

Learning and Skills Scrutiny Committee – 30-01-2024
Economy, Residents and Communities Scrutiny Committee – 30-01-2024
Health and Care Scrutiny Committee – 26-01-2024
Finance Panel – 31-01-2024

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| Report Title: | Budget paper questions |
| Lead Officer: | Head of Finance |

Key Issues in the report highlighted by Lead Officer

The budget pack has the main report setting out the budget proposal, and a series of supplementary appendices. Scrutiny needs to establish if the budget setting proposal is realistic, deliverable, legal and affordable within the timescales proposed. A 5 year MTFS is set out and the funding plan as well as the Capital and Treasury Strategy.

The budget setting in the main has been led by Heads of Service, establishing what the cost pressures are and, what savings they can deliver, alongside preparing impact assessments to show the level of impact / risk on those savings.

The Capital Strategy has a similar overview, in terms of affordability of the programme and a 5 year plan.

Key Feeders (tick all that apply)

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|--------------------------------------|---|-----------------------------------|---|
| Strategic Risk | | Cabinet Work Plan | |
| Director / Head of Service Key Issue | | External / Internal Inspection | |
| Existing Commitment / Annual Report | | Performance / Finance Issue | X |
| Suggestion from Public | | Referral from Council / Committee | |
| Corporate Improvement Plan | X | Impacting Public / other services | X |
| Service Integrated Business Plan | X | | |
| Suggestion from Members | | | |
| Partnerships | | | |

Scrutiny Impact (tick all that apply)

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|--|---|----------------------------|---|
| Policy Review | | Performance | X |
| Informing Policy Development – Financial Regulation compliance | X | Evidence Gathering | |
| Risk | | Corporate Improvement Plan | X |
| Service Integrated Business Plan | X | Partnerships | |
| Pre-Decision Scrutiny | | Finance / Budget | X |

Other (please specify)

Not applicable

Suggested scrutiny activity - Committee's Role:

Questioning and analysing service levels, costs (use of public money) and ensuring the Council budget plans are realistic, legal and deliverable (raising areas of concern and clarification to Heads of Service and asking for their comments)

a) In the covering report – through to page 11 sets the scene and provides the background in terms of council, wider economy and Welsh Government.

Then after the nature of the proposed budget is set out, use table 5 as a guide to understand the changes to the service budgets you are scrutinising as you work through each appendix. There is context at 3.51 about the overall pressures within the table.

The proposed draft net budget for 2024-25 is £340.7 million, including the Delegated Schools' Budget, a £14.081 million or 4.3% increase on last years budget. The level of increase across the Councils services cannot be fully supported by Welsh Government funding and an increase in Council Tax at 7.5%. Proposing Council Tax at 7.5% provides 6.5% to support Council Services with a further 1.0% to support the £1.1 million increase in the Fire Levy which the Council provides to the Mid and West Wales Fire Authority ,as set out in paragraph 3.46 of the report.

In proposing this increase, there has been careful consideration to affordability for Powys residents in light of the cost of living crisis, together with the ongoing need to meet increasing demand and inescapable cost pressures on vital local services upon which they rely.

b) The MTFS and FRM (Appendix A & B) provide greater detail about the budget and how the proposed budget has been collated, it provides a wider overview and has less specific service information – which are covered off in the appendices – so once read the main documents focus on :

Question – does the narrative set out any specific service funding / changes that impact on the service plans and if so have these been considered ?

c) Appendix C Cost Reductions - lists the savings of £10.7 million to bridge the gap. Heads of Service should have ensured that these reductions are focused on delivering services that are more efficient or that can be delivered at a reduced cost, alternative sources of income and increased fees and charges have also been implemented. Limiting the impact on the delivery of front line services wherever possible.

Question – do you think the savings outlined are achievable in year and the corresponding impact assessment explains the what the consequences are of implementing it?

Question – is more information required, are there any further concerns heads should be aware of?

Question – are you assured that these can realistically be delivered within the years they say, i.e. profiled correctly ?

d) Appendix D & E Fee and Charges Register

Question – are there any increases that may limit or reduce the take up of that service, and then the impact is that it reduces the level of income

Question – do any of the proposals need an impact assessment as they will have a big effect on communities etc – maybe one provided if the charges are listed in Appendix C

e) Appendix F - Inflationary Pressures and additional service cost pressures of £18.2 million

Question – Are the service pressures realistic or do the Heads of Service need to explain the rationale for what the pressure is, how it was calculated to arrive at the value ?

Question – is the pressure likely to occur or just a risk – that could be managed at “risk”

f) Appendix G – Reserves Policy- In assessing the appropriate level of reserves, the Authority will ensure that the reserves are not only adequate, but also necessary and will be appropriate for the risk (both internal and external) to which it is exposed. The Reserves Policy shown in Appendix G establishes a framework within which decisions are made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used. In the context of the need to maintain financial stability and flexibility moving forward on the advice of the Section 151 Officer, it is Cabinet’s **intention not to make any use of the General Reserve to fund the 2024-25 Budget.**

Question – are there any factors not explained by Heads of Service that could require the use of reserves and should be highlighted ?

g) Appendix H - The Capital and Treasury Management Strategies are fundamental to the effective delivery of the Council’s priorities and Vision. The draft provides a high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, whilst considering the risks, how these will be managed and the implications for future financial sustainability.

Question - Do you think the strategy captures the risks and uncertainties and affordability of the programmes. Does it have the right schemes being delivered in the services you are scrutinising?

Question – Does the programme include the right projects that align to the strategic priorities?

h) Appendix I – these are the impact assessments (IA) that provide greater detail and consequences of the savings. There is an overall impact assessments for the council budget and council tax level

Question – are the IAs clear enough to help you understand and agree the savings being made, does any of this information need clarifying ?

i) Appendix J – this is the feedback from the budget survey