



Cabinet Response to the reports received from
Health and Care Scrutiny Committee – 27th January 2020
Economy, Residents, Communities and Governance Scrutiny Committee – 29th January 2020
Leisure and Skills Scrutiny Committee – 30th January 2020
Finance Panel – 17th January 2020

Cabinet welcome the input from each of the Scrutiny committees and Finance Panel, the reports submitted have considered and Cabinet provide the responses below to the questions and recommendations raised.

Health and Care Scrutiny Committee

Scrutiny's Recommendation	Cabinet Response Accept (plus Action and timescale)	Cabinet Response Partially Accept (plus Rationale and Action and timescale)	Cabinet Response Reject (plus Rationale)
1. Impact Assessments to be further improved to become more service specific and add more value to the budget process		Cabinet feel that there have been improvements in the quality of the Integrated Impact Assessments completed by services, but also accept there is room for further improvement. Some Impact Assessments have been reviewed and revised Impact Assessments	

		have now been provided within the documentation supporting the meeting today.	
2 Impact Assessments should reflect both positive and negative impacts for completeness		Where the impact of a proposal was neutral no further information is provided and therefore these sections remain blank, this does not mean that the IA was not fully completed.	
3 A summary outlining the key reasoning behind the increased budget of £5.7million for children's services should be given	£5.68 million realigns the Children's services base budget. This ensures that a realistic budget is allocated which supports Powys children who are currently in need and in our care while the service implements a strategy which will safely reduce the number of looked after children, and bring fewer children into the care of the local authority. Over the medium term this will reduce costs whilst continuing to ensure children are safeguarded and achieve best possible outcomes. The budget will also ensure that the service can maintain an appropriate workforce and fund the posts covered by agency staff until the recruitment plan successfully draws permanent staff into these posts. Legal costs and the demand created by legislative changes for care leavers "When I'm ready" can also be accommodated within the revised budget. The intervention and strategies being implemented by the service will begin to reduce costs within 2020-		

	<p>21 and cost reductions of £2.22 million are expected.</p> <p>This detail has been added to the Budget Report for Council on the 28th March 2020.</p>		
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Economy, Residents, Communities and Governance Scrutiny Committee.

Scrutiny's Recommendation	Cabinet Response Accept (plus Action and timescale)	Cabinet Response Partially Accept (plus Rationale and Action and timescale)	Cabinet Response Reject (plus Rationale)
<p>1 Bring Your Own Device (BYOD) (mobile phones) – The Committee suggested that this be further promoted to Members</p>	<p>Members training is due to take place on 1st April for all Microsoft accessibility features including the promotion of Bring Your Own Phone.</p>		
<p>2 That the ICT service consider whether BYOD could be extended to include equipment such as laptops</p>	<p>Bring Your Own Device is a further project included in Digital Services improvement plan for delivery by the end of 2020</p>		
<p>3 That the Cabinet seek assurances that appropriate arrangements are in place to ensure staff using their own vehicles for business travel have the appropriate business insurance</p>	<p>Employees who use their vehicles for the business of the Council are required to ensure they insure their vehicle for business use. The cost of insuring the vehicle is included in the calculation of the mileage rate paid to staff. We will review our policy and guidance on this to ensure that this requirement is absolutely clear.</p>		

<p>4 That the 5p passenger rate reduction would apply to Members as well as officers</p>	<p>Cabinet agreed that this will apply but the value is minimal at £261 and therefore no amendment to the saving is required.</p>		
<p>5 HT01 – Markets – That the Cabinet review the rationale for taking these services back in house as the aim should be to simplify the Council. Markets should be left with Town and Community Councils</p>	<p>Cabinet agreed to review this proposal, and it has subsequently been removed from the budget proposal. HTR have identified an alternative means of delivering the £23k. The additional saving will be achieved through a reduction in resource, resulting from the continued refinement of collection rounds.</p>		
<p>6 The Council should be having more and earlier discussions with Town and Community Councils about other services which could be transferred to Town and Community Councils</p>	<p>The Council has committed to have early discussions with Town and Community Councils where the transfer of service is being proposed.</p> <p>Proposals included in the budget proposal will not impact until 2021/22.</p> <p>Many towns and communities have successfully operated toilet facilities for some years now, and we will be seeking early engagement to see if a suitable operating agreement could be reached ahead of next year. If early agreement is reached, and an in-year transfer transpires, then this would be supported with appropriate budget for the remainder of 2020/21, and thus allow for their continued operation without any undue impact on Town Council budgets during the year.</p>		

<p>7 That the Cabinet reconsider the following cost reductions proposals in light of the Committee's concerns:</p> <ul style="list-style-type: none"> • PP02 – Planning Services • HC03 – Housing • HC08 – Countryside Services • HC01 – Arts Funding 			<p>Cabinet has reviewed the proposals and the associated Impact Assessment and are satisfied that they are deliverable and the risk of negative impact can be mitigated. Where proposals involve restructuring teams, managers will take into account opportunities to delete vacant posts and use digital technology to improve process efficiency.</p> <p>The proposal to reduce general funding to key independent arts organisations will be mitigated by commissioning specific activities linked to delivery of the Council's Vision 2025 objectives and supporting them to look for alternative sources of funding to assist in their future sustainability.</p>
<p>8 That the procurement process be further revised to address the concerns raised by the Committee</p>		<p>We continue to explore ways of engaging with local suppliers and reviewing processes to provide more opportunity for local suppliers to compete for our work. We have held meet the buyer events in Brecon and Newtown again this year specifically targeting construction services initially (Nov Dec) and met with many suppliers and contractors some of whom have since bid for local</p>	

		<p>contracts or for the Dynamic Purchasing System. In some cases they have been very well attended and very positive.</p> <p>Construction - 2 events, 64 companies represented. Local representation in Brecon 17%, Newtown 64%. Attended SEWSCAP events, a framework launch and workshop bringing suppliers and clients together to discuss future requirements, review processes and to resolve issues, unfortunately the local market did not attend.</p> <p>HTR – 2 events (verge maintenance and plant hire) disappointing attendance even though the events were advertised and local suppliers contacted directly.</p> <p>Social Care event is being arranged for the Spring.</p> <p>A dynamic procurement system (DPS) lends itself to local sourcing. It allows suppliers to enter at any time as long as they meet the minimum criteria. We are running a DPS for Estate works and for Civil Engineering Works and Domiciliary Care is being rolled out. This has</p>	
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		<p>offered opportunities for local businesses.</p> <p>For Housing contracts we've have actively pursued interest from contractors and encouraged and supported companies in forming consortia. Unfortunately failure to meet standard requirements did not result in success this time.</p> <p>Wherever possible we are lotting tenders and setting up frameworks to enable local suppliers to bid, this is starting to show benefit especially with the DPS's. There was no local interest for the SEWSCAP framework, even for the £250k to £1million Powys only Lot, this lot is now unusable by the council.</p> <p>Community Benefits clauses are included in all appropriate contracts particularly construction, this requires Suppliers to source materials locally as standard. Contract Management is critical to ensure compliance.</p> <p>We are working with the WLGA looking at Social Value in conjunction with The Future Generations and Wellbeing Act.</p>	
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		We are not currently capturing all local spend as payments to non-Powys suppliers do not give visibility of local sourcing, we are investigating ways of capturing this data.	
9 That the standard of Impact Assessment requires improvement and should undergo a quality assurance process		The Impact Assessments completed have been reviewed by Heads of Service, Directors and Cabinet as part of this year's process. However, we feel that this process can be strengthened further for 21/22.	

Learning and Skills Scrutiny Committee. No recommendations proposed.

Finance Panel

Finance Panel Key Points	Cabinet Response
<p>The Authority had identified a budget gap between expected Welsh Government funding and expenditure. Proposals including cost reductions, efficiencies and income generation had been considered. Now that the provisional settlement is more favorable than expected, the Panel consider that other savings, which may have been included prior to this announcement, should still be included for consideration. This would allow alternative budgets to be submitted by opposition groups should they so wish.</p>	<p>Cabinet have provided all of the Group Leaders with a list of the cost reductions proposals that have not now ben included in the Budget Proposal</p>

<p>The Panel welcome the improvement in Impact Assessments but recognise that further improvements are still possible. The validity of the IAs are questioned as an analysis of undelivered savings, why they have not been achieved and resulting risks, was not available at the time proposals were scrutinized.</p>	<p>A detailed report will be provided to Audit Committee in March which will analyse the undelivered savings, the reasons for non delivery and the level of risk identified at budget setting last year.</p> <p>The report will also be made available to the Finance Panel.</p>
<p>Impact Assessments indicate a number of areas where delivery of proposals remain high risk and the Panel are concerned that the stated mitigation fails to fully address those risks. e.g. the proposed £500k reduction in the Schools Service budget.</p>	<p>The Schools Service have now proposed a number of specific cost reductions and completed individual Impact Assessment for each all of which are low risk.</p> <p>Cabinet has received assurance from Heads of Service that the proposals can be delivered, whilst highlighting any risk around this.</p>
<p>We were assured three months into the financial year that savings were on track, but it became apparent, very shortly after that some services would not be able to deliver savings</p>	<p>The level of risk was highlighted at the outset particularly with regard to social services being able to mitigate the pressures they were facing. The £2m risk budget was put in place last year in recognition of this risk.</p> <p>With this in mind Cabinet and EMT have increased the level of challenge around the proposals being submitted this year. Each Head of Service attended a challenge event where the service pressures were scrutinised alongside the cost reductions being proposed. Each Head of Service provided the assurance required.</p>
<p>Concerns remain that there is still too much reliance on previous year's expenditure in setting future budgets. We understand that there is a wish to move away from traditional budget setting, but the Panel would wish to see evidence that the cost of provision and outcomes are being given greater consideration.</p>	<p>The introduction of Integrated Business Plans for 2020-23 have been developed by all services which bring together Vision 2025 and service objectives, activities, measures, together with budget and workforce plans. This already moves us away from the "salami slicing" approach of the past as demonstrated by the wide range of financial impact across services. We will build and improve this approach, the Transformation Programme includes an Integrated Business Planning Programme which will further strengthen IBPs and see the phased introduction of Outcome Based Budgeting from 2020-21. This will ensure that the Council moves away from the traditional incremental budgeting approach.</p>

<p>Taking the budget as a whole, the Panel have undertaken some work which demonstrates that compared to similar local authorities, our expenditure has become skewed towards social care and will become ever more so as a result of this budget. This places greater strain and risk on remaining services. We consider that this discrepancy needs to be examined and addressed in order to recognise the importance of our non-statutory expenditure, such as loss of theatres, libraries and youth services, which can add further pressure on our welfare services.</p>	<p>Cabinet recognises that the level of investment in Powys' Social Services has been considerable. The level of additional funding (particularly for Children's Services) reflected the serious challenge the Council faced as well as its commitment to improve outcomes by addressing the poor Children's Service inspection report.</p> <p>Over the last twelve months there has been a sustained improvement in Children's Services performance which has been recognised by the Improvement and Assurance Board. There is still more to do, including addressing some persistent recruitment difficulties and the Board and Cabinet recognise the need to set a realistic budget which supports Powys children who are currently in need and in our care while Children's Services implement new service models that will over the medium term reduce the number of Children Looked After and the costs associated with their care.</p>
<p>The largest cost reductions will be in in Social Care and the Heads of Service were expecting that those savings put forward will be achievable. We note that as transformation continues, benefits will flow, for example, Early Intervention is starting to show benefits. Concern remains that some savings are predicated on reducing the high level of agency staff costs, but the Panel are well aware the difficulty of recruitment and hence this risk to permanent appointments remains high.</p>	<p>The number of agency social workers in Children's Service has reduced during 2019-20 and the Service is currently working with the Workforce & OD Service to fill the current 32 Qualified Social Worker vacancies during 2020-21 by introducing market supplement for hard to fill posts, overseas recruitment, new recruitment materials and events and growing our own social workers over the medium term. These initiatives are dependent on the Budget being approved by Council.</p>
<p>The improved settlement represents additional funding for Education, but it is recognised that a significant portion of this is taken up by for teacher pay and pensions. We have been assured that further work is underway to address school deficits, but further assurance is needed that the transformation programme must now progress after years of indecision.</p>	<p>Cabinet are fully committed to proceed at pace to reshape our education system so that it can provide lifelong learning opportunities for all our young people and equip them with the skills and knowledge they need to fulfil their potential. Cabinet will set out a programme of reform that can deliver a high performing education system for all learners in Powys to strengthen our provision across the authority and plan an education service that can be a matter of pride to all who live in Powys. The vision, principles, and implementation plan, will be proposed to Cabinet in April with specific proposals ready for consideration in May. The whole of the Council have a role in making this a success.</p>

<p>Schools should be on a repairing budget rather than an investment budget until such time as there is clarity regarding the core school estate. Slippage on 21st Century Schools budget is impacting upon the revenue budget.</p>	<p>Capital Investment in our Schools is being reviewed with some projects being delayed while the Strategic Review of schools is being undertaken, there is flexibility within Band B to utilise funding that has been allocated to projects that have not yet started, and officers are reviewing this at the moment.</p>
<p>The Panel welcome an additional £1.4 million that has been included for Teachers Learning and Responsibility payments. Failure to properly recognise this and other cost pressures in last year's budget has caused severe budgetary problems particularly within secondary schools.</p>	<p>Noted</p>
<p>Council Tax represents nearly one third of our income – this is the third highest proportion in Wales after Monmouth and the Vale of Glamorgan. Powys' council tax has risen 20.9% over the last three years, this compares with just 15.9% for Wales as a whole and is considerably more than our comparator counties, Pembrokeshire excepted. The proposed increase in Council Tax will mean that there will have been nearly a 15% increase in the last two years when the budget is implemented and given the Band distribution of properties in the Authority the issue of affordability must be recognised.</p>	<p>Cabinet recognise that affordability is a key consideration in proposing an increase in Council Tax. A balance needs to be struck between the ability to raise enough money to fund important services to the right level and the impact increasing taxation has on the residents of the County.</p> <p>An Impact Assessment has been completed and considered by Cabinet to fully understand the impact on our residents. This is provided with the budget papers for Full council on the 28th February.</p>
<p>Whilst we welcome the intention behind the Budget Simulator, we are concerned the low take up does not properly represent the views of our constituents. In particular we are concerned that there was no option to maintain or reduce levels of Council Tax below 5%.</p>	<p>The simulator modelled council tax at 5%, but the sliders allowed the person to increase or reduce that 5% level by increments of 1%</p>
<p>The level of expenditure in Children's Services is unsustainable – actual funding has increased by 60% in three years, but the level of demand has not increased by a corresponding amount. We are concerned regarding the continuing, spiralling cost of Children's Services and note that overspends seem to be rolled over into the base budget rather than being addressed.</p>	<p>Noted. Please refer to our earlier response above.</p>
<p>The Panel are pleased to note that Adult Services, having identified significant potential pressures, have managed their budget and are achieving savings despite some cost pressures having materialised.</p>	<p>Noted</p>

<p>A blanket 2% increase for pay and price inflation appears to be simplistic although it is noted that service specific inflationary pressures have been considered as part of the Integrated Business Planning process.</p>	<p>The 2% assumption is a starting point in recognition of the potential increase in Local Government Pay. In addition each service has highlighted any additional inflationary pressure arising from specific contract commitments or above inflation cost pressures. These have then been recognised in the budget proposal and feature in the £18.4 million of inescapable budget pressures, which includes for example the £4.3 million for the additional cost of Teachers Pay and Pensions.</p>
<p>The Panel were disappointed in the continuing failure to implement the Capital Programme to the budget timetable. Whilst this has some revenue benefit in the short term, longer term benefits of the Capital Programme are being missed.</p>	<p>Slippage on the Capital Programme has been recognised as an issue and in order to improve this position a number of changes have been implemented for the development of the capital programme. This years programme was severely impacted upon by the collapse of companies delivering School and housing projects and this contributed to the level of slippage seen. A more robust Governance framework has been implemented which will ensure that projects are more rigorously challenged before being agreed. This enables the council to prioritise its capital investment whilst ensuring affordability. Capital Training has been delivered to ensure that project managers understand their responsibility in monitoring and profiling project spend.</p> <p>This years revenue budget is based on a prudent estimate of 70% in-year spend and 30% roll forward into future years which reflects a more realistic pattern of delivery.</p>
<p>Capital receipts are currently running ahead of budget, but the Panel believes that they are still well short of their potential, for example, assets worth several million pounds have been on the disposals list for some time. We believe that a more aggressive selling policy would enable the Authority to take advantage of the WG directive on the use of receipts which is due to expire in March 2022. A more ambitious capital asset strategy is needed not only in respect of revenue potential, but also to offset borrowing requirements going forward which would have a positive effect on the revenue budget. That said, we welcome the property review that is currently being undertaken and focus that will bring to the return on investment.</p>	<p>The property review will look at each asset and assess it in terms of the benefit it generates for the Council. The results of the review will inform the longer term capital strategy.</p>

<p>Whilst the reasons for the late finalisation of the draft budget are noted, the Panel are of the opinion that greater use could be made of the Panel in considering areas of principle or alternatives in developing the budget at an early stage. This also applies to other scrutiny committees.</p>	<p>Members of the Council have engaged in the budget planning process from the outset through a series of member budget seminars which have given Councillors the opportunity to review and prioritise Vision 2025 outcomes, challenge, propose ideas and input into the process. The Finance Scrutiny Panel have also been engaged during the process and financial assumptions and settlement information have been shared with members and the impact on the budget modelled and considered. The events during the Autumn as a result of the general election significantly delayed the issuing of the provisional settlement and the purdah period prevented discussions on the detailed proposals. The timetable for next financial year is already in place and this identifies sessions for wider engagement in the budget discussions and involvement of the Finance Panel in the process.</p>