

## ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template

<b>Committee:</b>	Corporate Scrutiny Committee
<b>Date:</b>	4 <sup>th</sup> June, 2018
<b>Subject:</b>	Finance Scrutiny Panel
<b>Purpose of Report:</b>	Progress update on the work of the Finance Scrutiny Panel
<b>Scrutiny Chair:</b>	Cllr Aled Morris Jones
<b>Portfolio Holder(s):</b>	Cllr John Griffith (until 15/05/18) / Cllr Robin Wyn Williams (from 16/05/18)
<b>Head of Service:</b>	Marc Jones, Head of Resources / Section 151 Officer
<b>Report Author:</b>	Anwen Davies, Scrutiny Manager
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<b>Local Members:</b>	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, both in terms of achieving its work programme and measuring impact and added value
- That processes pertaining to budget monitoring for 2017/18 appeared to be fit for purpose and on track
- The ongoing 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 continued concern regarding budget pressures in children's services and the learning service. Also, to note that the Panel continues to closely monitor the situation and has arrangements in place to ensure regular dialogue with the Assistant Chief Executive and Heads of Service to provide an explanation of the financial situation in both services and the impact of mitigation measures in place to control overspends. The Panel will continue to report back to this Committee on its findings as the situation evolves.

### 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?
3. Does the Committee have a view on the pace or quality of recent developments in financial scrutiny led by the Panel?

#### 5 – Background / Context

##### 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**.

##### 1.2 Panel Governance Arrangements

As reported to a previous meeting of this Committee<sup>1</sup>, 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 has been in place for regular, quarterly reporting to this Committee by Councillors Dafydd Roberts and Robin Wyn Williams, as Scrutiny Committee representatives on the Panel. The Panel will however need to review the detail of this arrangement in light of Councillor Robin Williams’ appointment as Portfolio Holder for Resources.

##### 2. FOCUS OF WORK OF THE FINANCE SCRUTINY PANEL

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

- 17<sup>th</sup> August, 2017

<sup>1</sup> Corporate Scrutiny Committee convened on 31<sup>st</sup> October, 2017

- 29<sup>th</sup> September, 2017
- 25<sup>th</sup> October, 2017
- 1<sup>st</sup> December, 2017
- 5<sup>th</sup> January, 2018
- 2<sup>nd</sup> February, 2018
- 14<sup>th</sup> March, 2018
- 26<sup>th</sup> April, 2018.

2.2 This report focuses on the work of the Panel in March and April, 2018:

- **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. The detail of these arrangements are currently being revisited as part of a broader review of our Scrutiny procedures and documentation.
- **External, expert input** – at the request of Panel members, external, specialist input has been facilitated by CIPFA Wales spanning 4 meetings of the Panel<sup>2</sup> in order to assist us to evaluate and evidence the impact and added value of the Panel's work. The input of CIPFA Wales has also included bespoke member development and mentoring inputs on financial scrutiny at each meeting. CIPFA will return to the Authority in September in order to assist the Panel to measure distance travelled in developing Member led finance scrutiny in the Council. The Panel have also agreed to share the outcomes of this work-stream in order to develop good practice at a national level.

This expert input into the work of the Panel has provided a robust foundation to enable and support the development of effective financial scrutiny in the Authority, building resilience into our scrutiny practice and processes.

- **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 the Housing Revenue Account (HRA) Business Plan – a look at the financial regulations of the HRA and the financial aspects of the business plan. In March, the Panel considered the Council's capital budget (principles, assumptions, priorities and process).
- Detailed consideration to **Theme 1 – Budget Monitoring (Quarter 3)** - with the Panel taking a view that its function should concentrate on scrutinising the response of the Executive to budget monitoring (revenue, capital and HRA<sup>3</sup>) (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 Qtr3 report on revenue budget performance at its meeting of 14/03/18. The Portfolio Holder for Resources was in attendance for this discussion in order to provide additional information to Panel members.

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<sup>2</sup> Meetings of the Finance Scrutiny Panel convened on 1<sup>st</sup> December, 2017; 5<sup>th</sup> January, 2018; 2<sup>nd</sup> February, 2018; 14<sup>th</sup> March, 2018

<sup>3</sup> Housing Revenue Account

- **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 Panel<sup>4</sup>. The outcome of this work will be reported to the Scrutiny Committee in due course.
- At the last meeting<sup>5</sup>, the Panel gave consideration to **Theme 3 - Annual budget setting process** for 2019/10. A review of the Panel’s work programme has been a catalyst for agreement on the role of the Panel in the budget setting process for next year:
  - i. Representative of the Panel to participate in budget setting steering group meetings (first meeting convened on 30/04/18 to consider the outcomes of a recent review of the 2018/19 budget setting process)
  - ii. Finance Scrutiny Panel to take a detailed look at the initial efficiency proposals for 2019/20 prior to the Member budget workshops to be held early October, 2018. Scrutiny focus → scrutiny of achievability, barriers and risks. This work to include discussions with Heads of Service
  - iii. Panel members to present the findings of their scrutiny work on the 2019/20 initial proposals to the Member budget workshops.
- **Council’s Efficiencies Strategy** – the Panel<sup>6</sup> gave detailed consideration to performance against each of the efficiency proposals implemented during 2017/18, service by service in order to:
  - i. form a view on the percentage of efficiencies fully realised
  - ii. identify barriers and risks that emerged during 2017/18 and any learning in moving forward.

The Panel concluded that implementation of the 2017/18 efficiencies strategy (totaling £1.954k) fell short by £399k, representing 20.4% of the total efficiencies. This shortfall related to 3 specific projects:

- ✚ 2 projects (cleaning; Garreglwyd) to be delivered later than anticipated with the efficiencies being fully realised during 2018/19
- ✚ The third related to additional, unplanned expenditure as a result of the recent floods.

As regards 2018/19 and beyond, there would appear to be risks associated with reliance on income generation as a means of achieving efficiencies.

- **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 recognised the need to ensure greater alignment between the Council’s budgetary cycles and the Panel forward work programme. This alignment now underpins the Panel’s work programme.

<sup>4</sup> Meeting of the Finance Scrutiny Committee to be convened on 28<sup>th</sup> June, 2018

<sup>5</sup> Finance Scrutiny Panel at its meeting convened on 26<sup>th</sup> April, 2018

<sup>6</sup> Meeting of the Finance Scrutiny Panel convened on 26<sup>th</sup> April, 2018

### **3. MEASURING OUTCOMES AND IMPACT OF THE PANEL**

#### **3.1 Context**

Capturing and assessing the impact of Scrutiny is a challenge to achieve as the outcomes of scrutiny activities are not always tangible and often do not lend themselves to being measured in a systematic way. Also, it is not easy to measure the effectiveness of Scrutiny's ability to influence decision makers through discussion and debate. The journey of the Finance Scrutiny Panel is however an example of where the input of scrutiny has added value and influenced the way in which proposals have been implemented by the Council.

#### **3.2 Finance Scrutiny Panel**

Financial scrutiny has developed significantly from a low base, during the past year with external expert input and guidance from CIPFA Wales. The Panel has taken a strategic approach to scrutiny of financial matters and developed an effective questioning strategy to underpin their work. For example, interventions by the Panel in response to some significant budget pressures have triggered some positive mitigation measures by Children's Services and the Learning Service. CIPFA Wales have commended this development journey:

*"During the time we worked with the Panel there has been a distinct change in the way the Panel operates. Members now have clarity on their role, and those of officers in attendance. This has resulted in an effective use of time, improved structure and management of the agenda and a rigour in questions. Members are considering issues from an informed and broader financial base which is evident by the quality and nature of the questions posed. Questions and their approach demonstrates an improvement in confidence and also a resilience and determination to obtain satisfactory responses in a balanced and assertive manner. The development of a forward work programme to include items from the financial calendar, emerging issues and a programme of topics will result in the Panel adding value to the scrutiny process over time. Being independent of thought and proactive in developing the work programme is a major development for the Panel".*

This work has provided a robust foundation upon which to continue with our development programme.

### **4. MATTERS TO BE ESCALATED FOR CONSIDERATION BY THE PARENT COMMITTEE**

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

4.1 Current 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

<b>7 – Financial Implications</b>
This report discusses the following elements of the work of the Finance Scrutiny Panel: <ul style="list-style-type: none"><li>i. 2017/18 revenue budget performance monitoring</li><li>ii. Budget setting process for 2019/20</li><li>iii. Governance arrangements and scrutiny focus in preparation for the 2019/20 budget setting process</li><li>iv. Measuring outcomes and impact</li></ul>



<b>8 – Appendices:</b>
<b>9 - Background papers (please contact the author of the Report for any further information):</b>
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**Cllrs Dafydd Roberts & Robin Wyn Williams**  
**Scrutiny Members on the Finance Scrutiny Panel**  
**Date: 23/05/18**