advice. Administer discretionary housing payments (DHP) to people who are unable to manage their housing costs (WG allocated fund); Steering Group chaired by Portfolio Holder; Communication and money advice to support people; Financial advisers employed. Digital support being provided (training to staff). Establishment of Operational Group within Powys to co-ordinate activities of joint communications plan, joint training plan. Support from DWP - training, help with launches (Joint Powys & DWP introductions).	Mark Evans	Clr Aled Davies	Financial profiling of tenants; Using Shire meetings to notify members; Discussions around working with Credit Unions to mitigate potential loss of income; Lessons learned via UC LA Group; Training provided to all support staff within Council; Template for work plans to be developed; Additional admin support to be used; Stakeholder event meeting.	H	M	Medium	6	Universal Credit will be rolled out in Powys by October 2018. Resource issue - however two new officers will working on a part-time basis to ensure work is completed.
CR16	07/07/2016	Audit Committee	Corporate	The impact on the Council as a result of Brexit	Interest rates, negative impact on investments and the pension fund, wider economic impact, exchange rates, European funding grants.	H	H	High	9	Close monitoring; Cabinet briefed; Advice from pension advisers; Continue to work with WEFO.	Mark Evans	Clr Aled Davies	Continue to monitor economic indicators. Ongoing dialogue with external advisers.	H	H	High	9	
CR7	04/11/2016	Audit Committee	Corporate	Transition post-election of the Pensions Committee	Insufficient skills to oversee the Pension fund	H	M	Medium	6	The Pensions Board is fully trained and holds a great amount of training and expertise. This Board is available to provide assistance to the Pensions Committee if required.	Mark Evans	Clr Aled Davies	Implement training plan previously developed for the Pensions Board, to develop members of the Pensions Committee where required.	L	M	Low	2	

Risk Ref	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk		Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk		Notes			
						P	I						P	I		Risk Rating		
ICS8	13/01/2016 (Revised 03/04/2017)	ICT SMT	ICT and Programmes	Failure to control and secure ICT systems and data against unauthorised access including Cyber-crime attack.	Corrupt data resulting in data loss. Corrupt machines resulting in system down time. Loss of internet access resulting in reputational damage. Financial consequences if we were held to ransom.	V	H	High	12	Anti-virus software. Anti-malware software. Anti-spam software on email system. Firewalls. Security controls in place and continuously reviewed. Secure copies of data kept in the cloud to allow restoration of systems. Staff awareness of ICT security via e-learning.	Mark Evans	Clr James Evans	ICT Governance reviewed and has directed a new BC to be authorised based on the results of field testing conducted on 3 products. Currently evaluating a product. Resilient systems to be implemented to allow delivery of ICT systems if main site compromised. Review to be undertaken of the NCSC 10 Steps to Cyber Security, to include: - 1. Risk Management Regime; 2. Network Security; 3. User education and awareness; 4. Malware prevention; 5. Removable media controls; 6. Secure configuration; 7. Managing user privileges; 8. Incident management; 9. Monitoring; 10. Home and mobile working. Patching (updating software to ensure they have no vulnerabilities). Implementation of Government Cyber Essentials	M	H	Medium	6	Linked to CR19.
HTR2	2014	SIP	Highways, Transport & Recycling	Meeting the requirement of the MTFS, including achievement of savings and income generation targets. Noting the Transformation stretch target of £1.0m and the unfunded service pressures.	Financial implications for the Authority - budget will suffer an overspend. Impact on other services / functions.	H	H	High	9	Regular review through the MTFS and corporate governance; Programme and Project Boards; Finance report to Cabinet	Nigel Brinn	Clr Phyl Davies	Monitoring and reporting through corporate financial processes and systems	H	H	High	9	Period 11 forecast for 17/18 = £101k ahead of budget. Note the budget shortfall/target for 18/19 of circa £1.966m.
LR24	2016	LR SIP 2016-19 Objective LR10	Leisure & Recreation	Brecon Cultural Hub (y Gaer) cost plan under continual ongoing pressure due to original inflationary increases, complexity of design programme and other factors. Potential for over-run beyond original agreed budget remains but likelihood and degree of scale greatly reducing as time goes on and costs are increasingly locked down.	Breaches in financial and project plans, resulting in project being subject to increased performance pressure and necessary scrutiny—Prospect of further funds having to be sought from Council before project completion remains a residual risk but the level of required funding greatly reduced and diminishing.	H	H	High	9	Sourcing additional external funding successful and ongoing: - £1m WG RCPP; £50k Garfield Weston Foundation & £35k BAT & private donations (Museum Interpretation & artefact restoration); £12,998 BBNPA SDF (Project Illumine); £200k WG (highways works). Continued working detailed design spec/materials and tender packages to determine detailed costings. Quantity & type of uncertainty greatly reduced as construction progresses. More risk being placed with Kier e.g. costs from programme delays. Raising awareness internally and with responsible Portfolio holders, Strategic Director and senior officers, along with partners and Stakeholders. Raise concerns at early stages, and raise through Programme Board and Project Board. Project Manager in place who has building and project management experience and knowledge – strict, persistent and challenging monitoring of contractors, costs & programmes protecting Council's budgetary interests.	Ian Budd Nigel Brinn	Clr Phyl Davies Clr Rachel Powell	Continuation and expansion of project development activity including cost engineering reduction exercise and design refinements and acquisition of accurate tender prices and costings. Continue close & exacting monitoring at high level between PCC, consultants & contractors. Continue fundraising campaigns to relieve pressures on budget, add value to overall scheme and mitigate deficiencies in cost plan i.e. where important scheme elements have been extracted (via VE) and need re-introducing e.g. development of Captain's Walk (now funded); purchase of furniture and fit out for overall building; design & fabrication of integral public art elements (2). Continue to develop strong and transparent communication amongst project team; continue to liaise, communicate with & engage funding partners, stakeholders & community at strategic and local level. Promote scheme widely to encourage and build support (further & future funding, volunteering input, sponsorship) and to ensure excellent service delivery and customer usage / satisfaction upon opening. Continue detailed planning for a sustainable & rigorous business model to be in place upon opening.	H	H	High	9	Whilst the risk rating remains necessarily High due to the nature of costs being intrinsically partially fluid, the scale, type and impact of risk is greatly diminishing; Overall status of risk less critical as completion date draws closer (construction completion expected Aug 2018, with soft opening Dec 2018/Jan 2019).
CR18	13/11/2017	HoS	Adult Social Care	1. Ability to meet the £1.428m savings target for 2018/19. 2. Addressing the deficit in the FRM for 2018/2019.	Financial implications for the Authority - budget will suffer an overspend. Impact on other services / functions.	H	H	High	9	- Regular budget monitoring and reviewing of the savings tracker. - Creative use of grant opportunities. - Practice development to support independence within a resilient community with service provision as a last resort. - Transformation plan agreed which is input into the budget review. - Review currently being undertaken by finance.	Alison Bulman	Clr Stephen Hayes	- Further resource to support the work is being negotiated. - Review of readiness assessment. - One of the tracked savings under reablement is being re-profiled across 3 years, therefore the £2.2m savings target is reduced. - Income generation ideas being explored.	H	H	High	9	

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Risk Ref	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk		Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk		Notes		
						P	I						P	I		Risk Rating	
HTR4	16/11/2017	SIP	Highways, Transport & Recycling	To provide safe highways assets and structures as far as reasonably practical	Breach of statutory duties and subsequent financial and reputational demand, e.g. third party claims.	H	H	High	9	Careful prioritisation of work and resource allocation (Capital budget). Revenue budget (cleaning, sweeping, winter maintenance).	Nigel Brinn Cllr Phyl Davies	Capital investment in highway network, road safety grants; Revise and update Highways Asset Management Plan; Determine future levels of service; Improve operational delivery.	H	H	High	9	
CS4	14/11/2017	SMT	Children's Services	Develop structure to respond to CSSIW report (August 2017).	- Meeting regulatory and legislative duties. - Managing demand on the service. - Risk to children. - Recruitment and retention of staff. - Staff morale. - Reputational damage.	H	H	High	9	- Assurance Board. - Improvement Plan. - Partnership Board (with other agencies). - Increase number of qualified social workers (additional staff recruited). - Communications strategy (internal/external). - Monitoring by CIW. - Report to Minister/CIW every 90 days. - Improved monitoring structures with Elected Members. - Updated and implemented supervision programme. - Monitoring of timeliness of assessment.	Alison Bulman Cllr Rachel Powell	- Continuation of current controls.	H	H	High	9	
CS5	14/11/2017	SMT	Children's Services	Not having sufficient foster or respite placements.	- Children at risk. - Children placed greater distance from families. - Children in residential placements as no alternative available. - Children not having needs met.	H	H	High	9	- Fostering marketing and recruitment campaign developed. - Increased scrutiny of corporate parenting from Elected Members. - Part of Improvement Plan. - Active monitoring of children's placements. - Monitoring of increased budgetary pressures. - Safe reduction of numbers of looked after children.	Alison Bulman Cllr Rachel Powell	- Develop in-house provision to create efficiencies. - Increase in house capacity. - Increase early intervention to ensure families stay together. - Development of Edge of Care services. - CYPP to develop services for children across all agencies in Powys (prevent). - Develop provision for respite across the county. - MAAP process needs to be reviewed. - Strong communications links for recruitment for carers.	H	H	High	9	- Budget pressures exist. - Additional investment required to achieve performance. - Improved performance seen. - 8.5 FTE vacancies in service.
Tudalen 57 R19	28/11/2017	CIOG	Corporate	Non Compliance of the principals of the General Data Protection Regulation (GDPR) at introduction.	- Potential fine of up to €20,000,000 or 4% of annual turnover. - Regulatory data protection audits. - Reputational loss of PCC. - Regulatory enforcement action. - Detriment to the data subjects. - Civil action and associated consequences.	H	C	High	12	- Development of Communication Plan (completed September 2017) and in the process of being delivered. - Provision of information to SMT, HoS, and Team Meetings. - Presentations to schools. - GDPR Surgeries (completed December 2017). - Information Asset Audit (IAA) in progress, however this has been delayed to do resource issues, and lack of/late responses from some services. This will continue alongside GDPR preparation. - Development of internal records of processing, IAA are the foundations of this work. Deadline agreed at CIGG January 2019. - Staff training - work is underway to move current training into a new format. Completion expected Summer 2018. - Technical controls - existing controls will be documented by 25th August 2018. - Policies and Procedures - existing policies to be revised by 25th May 2018, Information Compliance Policy under development and to be completed by 25th May 2018. - Information sharing protocols - Information Asset	Mark Evans Cllr James Evans	- Develop processes and provide awareness to all staff. - Actions from Information Asset Audit. - Further technical controls. - Further policies and procedures.	M	C	High	8	- Data Protection Officer planning aspect in hand, however there are concerns over service area management of their responsibilities in terms of considering legal basis for processing, developing privacy notices etc. - Comes into force 25/5/18. - Linked to ICS8 and CG2. - Mark Evans appointed Senior Information Risk Officer (SIRO).
CS11	08/12/2017	HoS	Corporate	Failure to meet the statutory deadlines imposed on the Council as a relevant authority under the National Training Framework under Violence Against Women, Domestic Abuse and Sexual Violence Wales Act (2015).	- Risk to CIW inspection of adult services. - Potential criticism and legal challenge to the Council in the event of this lapse being a significant factor in a Domestic Homicide Review or instance of abuse. - Reputational damage to the authority.	V	H	High	12	- Report considered by Cabinet, first two statutory requirements missed, requirement for 100% for Group 1 by 31st March 2018 missed. Outcome was 59% of staff completed training. - Presentations given to staff members who do not have IT access.	Alison Bulman Cllr Stephen Hayes Cllr Rachel Powell	- Detailed improvement plan on VAWDASV prepared for Cabinet.	V	H	High	12	Latest reports (March 31st 2018) show completion rate of 59%.

Risk Ref	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk		Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk		Notes			
						P	I						P	I		Risk Rating		
ASC18	15/07/2017	HoS	Adult Social Care	Inability to recruit the level and scale of staff required within ASC. Also, the Social Care Wales' requirement for carers to register may make the work less attractive, further exacerbating the issue.	Insufficient staff to meet service demands; Lack of qualified and experienced staff; Poor performance; Demotivated workforce; Unmet demand; Financial implications of using agency staff. Failure to recruit social workers has led to lengthy delays in assessments. Use of expensive agency staff can result in short term accountability, and a failure to provide a continuity of professional involvement for vulnerable service users. Short term funding of the enhanced brokerage service (to procure residential care placements) has led to inability to recruit and failure to provide the service as hoped. This has led to untrained practitioners brokering care placements with businesses and agreeing to costs significantly above the expected price.	H	H	High	9	- Investing in our workforce (training and development); - Support for staff; - Integrated approach across PCC and PTHB, including the alignment of HR/OD; - Working with HR Business Partners.	Alison Bulman	Cllr Stephen Hayes	- Recruitment campaigns for key services; - Develop workforce strategy looking at workforce demographics over next 5-10 years, skills and workforce training. - Integration of Mental Health teams to be scoped.	M	H	Medium	6	Linked to ASC 19.
ASC19	23/10/2017	HoS	Adult Social Care	Projected demographics of Powys suggest a significant increase in older people requiring care, and a significant decrease in the working age population. Therefore ensuring an adequate caring and professional workforce is a risk.	Care provision and assessment provision becomes scarce, leaving service users at risk of no care.	V	C	Very High	16	Recruitment Campaign. Telecare.	Alison Bulman	Cllr Stephen Hayes	PSB Consideration? Consideration of workshop to brainstorm future strategy? Develop economy? Lobby Welsh Government? Research to be commissioned in partnership with the Powys Social Value Forum, Credu, and PAVO, considering the untapped workforce potential in one area of Powys. This will look at the possibility of carers, stay at home parents, retired individuals, and others becoming part time support workers or carers for service users. This work is to be aligned with and owned by the PCC workforce development service.	V	C	Very High	16	Linked to ASC 18. Needs consideration across wider Council and not just in ASC. Audit Committee will be reporting on this.
ASC22	15/07/2017	HoS	Adult Social Care	Current Bupa contract for Powys Care Homes expires June 2019. Powys needs to agree and implement new management of Care Homes post 2019.	If no contract is agreed and implemented, homes may need to be taken under the management of PCC, which could be costly and resource hungry.	H	C	High	12	Work being undertaken to appraise various options - being undertaken during March/April 2018 with a Cabinet report being prepared during the Spring of 2018.	Alison Bulman	Cllr Stephen Hayes	Meetings with interested parties. Meeting with one interested company is being held on 30th April 2018.	M	C	High	8	
CS12	02/02/2018	HoS	Children's Services	1. Ability to meet the 600k Children's Service savings target for 2017/2018. 2. Addressing the deficit in the Children's Service FRM (£1.1million) for 2018/19.	Financial implications for the Authority - budget will suffer an overspend. Impact on other services / functions.	H	H	High	9	- Regular budget monitoring and reviewing of the savings tracker. - Development of transformation plan. - Review of residential placements.	Alison Bulman	Cllr Rachel Powell	- Future shape of service review. - Decrease use of agency staff.	V	H	High	12	
ASC28	01/04/2018	Adult's Service Transformation SMT	Adult Social Care	Legal case is being undertaken at the High Court with regards to payment for 'sleep-in' care work. Paying the National Minimum/Living Wage when carers are asleep has not been consistent. Depending upon the case law set this could lead to significant financial	Legal challenge. Reputational challenge. Financial impact - significant. It is estimated that the impact could be up to £1m in disability services alone.	H	H	High	9	Working group has been set up to consider options and to receive legal advice. This group is looking at practice elsewhere and considering current contracts in order to understand the situation fully. The group is also anticipating the outcome of the legal case being considered currently.	Alison Bulman	Cllr Stephen Hayes	Continuation of the actions set out previously with legal advice from the Council's solicitors expected at the next meeting.	H	H	High	9	
HS9	05/08/2015	Environment Management Team	Housing/Property, Planning, and Public Protection	Heart of Wales Property Services (HoWPS).	Failure of statutory functions. Failure to perform repairs and maintenance. Failure to achieve projected savings. Reputational damage to PCC. Cost to PCC for compensating residents for poor performance. Officer time costs (due to additional workload). Financial Risk to HRA and wider Authority. Critical Wales Audit Office Report. Non-delivery of key projects due to lack of resources.	V	H	High	12	Head of Service on HOWPS Board of Directors. Portfolio Holder on HOWPS Board of Directors. Escalation of risk and concerns to Chief Executive and Strategic Directors. Recovery plan submitted by Kier on behalf of HOWPS. Additional resources allocated by Kier (3.5 FTE Change Managers). Close monitoring by Directors/Portfolio Holder/Chief Executive/Strategic Directors.	Nigel Brinn	Cllr James Evans Cllr Phyl Davies	Performance monitoring. Utilisation of contract document to escalate issues. Development of evidence and fall-back systems. Introduced weekly officer level meetings. Development of contingency plans for contract failure. Potential to invoke step in clauses for specific parts of the contract in line with contract. Awaiting consultation resource plan.	H	H	High	9	

Ref	Trend	Corporate Priority	Risk Identified	Risk Owner	Portfolio Holder
ASC9	↔	Health and Care	The Council's ability to recommission the Domiciliary Care Service without increased costs as a result of Dynamic Purchasing System (DPS).	Alison Bulman	Clr Stephen Hayes
CR2	↔	Economy Health and Care Learning and Skills Residents and Communities	Inability to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic.	Sarah Powell	Clr James Evans
CR17	↔	Economy	Living wage and increased pension requirements are resulting in increased financial pressure.	David Powell	Clr Aled Davies
CR11	↔	Health and Care	Continuity of provision of WCCIS (DRAIG replacement). Financial model has not been implemented. WCCIS system is not currently able to provide all the data required for service monitoring and planning.	Alison Bulman	Clr Stephen Hayes
CG1	↔	All	Failure of governance.	David Powell	Clr Aled Davies
CG2	↔	Residents and Communities	Data Protection Breaches.	Mark Evans	Clr James Evans
CR1	↔	Economy Residents and Communities	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position.	Jane Thomas	Clr Aled Davies
CR6	↔	All	Lack of adequate resilience planning.	Mark Evans	Clr Aled Davies
CR10	↔	All	Failure to monitor and protect Council assets.	Mark Evans	Clr James Evans
PL1	↔	All	The authority doesn't have a sufficiently robust risk assessment process for the management of Health & Safety (H&S) across the organisation. In addition to this, due to nature of the work carried out in HTR, considerable reliance is placed on the workforce to deliver services safely, in the interests of both staff and public.	Nigel Brinn	Clr James Evans
ICS1	↔	All	Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/processes).	Mark Evans	Clr James Evans
PPP12	↔	Economy Residents and Communities	We have identified €1M of urgent health and safety works (electricals, sewerage systems, asbestos etc.) that need to be undertaken on the 139 Farm Houses in our estate.	Nigel Brinn	Clr James Evans
CR14	↔	All	Condition and security of buildings and premises.	David Powell	Clr Phyl Davies
CR15	↔	All	The welfare reform programme and roll out of Universal Credit has likelihood of large impact on Powys citizens, in addition to HRA income.	Mark Evans	Clr Aled Davies
CR16	↔	All	The impact on the Council as a result of Brexit.	Mark Evans	Clr Aled Davies
CR7	↔	All	Transition post-election of the Pensions Committee.	Mark Evans	Clr Aled Davies
ICS8	↔	All	Failure to control and secure ICT systems and data against unauthorised access including Cyber-crime attack.	Mark Evans	Clr James Evans
HTR2	↔	All	Meeting the requirement of the MTFS, including achievement of savings and income generation targets.	Nigel Brinn	Clr Phyl Davies
LR24	↔	All	Brecon Cultural Hub cost plan under continual pressure due to inflationary increases, complexity of design programme and other factors. Potential over-run beyond agreed budget.	Ian Budd	Clr Rachel Powell
CR18	↔	Health and Care	1. Ability to meet the £1.428m savings target for 2018/19. 2. Addressing the deficit in the FRM for 2018/2019.	Phil Evans	Clr Stephen Hayes
HTR4	↔	Economy Residents and Communities	To provide safe highways assets and structures as far as reasonably practical.	Nigel Brinn	Clr Phyl Davies
CS4	↔	Health and Care	Develop structure to respond to CSSIW report (August 2017).	Phil Evans	Clr Rachel Powell
CS5	↔	Supporting people in the community	Not having sufficient foster or respite placements.	Phil Evans	Clr Rachel Powell
CR19	↔	All	Non compliance of the principals of the General Data Protection Regulation (GDPR) at introduction.	Mark Evans	Clr James Evans
CS11	↔	Health and Care	Failure to meet the statutory deadlines imposed on the Council as a relevant authority under the National Training Framework under Violence Against Women, Domestic Abuse and Sexual Violence Wales Act (2015).	Alison Bulman	Clr Stephen Hayes Clr Rachel Powell
ASC18	↔	Health and Care	Inability to recruit the level and scale of staff required within ASC.	Alison Bulman	Clr Stephen Hayes
ASC19	↔	Health and Care	Projected demographics of Powys suggest a significant increase in older people, and a significant decrease in the working age population. Therefore ensuring an adequate caring and professional workforce is a risk.	Alison Bulman	Clr Stephen Hayes
ASC23	↔	Health and Care	Current Bupa contract for Powys Care Homes expires June 2019. Powys needs to agree and implement new management of Care Homes post 2019.	Alison Bulman	Clr Stephen Hayes
CS12	↔	Health and Care	Addressing the deficit in the Children's Service FRM (£1.1million) for 2018/19.	Alison Bulman	Clr Stephen Hayes
ASC28	NEW	Health and Care	Legal case is being undertaken at the High Court with regards to payment for 'sleep-in' care work.	Alison Bulman	Clr Stephen Hayes
HS9	NEW	All	Heart of Wales Property Services (HoWPS)	Nigel Brinn	Clr James Evans Clr Phyl Davies

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

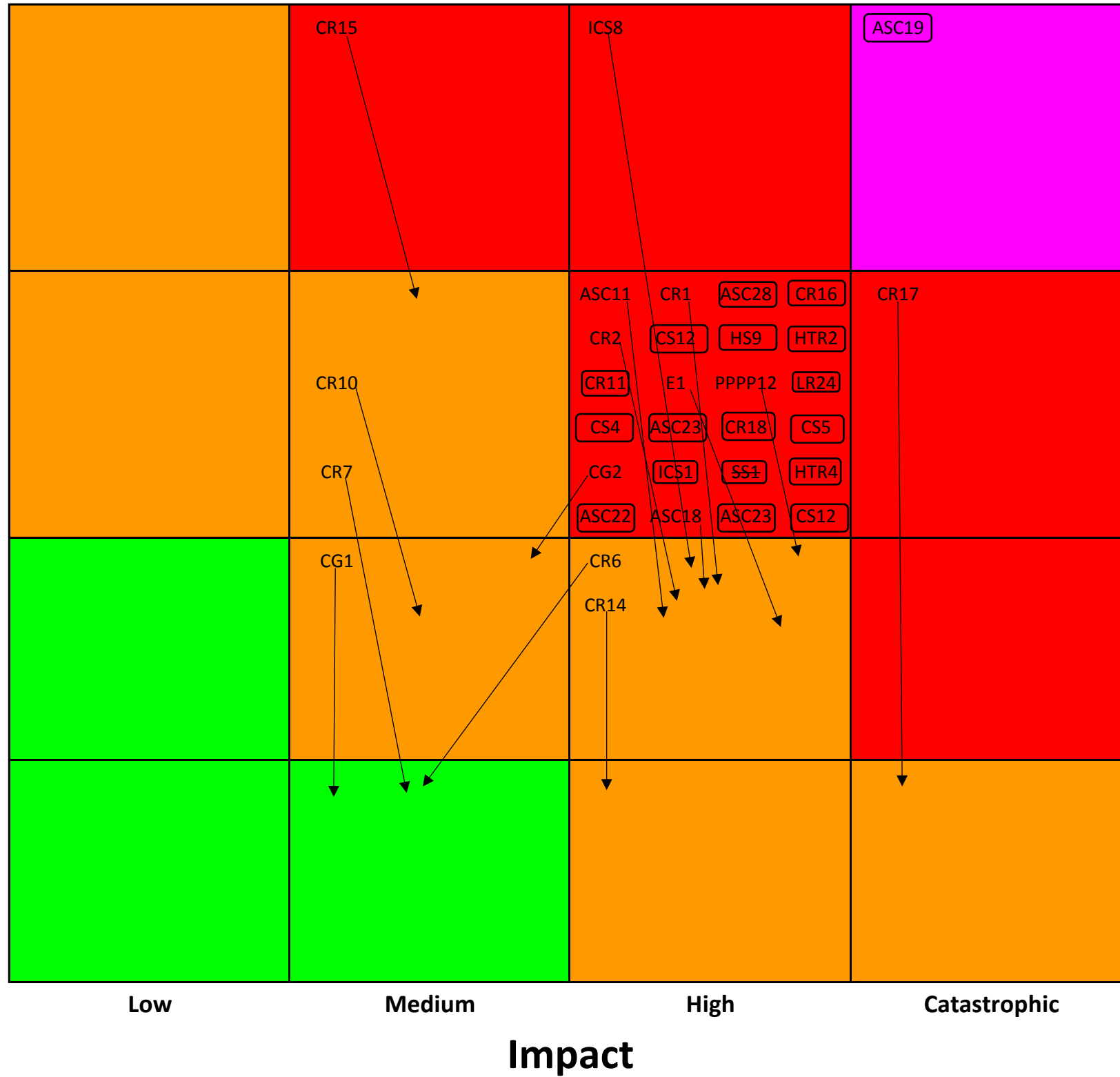
Probability

Very High

High

Medium

Low



The risk reference identifies the level of inherent risk to the Council before mitigating controls are applied (Inherent Risk).

The arrows from each risk point to the level to which the risk will reduce as a result of the mitigating controls being implemented (Residual Risk).

Those risks with around them do not change their level of risk with mitigation.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Risk Assessment Matrix

1. Impact:

RISK CATEGORY	RISK TYPE	RISK IMPACT (Severity)			
		Low	Medium	High	Catastrophic
FINANCIAL	Financial				
	Reinstatement following loss / compensation & costs / economic losses / bad lending / VAT errors / fraud / fines	<£250,000	£250 - £750k	£750k - £2m	>£2m
HAZARD	Casualty	Minor injuries / temporary ill-health	Ill health / disabling injuries	Single fatality	Multiple fatalities
	Employee &/or Public Injury / ill-health				
	Environmental	< 1 week	1 week – 1 month	1 - 12 months	> 1 year / recovery impossible
	Recovery/remediation time				
HAZARD	Hazard	Low	Medium	High	Catastrophic
	Maladministration / Improvement notice / legal proceedings				
OPERATIONAL	Operational	Low	Medium	High	Catastrophic
	Prevention of service efficiency				
	Procurement / Contract / Project Failure	Greater of 5% or £250k	Greater of 5-25% or £250- £70k	Greater of 25 - 50% or £70k - £2m	Greater of 50 – 100% or > £2m
	Additional costs / cost over-run / delays to completion				
	Service Provision (Interruption)	1- 6 days < 1 month	1 week–1month 1-3 months	1 – 6 months 3 - 12 months	> 6 months > 1 year
STRATEGIC	Reputation	Ward/Village	Local Media	Welsh Media	National Media
	Adverse / critical comment / Ombudsman Investigation / ICO Investigation				
	Prosecution/punishments			Disqualification	Imprisonment
	Strategic	Low	Medium	High	Catastrophic
	Failure to achieve corporate objectives				

2. Probability:

PROBABILITY	Definition
Low	Not likely to happen or may happen once every 20 years
Medium	Possible or may happen within 10 years
High	Likely or may happen once a year
Very High	Certain or happens several times a year

3. Risk Profile:

PROBABILITY	Very High (4)	Medium (4)	High (8)	High (12)	Very High (16)
	High (3)	Medium (3)	Medium (6)	High (9)	High (12)
	Medium (2)	Low (2)	Medium (4)	Medium (6)	High (8)
	Low (1)	Low (1)	Low (2)	Medium (3)	Medium (4)
		Low (1)	Medium (2)	High (3)	Catastrophic (4)
IMPACT					

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

6th July 2018

CABINET

10th July 2018

REPORT BY: Cllr. Aled Davies
Portfolio Holder for Finance

SUBJECT: Treasury Management Review 2017/18

REPORT FOR: Approval

1. Introduction:

- 1.1 The Council's Treasury Management Policy, as per the CIPFA Code of Practice, requires an annual report on Treasury Management activity to be approved by Cabinet by 30th September each year.
- 1.2 Treasury Management in this context is defined as:
"The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. The Council's Overall Borrowing Need:

- 2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 2.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.

3. Strategy for 2017/18:

- 3.1 At the start of 2017/18 the Authority had an estimated Capital Financing Requirement of £326.5m, projected to rise by £72.5m during the course of the following four years to £399.0m. The Authority's external borrowing at 1st April 2017 stood at £251.4m. In relation to the CFR figure of £307.5m, this equated to the Authority being under borrowed by £56.1m.

- 3.2 The expectation for interest rates within the strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until Qtr 2 of 2019 and then only increase once more before 31st March 2020. There would also be gradual rises in medium and longer-term fixed borrowing rates during 2017/18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates. In this scenario, the strategy was to postpone borrowing to avoid the cost of holding higher levels of investments.

The actual movement in gilt yields meant that longer term PWLB rates were volatile but with little overall direction whereas shorter term PWLB rates were on a rising trend during the second half of the year.

- 3.3 The Capital Programme for 2017/18 incorporated £28.2m of prudential borrowing at start of year so there was the possibility the Authority would need to externally borrow during the year. The agreed strategy for this at the start of the year, based on interest rate forecasts and discussions with Link (the Authority's advisors), was to set a benchmark of 1.40% for 5 year borrowing, 2.10% for 10 year borrowing, 2.70% for 25 year borrowing and 2.50% for 50 year borrowing. This was revised several times during the year before ending at 1.90% for 5 year borrowing, 2.50% for 10 year borrowing, 2.80% for 25 year borrowing and 2.60% for 50 year borrowing.
- 3.4 In light of the continuing stress on the world banking system, enhanced priority was given to the security and liquidity of investments.

The strategy for investments therefore was:

- a) to ensure the security of the Authority's funds
- b) to ensure the Authority had sufficient liquidity to meet its cashflow requirements
- c) to achieve the optimum yield after ensuring a) and b) above.

4. Treasury Position:

- 4.1 The major issue for Treasury Management in 2017/18, alongside reducing cash balances, was the continuing challenging environment of previous years i.e. low investment returns and continuing counterparty risk which meant giving heightened preference to security and liquidity of investments. This resulted in the investment portfolio being in short-term investment instruments with lower rates of return but higher security and liquidity.
- 4.2 In order to balance the impact of the loss in investment income the Authority was mindful of the possibility of making premature repayments of debt if circumstances were conducive to this.

Net borrowing increased by £28.451M in the year. This increase arose as follows:

	£000s
Decrease in PWLB debt	(19)
Increase/Decrease in LOBO debt	Nil
Increase/Decrease in Market debt	20,000
Decrease in Temporary Borrowing	(20,000)
Decrease in Investments	28,470
	28,451

4.3 The table below summarises the borrowing and investment transactions during the year:

	Balance 01-04-17	Borrowing	Investments	Repayments	Balance 31-03-18
	£000's	£000's	£000's	£000's	£000's
PWLB *	181,378	Nil	N/A	(19)	181,359
LOBOs *	40,000	Nil	N/A	Nil	40,000
Market Loans	5,000	20,000	N/A	Nil	25,000
Temporary Borrowing	25,000	42,330	N/A	(62,330)	5,000
Total	251,378	62,330	N/A	(62,349)	251,359
Temporary Investments	(31,425)	N/A	(237,748)	266,218	(2,955)
Long Term Investments	Nil	N/A	Nil	Nil	Nil
Net Borrowing	219,953	62,330	(237,748)	203,869	248,404

Note: * Public Works Loan Board / Lender's Option Borrower's Option

4.4 A summary of the economy for 2017/18 is at Appendix A.

5. Debt Rescheduling/Repayment:

5.1 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

6. Performance Measurement:

6.1 Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide. In this context, the overall average rate of interest paid on all debt in 2017/18 was 4.38%.

	31.03.18 £000's	Average rate for year	31.03.17 £000's	Average rate for year
Total debt	251,359	4.38%	251,378	4.51%
CFR	313,873		307,524	
Over/(under borrowing)	(62,514)		(56,146)	

6.2 The Treasury Management Policy stipulates that the Average Rate on External Investments should be compared with the 3-month un compounded LIBID rate. This is in preference to the 7-day un compounded LIBID rate and is in line with Link's advice. It reflects a more realistic neutral investment position for core investments with a medium-term horizon and a rate which is more stable with less fluctuations caused by market liquidity. Historically, the 3-month rate has been slightly higher than the 7-day rate and is, therefore, more challenging for the cash manager.

6.3

Average investments held during 2017/18 £000's	Average rate achieved	3 month LIBID	Average investments held during 2016/17 £000's	Average rate achieved	3 month LIBID
11,550	0.36%	0.587%	23,445	0.56%	0.32%

In 2017/18 the average rate on external investments achieved was 0.36% compared with the 3 month un compounded LIBID rate of 0.587%. This was as expected due to the reduced and short-term nature of the Council's cash balances available for investment.

7. Summary Statement of Accounts

7.1 The Treasury Management Policy Statement stipulates that a summary Statement of Accounts for Treasury Management be produced at the year end and reported as part of the annual review (see Appendix B).

8. Prudential/Treasury Indicators

9.1 During the year the Authority operated the treasury limits as approved by Council.

9. Member Training

9.1 The CIPFA Code of Practice states that members charged with governance (all members as the annual strategy requires approval by Full Council) have a personal responsibility to ensure that they have the appropriate skills and training for their role. As such, the Authority provided two members' briefing sessions for treasury management in 2017/18.

10. Treasury Management Policy Statement

- 10.1 Any major changes to the Treasury Management Policy Statement are reported to Cabinet whilst any minor changes are circulated to members via the members' portal.

The Statement is available on the Intranet at:

<http://intranet.powys.gov.uk/index.php?id=4585>

Proposal

It is proposed that the Treasury Management Review Report is approved.

Statutory Officers

Chief Finance Officer's comment:

The Strategic Director Resources (S151 Officer) notes the report's contents and that by receiving the report before 30th September the Cabinet has met the Council's responsibility under the code of practice.

The Solicitor to the Council (Monitoring Officer) has made the following comment: "I have nothing to add to the report".

Future Status of the Report

Not applicable

Recommendation:		Reason for Recommendation:	
The contents of this report are approved.		Statutory requirement	
Person(s) To Action Decision			
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	Financial Regulations, Treasury Management Policy		
Within Policy:	Y	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Ann Owen	826327	826290	ann.owen@powys.gov.uk

Background Papers used to prepare Report:

Treasury Management Policy Statement
CIPFA Code of Practice on Treasury Management and Cross Sectoral Guidance Notes
Advisor's Papers

Appendix A:

UK. The outcome of the EU referendum in June 2016 resulted in a gloomy outlook and economic forecasts from the Bank of England based around an expectation of a major slowdown in UK GDP growth, particularly during the second half of 2016, which was expected to push back the first increase in Bank Rate for at least three years. Consequently, the Bank responded in August 2016 by cutting Bank Rate by 0.25% to 0.25% and making available over £100bn of cheap financing to the banking sector up to February 2018. Both measures were intended to stimulate growth in the economy. This gloom was overdone as the UK economy turned in a G7 leading growth rate of **1.8% in 2016**, (actually joint equal with Germany), and followed it up with another **1.8% in 2017**, (although this was a comparatively weak result compared to the US and EZ).

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year, growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up in quarter 3 to 0.5% before dipping slightly to 0.4% in quarter 4.

Consequently, market expectations during the autumn rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The **MPC meeting of 14 September** provided a shock to the markets with a sharp increase in tone in the minutes where the MPC considerably hardened their wording in terms of needing to raise Bank Rate very soon. The **2 November MPC quarterly Inflation Report meeting** duly delivered on this warning by withdrawing the 0.25% emergency rate cut which had been implemented in August 2016. Market debate then moved on as to whether this would be a one and done move for maybe a year or more by the MPC, or the first of a series of increases in Bank Rate over the next 2-3 years. The MPC minutes from that meeting were viewed as being dovish, i.e. there was now little pressure to raise rates by much over that time period. In particular, the GDP growth forecasts were pessimistically weak while there was little evidence of building pressure on wage increases despite remarkably low unemployment. The MPC forecast that CPI would peak at about 3.1% and chose to look through that breaching of its 2% target as this was a one off result of the devaluation of sterling caused by the result of the EU referendum. The inflation forecast showed that the MPC expected inflation to come down to near the 2% target over the two to three year time horizon. This all seemed to add up to cooling expectations of much further action to raise Bank Rate over the next two years.

However, GDP growth in the second half of 2017 came in stronger than expected while, in the new year, there was evidence that wage increases had started to rise. The **8 February MPC meeting** minutes therefore revealed another sharp hardening in MPC warnings focusing on a reduction in spare capacity in the economy, weak increases in productivity, higher GDP growth forecasts and a shift of their time horizon to focus on the 18 – 24 month period for seeing inflation come down to 2%. (CPI inflation ended the year at 2.7%

but was forecast to still be just over 2% within two years.) This resulted in a marked increase in expectations that there would be another Bank Rate increase in May 2018 and a bringing forward of the timing of subsequent increases in Bank Rate. This shift in market expectations resulted in **investment rates** from 3-12 months increasing sharply during the spring quarter. The May increase did not happen due to a sharp downturn in economic data in Qtr 1 but sentiment is that there will now be a rise in November 2018.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

As for **equity markets**, the FTSE 100 hit a new peak near to 7,800 in early January before there was a sharp selloff in a number of stages during the spring, replicating similar developments in US equity markets.

The major UK landmark event of the year was the inconclusive result of the **general election** on 8 June. However, this had relatively little impact on financial markets. However, **sterling** did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Brexit negotiations have been a focus of much attention and concern during the year but so far, there has been little significant hold up to making progress.

The **manufacturing sector** has been the bright spot in the economy, seeing stronger growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

EU. Economic growth in the EU, (the UK's biggest trading partner), was lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of quantitative easing to stimulate growth. However, growth eventually picked up in 2016 and subsequently gathered further momentum to produce an overall GDP figure for 2017 of 2.3%. Nevertheless, despite providing this massive monetary stimulus, the ECB is still struggling to get inflation up to its 2% target and in March, inflation was still only 1.4%. It is, therefore, unlikely to start an upswing in rates until possibly towards the end of 2019.

USA. Growth in the American economy was volatile in 2015 and 2016. 2017 followed that path again with quarter 1 at 1.2%, quarter 2 3.1%, quarter 3 3.2% and quarter 4 2.9%. The annual rate of GDP growth for 2017 was 2.3%, up from 1.6% in 2016. Unemployment in the US also fell to the lowest level for 17 years, reaching 4.1% in October to February, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has been the first major western central bank to start on an upswing in rates with six increases since the first one in December 2015 to lift the central rate to 1.50 – 1.75% in March 2018. There could be a further two or three increases in 2018 as the Fed faces a challenging situation with GDP growth trending upwards at a time when the recent Trump

fiscal stimulus is likely to increase growth further, consequently increasing inflationary pressures in an economy which is already operating at near full capacity. In October 2017, the Fed also became the first major western central bank to make a start on unwinding quantitative easing by phasing in a gradual reduction in reinvesting maturing debt.

Chinese economic growth has been weakening over successive years despite repeated rounds of central bank stimulus and, medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan. GDP growth has been improving to reach an annual figure of 2.1% in quarter 4 of 2017. However, it is still struggling to get inflation up to its target rate of 2% despite huge monetary and fiscal stimulus, although inflation has risen in 2018 to reach 1.5% in February. It is also making little progress on fundamental reform of the economy.

Appendix B:

Statement of Accounts Treasury Management

		2017/18	2017/18	2016/17
		Actual	Budget	Actual
		£	£	£
Employees		146,496	165,000	160,103
Transport	*1	2,002,811	1,514,310	1,537,011
Supplies & Services		199,711	205,000	199,815
Interest Paid	*2	10,398,779	10,791,945	9,924,698
Debt Management Expenses		30,947	6,000	0
Gross Expenditure		12,778,744	12,682,255	11,821,627
Interest Received	*3	67,066	0	140,032
Gross Income		67,066	0	140,032
Net Expenditure		12,711,678	12,682,255	11,681,595

Note 1: Transport relates to the cost of leasing/hire across the Authority and is included in the Treasury Management Statement of Accounts as leasing is classed as a Treasury Management activity.

Note 2: Supplies & Services: £138k dr/cr card charges, £38k bank charges

Note 3: A surplus of £67k on interest received was achieved as the Authority carried higher cash balances than expected during parts of the year.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.

**Audit Committee
06th July 2018**

**REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance**

SUBJECT: Regulatory Tracker Update QTR4 17/18

REPORT FOR: Information & Decision

Summary

1. Regulatory Tracker

- 1.1 The Corporate Regulatory Tracker summarises progress with regards to recommendations received from the Council's regulators, predominantly Wales Audit Office (WAO), Estyn and Care Inspectorate Wales (CIW).

The tracker currently uses the following performance management principles and standards to ensure recommendations and proposals for improvement accepted by the council are being delivered.

- Appropriate action is being taken in response to recommendations received.
 - Where actions are complete and desired outcomes achieved or embedded as required, recommendations may be archived in the tracker with approval from Strategic Overview Board and Management Team with evaluation from Audit Committee.
 - New recommendations are appropriate for inclusion in the tracker.
- 1.2 The Tracker is currently a fixed agenda item on both Management Team and Strategic Overview board and Audit Committee.

2. Proposal for Regulatory Tracker

- 2.1 The Councils Policy & Performance service are currently undertaking significant work to improve the performance management and reporting structures for both corporate and service level within the organisation.

As part of this process as owner of the Corporate Regulatory Tracker I was noticing a lot of duplicated reporting and undue concern from officers that they were having to provide numerous updates to multiple boards or committees for the same actions.

I began a consolidation and mapping exercise for Corporate Regulatory Tracker with the aim of reviewing the current actions to ensure their continued validity for the council but also to highlight where duplication was present and make a decision as to where governance and reporting for the action should reside.

Officers, HoS and service management teams were extremely helpful within this process and it was evident that regulator recommendations were at the forefront of priorities when undertaking service improvement which is a testament to the professionalism of our officers and services.

The consolidation and mapping exercise returned the results I had been expecting with the majority of the recommendations being aligned to one of the three improvement plans currently in operation within the council, Adults Improvement Plan, Childrens Improvement Plan and the Corporate Leadership & Governance Plan.

The table below identifies the recommendations and document published, the regulator who delivered the report and the improvement plan for which it is mapped. The second table highlights those recommendations which did not map against any of the improvement plans and provides suggested proposals after discussion with the lead officers their heads of service/management teams.

3. Mapping & Consolidation Findings

Adults Improvement Plan

Recommendation Reference	Document Reference	Recommendation	Regulator	Related AIP Actions
ICTR5	Section 33 arrangements – ICT Partnership 123A2015	Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include: <ul style="list-style-type: none"> • identification of overall executive responsibility for leading the project; • allocation of sufficient ICT and Service staff resources to the project; • clear deliverable milestones and plans to prepare, test, and switchover to the new system; and • development of integrated health and social care pathways and processes, which enable the system to support the desired future model of working, rather than the future model of working being dictated/limited by the system. 	Welsh Audit Office	A31, B5, B6, B13, B14, B21, E4, E5
CSSIW7	CSSIW -WG25949	The Council needs to consider carrying out a review of the grants and service level arrangements to ensure they align with the Powys One Plan and the Integrated Pathway and provide the best value for money.	Care Inspectorate Wales	E19
CSSIW10	CSSIW -WG25949	The new adult safeguarding management structures and reporting mechanisms must be secured and established as a priority, to ensure that the Designated Lead Managers are supported in their responsibilities and there is consistent reporting, decision making and oversight at an appropriately senior level.	Care Inspectorate Wales	A7, B24,B25, B26, B27, B28, B29, B30, B37, C12, C19
CSSIW12	CSSIW -WG25949	A workforce strategy which supports the establishment of the integrated pathway for older people should be developed across the wider health and social care workforce including domiciliary care. Opportunities to build workforce capacity such as care apprenticeships should be considered, as well as potential barriers such as housing and transport.	Care Inspectorate Wales	C1, C2, C3, C4, C5, C6, C7, C8, C9, C18, C19, C20, C21, C35, C39, C40

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Review of Dom Care R3	Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited - 692A2015	Audit work undertaken previously by the Auditor General in 2010 and 2014 on the Authority's whistleblowing policies identified that 'there was often a lack of an audit trail to support key decisions and events. Some key decisions were not documented and there were instances of key documents or supporting information not being found or not existing.' Similar issues are identified in this report. The review recommended above should also consider the extent to which adequate documentation is produced and retained to support key decisions made when developing and letting tenders.	Care Inspectorate Wales	A13, A14, A15, A22,A23, A27, A28,A31, A32, B12, E1,E4,E5,E6,E10
CSSIW4	CSSIW -WG25949	Future commissioning and procurement exercises for domiciliary care services should be built on a market development and partnership approach. It must robustly test the tender submissions, the capacity and capability of organisations to manage the transition of services and deliver the service specifications.	Care Inspectorate Wales	E1,E28,E29, E29B, E30A, E30B, E30C, E30
CSSIW9	CSSIW -WG25949	The first contact arrangements via the Powys People Direct should be further developed to ensure it can provide the appropriate level of response, advice, support and information for adult services and therefore reduce the need for an additional duty response at team level.	Care Inspectorate Wales	A20, B16, B17, B18, B21, B22, B31, B32, B33
CSSIW6	CSSIW -WG25949	The Council needs to strengthen its relationships with and oversight of domiciliary care providers operating in Powys, including setting up regular meetings and clear lines of communication with the commissioning managers to address ongoing concerns and queries.	Care Inspectorate Wales	E28,E30, E30B
Review of Dom Care R2	Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited - 692A2015	In order to meet the challenges of transforming its service delivery in the light of reduced financial resources and increasing demand, the Authority has adopted a clearly defined commissioning and procurement strategy. We recommend that the Authority consider whether the issues raised in this report have wider relevance for the successful delivery of its commissioning and procurement strategy, and undertake a review of its processes for developing and letting major contracts. Particular attention should be paid to ensuring that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working in practice.	Care Inspectorate Wales	E1, E3, E4, E5, E8, E9, E10, E24, E30A, E30B, E30C

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Childrens Improvement Plan

Recommendation Reference	Document Reference	Recommendation	Regulator	Related CIP Actions
ICTR5	Section 33 arrangements – ICT Partnership 123A2015	Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include: <ul style="list-style-type: none"> • identification of overall executive responsibility for leading the project; • allocation of sufficient ICT and Service staff resources to the project; • clear deliverable milestones and plans to prepare, test, and switchover to the new system; and • development of integrated health and social care pathways and processes, which enable the system to support the desired future model of working, rather than the future model of working being dictated/limited by the system. 	Welsh Audit Office	B26,B30
CSSIW10	CSSIW -WG25949	The new adult safeguarding management structures and reporting mechanisms must be secured and established as a priority, to ensure that the Designated Lead Managers are supported in their responsibilities and there is consistent reporting, decision making and oversight at an appropriately senior level.	Care Inspectorate Wales	B1
CSSIW9	CSSIW -WG25949	The first contact arrangements via the Powys People Direct should be further developed to ensure it can provide the appropriate level of response, advice, support and information for adult services and therefore reduce the need for an additional duty response at team level.	Care Inspectorate Wales	A17, A21, B18, B19, D3, D4, D5, D6, D11
R1R2	WAO Study - Scrutiny	Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.	Welsh Audit Office	A5, A12
Good Governance P4	Good Governance when Determining Significant Service Changes - Powys County Council	Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.	Welsh Audit Office	A15, B1, B33

R2R5 Youth	WAO Study - NEETS	Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.	Welsh Audit Office	B21, D15, D16, D17, D18, D23
Good Governance P2	Good Governance when Determining Significant Service Changes - Powys County Council	Clarifying and strengthening the role of scrutiny committees in considering service change.	Welsh Audit Office	A7, A12, A15, B1, B33
Good Governance P1	Good Governance when Determining Significant Service Changes - Powys County Council	Reviewing the current remit and role of the Cabinet to enable it to focus on the Councils key priorities and significant service changes	Welsh Audit Office	A6, A13, A14, A30, B1, C31
1R4	WAO Study - Scrutiny	Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.	Welsh Audit Office	A5, A7

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Corporate Leadership & Governance Plan

Recommendation Reference	Document Reference	Recommendation	Regulator	Related CLGP Actions
ICTR5	Section 33 arrangements – ICT Partnership 123A2015	Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include: <ul style="list-style-type: none"> • identification of overall executive responsibility for leading the project; • allocation of sufficient ICT and Service staff resources to the project; • clear deliverable milestones and plans to prepare, test, and switchover to the new system; and 	Welsh Audit Office	E5A, E5B, F6

		<ul style="list-style-type: none"> development of integrated health and social care pathways and processes, which enable the system to support the desired future model of working, rather than the future model of working being dictated/limited by the system. 		
R1R2	WAO Study - Scrutiny	Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.	Welsh Audit Office	A4, A5, A13
Good Governance P4	Good Governance when Determining Significant Service Changes - Powys County Council	Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.	Welsh Audit Office	A4, A8, A10, A11, A12, D12, D15, D16, F9, H19
Third Sector R1	Checklist for local authorities effectively engaging and working with the third sector	<p>To get the best from funding decisions, local authorities and third sector bodies need to ensure they have the right arrangements and systems in place to support their work with the third sector.</p> <p>To assist local authorities and third sector bodies in developing their working practices, we recommend that local authority and third sector officers use the checklist in Appendix 3 to:</p> <ul style="list-style-type: none"> self-evaluate current third sector engagement, management, performance and practice; identify where improvements in joint working is required; and jointly draft and implement an action plan to address the gaps and weaknesses identified through the self-evaluation. 	Welsh Audit Office	H8
		Poor performance management arrangements are weakening accountability and limiting effective scrutiny of third sector activity and performance. To strengthen oversight of the third sector, we recommend that elected members scrutinise the review checklist completed by officers, and regularly challenge performance by officers and the local authority in addressing gaps and weaknesses.		
Third Sector R2				
Good Governance P3	Good Governance when Determining Significant Service	Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.	Welsh Audit Office	A4

	Changes - Powys County Council			
Good Governance P1	Good Governance when Determining Significant Service Changes - Powys County Council	Reviewing the current remit and role of the Cabinet to enable it to focus on the Councils key priorities and significant service changes	Welsh Audit Office	A4
Good Governance P6	Good Governance when Determining Significant Service Changes - Powys County Council	Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.	Welsh Audit Office	F9, D16
Tedalen 82	WAO Study - Scrutiny	Further develop scrutiny forward work programming to: <ul style="list-style-type: none"> • provide a clear rationale for topic selection; • be more outcome focused; • ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and • align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements. 	Welsh Audit Office	A4, A5, A8, A13
Financial Resilience Assessment	196A2016	Last year we highlighted that the Council needed to be clear about how it would resource its identified corporate priorities (set out in the Statement of Intent and One Powys Plan). Also that it should be clear how it would ensure its corporate and strategic financial plans were sufficiently aligned. The Council acknowledged that its financial planning should begin earlier and the initial work for the 2015-16 budget began in May 2014. Budget planning followed an approach which aimed to provide greater clarity on the budget process and timing for Members than previously.	Welsh Audit Office	D1,D2,D4
		Over previous years, the Council has had a variable track record of delivering its overall budget. Its budget was underspent in both 2011-12 and 2012-13. The	Welsh Audit Office	D2,D5

		budget for 2013-14 was overspent by £0.8 million, which the Council met by utilising its reserves.		
Tudalen 83	196A2016	There are, however, capacity issues within the Finance Department. Major restructuring has taken place in the last few years and the Finance Department has seen an approximate 20 per cent reduction in its staff numbers, which has affected the capacity of the team. Some vacancies remain but the Council has experienced difficulties in recruiting to all but the junior accountant positions	Welsh Audit Office	D9,D11
		In the majority of cases, the Council expects that savings proposals, and their appropriate scrutiny and challenge can be developed internally. However, the Council recognises that in some cases, it will need additional capacity and expertise to help it reduce its operating costs.	Welsh Audit Office	D4,D9
		The Council has actively sought to increase Member involvement in the budget process. It has run a series of budget seminars with Councillors through the year. The seminars were held to explain the updated FRM to members and present the proposed savings drawn up by each service area. The aim was to inform broad proposals for setting the three-year budget, and to receive guidance from members on policy direction so that proposals could be turned into agreed action plans. In its progress report to Audit Committee in November 2015, the FSP recognised that the budget setting process in Powys is evolving. Whilst welcoming the earlier and more detailed involvement of Members, the FSP expressed some concerns that there were still too many elements of 'salami' slicing rather than transformational change and that some of the savings proposals may not be deliverable.	Welsh Audit Office	D12
		The FSP, at a recent joint meeting with Cabinet (14 December 2015) presented a report with a number of observations and suggestions to further improve the budget setting process for Cabinet to consider. The work undertaken so far, building upon the support from the external specialists, has enabled some positive benefits to be derived although some arrangements are clearly developing and have yet to be fully embedded.	Welsh Audit Office	D3,D6,D9
Meeting the Financial Challenges Facing		Councils need clear strategies and plans, showing what they want to achieve and how they intend to achieve it Effective strategy and planning are crucial tools to help councils develop well-considered and sustainable responses to financial pressures. And services need to work out the most cost-effective ways of using the resources at their disposal to deliver their goals.	Welsh Audit Office	D1, D2, D4,

Local Government in Wales				
Meeting the Financial Challenges Facing Local Government in Wales	Tudalen 84	<p>Effective planning, based on good information is an efficient and effective way of supporting tough choices and developing clear priorities</p> <p>Councils need robust information to support the detailed analysis needed to link their vision and objectives to their delivery plans. Councils often do not have a clear understanding of the demand for their services and the quality of their services from the users' perspective.</p>	Welsh Audit Office	D1,D4, D15
		<p>Council plans and strategies need closer links to longer-term financial plans</p> <p>Councils need to strengthen the links between their strategies and plans for services and their medium- and long-term financial plans. Too many financial plans are focused on short-term pressures, and do not look further ahead to the medium- and long-term to support the achievement of broader strategic goals. And, too many councils base their budgets on small, incremental annual changes, rather than fundamentally assessing the service delivery arrangements needed to deliver the desired results – and the cost of delivering those services.</p>	Welsh Audit Office	D1,D2, D4
Financial resilience of local authorities in Wales 2015-16		<p>Local authorities should strengthen their financial-planning arrangements by:</p> <ul style="list-style-type: none"> • developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans; • aligning other key strategies such as workforce and asset management plans with the MTFP; • developing comprehensive multi-year fully-costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget; • categorise savings proposals so that the shift from traditional type savings to transformational savings can be monitored over the period of the MTFP; and • ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned. 	Welsh Audit Office	D1, D2,D3,D4
The financial resilience of councils in Wales		<p>Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> • is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure; • maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and 		D1,D2,D3,D4

		<ul style="list-style-type: none"> • should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances. 		
Meeting the Financial Challenges Facing Local Government in Wales		<p>Councils need to explore more opportunities to work together and with other public services, to reduce costs and deliver improved outcomes for citizens</p> <p>Collaboration is important because individual public services cannot deliver the desired improvements to the economy, health, environment and community life of Wales on their own. When public services do not work together effectively, the outcome is invariably extra costs and poorer services for service users and citizens.</p>	Welsh Audit Office	D19
The financial resilience of councils in Wales		Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.	Welsh Audit Office	D1, D2, D4, D5
		Councils should regularly review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.		D1, D3, D16
		<p>Councils should</p> <ul style="list-style-type: none"> • strengthen budget setting and monitoring arrangements to ensure financial resilience; and • review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems. 		D1, D2, D6, Monthly budget setting process
Savings planning – Financial Resilience (March 2017)		<p>Strengthen financial planning arrangements by:</p> <ul style="list-style-type: none"> • ensuring that the service savings targets set for third party spend, income and cost improvement opportunities can be achieved in planned timescales; • ensuring that all savings plans are sufficiently well developed for inclusion in the annual budget; and • forecasting the use of reserves over the MTFP period. 	Welsh Audit Office	D4, D5, D7
Meeting the Financial Challenges Facing		<p>Councils need to strengthen their arrangements for evaluating the impact of their financial decisions – on service standards and on citizens</p> <p>Informed decision making requires good management information and effective feedback arrangements. Councils that understand the impact of the actions they take</p>	Welsh Audit Office	D6

Local Government in Wales		are more likely to respond effectively to emerging issues and make better decisions. This is more likely to lead to better, more efficient services, and more satisfied citizens.		
The financial resilience of councils in Wales		Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.	Welsh Audit Office	D12, D13
Financial resilience of local authorities in Wales 2015-16		Local authorities should develop Key Performance Indicators to monitor the MTFP.	Welsh Audit Office	D6, D23
		Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.	Welsh Audit Office	D9, D12
Income Generation charging for services and generating income by local authorities		Develop strategic frameworks for introducing and reviewing charges, linking them firmly with the Medium Term Financial Plan and the Corporate Plan.	Welsh Audit Office	D14
		Review the unit and total costs of providing discretionary services to clearly identify any deficits and, where needed, set targets to improve the current operating position.	Welsh Audit Office	D15
		Use the impact assessment checklist (Appendix 2) whenever changes to charges are considered.	Welsh Audit Office	Closed
		Identify opportunities to procure private sector companies to collect charges to improve efficiency and economy in collecting income.	Welsh Audit Office	D18
		Improve management of performance, governance and accountability by: <ul style="list-style-type: none"> regularly reporting any changes to charges to scrutiny committee(s); improving monitoring to better understand the impact of changes to fees and charges on demand, and the achievement of objectives; benchmarking and comparing performance with others more rigorously; and providing elected members with more comprehensive information to facilitate robust decision-making. 	Welsh Audit Office	D16
		Improve the forecasting of income from charges through the use of scenario planning and sensitivity analysis.	Welsh Audit Office	D17

4. Recommendation not aligned to an improvement plan

WAO Study Scrutiny 2014 - R1R6 – Recommendation *“Undertake regular self-evaluation of scrutiny utilising the ‘outcomes and characteristics of effective local government overview and scrutiny’ developed by the Wales Scrutiny Officers’ Network.”*

A proposal is going before County Council on the 17th May to change the scrutiny committee structure, the intention is to draft a plan and undertake self-evaluation to respond to the national review in Autumn 2019.

Benchmarking has been conducted reviewing Caerphilly Council to aid the review in Autumn 2019. Partial self-assessment was completed in June 2017 on request of the Director of Resources. CFPS and WAO criteria were used to highlight "what good scrutiny is" and as a means of scoring the council against the criteria using the scorecard. Views and comments were sought from Strategic Directors and Heads of Service.

It is the proposal of the Scrutiny Manager, Solicitor to the Council and the Regulatory officer that this recommendation should be closed as it is part of Democratic services and Scrutiny services business as usual /continuous development programme. The work currently undertaken and planned as stated above shows the Council is embedding this review into its annual cycle and as such responding to the recommendation originally stated within the national report.

(Close recommendation as processes are embedded as part of business as usual)

Charging for services and generating income by local authorities 2016 - R3 – Recommendation *“Use the impact assessment checklist (Appendix 2) whenever changes to charges are considered.”*

The impact assessment process is clearly embedded within the budget setting process to further strengthen this there has been an introduction of an independent risk assessment of the overall budget plan introduced this year.

(Close recommendation as impact assessment is fully embedded)

Community safety in Wales 2016 Recommendations R1–R7

This report and recommendations did not map against any of the three improvement plans or any of the corporate improvement plan programmes when undertaking the consolidation exercise. When discussing further with the service and at corporate management team it was agreed that the responsible officer assigned to the recommendations would provide a quarterly report to corporate management team and its position would be reviewed moving forward. Welsh Government conducted a review in November 2017 “Working Together for Safer Communities” this may see

the way community safety partnerships work together changing so will need to be considered moving forward but this work is likely to be resumed back into business as usual.

(Report to be drafted on a Quarterly basis to be considered by corporate management team)

WAO Study Env Health - R3R5 –Recommendation “Improve strategic planning by:

- *identifying, collecting and analysing financial, performance and demand/need data on environmental health services;*
- *analysing collected data to inform and understand the relationship between ‘cost: benefit: impact’ and use this intelligence to underpin decisions on the future of council environmental health services; and*
- *agree how digital information can be used to plan and develop environmental health services in the future.”*

The recommendations in this report again did not map against any of the three improvement plans or any of the corporate improvement plan programmes. When discussed further with the responsible owner and head of service they explained that procurement was underway for two new IT systems to improve the service and satisfy the recommendations within the study. One system being procured ‘Public protection’ had been restarted and the main target of this work now would be to produce efficiency savings via mobile solutions and a reduction of admin costs. The procurement and savings proposals for this work is fully embedded in the service improvement plan and as such is reported within the service as business as usual activity.

(Close recommendation as processes are embedded as part of business as usual)

Financial Resilience Assessment 2016 – 47 – Recommendation “In circumstances where timescales are compressed, it is particularly important to ensure that risk is effectively managed and proper accountability arrangements are in place. We recently published a report of our Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited. It expresses our view that in its haste to introduce the new domiciliary care service as quickly as possible, the Council compromised the integrity of its established governance arrangements. In consequence, the Council and users of the domiciliary care service were exposed to unnecessary risk.”

The recommendation listed above was part of the financial resilience assessment conducted in 2016, the recommendation focusses on the letting of the domiciliary care contract to alpha care and asks the council to address and ensure that future procurement and commissioning strategies and processes are robust with clear governance arrangements in place. Having met with the Interim Professional Lead for Commercial Services it was agreed that this was less a recommendation more a statement to be considered. The “Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited” report published in 2016 has been mapped across the adults and Childrens improvement plans and will be further strengthened by the roll out of the new Corporate Commissioning and Procurement Strategy.

(Recommendation to be removed due to duplicated progress reporting)

WAO Study - Early Departures – Recommendations – R5R5, R5R6, R5R7

I met with the Employment Policy & Service Development Business Partner (Workforce and Organisation Development) to discuss early departures recommendations issued nationally back in 2015. There was agreement that the recommendations still hold relevance and that the council is continuing work to deliver against the recommendations with a significant amount of work already undertaken. The early departures recommendations did not appear in any of the three improvement plans within the council, and both the regulatory officer and Employment Policy & Service Development Business Partner agreed that all three recommendations were adopted as part of the services core business as usual operations.

(Proposal to remove recommendations from Corporate Regulatory Tracker due to processes becoming business as usual practises)

Recommendation:	Reason for Recommendation:
Recommendation 1: The formal closure of the Corporate Regulatory tracker.	To enable continued improvement, removal of duplication and streamlining of corporate reporting within the council. This will enable officer time to and capacity to be released to focus on delivery.
Recommendation 2: The Corporate Regulatory Tracker to be re-established as a signposting document.	A signposting document would provide a centralised document which would enable regulators/stakeholders the opportunity to locate the correct plan and progress against any of the recommendations sought.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y
Relevant Local Member(s):			
Person(s) To Implement Decision:			
Date By When Decision To Be Implemented:			

Contact Officer Name:	Tel:	Fax:	Email:
Thomas Yeo	01597 826585		Thomas.yeo@powys.gov.uk

Finance Scrutiny Panel – 4 June 2018
Scrutiny Observations to Cabinet on: Children’s Services Budget

The Panel met with the Portfolio Holders with responsibility for Children’s Services and Finance together with the Interim Lead, Children’s Services, Head of Financial Services and Finance Business Partner. Rebecca David-Knight of Public Governance Wales, observed the meeting as part of her review of the role and function of the Finance Scrutiny Panel.

The Panel acknowledge the position in which the Service finds itself following the CIW Inspection and note the progress that is being made in improving the service. Concerns remain regarding the financial implications of addressing these issues over the longer term and the ongoing risk to the Council’s budget.

The Panel offer the following observations:

1. The Panel felt that the papers which had been sent out to the Panel were not easily reconciled and, in some instances, appeared contradictory – this should be considered when presenting information to future meetings and is a corporate issue.
2. We discussed the position as at April 2017 to agree a benchmark – it was agreed that, at that time, there was a relatively static position regarding numbers of Looked After Children (LAC) and an adequately resourced budget. The number of LACs per 100K population had been comparable with similar Welsh authorities. (Appendix 1). It was also accepted by Children’s Services that the present figure of 208 LAC was statistically unusual for a county of our size and type. It was further noted that the service expect that the number of LACs will remain at this level for two to three years until early intervention reduces the numbers requiring services.
3. The budget was above average at April 2017 with the cost per LAC being the second highest in Wales (Appendix 2). Since then, the budget has been increased by 47%.
4. There seems to have been a lack of financial control during the period. Finance has been a low priority in the perceived urgency with which the CIW Inspection report was dealt with. Financial training has been offered to staff but there has been a poor take up. The Panel would wish to see such training being compulsory.

5. It has been identified that commissioning, procurement and contract management arrangements need to be strengthened and the Panel fully supports this and consider it to be urgent.
6. There is extreme concern that from the figures given in the Portfolio Holder's briefing report (Appendix 3), it would appear that a further substantial increase in budget will be required in the region of £3.2M in addition to the £6.1M already allocated. The Panel will need early assurance that this overspend situation is addressed as there is significant concern regarding the impact upon, and risk to, the Council's budget from 2019/20 and beyond.
7. In the Portfolio Holder's briefing report (Appendix 3), Appendix B to that report does not, in the Panel's opinion, demonstrate the impact or justification for the posts listed. It is noted that there has not yet been an assessment of the real volume of work to be undertaken against that suggested by Appendix B. It is difficult to understand the total number of posts proposed, whether they are temporary or permanent and how the new staffing structure fits with the structure included in the base budget of 17/18. We assume that the details in Appendix B were proposed to accompany the recovery plan that was sent to WAG and CIW. An urgent review of this proposed £3.5m spend needs to be carried out.
8. The Panel note that unachieved savings of £1.1m for 2017/18 and £1.2m in 18/19 are unlikely to be achieved in the current year. We have been informed in Appendix 3 that these savings will be 'refreshed' but we have little evidence to understand what 'refresh' might mean. There needs to be clarity in this regard at an early stage
9. In February 2018 The Council accepted the WAO Statutory Recommendation ***In setting a balanced budget, the Council must ensure that all savings plans are sufficiently well developed for inclusion in the annual budget. The Council must also act immediately to update its Medium Term Financial Strategy to enable the Council to live within its means going forward, and design and implement actions to address the weaknesses identified and reported by me in respect of its corporate and financial arrangements.*** The Panel remain concerned that the Authority may be in breach of this by not treating Children's Services savings in the same way as other services savings.
10. There is little evidence of challenge by the Cabinet on the increased budget allocation to Children's Service's in Cabinet papers. When the CIW report was issued it was publicised that an immediate allocation of an extra £4m was to be made available. This appeared to have been done without a fully costed business plan.

The Panel have concerns regarding the financial impact on the Council of the length of time it is predicted to stabilize this service. Financial considerations must have a greater priority in order to provide an efficient service. This is now a very well-funded service and we need to ensure that financial considerations are given sufficient priority. The service needs to demonstrate value for money rather than expecting to receive an increased spend on what was considered an adequately resourced area. The impact of this level of spend has negative implications on spend in other areas of the Council and we would welcome more evidence of Cabinet challenge.

Membership of the Finance Scrutiny Panel;
County Councillors J Morris, (Chair), M Dorrance, J Gibson-Watt, H Hulme, P Roberts, D A Thomas, E Vaughan, A Williams, GIS Williams and Mr J Brautigam

	No. LAC Mar-17	Cost of LAC 2016/17 £'000s
All Welsh local authorities	5,955	256408
Cardiff	720	41551
Powys	155	8557
Newport	280	15107
Monmouthshire	135	6848
Swansea	480	23541
Ceredigion	75	3661
Blaenau Gwent	210	9463
Merthyr Tydfil	145	6314
Flintshire	210	9071
Carmarthenshire	205	8835
All Welsh local authorities		
Pembrokeshire	125	5257
Neath Port Talbot	345	14188
Caerphilly	330	13544
Rhondda Cynon Taf	690	26876
Vale of Glamorgan	225	8638
Bridgend	390	14490
Conwy	175	6472
Isle of Anglesey	140	4969
Gwynedd	220	7523
Torfaen	315	10111
Wrexham	210	6631
Denbighshire	165	4761

Appendix 2

Cost per LAC
2016/17

43058

57710

55206

53954

50726

49044

48813

45062

43545

43195

43098

42056

41125

41042

38951

38391

37154

36983

35493

34195

32098

31576

28855

CYNGOR SIR POWYS COUNTY COUNCIL.

Scrutiny Update
April 2018

REPORT AUTHOR: County Councillor Rachel Powell
Portfolio Holder for Young People & Culture

SUBJECT: Childrens Budget 2018/19

REPORT FOR: Information

1. Background

- 1.1 This update is provided to confirm the 2018/19 budget growth for Childrens Services and evidence how the budget will be utilised, against the original proposals in the FRM.
- 1.2 This update sets out the financial risks that the department will still have in maintaining a balanced budget through 2018/19.

2. Agreed Budget

2.1 The budget agreed by Council for Childrens Services was:

	Comments	£'000
2018/19 savings		(1,197)
Grants transferred into the settlement	This grant funding supports existing service provision, new burdens and income streams already in place – this budget does not offer any extra monies (Support for Care Leavers, Reflect, Edge of Care)	243
FRM Investment	Improvement plan, changes in responsibility and increases in Looked after Children (LAC)	6,173
Total		5,219

- 2.2 Cabinet have proposed that additional funding is only released when there is an evidence base to support it. Where financial pressures have already been realised base budget will be allocated to support these. The remaining funds will be earmarked for the service and released upon the submission of robust business case and subject to approval by the 151 Officer, and the Portfolio Holders for Finance and Adult Social Care. If the level of support is not demonstrated to be required the funding will be subject to further consideration by Cabinet as part of the ongoing financial plan.

2.3 The final Childrens FRM is shown at Appendix A. It highlighted a listed of pressures based on best known data in autumn 2017. These have been updated in March 2018, and will be used to support the draw down of some of the budget needed to fund costs that will be incurred.

	FRM £'000	Latest £'000
Service pressures in 2017/18 - full year effect (FYE) of Looked after Children (LAC)	2,972	4,135
Unachieved 2017/18 savings	1,100	1,100
Service pressures 2018/19		
Increase in LAC	510	510
IDVA's & Domestic Abuse	80	80
When I'm ready	100	100
Improvement Plan – details in Appendix B	3,530	3,530
Total	8,292	9,455
Funding available		6,173
Funding gap		3,282

3. Financial Risk

Childrens and finance are meeting weekly to ensure there is a joint plan on addressing financial pressures and savings, and ownership and understanding within the service. Discussions cover:

- Costing up the latest working position, and discussions about the potential risks that will have to be contained to ensure a balanced budget in 2018/19. The key risks are the volatility of Looked after Children (LAC) and agency numbers over and above substantive vacancies.
- The outstanding 2017/18 £1.1m savings target needs to be refreshed and more realistic objectives set.
- Likewise he 2018/19 £1.197m savings target will be refreshed. Some of those projects need to be replaced with more realisable objectives.
- The council have £17m of savings to deliver in 2019/20, Childrens will be required to manage their service demand of additional Looked after Children and other inflationary pressures from suppliers.

Appendix A

FRM CHILDRENS - 2018 / 19		
REVENUE		2018/19 Budget
Grant Transfers/Other Changes - FUNDING AGREED		
St David's Day Fund		27
Expanding Edge Care Service		137
Support to Care Leavers		45
		209
New Responsibilities - PRESSURES		
Reflect - May be covered by grants transferring to baseline		61
16+ - "When I'm ready" - change in legislation clients now responsibility of PCC until 21 years of age		100
		161
Service pressures in 2016/17 and 2017/18, Impacting on 2018/19 PRESSURES		
Looked after Children (LAC) PYE of 2016-17 pressures*		543
Looked after Children (LAC) PYE costs of additional looked after children 2017-18*		2,349
IDVA Grant Ceased 31.03.17, not transferred into RSG, and Corporate responsibility re Domestic Abuse		40
Advocacy Regional Partnership as directed by WG (WG set the tender rate higher than PCC were previously procuring at)		40
		2,972
Undelivered Efficiencies - 2017/18		
Bannau / Camlas residential/respice unit - efficiencies.		100
INCOME - Bannau and Camlas - change of usage to Residential and charging other local authorities		456
Regional adoption service - review underway re parity of resource across teams.		54
LAC Reduction in high cost residential / IFA placements		52
Fostering Team - realignment		108
New Model for delivery of Childrens Services following Strategic Review , commence November 2016		110
Further work to be undertaken when new model embedded and culture changing partnership with PTHB & Third sector		170
YJS National and local review of services underway target end date mid Aug 16		32
Grant Saving		18
2018-19 Savings per Tracker Unachieved		
		1,101
Service Pressures 2018/19		
Looked After Children (LAC) - difficult to predict due to volatility		500
Direct Payments		4
Inspection capacity (Identifying the staffing resources at the moment and creating job number to help monitor)		3,530
Shortfall Looked After Children Grant		6
Foster Care Payments for Kinship - James Munby judgement		
		4,040
TOTAL PRESSURES		8,273
Childrens Savings per Tracker (questionable on deliverability)		-1,197
		7,076

Appendix B

Recommendation on Improvement Plan	Desired Outcome	Description	Number of FTE	2018/19 one off & on going
15, C20	This is an equal pay issue ... this covers the WBO in locality and CWD teams.. Still issue whether PA's will meet the pay grade this could add a further 6 posts needing regrading in line with WBO .	Re-Grading of CSO/Wellbeing Officers from 6 to 7	28	£83,160
		Re-Grading of Personal Assistants from 6 to 7	7	£20,790
1,4,9 & 24	To reduce the backlog of work in some teams and to reduce the caseloads of staff to ensure they have manageable caseloads and reduce the likelihood of staff leaving and avoiding the turbulence that that leads to for children and families.	Social Worker Posts - Assessments (5 temp, 5 Perm)	10	£472,300
1,4,9 & 24	This workforce capacity is to manage the high risk caseloads and ensure children are seen, assessed and plans put in place to progress their plans. Also to help stabilise the workforce through reducing the caseloads across a number of teams.	Agency Social Workers over establishment due to Capacity, excludes agency covering vacant substantive posts and sickness.		£230,336
1 and 2 B2/C2	the LADO is an important role to ensure all allegation against people in a position of trust, for example teachers, scout leaders, foster carers are investigated appropriately and ensuring a level of independence and focus to resolve matters as quickly as possible.	Local Authority Designated Officer (LADO)/ Principal Social Worker & Child Co-ordinator	1	£56,460
?	Senior Manager Capacity to Lead on Development of Integrated Youth Service, to include Youth Justice, 16+ and Youth Services	Lead of Youth	1	£84,750
7	The increase in the LAC population by approximately 30% and the recent rise in Child Protection registrations these posts are required to manage the workload safely.	IRO's	2	£112,920
1,9,10 &26	To address issues identified in the Csiw Inspection report and to ensure that the team has the capacity to meet demand appropriately at the single point of access.	Social Workers PPD (2 area model)	4	£188,920
1,9,10 & 26	As above but also to consider the options in the medium term for PPD by placing the team in 2 locations as has proved challenging to recruit permanent staff in Radnorshire.	Team Manager PPD (2 area model)	1.5	£92,550
4	To increase capacity in the edge of care services, preventing some children from becoming looked after as part of a LAC Strategy and reducing the numbers of challenging children entering LAC and expensive placements. This equates to one agency residential placement for 6 months . If we avoid just 2 placements in a year this will be a positive step to reducing costs. This will increase the Permanent Staffing within the Team from 3 to 5.	IFST	2	£102,640
4	To increase capacity for the edge of care services and to support children to remain at home and avoiding LAC costs and improved outcomes for the children. This post would be used to target the re-habilitation of children to their birth families.	IFST	1	£51,320
8, 11 & 13	Commissioning Third Sector organisation to provide this valuable edge of care service and to reduce the numbers of children becoming LAC and avoid further costs.	Family Group Conference (FGC)		£200,000
4, C12	To replace the management / co-ordination post for care leavers and 16+ to ensure we meet our statutory duties.	16+ Matrix Management Post	1	£56,460
12	To support the fostering service and foster carers to support Looked After Children in placement to help manage their needs and To support foster carers and looked after children to create stability and prepare them for their long term future. To reduce placement breakdown and the impact on children's development and subsequent costs and disruption. This is also part of the longer term LAC strategy and will be a helpful element in recruiting and retaining foster carers.	Psychology		£54,000
7	To ensure the Safeguarding service has capacity to meet the demands of the service and provide capacity to develop joint working with key partner agencies, Schools, Police, Health etc.	Safeguarding Manager	0.5	£42,000
12	To increase the capacity of the Fostering Service to support carers, stabilise placements and retain carers through being more responsive. These post will contribute to the development of the "Powys Intensive Placement Support Service" (PIPSS)	Wellbeing Officer Fostering	2	£66,440
12	To provide capacity for placement finding for looked after children.	Placement Officer - Fostering	1	£30,260
12	To provide capacity to assess prospective cares to increase the numbers of available carers for Powys and avoiding costs of Independent Fostering Agencies.	Independent Assessments - Fostering		£55,760

12	To increase the capacity of the Fostering Service to recruit carers and develop the capacity to meet emerging needs of children in Powys. A temporary increase would allow for significant increase in recruitment during the next 12 months to begin to meet current demand and to allow for greater placement choice and matching the needs of the child with the skills of the carers.	Marketing & recruitment Officer Fostering	1	£33,220
12	To increase capacity to recruit, support and retain foster carers for Powys and avoiding further IFA costs which have grown significantly over the past year. These additional posts would also allow the service to meet the additional demand and Court Directed timescales to undertake Assessments of Related Person's.	Fostering Social Workers	2	£94,460
12	To increase capacity to recruit and support adopters providing permanent homes for looked after children.	Social Worker - Adoption	0.5	£23,620
12	To support adopters to retain them and to support placement stability	Well Being Officer - Adoption	1	£33,220
12	To fulfil our legal responsibilities post adoption for children and families to maintain indirect contact with family members for children adopted through Powys CC. To ensure there is sufficient capacity within the Adoption Service to recruit and assess Adoptive Parents to provide homes to children with diverse and complex needs and for sibling groups. Each Adoptive placement the LA has to purchase from another Adoption Service (for a single child) costs £27,000.	Post Adoption/letterbox	2	£94,460
7 & 8	To improve the quality of practice and quality assurance in respect of casework improving outcomes for children Children's services requires a higher level of assurance improving the timeliness of assessments and plans and the overall quality of practice.	Quality Assurance Manager (Auditor)	2	£105,240
7 & 9	To ensure the authorities policies regarding children's social care are compliant with current legislation, national policy and Guidance. Many of our policies are not currently compliant.	Policy Development Officer	0.4	£21,050
	To develop capacity for commissioning of key services such as edge of care, placements and accommodation and VAWDASV (WG funding to be lost in 2018 due to regionalisation)	Strategic Commission Manager (CYPP), £80k on FRM	2	£43,400
	To develop capacity for supporting commissioning projects and strengthening contract monitoring arrangements	Commission Support Officer (CYPP)	1	£43,520
	To develop much needed capacity within the TAF to improve interface with Statutory provision and help manage effective step up/down of cases	TAFF-North (CYPP)	0.5	£28,230
	To establish IAA and Family Information Service Outreach in line with both the SSS&WB Act and the Childcare Act 2010.	FIS Outreach Event Worker (CYPP)	1	£32,190
28	To ensure that the Service runs more efficiently, proving timely reports and ensuring timelines are met.	Business Manager (Childrens)	1	£57,760
9,20,22 & 28	To increase capacity to ensure reports are accurate and senior managers are supported to ensure the teams have access to information and they are supported in preparation for Legal Proceedings.	Data Quality Clerk	2	£57,960
5,6,16,17,18,19 & 29		Specialist advice		£128,700
All	To support the Improvement Plan and Improvement Board	Programme Manager	1	£63,000
All	To support the Improvement Plan and Improvement Board	Project improvement Officer	1	£43,520
All	To support the Improvement Plan and Improvement Board	Project improvement Officer	1	£43,520
	To support the Improvement Plan and Improvement Board	Interim Lead for Child Placements - 3 mths	1	£48,900
SUPPORT SERVICES				
All		PA to Director - Permanent	1	£33,220
2,3,4,14 & 15	To support the Improvement Plan and Improvement Board	OD and Workforce - Honorary	1	£29,170
All		Personal Assistants (PA's to Managers)	4.5	£142,020
25	To investigate all stage one complaints to resolve them quickly and reduce the number of stage 2 complaints which have grown in 2017. There were a total of 9 stage 2 complaints, 2 in the first 6 months and 7 latterly. Early independent resolution of the complaints will increase the public's confidence.	Complaints officer - Stage 1 Complaints	1	£48,530
1,4,9 & 24	To support the Improvement Plan and Improvement Board	BSU - Administration - 3	3	£78,459
7	To support the Improvement Plan and Improvement Board	BSU - Safeguarding - 3	3	£78,459
1,9,10 & 26	To support the Improvement Plan and Improvement Board	Administration - 0.5 PPD	0.5	£13,077
All	To support service	Legal	1	£65,030
9,20,22 & 28	To support the development of reports and provide accurate reporting to the service.	ODPS - Business Intelligence Systems Officer	1	£45,000
		TOTAL		£3,530,000

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.

**Health, Care and Housing Scrutiny Committee
Learning, Skills and Economy Scrutiny Committee
Audit Committee**

REPORT AUTHOR: Scrutiny Manager and Head of Democratic Services

SUBJECT: Timing of Meetings

REPORT FOR: Decision

- 1.1 The need to achieve consistently high levels of attendance by members at scrutiny committees was the subject of discussion leading to the approval of the new scrutiny committee structure on 17th May, 2018. This was why a minimum attendance level of 60% was recommended to Council which was approved.
- 1.2 However it was acknowledged by Group Leaders that as the Council has a number of Members / Co-Opted Members who work, having meetings commencing at the usual time of 10 a.m. might not suit working Members / Co-Opted Members. It was further suggested that working Members / Co-Opted Members might be able to end their working day earlier, subject to negotiation with their employer, which could mean their attending a meeting scheduled later in the day. The Group Leaders therefore suggested that it would be appropriate to trial meetings at different times of the day to see whether this would assist attendance.
- 1.3 It is expected that scrutiny committees should be a maximum of 3 hours in duration. In order to ascertain whether a trial of meetings at different times should be undertaken by each committee, Members / Co-Opted Members are asked initially to indicate which of the following options would best suit them in terms of attending meetings of the scrutiny committees:

(Members / Co-Opted Members can select one or more of the options set out below):

Option A	10 a.m. to 1.00 p.m
Option B	2.00 p.m. to 5.00 p.m.
Option C	4.00 p.m. to 7.00 p.m.
Option D	5.00 p.m. to 8.00 p.m.

- 1.4 For those Members / Co-Opted Members not present at the meeting, officers will email the options set out above to them so that a full picture of the views of all of the Committee can be obtained. The results will be reported back to the next meeting of each Committee.

Recommendation:	Reason for Recommendation:
That Members / Co-Opted Members indicate their preferences for meeting times to determine whether a trial of different meeting times be undertaken by the committee.	To consider meeting times to encourage maximum attendance at scrutiny committee meetings.

Relevant Policy (ies):	
Within Policy:	Y / N
Within Budget:	Y / N

Relevant Local Member(s):	
----------------------------------	--

Person(s) To Implement Decision:	Wyn Richards
Date By When Decision To Be Implemented:	July 2018

Contact Officer:	Wyn Richards, Scrutiny Manager and Head of Democratic Services
Tel:	01597-826375
Email:	wyn.richards@powys.gov.uk

Background Papers used to prepare Report:

Scrutiny date	Scrutiny Committee	Item	Cab/Manmt Team Date	Cab Date
Fri 29/06/2018	Audit (seminar)	Draft Accounts		
		Notes from Imp and Assurance Board		10/07/2018
Fri 06/07/2018	Audit	Corp Tracker, Risk Register, TM IA, Outturn, Capital, Making it Happen		
Fri 20/07/18 (1.30-3.30)	HCH	Access arrangements (PPD)		
TBC	Joint Chairs and Vice-Chairs	Ian Bottrill and Rebecca David Knight - Scrutiny Development Strategic Equalities Plan		
Thur 19/07/18	LSE	HTR Transformation		
Fri 24/08/18	HCH	Social Care Perf Report (June 2018) Improvement Plans (2) - Topic TBA		
Wed 22/08/18	LSE	Home to School Transp (post consultation)	04/09/2018	18/09/2018
		Virtual Learning	04/09/2018	18/09/2018
		ALN update	04/09/2018	18/09/2018
		HAMP	04/09/2018	18/09/2018
Thurs 06/09/2018 (pm)	Audit (Seminar)	Final SOA and AGS		
Tue 11/09/2018	Joint Chairs and Vice-Chairs	CIP Performance Reports		18/09/2018
Thur 12/09/18 am	HCH	Social Care Perf Report (July 2018) Notes of Imp and Assurance Board WHQS	25/09/2018	09/10/2018
Thur 12/09/2018 pm	Audit	Final SOA and AGS		
Fri 14/09/18	LSE	School budgets	25/09/2018	09/10/2018
		HOWPS Annual Report	25/09/2018	09/10/2018
		School AMP incl Admissions		

September	PSB	Steps towards 2040 Well-being Plan		
Wed 26/09/18	HCH	LAC strategy and Education of LAC		
Wed 03/10/18	HCH	Homelessness Strategy	23/10/2018	06/11/2018
Mon 01/10/18	LSE (Estyn attending to observe)	Standards incl LAC, attendance, exclusions, use of PDG Annual Estyn Inspection outcomes Youth Service restructure review		
Tue 9/10/18	Joint Chairs and Vice-Chairs			
Mon 15/10/18	HCH	Social Care Perf Report (August 2018) Notes - Improvement and Assurance Board		
Wed 17/10/18	LSE	Review of Pre-School provision HTR Transformation		
Wed 24/10/18	FSP	Budget		
Thur 01/11/18	HCH	Improvement Plans (3) - Topic TBA		
Fri 02/11/18	LSE	Fair Funding Review HTR Transformation ALN review	14/11/2018	28/11/2018
Tue 13/11/18	Joint Chairs and Vice-Chairs	CIP Performance Reports		28/11/2018
Fri 16/11/2018	Audit	Corp Tracker, Risk Register, AGS , Revised Business Continuity Policy		

November	FSP	Budget		
Thur 08/11/18	HCH	Social Care Perf Report (Sept 2018)		
Fri 09/11/18 (possibly won't run)	LSE			
Thur 22/11/18	HCH	Review of Daytime Activities OP Improvement Plans (2) - Topic TBA	04/12/2018	18/12/2018
	Audit	Improvement Plans (1) - Topic TBA		
Wed 21/11/18	LSE	HTR Transformation		
Mon 10/12/18	HCH	Crime and Disorder Social Care Perf Report (April 2018) BUPA Homes		
Tues 11/12/18	Joint Chairs and Vice-Chairs			
Thur 13/12/18	LSE			
Wed 19/12/18	FSP	Budget		
		Requests to add to HCH:		
		Reasons for admissions to care over last 12 months		
		Signs of Safety		
		Early Intervention and Prevention		
		Integrations options appraisal		
		ASC risk register		
		Modern slavery/county lines/child sexual exploitation (Member Development?) - PSB?		
		Safeguarding		
		Integrated Youth Support Service		
		Integrated Family Support Service		
		Requests to add to LSE		
		Schools budgets (november) - Joint meeting with Audit? Consider at July Joint Chairs		
		Youth Structure Review - March 2019		

		Skills and Employability		
		New SLAs - traded and non traded		
		PSB		
		Annual Report Wellbeing Plan March 2019		
		Adult Detocs		
		Continuing Health Care		
		Mental Capacity Act - Deprivation of Liberty		
	FSP			
		Asset Disposals		
		PLUS		
		County Farms		
		Property and Assets		
		Trading Standards		
		Environmental Health		
		Economy		
		Leisure		
		Children's pre-Cabinet?		
		SIP s (Education already programmed)		
		Finance monitoring (Social Care already programmed)		
		Perf monitoring (Social Care already programmed)		
		AGS		
		Internal Audit to be incorp to Audit quarterly		