

ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template

Committee:	Corporate Scrutiny Committee
Date:	12 th September, 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 Robin Wyn Williams
Head of Service:	Marc Jones, Head of Resources / Section 151 Officer
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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, both in terms of achieving its work programme and measuring impact and added value
- That processes pertaining to budget monitoring for 2018/19 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. As previously noted, 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 previously reported to this Committee¹, robust governance arrangements are in place to underpin the work of the Panel and it is the intention to endeavour 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 (until his appointment as Portfolio Holder for Resources), 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 10 occasions, namely:

- 17th August, 2017
- 29th September, 2017
- 25th October, 2017

¹ Corporate Scrutiny Committee convened on 31st October, 2017

- 1st December, 2017
- 5th January, 2018
- 2nd February, 2018
- 14th March, 2018
- 26th April, 2018
- 5th July, 2018
- 17th August, 2018

2.2 This report focuses on the work of the Panel for the period July - August, 2018:

- **Governance matters** – clear governance arrangements continue to be 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 is to be 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 Panel² 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 later in the year 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.

- **Theme 1 – Budget Monitoring (Quarter 1)** – the Panel³ scrutinised initial messages as regards the Qtr1 revenue budget, prior to the matter being considered by the Executive⁴. The Portfolio Holder for Resources was in attendance for this discussion in order to provide additional information to Panel members. Panel members noted the following areas which were creating financial pressures:
 - ✚ Children's services
 - ✚ Learning service
 - ✚ Adults Services – learning disabilities and services for adults with physical / sensory care needs
 - ✚ Property services – maintenance; school cleaning
- **Children's Services and the Learning Service** – scrutiny of the financial pressures in both services have continued to be a key priority for the Panel and further information commissioned from both Heads of Service was considered at the July meeting of the Panel⁵. Detailed consideration was given to the following aspects:

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

³ Meeting of the Finance Scrutiny Panel convened on 17th August, 2018

⁴ Meeting of the Executive to be convened on 17th September, 2018

⁵ Meeting of the Finance Scrutiny Committee convened on 5th July, 2018

- ✚ Areas creating pressures in both services:
 - i. Children in care – out of county, residential packages, independent fostering placements. (The increase in the number of children coming into the Authority's care was being replicated in local authorities across Wales and England)
 - ii. Agency staff
 - iii. Education for children in out of county placements
 - iv. School transport
 - v. Care / breakfast clubs in schools (income collection)

✚ **2017/18 final position** – overspend of £1.78m in Children's Services and an overspend of £0.9m in the Learning Service

✚ **Mitigation measures:**

- i. Children's Services – scrutinising of cost of care packages before approving placements; Joint Commissioning Panel; Resilient Families Team; Joint Contracts Officer (Children and Learning); "Small Group Homes"; review package for foster carers; new transport policy for looked after children.
Risk: no control over the number of children coming into care (*demand led service*)
- ii. Learning Service – some of the mitigation measures outlined above were joint ventures across both services. In addition, more effective system and process for school transport through the transport system "One"; challenge every request for school transport against the criteria; review of school transport policy; tighten the collaboration with schools to maximise income (care / breakfast clubs).
Risks: increased demand; inadequate budget; failure by individual schools to collect income

✚ **2018/19 projections:** based on initial projections, an overspend was likely in Children's Services. The scale of the overspend depended on the pace of the effect of the mitigation measures.

The Panel have invited both Heads of Service to present a further update on the impact of the mitigation measures implemented to the Panel in September, 2018.

- **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 participated in the budget setting steering group meeting⁶ 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 workshops⁷.

⁶ Convened on 30th April, 2018

⁷ Member workshops to be convened during the week commencing 1st October, 2018

- **Council's Efficiencies Strategy (2018/19)** – the Panel⁸ gave detailed consideration to implementation of efficiencies to date in the Learning Service, Adult Services and Highways, Waste & Property, in order to:
 - i. form a view on the likely percentage of efficiencies to be fully realized by year end
 - ii. identify any barriers and risks early on and any learning in moving forward.

The Panel concluded the following as regards implementation of the 2018/19 efficiencies strategy:

- ✚ Adult Services – work streams appeared on track to date. Pressures reported as regards learning disabilities and services for people with physical disabilities
 - ✚ Learning Service – all efficiency work streams had commenced but risks associated with the majority and projected slippage by year end. Implementation of the new school transport software package and the procurement of new contracts would not however be achieved until January, 2019 (resulting in a 3/12th efficiency during 2018/19). Continued risks associated with the education provision for LAC children (out of county) and the additional learning needs service (Gwynedd/Ynys Môn), both being needs led services
 - ✚ Highways, Waste & Property Service – all work streams appeared to be on track to date.
- **Work programme and impact of scrutiny** – the Panel have introduced routine self-evaluation of performance at the end of each meeting. This practice appears to be 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.

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.

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

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

⁸ Meeting of the Finance Scrutiny Panel convened on 17th August, 2018

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

7 – Financial Implications

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

- i. 2018/19 revenue budget performance monitoring
- ii. Budget pressures during 2018/19
- iii. Budget setting process for 2019/20
- iv. Governance arrangements and scrutiny focus in preparation for the 2019/20 budget setting process
- v. Measuring outcomes and impact

8 – Appendices:

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

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Councillor Dafydd Roberts
Scrutiny Member on the Finance Scrutiny Panel
Date: 24/08/18