

ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template

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| Committee: | Corporate Scrutiny Committee |
| Date: | 5 th February, 2018 |
| Subject: | Finance Scrutiny Panel |
| Purpose of Report: | Progress update on the work of the Finance Scrutiny Panel |
| Scrutiny Chair: | Cllr Aled Morris Jones |
| Portfolio Holder(s): | Cllr John Griffith |
| Head of Service: | Marc Jones, Head of Resources / Section 151 Officer |
| Report Author: | Anwen Davies, Scrutiny Manager |
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| Local Members: | Not applicable |

1 - Recommendation/s

R1 The Corporate Scrutiny Committee is requested to note:

- Progress made to date with the work of the Finance Scrutiny Panel
- That processes pertaining to budget monitoring for 2017/18 and budget setting for 2018/19 appear to be on track thus far
- The financial scrutiny development programme for Panel members and which is being delivered by CIPFA Wales

R2 Escalate the following matter for consideration by the Corporate Scrutiny Committee:

- Express concern regarding the overspend in children's services and the learning service. Also, to note that as a first step, the Panel has invited the Assistant Chief Executive, Head of Children's Services and Head of Learning to provide an explanation of the financial situation in both services and the mitigation measures proposed to be put in place to control the overspend. The Panel will report back to this Committee on its findings in due course.

2 – Link to Council Plan / Other Corporate Priorities

Direct link between the Council Plan / transformation priorities and the Medium Term Financial Plan. The Panel's consideration of budgetary matters will provide assurance to the Executive that the Council are responding in a robust manner on financial matters and that steps are in place to mitigate any risks.

3 – Guiding Principles for Scrutiny Members

To assist Members when scrutinising the topic:-

3.1 Impact the matter has on individuals and communities [focus on customer/citizen]

3.2 A look at the efficiency & effectiveness of any proposed change – both financially and in terms of quality **[focus on value]**

3.3 A look at any risks **[focus on risk]**

3.4 Scrutiny taking a performance monitoring or quality assurance role **[focus on performance & quality]**

3.5 Looking at plans and proposals from a perspective of:

- Long term
- Prevention
- Integration
- Collaboration
- Involvement

[focus on wellbeing]

4 - Key Scrutiny Questions

At the request of the Panel:

1. Does the Committee have any views on the priority of the work streams in the Panel work programme?
2. Are the actions of the Panel thus far sufficiently robust?

5 – Background / Context

1. BACKGROUND

1.1 Members will already be aware that scrutiny has developed over the past few months through the work of 3 scrutiny panels namely – Finance Scrutiny Panel, Schools Review Scrutiny Panel and the Children’s Services Improvement Panel. This report summarises progress made to date as regards the **Finance Scrutiny Panel**.

2.2 Panel Governance Arrangements

As reported to a recent meeting of this Committee¹, robust governance arrangements have been established to underpin the work of the Panel and it is the intention to endeavor to continue to convene regular meetings of the Panel, in accordance with the timeline for budget monitoring by the Executive and also the Authority’s budget setting process. A process is in place for regular, quarterly reporting to this Committee by Councillors Dafydd Roberts and Robin Wyn Williams, as Scrutiny Committee representatives on the Panel.

2. FOCUS OF WORK OF THE FINANCE SCRUTINY PANEL

2.1 The Finance Scrutiny Panel has now met on six occasions, namely:

- 17th August, 2017
- 29th September, 2017
- 25th October, 2017
- 1st December, 2017

¹ Corporate Scrutiny Committee convened on 31st October, 2017

- 5th January, 2018
- 2nd February, 2018

Attached (**APPENDIX 1**) is a copy of the latest version of the Panel's work programme.

2.2 This report focuses on the work of the Panel in December, 2017 and January, 2018. A verbal update will be presented from the last meeting of the Panel (02/02/18) at the Committee:

- **Governance matters** – clear governance arrangements are in place (including a terms of reference) and a work programme providing a robust framework for the work of the Panel. This view has been endorsed by CIPFA Wales
- **External, expert input** – at the request of Panel members, external, specialist input is being facilitated by CIPFA Wales in order to assist us to evaluate and evidence the impact and added value of the Panel's work. The input of CIPFA Wales also includes bespoke member development and mentoring inputs at each meeting on financial scrutiny. The Panel have agreed to share the outcomes of this work-stream in order to develop good practice at a national level
- **Training & development / information sessions** – incorporated into the Panel work programme, these sessions are convened at the beginning of each Panel meeting. Topics covered over the last couple of months included - detailed consideration to the Business Rate Relief Policy – principles, assumptions and process (December meeting of the Panel). CIPFA Wales facilitated a session at the January meeting on effective questioning strategies on financial matters. This expert input into the work of the Panel is providing a robust foundation to enable and support the development of effective financial scrutiny in the Authority, building resilience into our scrutiny practice and processes
- Detailed consideration to **Theme 1 – Budget Monitoring** - with the Panel taking an initial view that its function should concentrate on scrutinising the response of the Executive to budget monitoring (revenue, capital and HRA²) for quarters 1 & 2 (rather than pre-decision scrutiny). It was anticipated that this approach could support the Executive to make better decisions.
The Panel scrutinised the response of the Executive to the Qtr2 report on revenue budget performance at its meeting of 01/12/17. The Portfolio Holder for Resources was in attendance for this discussion in order to provide additional information to Panel members
- **2017/18 financial pressures** – scrutiny of the financial pressures in Children's Services and the Learning Service continue to be a key priority for the Panel and further information has been commissioned from both Heads of Service for consideration at the next meeting of the Panel³. The outcome of this work will be reported to the Scrutiny Committee in due course
- At the last meeting⁴, the Panel gave further consideration to **Theme 3 - Annual budget setting process** which included looking at the current state of play as

² Housing Revenue Account

³ Meeting of the Finance Scrutiny Committee to be convened on 2nd February, 2018

⁴ Finance Scrutiny Panel at its meeting convened on 5th January, 2018

regards the process and links to the Medium Term Financial Plan. The Panel also received information on the initial key messages from the recent public consultation on the Council's 2018/19 budget proposals

- **Work programme and impact of scrutiny** – the Panel have introduced routine self-evaluation of performance at the end of each meeting, facilitated by CIPFA. Early indications suggest that this practice is having a positive impact on the quality and effectiveness of financial scrutiny by the Panel. As a first outcome, the Panel have recognised the need to ensure greater alignment between the Council's budgetary cycles and the Panel forward work programme. This revision of the work programme has been scheduled to be considered at the next meeting of the Panel.

3. MATTERS TO BE ESCALATED FOR CONSIDERATION BY THE PARENT COMMITTEE

The following matter be escalated for consideration by the Corporate Scrutiny Committee:

3.1 Current overspend and budget pressures in children's services and the learning service. The Corporate Scrutiny Committee is requested to come to a view about the robustness of the Panel's actions thus far.

6 – Equality Impact Assessment [including impacts on the Welsh Language]

N/a

7 – Financial Implications

This report discusses the following elements of the work of the Finance Scrutiny Panel:

- 2017/18 revenue budget performance monitoring
- Budget setting process for 2018/19

8 – Appendices:

1. Finance Scrutiny Panel work programme

9 - Background papers (please contact the author of the Report for any further information):

Anwen Davies, Scrutiny Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7HF

Cllrs Dafydd Roberts & Robin Wyn Williams
Scrutiny Members on the Finance Scrutiny Panel
Date: 24/01/18

**PANEL SGRIWTINI CYLLID – RHAGLEN WAITH /
FINANCE SCRUTINY PANEL – WORK PROGRAMME**

| CYFARFOD / MEETING | DYDDIAD / DATE | PWNC / SUBJECT | ADRODDIAD I'R PWYLLGOR SGRIWTINI CORFFORAETHOL / REPORT TO CORPORATE SCRUTINY COMMITTEE | ADRODDIAD I'R PWYLLGOR GWAITH / REPORT TO EXECUTIVE |
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| AWST → RHAGFYR, 2017 AUGUST → DECEMBER, 2017 | | | | |
| 1 | AWST AUGUST 17/08/17 [2.00 – 4.00] | Sesiwn ddatblygu/codi ymwybyddiaeth → Cyllid Llywodraeth Leol <i>Development session/awareness raising → Local Government Finance</i> | | |
| | | CG, Cynllun Prosiect a gosod y cyd-destun / <i>TOR, Project Plan & setting the scene</i> | | |
| | | Thema 1: Monitro'r Gyllideb (CH 4: 2016/17) / Budget Monitoring (Qtr 4: 2016/17) | | |
| | | Rhaglen waith ac anghenion datblygu / <i>Work programme and development needs</i> | | |
| 2 | MEDI SEPTEMBER 29/09/17 [9.30 – 12.30] | Sesiwn ddatblygu/codi ymwybyddiaeth → Egwyddorion/rhagdybiaethau'n sail i'r Cynllun Cyllidol Tymor Canol <i>Development session/awareness raising → Theme 2: Principles/assumptions underpinning the Medium Term Financial Plan</i> | | |

| CYFARFOD / MEETING | DYDDIAD / DATE | PWNC / SUBJECT | ADRODDIAD I'R PWYLLGOR SGRIWTINI CORFFORAETHOL / REPORT TO CORPORATE SCRUTINY COMMITTEE | ADRODDIAD I'R PWYLLGOR GWAITH / REPORT TO EXECUTIVE |
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| | | <p>Cylch Gorchwyl terfynol / <i>Final Terms of Reference</i></p> <p>Thema 1: Monitro'r Gyllideb (CH 1: 2017/18) – cymryd golwg manwl ar ymateb y Pwyllgor Gwaith / Budget Monitoring (QTR 1: 2017/18) – <i>a closer look at the response of the Executive</i></p> <p>Thema 2: Cynllun Cyllidol Tymor Canol – cymryd golwg manwl; herio'r rhagdybiaethau; cyswllt efo arbedion arfaethedig 2018/19 / Theme 2: Medium Term Financial Plan – <i>a closer look; scrutinise assumptions; link to 2018/19 proposed efficiencies</i></p> <p>Rhaglen waith ac anghenion datblygu / <i>Work programme and development needs</i></p> | | |
| 3 | HYDREF / OCTOBER 25/10/17 [10.00 – 12.30] | Sesiwn ddatblygu/codi ymwybyddiaeth → Proses o sefydlu'r gyllideb flynyddol <i>Development session/awareness raising → Annual budget setting process</i> | | |

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| | | <p>Thema 3: Proses sefydlu cyllideb flynyddol – cymryd golwg manwl; herio'r cynigion cychwynnol: craffu unrhyw argymhellion mewn perthynas â chynnydd yn y Dreth Gyngor <i>Theme 3: Annual budget setting process – a closer look; scrutinise initial proposals; scrutinise any proposals relating to an increase in the Council Tax</i></p> <p>Rhaglen waith ac anghenion datblygu (adolygiad) / <i>Work programme and development needs (review)</i></p> | <p>Pwyllgor Sgriwtini Corfforaethol / <i>Corporate Scrutiny Committee, 31/10/17</i></p> | <p>Pwyllgor Gwaith / <i>Executive, 06/11/17</i></p> |
| 4 | <p>RHAGFYR / DECEMBER 01/12/17 [9.30 – 12.00]</p> | <p>Sesiwn ddatblygu/codi ymwybyddiaeth → Egwyddorion/rhagdybiaethau'n sail i'r Polisi Rhyddhad Treth Busnes <i>Development session/awareness raising → Principles/assumptions underpinning the Business Tax Relief Policy</i></p> <p>Thema 1: Monitro'r Gyllideb (CH 2: 2017/18) – cymryd golwg manwl ar ymateb y Pwyllgor Gwaith / Budget Monitoring (QTR 2: 2017/18) – <i>a closer look at the response of the Executive</i></p> | | |

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| | | Thema 4: Polisi Rhyddhad Treth Busnes - cymryd golwg manwl; craffu'r egwyddorion a rhagdybiaethau <i>Theme 4: Business Tax Relief Policy – take a closer look; scrutinise the underpinning principles and assumptions</i> | | |
| | | Rhaglen waith ac anghenion datblygu (adolygiad) / <i>Work programme and development needs (review)</i> | | |
| IONAWR → MAI, 2018 JANUARY → MAY, 2018 | | | | |
| 5. | IONAWR / JANUARY 04/01/18 [3.00 – 5.00*] (Ar godiad y Sesiwn Briffio Aelodau) | Sesiwn ddatblygu/codi ymwybyddiaeth → Cwestiynu effeithiol <i>Development session/awareness raising → Effective questioning</i> | | |
| | | Thema 3: Proses sefydlu cyllideb flynyddol – cymryd golwg manwl yn sgîl sylwadau dderbyniwyd yn ystod yr Ymgynghoriad Cyhoeddus / <i>Theme 3: Annual budget setting process – a closer look in light of comments received during the recent Public Consultation</i> Pwysau ariannol yn y Gwasanaethau Plant a'r | Pwyllgor Sgriwtini Corfforaethol / <i>Corporate Scrutiny Committee, 05/02/18</i> | Pwyllgor Gwaith / <i>Executive, 18/02/18</i> |

| CYFARFOD / MEETING | DYDDIAD / DATE | PWNC / SUBJECT | ADRODDIAD I'R PWYLLGOR SGRIWTINI CORFFORAETHOL / REPORT TO CORPORATE SCRUTINY COMMITTEE | ADRODDIAD I'R PWYLLGOR GWAITH / REPORT TO EXECUTIVE |
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| | | <p>Gwasanaeth Dysgu / <i>Budget pressures in Children's Services and the Learning Service</i></p> <p>Rhaglen waith ac anghenion datblygu (adolygiad) / <i>Work programme and development needs (review)</i></p> | | |
| 8. | <p>CHWEFROR / FEBRUARY 02/02/18 [9.00 – 12.00]</p> | <p>Sesiwn ddatblygu/codi ymwybyddiaeth → Egwyddorion a rhagdybiaethau'n sail i Gynllun Busnes y Cyfrif Refeniw Tai <i>Development session/awareness raising → Principles and assumptions underpinning the Housing Revenue Account</i></p> <p>Pwysau ariannol yn y Gwasanaethau Plant a'r Gwasanaeth Dysgu (parhad) / <i>Budget pressures in Children's Services and the Learning Service (continuation)</i></p> <p>Thema 1: Monitro'r Gyllideb (CH 3: 2017/18) – cymryd golwg manwl ar ymateb y Pwyllgor Gwaith / <i>Theme 1: Budget Monitoring (QTR 3: 2017/18) – a closer look at the response of the Executive</i></p> <p>Thema 6: Cynllun Busnes y Cyfrif Refeniw Tai – cymryd golwg manwl; herio'r rhagdybiaethau; cyswllt efo cyllideb arfaethedig 2018/19 / <i>Theme 6: Housing Revenue Account Business Plan – a closer</i></p> | | |

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| | | <i>look; scrutinise assumptions; link to 2018/19 proposed budget</i> | | |
| 9. | MAWRTH / MARCH (diwedd mis dechrau Ebrill) | <p>Sesiwn ddatblygu/codi ymwybyddiaeth → adolygu cynnydd gwaith y panel / gwerthusiad</p> <p><i>Development session/awareness raising → progress review / evaluation</i></p> <p>Gwerthuso effaith gwaith craffu'r Panel rhwng Awst, 2017 → Chwefror, 2018; cynnig argymhellion i'r Pwyllgor Sgriwtini Corfforaethol o ran rhaglen waith y Panel yn ystod 2018/19 /</p> <p><i>Evaluate the impact of the Panel's scrutiny work between August, 2017 → February, 2018; make proposals to the Corporate Scrutiny Committee on the Panel's work programme for 2018/19</i></p> | Pwyllgor Sgriwtini Corfforaethol / Corporate Scrutiny Committee, 09/04/18 | Pwyllgor Gwaith / Executive, 30/04/18 |
| 28/02/18 → Cyngor Sir yn derbyn cyllideb ddrafft 2018/19, i'w mabwysiadu / Full Council to receive the 2018/19 draft budget, for adoption | | | | |
| MEHEFIN → JUNE → | | | | |

| CYFARFOD / MEETING | DYDDIAD / DATE | PWNC / SUBJECT | ADRODDIAD I'R PWYLLGOR SGRIWTINI CORFFORAETHOL / REPORT TO CORPORATE SCRUTINY COMMITTEE | ADRODDIAD I'R PWYLLGOR GWAITH / REPORT TO EXECUTIVE |
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