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CABINET
Tuesday, 28th July, 2020

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1.	FINANCIAL FORECAST FOR THE YEAR ENDED 31ST MARCH 2021 (AS AT 30TH JUNE 2020)
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2.	CAPITAL FORECAST AS AT 30TH JUNE 2020
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To consider a report by County Councillor Aled Davies, Portfolio Holder for Finance, Countryside and Transport.

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CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
28th July 2020

REPORT AUTHOR: Councillor Aled Davies
Portfolio Holder for Finance

REPORT TITLE: Financial Forecast for the year ended 31st March 2021
(as at 30th June 2020)

REPORT FOR: Decision

1. Purpose

- 1.1 To provide Cabinet with an updated assessment of the potential impact the Covid 19 pandemic could have on the Council's revenue budget for 2020/21 and the measures that need to be considered to limit the financial impact on the Council over the immediate and longer term.

2. Overview

- 2.1 Cabinet received a report on the 5th May 2020 which provided an early assessment of the potential impact the pandemic could have on the financial position of the Council for the financial year 2020/21. This initial assessment was clear that the virus would have an unprecedented detrimental financial impact on the Council, and without further support from the Welsh Government (WG), the Council may not be able to financially sustain itself for the current financial year.
- 2.2 The report highlighted that there are many unknowns and that it is difficult to accurately reflect the impact with any certainty. The situation has and continues to evolve with many restrictions still in place.
- 2.3 The Council continues to respond to these changes as they arise, some services continue to deal with the specific challenges of the pandemic, others have continued with varying degrees of service delivery and many are now planning for the lifting of some restrictions as they are applied over the coming weeks.
- 2.4 The need to review and reassess the council's finances in line with the changes imposed is critical to understand and manage the impact on our budget and to consider what action may be needed to protect our financial position.
- 2.5 Discussions continue with WG and the Welsh Local Government Association (WLGA), several funding streams have already been made available and more support is expected. Initial assessments on the financial impact have been updated and submitted to inform the ongoing debate and further information has been provided by all Local Authorities across Wales estimating the financial impact for the 2nd quarter of the year.
- 2.6 This updated assessment shows the impact of the pandemic on the council's revenue budget for the first quarter of the year which reports a deficit of £10.7m.
- 2.7 The full year position has also been reviewed and updated, assumptions have been made based on current understanding of the restrictions and future expected changes have also been considered. The full year budget is now projected to be in a deficit

position of £13.01 million (excluding Schools Delegated and Housing Revenue Account).

- 2.8 Cost reductions of £5.37 million have been achieved to date 43% of the total required, a further £2.21 million are assured of delivery by Heads of Service, this would reduce the projected full year deficit to £10.8 million if achieved.
- 2.9 The position reflects the funding provided by WG to date. Further support is expected to support loss of income but until the allocation is confirmed this is not included.
- 2.10 Even with further WG support the Council is facing a significant deficit and corrective action must be considered to reduce the deficit further. This will ensure that the budget for the current year is managed effectively, limiting the use of reserves, and importantly reducing the financial pressure on future years to ensure the sustainability of the Council. Our Medium Term Financial Strategy is already extremely challenging with significant budget gaps over the next 4 years. We can only expect this challenge to be greater as future financial settlements come under more pressure as a result of Government spending to support the pandemic.
- 2.11 The Strategy will now be reviewed, funding assumptions revisited, and the revised budget gaps calculated. Clear plans will be developed through the recovery work to bridge the budget gaps over the life of the plan. We cannot underestimate the significant challenge facing the Council in balancing the financial position over many years to come, there will be difficult choices to make, and the clear prioritisation of resources that deliver realistic outcomes is the key to our success.

3. Revenue Position – Quarter 1

- 3.1 The pandemic has had a considerable impact on the Councils budget during the first quarter of the year. Appendix A provides a breakdown of the deficit by service for quarter one, broken down into cost pressures, cost underspends, service reductions not yet delivered and loss of income. The indicative deficit is £10.78 million for the quarter (excluding schools and the HRA).
- 3.2 The deficit includes cost reductions still to be delivered totalling £7.08 million which will improve when the assured reductions of £2.21 million are achieved. Both Services and Council Tax collection have seen a £5.1 million reduction in income, the projections are expected to improve in the second quarter as some Services resume and income collection starts to improve. Section 4 provides greater detail of the main areas of variance as part of the annual forecast.
- 3.3 We have not yet received confirmation from WG as to what level of support the Council can expect for loss of income, the figure is likely to be netted off by underspends for this activity. Indicative estimates of £2.5 million have been submitted to Welsh government, but as yet there is no commitment to fully fund this.
- 3.4 If Services deliver their cost reductions in full and we receive a significant element of the lost income then the overall forecast will improve dramatically.
- 3.5 Subjective analysis set out in Table 1 below compares spend this quarter against the same quarter last year, and the underspends can be linked to the reduced service delivery models due to Covid-19.

Table 1 – Examples of Quarter 1 Underspends against 2019/20

£'000	2019-20	2020-21	Variance	%
Utilities	415	141	273	66%
Staff Travel	317	118	198	63%
Vehicle Hire, Fuel etc	581	514	66	11%
Transport	2,146	1,565	582	27%
General Office Expenses	160	96	64	40%
	3,619	2,435	1,184	33%

3.6 These underspends will support service areas to mitigate cost pressures and unachieved income, as they manage their budget position.

4. Revenue Position – Projected Full year forecast

4.1 The forecast set out in Table 2 shows a projected full year overspend of £13.01 million or 6.8% based on the position at the end of June (excluding HRA and delegated schools). The financial pressure is also being felt by our Schools and HRA with a further £0.47 million deficit projected for these ring-fenced budgets. An overall net deficit of £12.51 million is forecast for the Council.

Table 2 – 2020/21 Revenue Forecast Outturn by Service

Service Area	Working Budget	Forecast Spend	Variance (Over) / Under Spend	Variance (Over) / Under Spend %	Variance BRAG Status
Adult Services	63,974	68,697	(4,723)	(7.4)	R
Childrens Services	25,960	27,491	(1,531)	(5.9)	R
Commissioning	3,192	3,149	43	1.3	A
Education	19,385	19,062	323	1.7	A
Highways Transport & Recycling	33,749	37,102	(3,353)	(9.9)	R
Property, Planning & Public Protection	7,771	10,144	(2,373)	(30.5)	R
Regeneration	907	1,073	(166)	(18.3)	R
Housing & Community Development	5,990	5,990	0	0.0	B
Digital Services	4,702	5,055	(353)	(7.5)	R
Transformation & Communications	1,752	1,675	77	4.4	P
Workforce & OD	1,850	1,911	(61)	(3.3)	R
Legal & Democratic Services	3,211	3,415	(204)	(6.4)	R
Finance	6,201	6,385	(184)	(3.0)	R
Corporate Activities	13,081	13,589	(508)	(3.9)	R
Total	191,725	204,738	(13,013)	(6.8)	
Housing Revenue Account (HRA)	(1,169)	(1,645)	476	(40.7)	G
Schools Delegated	78,883	78,863	20	0.0	R

The variance status criteria is as follows:

- Overspend greater than 2% - Red
- Over/Underspend between 1 & 2% - Amber
- Over/Underspend less than 1% - Green
- Underspend greater than 2% - Purple

- *Schools Delegated status remains to be shown as Red. This highlights the level of deficits recorded in Schools.*

- 4.2 The service forecasts are based on a wide range of assumptions and must be viewed in this context. Heads of Service have considered the constraints currently imposed and how these may move and change as the year progresses. They have made judgements about their service cost pressures and underspends, alongside their ability to deliver the cost reductions approved at budget setting and the ongoing impact of lost/reduced income levels due to the effects of covid-19.
- 4.3 Table 3 below summarises the projected full year position for each of these categories across the Council's services including HRA and delegated schools. Further detail for each service area is provided in Appendix A and Heads of Service provide their individual narrative in Appendix B.

Table 3 – Summary Forecast

	£'000
Base Budget	269,439
Cost Pressures	4,290
Cost Underspends	(7,784)
Cost Reductions Shortfall	7,077
Lost Income	8,933
Forecast Outturn	281,954
Overspend	12,515
Overall Gap	12,515

- 4.4 **Cost Pressures** – These cost pressures exclude those service pressures which are reclaimable against the WG Covid-19 Hardship Fund. The main cost pressures are:

4.4.1 Adult Social Care:

- £0.95 million relating to the cost of proving home care for an additional 960 hours per week. These hours were identified as a cost pressure as part of budget setting, but for over a year there was a lack of resource available to deliver these hours. Due to the recent economic situation there have been successful recruitment campaigns and all additional hours are being delivered.
- Transitional costs relating to young adults transferring from Childrens Services £391,000, who require ongoing care. These are part year costs and the full year effect will be in excess of £500,000.
- Due to the Covid-19 pandemic some Supported Living tenders were placed on hold and an agreed interim contract is in place which costs an additional £575,000. When the tender is advertised it will include the realignment of service user hours and the maximisation of enabled technology care which should reduce the overall cost.
- £227,000 relates to the redeployed staff from across the Council who are supporting Adult Social Care (ASC) activities, the staff will have a base budget elsewhere in the council, and those services will have identified staffing underspends, in the overall budget this has a net nil effect. At this time the service is mitigating these by staff slippage.

4.4.2 Highways, Transport and Recycling:

- Passenger Transport, cost of delivery from external contractors has increased by £390,000 and has arisen out of the retendering of contracts.
- Increased kerbside collection costs of £526,000 for paper and card resulting from increased tonnages of kerbside waste and the cost of disposing of paper and card where previously this generated an income.

4.4.3 Property services have a forecast increase of £280,000 relating to statutory testing fees which relates to an increase in contractor costs as part of the contract renegotiation.

4.4.4 Housing have a staff overspend of £121,000, relating to HRA staff that have been redeployed to support Homelessness. These costs cannot be reclaimed from the Covid-19 funding, as there is a base budget in the HRA.

4.4.5 An increase in the number of benefit claimants has seen eligibility for the Council Tax Reduction Scheme increase. Caseload has risen from 9,500 to 10,050 this quarter and the budget of £10.3 million is likely to be exceeded by £600,000 due to the additional demand. There may be further demands due to the time lag in claims, scenario modelling has suggested a greater deficit, up to £1 million arising at the end of the Job Retention Scheme (JRS). This pressure forms part of the ongoing discussions with Welsh Government requesting additional financial support.

4.5 **Cost Underspends** – The main cost underspends are as follows:

4.5.1 Education forecast £446,000 of underspends due to reduced or non-delivery of services during the pandemic and service underspends, mainly within School Improvement and Pupil Inclusion due to some service activities ceasing and staffing slippage.

4.5.2 Highways, Transport and Recycling

- Most Home to School transport did not operate from April to June, and there is a forecast underspend of £398,000. Operators have received 75% of contract value if not operating as per Welsh government instruction for these months.
- Household and waste recycling centres were closed in April and into May the cost saving is £255,000.

4.5.3 Property, Planning and Public Protection (PPPP)

- Whilst the costs of catering provisions are forecast to be reduced by £1.26 million, this does not offset the loss of income. It is assumed within this forecast that school canteens will remain closed until September and that a fifth of the income will be received from September. The payments to Free School Meals pupils have been increased by WG because of COVID-19 and the increase in the cost is being reclaimed through the COVID grant.
- Within Property Services there are underspends due to the Covid-19 situation and homeworking resulting in Energy Management underspends of £89,000 and utility costs of £100,000.

4.5.4 Housing, Community Development and Regeneration

- Gypsy sites are reporting a forecast outturn under spend of £92,000. The cancellation of the Royal Welsh show is contributing to the saving. Due to Covid-19, the planned works on Gypsy sites may not be undertaken, the only exception

being the Machynlleth site which will be developed in due course and may require support from the proposed underspend.

- The Housing Revenue Account is reporting a forecast outturn underspend of £476,000, this is mainly as a result of an assumed reduction in expenditure on repairs and maintenance along with savings made because of staff redeployment to Homelessness

4.5.5 Across the Council there are a number of service areas with staffing underspends due to their staff being redeployed into other services, such as libraries and planning services who provided support to ASC. This creates a cost pressure within the services utilising the resource. Within Highways there is an underspend of £278,000 due to vacant posts and reduced private contractor spend. For PPPP they have a £250,000 staff underspend, for ASC they have £348,000 in part due to redeployment and vacancies. The majority of the underspend in Digital Service £168,000 is due to managing staff vacancies across the teams.

4.5.6 There is a centrally held risk budget of £1.5 million, of which £1 million is forecast to offset the outturn position. This budget is there to underpin areas of risk including the funding of the pay award above 2%.

4.5.7 The council has a significant capital programme which is detailed in a separate report. Although funding is in place to fund for the programme, delivery will depend upon the continued ability of the construction industry to maintain social distancing on sites, the availability of materials through the normal supply chains, and the availability of project management and other consultancy resources. As part of budget setting we prudently assumed only a 70% delivery level for borrowing estimates, and a recent review of the profiling of the schemes identified many schemes that are further delayed this year and this will reduce the need to borrow, at this time we have assumed an underspend of £1 million.

4.6 **Cost Reduction Delivery Shortfall** - Prior to the covid-19 the council's budget included cost reductions of £12.39 million for delivery during 2020/21. The delivery of many of these is now at risk. It is essential that these proposals are progressed wherever possible to limit the impact on the budget position. Section 5 of this report provides further detail.

4.7 **Lost Income** - At this stage of the year the council is already experiencing a significant loss of income associated with the temporary ceasing of charges and reduced levels of trading. The forecast outturn relies upon assumptions about the timing and usage as lockdown gradually eases. The overall estimate on the loss of income from fees and charges across the council is likely to be around £6 million for the year.

- Car parking forecast £1.03 million
- Waste (trade, bulky and recyclable income) £746,000
- Public transport £500,000
- Catering (mainly school meals) £2.89 million.
- Regulatory Services are reporting a forecast outturn over spend of £305k due to reduced income forecast in Development Management and Trading Standards
- There are further £205,000 unachieved income targets due to land charges and registration fees.

- 4.7.1 Council Tax collection has rallied in May against the April position where many payments were delayed. Collection was down by 7.5% in April, 3% in May and 1.19% in June, with £0.95 million outstanding. At this stage of the year projections have been estimated on a Council Tax collection rate of 95.3% a shortfall of £1.9 million from the 97.5% expected. It is hard to predict whether collection rates will rally or reduce again at the end of the job retention scheme.
- 4.7.2 The impact on the collection of Business Rates is likely to be significant, collection was 38% down for April and 11% in May resulting in a £1.75 million shortfall, this is after the WG business rate relief of £10.3 million has been applied. It is hard to predict the outturn against the annual £32 million budget, currently it is assumed that £3 million will not be collected in year, of this £2m may be collected in future years and circa £1 million may never be collected, reducing the in year collection rate from 98% to 89%. Due to the pooling arrangements for Business Rates this shortfall will not fall upon the Council but will be met by WG. The impact of permanent reductions in Business Rates across Wales will have a significant impact on future WG budgets.
- 4.8 **Other Considerations** - The Council has furloughed 199 staff to mitigate the loss of income for the period 23rd March to 10th June and our claim totalling £205,700 has been settled by the HMRC under the Job Retention Scheme. A further £190,000 will be reclaimed for June and July.
- 4.9 Storm/flood costs continue to be incurred by Highways associated with the recovery phase of the storms endured in February 2020, £0.69 million of costs have been incurred this year to date. It is assumed that these costs will be funded by Welsh Government to a level of 85%.

5. Cost reductions

- 5.1 In March 2020 the Council approved cost reduction proposals of £10.79 million. In addition, undelivered cost reductions in 2019/20 of £1.60 million have been rolled forward for delivery in the current year. This increases the value of cost reductions required during 2020/21 to £12.39 million.
- 5.2 The summary at Table 4 shows that 43% or £5.37 million have been delivered and a further 18% £2.21 million are assured of delivery by Heads of Service. £4.82 million, 39% are unachieved and are at risk of delivery.

Table 4 – Cost Reductions Summary

Service	£'000	To Be Achieved	Actually Achieved	Assured	Un-achieved	% Achieved
Adult Services		4,070	1,032	(48)	3,086	25%
Childrens Services		2,496	974	1,173	349	39%
Digital Services		771	396	325	50	51%
Education		701	578	82	41	82%
Finance		426	276	-	150	65%
Central Activities		870	1,000	45	(175)	115%
Highways Transport & Recycling		1,109	290	439	379	26%
Housing & Community Development		218	143	16	59	66%
Regeneration		326	135	-	191	41%
Legal & Democratic Services		331	169	-	162	51%
Property, Planning & Public Protector		784	279	72	433	36%
Transformation and Communication		85	85	-	-	100%
Workforce & OD		209	10	103	96	5%
Total		12,394	5,365	2,206	4,823	43%
			43%	18%	39%	

- 5.3 Appendix B provides Service Heads comments explaining their progress to date and ability to deliver these targets through the year.
- 5.4 Although the table suggests that 39% (£4.82 million) of the planned cost reductions will not be delivered in year, this is likely to change as services start to have capacity to consider delivering their original targets or making revised plans. The current requirement to focus on Covid-19 has transferred resources away from delivering these at this time.

6. Welsh Government Support

- 6.1 A survey undertaken by the WLGA in April was submitted to Welsh Government setting out the estimated additional costs and the anticipated loss of income for the Council due to the impact of covid-19. The estimates covered the 1st quarter of the year April - June 2020. This survey provided evidence to WG about the significant financial pressures being faced by Local Authorities across Wales and has been instrumental in getting WG agreement to support a package measures, in the form of the Covid 19 Hardship Fund.
- 6.2 WLGA have repeated this survey across all councils to assess the position for the second quarter of the year (July to September 2020).
- 6.3 WG Local Authority Hardship Fund totalling £188.5 million has been set up in recognition of the wider role in the community during a crisis. This includes:
- £40 million for extra costs for adult social care services, including increased costs of basic PPE, food, staffing costs and ICT.
 - £40 million for the provision of Free School Meals to support children who are eligible.
 - £10 million to help local authorities take immediate and direct action to protect against homelessness and support rough sleepers in the face of the coronavirus pandemic.
 - £7 million to create temporary facilities to handle the tragic increased number of deaths during the pandemic.
 - More recently £78 million has been set aside to support local government for the loss of income experienced as a direct result of the pandemic, and help maintain

the sector's financial resilience and mitigate against cuts in services now and in the longer term.

- 6.4 The Hardship Fund claims are based on actual spend incurred by Councils on a monthly basis, claims for March and April were £33,698 and £368,323 respectively, whilst the May claim that was submitted in June was substantially more at £2.03 million.
- 6.5 The budget position reported is provided on a prudent basis. Additional support from Welsh Government for loss of income and the delivery of further cost reductions that are being assured will improve the position. The table below incorporates these elements and reduces the projected deficit to £7.457 million.

Table 5 - Projected Full Year Position @ 30th June 2020

	As reported		With Assumed Support
	£'000's		£'000's
Cost Pressures Unfunded via Hardship Fund	4,290		4,290
Service Underspends	- 7,022	640	- 6,382
Undelivered Cost Reductions	7,077		
- Assured of delivery		-2,210	4,867
Loss of Income	8,667		
- Underspends re income		- 640	
- Income Loss supported by WG assumed		-3,345	4,682
Projected Deficit	13,012		7,457

- 6.6 This should however be considered in the context of the changing environment.

7. Transformation

- 7.1 Transformation of the councils services is critical in providing an appropriate level of service to our residents at a much lower cost ensuring that the councils budget is maintained on a sustainable footing for the future.
- 7.2 The underspend on the Transformation budget (£0.46 million) in 2019/20 has been rolled forward into 2020/21 to support this years programme in addition to the £2 million budget. A further £1 million has been made available for transformational redundancies. These budgets are funded by capital receipts, utilising the Welsh Government Capitalisation Directive.
- 7.3 Transformation activities totalling £2.16 million have thus far been agreed

8. Virements

- 8.1 Virements are required to reflect new WG grants that have been received in 2020/21 in the Councils budget, these are as follows:
- Local Authority Education Grant – Additional School Based Counselling - £47,672. This funding will contribute towards delivering improvements in a number of priority areas set out by the Education Minister. Targeting existing waiting lists and increasing capacity to meet anticipated demand, as a result of the current crisis. Delivery of support to young people (training of councillors to

deliver remotely). Working with Third sector partnerships to support young people. Supporting work already underway to meet the needs of young people below the current Y6 Statutory counselling threshold.

- Period Dignity Grant - £141,503. The purpose of this funding is to support and ensure period dignity for women and girls from low income households. This may be through partnerships with third sector organisations, food banks, community hubs, family centres etc.
- Local Authority Education Grant – Additional Learning Needs (ALN) - £278,526. The purpose of this grant is to assist providers to continue to provide high quality support to learners with additional learning needs. The funding may be used flexibly to strengthen current ALN provision and/or support activities related to the ALN transformation programme.
- Road Safety – our original 20/21 budget assumed we would receive grant of £114,460, confirmation now received, the grant award for 20/21 is £64,468; a virement is required to reduce the grant funding in the 20/21 budget by £49,992. The Purpose of Road Safety Revenue funding is to support schemes and projects that contribute to the Welsh Government objective to reduce casualties on Welsh roads.

9. Reserves

9.1 The Reserves position at Table 5 below sets out the reserve balance as at 31st March 2020. The opening reserves stand at £32.5 million, with the general reserve £9.47 million representing 5.1% of total net revenue budget (excluding Schools and the HRA for 2019/20).

9.2 In closing the accounts for 2019/20 consideration was given to the impact that the Covid-19 pandemic may have on the Council's finances in subsequent years. In order to add resilience to our planning, the use and holding of reserves was a key part of the year end assessment. This approach has facilitated an increased level of useable reserves to provide greater flexibility should it be needed to support the financial position due to the pandemic.

Table 5 – Reserves

Summary	Opening Balance (1st April 20) Surplus / (Deficit)	Forecast Addition / (Use) of Reserves	Forecast (Over) / Under Spend	Projected Balance (31st March 21) Surplus/ (Deficit)
General Fund	9,472	(70)	0	9,402
Budget Management Reserve	3,584	0	0	3,584
Specific Reserves	7,523	(1,108)	0	6,415
Transport & Equipment Funding Reserve	9,266	(5,672)	0	3,594
Usable Reserves	29,845	(6,850)	0	22,995
Schools Delegated Reserves	(889)	(1,261)	20	(2,130)
School Loans & Other Items	(371)	7	0	(364)
Housing Revenue Account	3,918	(1,379)	476	3,015
Ringfenced Reserves	2,658	(2,633)	496	521
Total Reserves	32,503	(9,483)	496	23,516

- 9.3 The budget for 2020/21 includes the planned use of some specific usable reserves at £6.85 million to support schemes such as the replacement programme of vehicles and equipment within HTR.
- 9.4 School budgets have now been submitted and are being reviewed, a detailed report is currently being drafted. Cost pressures of £1.26 million have been identified for the secondary sector. It is likely that this may be mitigated by underspends due to school closures for the last two months, but the assumptions are still being collated.
- 9.5 The Housing Revenue Account business plan is also supported by reserves of £1.38 million although this may reduce by £476,000 as a saving is now forecast in this service.
- 9.6 The use of reserves should be treated as a last resort in meeting any remaining deficit and should only be considered when all other measures have been exhausted.

10. Actions to Reduce the Deficit

- 10.1 Corrective action must now be implemented to reduce the level of deficit projected. This will ensure that the budget for the current year is managed effectively and limiting the impact on reserves, especially specific reserves which could be more effectively utilised to support capital projects reducing the need for future borrowing.
- 10.2 Further support from Welsh government is expected to support income loss but the value or contribution rate is yet to be confirmed. There is an expectation that underspends already made, where services are not being delivered, will be expected to meet some on this loss. There is no certainty that WG funding will be available or to what extent through quarter 2 and the survey undertaken through the WLGA will provide the figures to support that discussion.
- 10.3 The Council has already used the opportunity provided under the job retention scheme with the furloughing of 199 staff, 83 FTE's.
- 10.4 The delivery of cost reductions approved in the budget is a large part of the projected deficit, services should be challenged as to how they can manage that position and deliver services within the budget provided. What would each service need to do to mitigate any shortfall including not reinstating some activity.
- 10.5 There is some slippage in the Capital programme and the projected position assumes an underspend of £1 million against the budget, a review has been undertaken to reassess all schemes, and reprofile those that were likely to be delayed or not commence at all. Further detail can be found in the capital report.
- 10.6 We should now re-consider the schemes included in the forward Capital Programme identifying those which can be delayed or even stopped. The 10 year Capital Programme was approved in principle in March but the commitment from the revenue budget to support the programme is significant at over £12 million in the current financial year (4.2% of the revenue budget), and this will increase further over future years, can we now afford that level of investment, do the projects within the programme align with changes in service delivery now being explored? All projects in the programme should be reviewed and prioritised alongside the re-evaluation of services.
- 10.7 Most services are already mindful of the need to limit expenditure to all but essential activity but this needs to be applied consistently across all budget holders.

10.8 The above actions need to be completed with proposals submitted for consideration in September at the latest.

11. Key Financial Risks

11.1 The Council's Risk Register includes a number of financial risks which are regularly reviewed, in addition further risks have been identified as a result of the impact of the Covid 19.

11.2 The greatest risk focuses on our ability to deliver a balanced budget for 2020/21, and highlights the risks already outlined in this report. We have to limit the deficit and the wider impact on our reserves. This is fundamental in supporting our financial resilience over the Medium and Longer Term and our ability to approve and deliver balanced budgets.

11.3 Treasury Management, maintaining the Councils cash flow to meet liabilities, is also under close scrutiny and continues to be monitored on a daily basis. We must ensure that the Council has sufficient liquidity to meet its immediate costs such as salaries and wages, HMRC taxation, and maintaining payment to suppliers and precepting authorities.

11.4 The cashflow forecast is sufficient to meet our obligations and it will also support the award of the various business support grants administered on behalf of Welsh Government until they are eventually reimbursed by WG. Current scenarios suggest we will have circa £34 million available as at 31st August.

11.5 The Council remains under borrowed as we continue to utilise our cash reserves to underpin our cashflow. We have the ability to borrow both in the short to medium or long term, our approach is regularly updated and explained as part of the Treasury Management update to Audit Committee.

11.6 Our ability to complete the closure of accounts for 2019/20 and to prepare and publish the Statement of Accounts for the Council and the Pension Fund was highlighted as a risk at the outset of the pandemic. Finalising the accounts was delayed however the draft accounts were signed off by the Section 151 Officer and submitted to the Wales Audit Office by the statutory deadline of the 15th June. Some risk remains as to whether the auditors will be able to complete their audit work and report to the Audit Committee in September in order for the Committee to approve both sets of Accounts by the statutory deadline.

12. Recovery and MTFs forward planning

12.1 Recovery is now moving to the fore of everyone's minds, not only how we recover council services and adapt to the new environment and regulations, but how we can manage the projected deficit and deliver a balanced budget for the current and future years.

12.2 The table below shows the budget gap that remains for each of the next 5 years based on the assumptions made when the MTFs was approved in March 2020.

Scenario Gap - £m	2021/22	2022/23	2023/24	2024/25	Cumulative
Best	(£6.21m)	(£6.53m)	(£2.69m)	(£3.31m)	(£18.7m)
Most Likely	(£9.89m)	(£13.10m)	(£6.47m)	(£5.27m)	(£34.7m)
Worst	(£13.58m)	(£16.72m)	(£10.01m)	(£8.74m)	(£49.0m)
Cost Reductions to Reduce the Gap	(£9.02m)	(£6.48m)	(£0.73m)	£ 0	(£16.23m)
Revised Worst Case gap	(£4.56m)	(£10.24m)	(£9.27m)	(£8.74m)	(£32.81m)

- 12.3 These assumptions will now be reviewed, working with the WLGA and other authorities we can consider the position of future local government settlements. The pressures and cost reductions proposed by services will be challenged as the recovery work is progressed. The overriding principle as we undertake this work is that all services will need to identify lower costs options to deliver the Councils outcomes and statutory services.
- 12.4 The approach defined through the Recovery Coordination Group and the five sub-groups is the mechanism to coordinate the recovery of our services and determine changes to services and activities over the short and longer term. This planning is critical in developing our financial plan which must now be considered in the context of a very different financial future.

13. Resource Implications

The Head of Finance (Section 151 Officer) has provided the following comment:

As expected in our initial assessment it is clear that the virus is having an unprecedented detrimental financial impact on the Council.

The support provided by Welsh Government to date has been significant and welcomed but without clarity as to what further support is going to be offered it is difficult to assess the level of action that is now required to ensure that the budget for the current year is managed effectively and limit the impact on reserves.

The Council must act to take every opportunity to reduce costs and limit the financial impact on its budget, not only to address the deficit in the current year but to reduce the financial pressure on future years and ensure the sustainability of the Council.

The impact of the situation on the Council is not unique to Powys, every Council is facing the same financial difficulty. Individual circumstances will differ, the level of reserves held, the extent of commercial activity and the impact on the wider business and resident communities will be difference, but all are concerned as to their financial sustainability.

Our Medium Term Financial Strategy is already extremely challenging with significant budget gaps over the next 4 years. We can only expect this challenge to be greater as future financial settlements come under more pressure as a result of Government spending to support the pandemic.

The Strategy will now be reviewed, funding assumptions revisited, and the revised budget gaps calculated. Clear plans will be developed through the recovery work to bridge the budget gaps over the life of the plan.

We cannot under estimate the significant challenge facing the Council in balancing the financial position over many years to come, there will be difficult choices to make, and the clear prioritisation of resources that deliver realistic outcomes is the key to our success.

14 Legal implications

- 14.1 The Monitoring Officer has no specific concerns with this report.

15. Comment from local member(s)

15.1 This report relates to all service areas across the whole County.

16. Integrated Impact Assessment

16.1 No impact assessment required

17. Recommendations

17.1 That Cabinet note the budget position at the end of the first quarter and the projected full year position to the end of March 2021.

17.2 That the virements proposed in section 8 of the report are approved.

17.3 That the actions in section 10 of the report are agreed and implemented as a matter of urgency with proposals brought forward for consideration by the end of August.

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Appendix A – Council Forecast as at 30th June 2020, alongside Quarter 1

£'000	ANNUAL FORECAST						QUARTER ONE POSITION					
	2020/21 Base Budget	Add Cost Pressures not funded by Covid	Less Cost Underspends	Add Cost Reductions Shortfall	Add Lost Income	Revised Forecast	2020/21 Base Budget	Add Cost Pressures not funded by Covid	Less Cost Underspends	Add Cost Reductions Shortfall	Add Lost/Gained Income	Revised Forecast
Adult Services	63,974	1,924	(348)	3,086	60	68,696	15,994	962	(174)	3,086	60	19,928
Childrens Services	25,960	9	0	1,522	0	27,491	6,490	5	0	1,522	0	8,016
Commissioning	3,192	0	(43)	0	0	3,149	798	0	(22)	0	0	777
Education	19,385	0	(446)	123	0	19,062	4,846	0	(223)	123	0	4,746
Highways Transport & Recycling + Director	33,749	943	(1,213)	818	2,805	37,102	8,437	629	(809)	818	1,870	10,946
Property, Planning & Public Protection	7,771	320	(1,732)	506	3,279	10,144	1,943	160	(866)	506	1,640	3,382
Regeneration	907	0	(25)	191	0	1,073	227	0	(13)	191	0	405
Housing & Community Development	5,990	141	(256)	75	40	5,990	1,498	94	(128)	75	71	1,609
Digital Services	4,702	40	(168)	375	106	5,055	1,176	20	(84)	375	27	1,513
Trace and Track	0	41	0	0	0	41	0	41	0	0	0	41
Transformation and Communications	1,752	38	(115)	0	0	1,675	438	38	(69)	0	0	407
Workforce & OD	1,850	0	(265)	199	86	1,870	463	0	(133)	199	0	529
Legal & Democratic Services	3,211	29	(229)	162	242	3,415	803	15	(115)	162	105	970
Finance	6,201	49	0	150	(15)	6,385	1,550	25	0	150	0	1,725
Corporate Activites	13,081	756	(2,182)	(130)	2,064	13,589		378	(1,000)	(130)	1,200	448
Total	191,725	4,290	(7,022)	7,077	8,667	204,736	44,661	2,365	(3,634)	7,077	4,972	55,441
												0
Housing Revenue Account	(1,169)	0	(476)	0	0	(1,645)	(292)	0	(238)	0	0	(530)
Schools Delegated	78,883	0	(520)	0	500	78,863	19,721	0	(260)	0	280	19,741
Total	77,714	0	(996)	0	500	77,218	19,429	0	(498)	0	280	19,211
Total	269,439	4,290	(8,018)	7,077	9,167	281,954	64,090	2,365	(4,132)	7,077	5,252	74,651
Variance						(12,515)						(10,562)

Appendix B

Quarter 1 Forecast of the Outturn Position – Commentary by Heads of Service

Service – Adult Social Care

1. Cost Pressures unlikely to be funded

- £227,000 Staff redeployed to support Adult Social Care create a service cost pressures but offset by underspends in other service areas. There may be an additional requirement for up to £25k to fund external investigators for stage 2 complaints investigations, which is following service transferred back and no corresponding budget.
- £0.95 million relating to the cost of proving home care for an additional 960 hours per week. These hours were identified as a cost pressure as part of budget setting, but for over a year there was a lack of resource available to deliver these hours. Due to the recent economic situation there have been successful recruitment campaigns and all additional hours are being delivered.
- Transitional costs relating to young adults transferring from Childrens Services £391,000, who require ongoing care. These are part year costs and the full year effect will be in excess of £500,000.
- Due to the Covid-19 pandemic some Supported Living tenders were placed on hold and an agreed interim contract is in place which costs an additional £575,000. When the tender is advertised it will include the realignment of service user hours and the maximisation of enabled technology care which should reduce the overall cost.
- The impact of the national response to COVID-19 on adults with eligible social care needs is unknown. We anticipate an increase in demand for social care support as the lockdown eases and an increase in numbers of people requiring support to return home from hospital. Our understanding will develop over time, but this cannot be predicted at present.

2. Cost underspends due to service changes re Covid

- There are job vacancies in the system which are not being recruited.

3. Cost Reductions undelivered at this point in the year

- This is set out in the cost reduction spreadsheet. The savings likely to be achieved are significantly less than planned, at this stage of the year only £1,032k is delivered of the £4,070k.
- It is likely that a significant percentage of these savings will be delivered by other means as the service is carrying out a review of its plan and developing a recovery plan against the pressures.

4. Income changes – lost income / extra income above target

- Where there are voids in residential care, the income to PCC will have reduced accordingly, unless funded by Welsh Government.
- Additionally, loss of income from sale of meals at Day Centres and attendance for places by other Local Authorities on the Powys border.

5. Any other mitigations / changes in plan

- The service will be dependent upon the Welsh Government Hardship Fund paying for voids and additional costs in association with Covid 19, except for redeployed employees, as well as the hospital discharge surge fund in partnership with the PTHB.

Service – Children’s Services

1. Cost Pressures unlikely to be funded

- **Complaints**

Possible additional requirement for up to £15k to fund external investigators for stage 2 investigations. But as yet unknown.

- **Care Leavers Maintenance Payments**

Increased benefit payments will need to be matched for some care leavers. Costs being calculated now. Additional hardship payments for care leavers due to the impact of covid-19, but some may be reclaimed from the grant.

- **The impact of the national response to Covid-19 on children, young people and their families is unknown.** We anticipate a surge in demand for early help and potentially statutory social services including accommodation for more children than we had anticipated when the budget was set. Our understanding will develop over time, but this cannot be predicted at present.

2. Cost underspends due to service changes re Covid-19

- **Travel**

We expect to have reduced expenditure on travel however we have a saving from 19/20 that has been rolled forward to 20/21 of £20k for travel reduction.

3. Cost Reductions undelivered at this point in the year (£349k unachievable)

- **CH01 Shared Costs - Joint funding. Continuing Health Care.**

This work has been delayed due to business continuity plans (BCP) being invoked in March 2020. The Service is developing a plan regarding the assessment of children’s needs in relation to continuing care. Legal training has been delivered to key staff in the service in preparation for the new system.

- **CH02 and CH03 - Closer to Home (placements)**

Due to BCP this work has been delayed. There is a plan in place to deliver this work by increasing capacity within in-house foster and residential placements. However, covid-19 has halted many of these plans. For example, assessments of new foster carers are delayed until current restrictions are lifted.

We are awaiting a decision, but there is increased risk that due to redirection of funds, we may be unable to secure funding for this provision. This will impact on our ability to make the savings from bringing children out of high cost placements into this provision.

4. Income changes – lost income / extra income above target

- Currently no lost income anticipated

5. Any other mitigations / changes in plan

- Recruitment activity has been curtailed due to restrictions currently in place. However, we have made further permanent recruitments during the last period. Recruitment activity will continue.

Service – Schools Service

1. Cost Pressures unlikely to be funded

There are cost pressures due to costs of staff that have been redeployed due to COVID-19 and are not covered by the claim, thus far we are containing this within our budget.

2. Cost underspends due to service changes re Covid £446k

- £125k underspend within Schools Improvement due to underspend on Early Years – This is the predicted saving on the summer term payments to the non-maintained functions due to the suspension of funding due to COVID 19.
- £210k underspend within Pupil Inclusion – estimated saving of £63k on out of county placements and £46k Pupil Referral Units due to vacancies. The ALN also has £15k savings from staff slippage and some unused non pay budgets like travel.
- £65k – central school services has underspends from the redundancy/retirement budget, which may change as the year progresses.

3. Cost Reductions undelivered at this point in the year £123k

All savings on track to be delivered but £123k still requires further planning before it can be achieved

4. Income changes – lost income / extra income above target

None

5. Any other mitigations / changes in plan

Further work required on ALN out-of-county and inter-authority recoupment. Some furloughing of staff in settings where staff costs are usually covered by income generation eg after-school clubs

Service – Schools Delegated

Schools were given an extension to submit their approved budgets to the 22nd May so the figures shown in the report above are estimates based on surgery sessions not the approved budgets submitted which are still being validated. Approved budgets and updated forecasts will be provided in September.

Primary - The forecasted contribution from reserves for the Primary Sector is currently £580k.

Secondary - The Secondary sector has a forecast call on reserves currently of £928k.

Special - The special sector has a £245k forecast contribution to reserves.

Detailed analysis of the approved budgets is currently being undertaken and will be fed into the school balances cabinet report after liaising with the service Senior Management Team around what actions are needed.

Service – Highways, Transport & Recycling

1. Cost Pressures unlikely to be funded

Most cost pressures are assumed to be recoverable from the COVID grant. Highways, Transport and Recycling, but these are in the forecast:

- Passenger Transport, cost of delivery from external contractors has increased by £390,000 and has arisen out of the retendering of contracts.
- Increased kerbside collection costs of £526,000 for paper and card resulting from increased tonnages of kerbside waste and the cost of disposing of paper and card where previously this generated an income.

2. Cost underspends due to service changes re Covid

- Most Home to School transport did not operate from April to June, and there is a forecast underspend of £398,000. Operators have received 75% of contract value if not operating as per Welsh government instruction for these months.
- Household and waste recycling centres were closed in April and into May the cost saving is £255,000.

3. Cost Reductions undelivered at this point in the year

- Review of fleet maintenance resources, management of change program has slipped due to COVID the shortfall of £20k currently assumes the management of change program will now be able to progress.
- Bulky waste charges were not increased, as a result of COVID collections were stopped so it was not felt it was appropriate to increase the charges, this saving won't be achieved unless uptake of the service increases
- The other savings forecast to be unachieved are as a result of COVID. When carrying out operational services with reduced staffing due to shielding it is not possible to currently pursue the efficiencies planned. Car park income has been severely impacted by COVID therefore it is not possible to achieve the car parking savings.

4. Income changes – lost income / extra income above target

The service is anticipating a reduction in income for the following activities:

- £126K - Trunk Road Income for carrying out Category 1, category 2 defects and cyclical works are estimated to be reduced by 25% during the period April to June 2020.
- £357K reduction in income from delivering capital works, where it is anticipated that income is likely to be reduced by 90% in April, 60% in May, 35% in June, 20% in July and 10% in August 2020.
- £54K reduction in highways income from internal PCC revenue clients and external private works.
- £1.03m reduction in car park income:
 - Car park income and off-street penalties are expected to be reduced by 100% Apr to June, 75% July to September, 50% October to December and 25% January to March 2021.
 - On street enforcement income is expected to be reduced by 100% April to June 2020 and 75% July to September.
- £70K reduction in street works from scaffolding, skips and utility fees.

- £112K reduction in development control fees and local land charges.
- £30K reduction in produce and street market income.
- £500k loss of income from public transport bus fares, it is assumed income will be reduced by 70%
- £746K loss of income from trade waste customers, assumed 50% of 2019-20 income will be recovered.

5.Any other mitigations / changes in plan

- The service are furloughing staff to mitigate the impact of lost income within the service

Service – PPP & P

1.Cost Pressures unlikely to be funded

- Most known cost pressures currently are assumed to be recoverable from the COVID grant.

2.Cost underspends due to service changes re Covid

- There have been savings identified in respect of office accommodation utility costs an average of £31k per month. This has now been extended for a further five month period till the end of September.
- The cost of catering provisions budget spend will reduce as little spend is currently being incurred. Spend will rise by a fifth in September resulting in an under spend of £1.2m.

3. Cost Reductions undelivered at this point in the year

- It is unlikely that the target of £100k additional income from renting out Council properties will be met
- A saving of £168k was put forward for changes to senior management, this has been part completed but it is not possible to fully complete due to COVID it is estimated £65k will be achieved.
- £142K for Neuadd Maldwyn, it has been assumed that the saving will be achieved from the end of December totalling £35k
- Cleaning in Council Properties, £75k this has been forecast not to be achieved.
- It is unlikely increased rental income of £75k will be achieved in full £20k will be achieved for the Ffrwdgrech unit but it is unlikely any additional income will be achieved from Ladywell House due to COVID.

4.Income changes – lost income / extra income above target

- Income areas under threat are Water Supplies £11k pm, Licensing Act £10k pm, Building Control Fees £10k pm offset by additional income in respect of cemetery fees. Planning Fees are slightly down at present but this is expected to increase later in the year.
- Currently very little income is being generated, the income has been estimated based on an assumption that a fifth of the income generated in 2019-20 will be generated from September through to March. A loss of £3.06 is forecast.

5.Any other mitigations / changes in plan

- Management of change process for Senior Management Team to recommence.
- Private water supplies work to recommence to ensure additional income generation.

- An increase in planning application fees is expected during this financial year.

Service – Housing and Community Development

1. Cost Pressures unlikely to be funded

- Additional staff have been redeployed from the HRA to deal with the increased demand in Homelessness, this equates to £121k, and has been estimated to continue for 6 months. Payments made to support our Leisure provider of £120k for additional costs have been included in the claim to WG for COVID-19, WG have come back asking for more information so this may become a pressure in the future if WG will not fund.

2. Cost underspends due to service changes re Covid

- It is anticipated that there has been a net reduction in running costs across the area during the first three months of the financial year.
- Gypsy sites are reporting a forecast outturn under spend of £92k. The Royal Welsh show has been cancelled contributing to the saving.

3. Cost Reductions undelivered at this point in the year

- Restructure of the Housing Senior Management team is on hold - £25k
- Y Gaer – move to a sustainable operating model - £34k

4. Income changes – lost income / extra income above target

- Potential loss of income in respect of Y Gaer and the Library Service of £72k for the year
- Private Sector Housing are forecast to overspend by £58k, due to Covid-19 there is an anticipated reduction in income for this area

5. Any other mitigations / changes in plan

- Services are reducing costs and expenditure where possible.
- The service has savings to achieve of £218k in 2020-21, £143k has been achieved to date.

Housing Revenue Account

- The Housing Revenue Account (HRA) is reporting a forecast outturn underspend of £476k at the end of June
- Rent collection has improved, with a forecast shortfall of £166k. Although longer term impact unknown at this stage
- Reducing void turnaround time is a priority in order to minimise loss of income.

Service – Digital Services

1. Cost Pressures unlikely to be funded

- Not all cost pressures currently are assumed to be recoverable from the COVID grant. Prioritisation of projects to ensure delivery of savings are now being implemented.

- WCCIS funding is insufficient to meet current staffing provision and discussions are in progress with Social Care and PTHB to establish long term requirements now implementation phase is complete.
- Cost pressures from supporting PTHB during Covid19 are ongoing for full cost recovery

2. Cost underspends due to service changes re Covid

- 69k underspend, mainly due to vacant posts from delayed recruitment

3. Cost Reductions undelivered at this point in the year

- £50k of the anticipated £200k savings for Digital Transformation will not be achieved due to digital services staff being diverted to develop systems for welfare calls and track and trace as a result of COVID-19
- £14k of the £27k put forward for the Hybrid Mail solution, staff again have been diverted to business critical activities as a result of COVID-19

4. Income changes – lost income / extra income above target

No significant income losses are anticipated.

5. Any other mitigations / changes in plan

No.

Service – Transformation and Communications

1. Cost Pressures unlikely to be funded

- £38k Power BI licence – bid for funding submitted to S151 Officer for ongoing funding. However, any underspend during 2020/21 will be used to offset this cost as a 'one off' (within Digital funding from WG grant).

2. Cost underspends due to service changes re Covid

- Holding one Grade 10 vacancy - Research and Analytics Officer
- Holding one Grade 8 post – Business Intelligence officer funded by Digital grant from WG
- Holding maternity cover for one Change and Improvement Officers. One officer has now returned from maternity hence the reduction to one.

3. Cost Reductions undelivered at this point in the year

Full savings achieved.

4. Income changes – lost income / extra income above target

- £37k PSB money will not be received for 2020/21, this will not have an effect on the base budget.
- Anticipate an over achievement on income generation.
- All other grant money has been confirmed so full year forecast should be included bringing additional income into the Council.

5. Any other mitigations / changes in plan

Service – Workforce & Organisational Development

1. Cost Pressures unlikely to be funded

The Contract for the Council's HR Management System must be renewed from 1st July 2020. The procurement process is nearing completion and confirms that the new and significantly upgraded system will cost an additional £30k a year with one off start-up costs of £65k, providing for additional costs of £95k in 2020/21. However, any service underspend during 2020/21 could be used to help offset this pressure.

2. Cost underspends due to service changes re Covid

We expect to underspend by c£30k on non-staff costs such as travel expenses and general office expenses over the first 6 months of 2020/21 due to minor operational and working changes arising from the pandemic. This could be used to contribute to the one off 2020/21 HRMS costs detailed above.

3. Cost Reductions undelivered at this point in the year

Savings pressures for 2020/21 currently amount to £96k as follows:

- We planned to save £30k during 2020/21 by introducing and promoting a salary sacrifice additional voluntary contribution pension scheme. Under the scheme the employer and employee save on NI costs, with the employee also able to make savings on tax. The rollout of the scheme has been delayed and will now be implemented virtually. As a consequence, we expect lower take up and will only achieve a part year effect. We are predicting to achieve a saving of £10k, leaving a savings pressure of £20k.
- Through a new apprenticeship scheme, we planned to recruit, develop and deploy a minimum of an average of 10 apprentices across the year, with the apprentices being deployed in actual vacancies. As well as providing great development and career opportunities for the people of Powys, this would provide a full year saving to the Council of £120k. Due however to the pandemic the Council has not been able to recruit apprentices, the savings and plan has therefore been reprofiled on the basis of being able to recruit an average of 10 apprentices over the final 7 months of 2020/21, leaving a savings pressure of £50k.
- The service has a residual base budget savings requirement of £26k from the 2019/20 budget, which we are confident we will be able to remedy from the 2020/21 budget.

4. Income changes – lost income / extra income above target

No significant income losses are anticipated.

5. Any other mitigations / changes in plan

No.

Service – Legal

1. Cost Pressures unlikely to be funded

- £70k potential extra cost of webcasting
- Extra £47k required to finance Member Pension costs not previously charged.

2. Cost underspends due to service changes re Covid

- It is anticipated that there has been a net reduction in running costs across the area during the first three months of the financial year

3. Cost Reductions undelivered at this point in the year

- The restructures planned have been put on hold due to COVID.

4. Income changes – lost income / extra income above target

5. Any other mitigations / changes in plan

Service – Finance

1. Cost Pressures unlikely to be funded

- Most cost pressures currently are assumed to be recoverable from the Covid grant. But there is a pressure relating to Insurance of £40k to fund the additional cost of insurance claims.

2. Cost underspends due to service changes re Covid

- There is a potential underspend non-staff costs such as travel expenses, office expenses etc

3. Cost Reductions undelivered at this point in the year

- There is a total of £150k that is deemed unachievable, and this relates to some specific workstreams within Finance Transformation project, some elements will be delayed due to the need to focus on Covid activities. There is no capacity currently to focus on restructuring the service or some change projects as planned.

4. Income changes – lost income / extra income above target

- Currently there is no loss of income across Finance.

5. Any other mitigations / changes in plan

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

28th July 2020

REPORT AUTHOR: County Councillor Aled Davies, Portfolio Holder for Finance

REPORT TITLE: Capital Forecast as at 30th June 2020

REPORT FOR: Decision



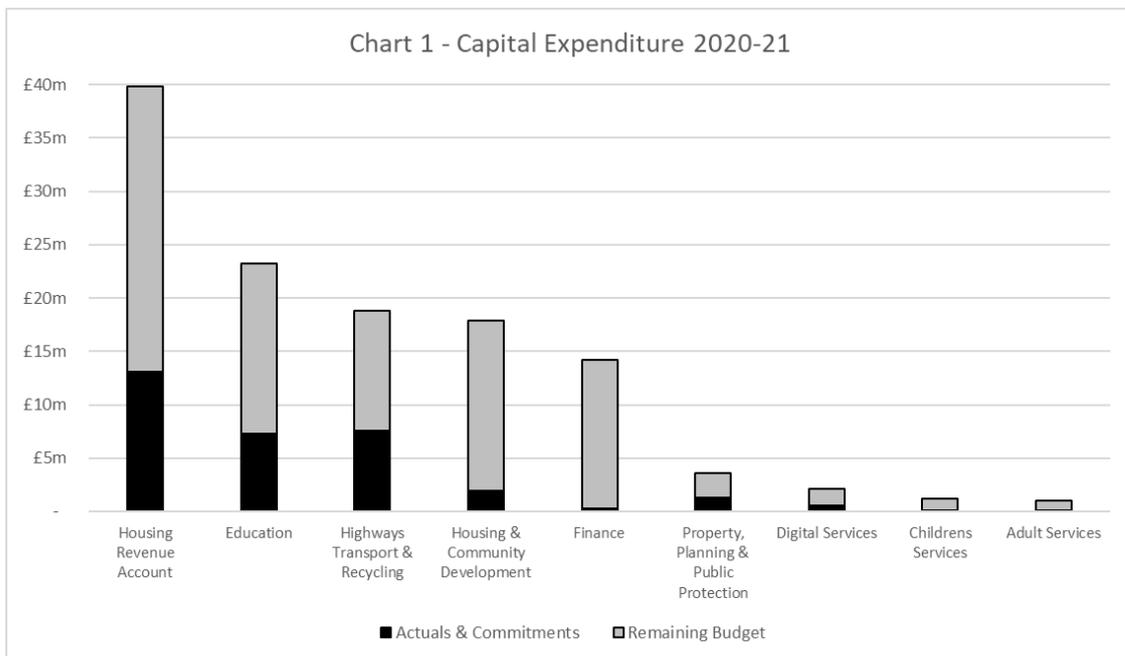
Heol y Ffynnon, Brecon

1. Purpose

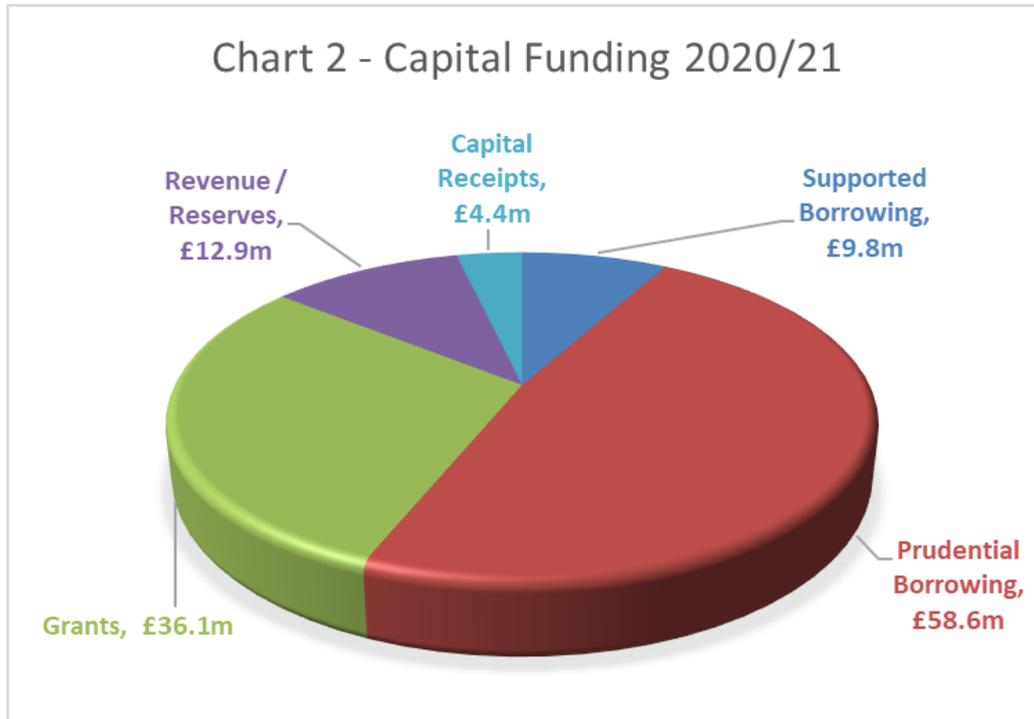
- 1.1 The revised working budget for the 2020/21 Capital Programme, after accounting for approved virements, is £121.81 million.
- 1.2 The original budget was £132.87 million, after the original budget was approved, £14.79 million was reprofiled from 2019/20 into 2020/21. At the end of 2019/20 a further £6.25 million was carried forward to enable the schemes to continue into this financial year.
- 1.3 £34.79 million has been reprofiled into future financial years to match the anticipated spend profiles. This has reduced the overall borrowing requirement in this year by £13.92 million and reduces the call on revenue budgets that support the cost of borrowing.
- 1.4 Due to the current situation it is likely that there will be further slippage on the delivery of some schemes, with spend needing to be reprofiled into future years. Finance will be working with budget holders and project managers to ensure that schemes are

reprofiled in a timely manner to reduce the borrowing requirement in this year which will reduce the debt servicing expenditure in the Councils revenue budget.

- 1.5 Actual spend and committed expenditure amounts to £32.48 million representing 26% of the total budget. The actual spend to date is £7.91 million, with £24.39 million the committed figure. The actual spend equates to only 6% of the annual budget.
- 1.6 The revenue expenditure to cover the borrowing for past and present capital schemes is estimated to be £13 million in 2020/21 and the Minimum Revenue Provision (MRP) required is estimated at £3.60 million.
- 1.7 The Housing Revenue Account (HRA) proportion of these costs is expected to be £5.60 million.
- 1.8 Based on the estimates above, 4.1% of our net revenue budget of £269 million is supporting the past and present capital spend. It is essential that the investment in our capital programme is affordable over the short, medium, and longer term and can demonstrate tangible benefits linked to the council's priorities.
- 1.9 Chart 1 below summarises the financial position for each service.



1.10 Chart 2 below sets out how the 2020/21 capital programme is funded, 56% is funded through borrowing, the interest cost for this is charged to the revenue account.



1.11 The Covid 19 Pandemic is having a significant impact on the Council's revenue budget and corrective action must now be implemented, not only to address the deficit in the current year but to reduce the financial pressure on future years and ensure the financial sustainability of the Council.

1.12 This action should include a review of the schemes included in the forward Capital Programme identifying those which can be delayed or even stopped. The 10 year Capital Programme was approved in principle in March but the commitment from the revenue budget to support the programme is significant at over £12 million in the current financial year (4.2% of the revenue budget), and this will increase further over future years, can we now afford that level of investment, do the projects within the programme align with changes in service delivery now being explored? All projects in the programme should be reviewed and prioritised alongside the re-evaluation of services.

2. Head of Service Comments

2.1 Appendix A provides Head of Service commentary on the services' capital projects.

3. Virement

3.1 The virement detailed below is proposed for approval.

3.2 Highways, Transport and Recycling

£0.13 million is required to fund the purchase of four tipper vehicles to deliver the new Housing Grounds SLA contract. Last year was the first year of the Housing Grounds

SLA agreement and there was insufficient time to procure new vehicles. Whilst procurement is pending, the highways service has been utilising hire vehicles and old Highways vehicles which are now at the end of their useful life. It is proposed that the budget is vired from the corporate unallocated capital budget.

4. Reprofile Budgets Across Financial Years

4.1 The following services have requested the reprofiling of their capital programme budgets into 2020/21, as the expected spend on projects will be significantly less than planned. We encourage services to reprofile budgets as soon as they become aware of forecast changes, rather than waiting until the end of the year.

4.2 There were several schemes in 2019/20 capital programme which are continuing into 2020/21. The budget carried forward for these schemes is shown in the following table and has been included in the figures shown in the charts above

Table 1 Funding carried forward from 2019/20

Service	£,000
Education	1,058
Housing & Community Development	1,458
Highways Transport & Recycling	1,197
Adult Services	16
Childrens Services	100
Property, Planning & Public Protection	1,399
Finance	225
Digital Services	215
HRA	577
Total	6,245

4.3 Digital Services

£0.40 million relating to the System Rationalisation and Cloud projects.

4.4 Education

A review of the Schools Major Improvement schemes has identified £1.06 million that has been reprofiled into 2020/21 in line with anticipated spend.

The latest send profile for the 21st Century Schools Programme has been submitted to Welsh Government, this has reduced the requirement in 2020/21 by £30.73 million, which has been reprofiled into future years.

4.5 Highways, Transport and Recycling

Following a review of the planned schemes within Highways they require £2.60 million less than originally allocated, £1.30 million has been reprofiled into 2021/22 and £1.30 million into 2022/23 to avoid future peaks and troughs.

4.6 Leisure

EMT considered the new and additional elements to the existing Leisure Capital bid on 15th April 2020 and approved it in principal. These schemes were included in “capital bids awaiting approval” line of the Capital Programme included within the

Capital Strategy approved by Cabinet and Council in February. Following approval of the detailed business case by EMT it was recommended that the projects are progressed but prioritised to manage the capital funding budgets. In addition, some small schemes have been brought forward from future years to be completed early whilst the use of these sites is lower due to Covid 19 restrictions currently in place. Further details can be found in summary report at Appendix B.

5. Grants Received

5.1 The following grants have been received since the last report and are included for information. These have not yet been included in the tables shown above.

5.2 Highways, Transport and Recycling

5.3 £0.70 million in relation to Local Transport Fund and Local Transport Network Fund. This is made up of £0.10 million awarded to develop a bus data service prototype on behalf of Transport for Wales and £0.60 million for the construction of a rail/bus interchange at Machynlleth Railway Station.

5.4 £0.20 million Resilient Roads funding awarded to support transport projects that mitigate and adapt to the effects of climate change, including addressing disruptions caused on the highway network by severe weather.

5.5 £0.07 million Road Safety and Safer Routes in Communities funding to support schemes and projects that reduce casualties on the road and encourage walking and cycling in communities.

5.6 £0.05 million for 'Environmental Growth on Your Doorstep' and £0.03 million for 'Greening the Council Estate' received from Wales Council for Voluntary Action (WCVA). Both projects focus on greening areas of previously neglected public land either in urban areas or habitat areas.

5.7 Housing and Community Development

5.8 £0.50 million awarded to undertake a 'greening' project within Newtown town centre. The project will focus on providing multifunctional green infrastructure and biodiversity components at four sites within the town centre.

5.9 Customers and Communication

5.10 £1.17 million Hwb EdTech Funding awarded from Welsh Government. The purpose of the funding is to ensure school ICT networks are adequate and performant to maximise the opportunities digital can offer to teaching and learning.

6. Capital Bids

6.1 Leisure

6.2 As part of the new governance process EMT considered a business case for the new and additional elements of the existing Leisure Capital bid on 15th April 2020 and approved it in principal. These schemes were included in "capital bids awaiting approval" line of the Capital Programme included within the Capital Strategy approved by Cabinet and Council in February. Following approval of the detailed business case by EMT it was recommended that the projects are progressed but prioritised to manage the capital funding budgets. In addition, some have been brought forward from future years to be completed early whilst the use of these sites is lower due to Covid 19 restrictions currently in place.

6.3 Further details can be found in the Appendix B.

7. Capital Receipts

- 7.1 Capital receipts totaling £0.18 million have been received since the start of the financial year. There are currently sales agreed to the value £1.56 million which are at the legal stage of the process.
- 7.2 The year-end forecast is estimated at £4.14 million.
- 7.3 The year-end forecast is very much reliant on being able to market property in a timely way to allow acceptable offers to be received and sales being completed. A further delay to marketing and a general fall in demand and increased uncertainty will have a detrimental effect to overall targets.
- 7.4 The Council's transformation programme is funded through a capitalisation directive that allows capital receipts to fund revenue transformation spend and transformation redundancies.
- 7.5 This year the budget requirement is £3.44 million of capital receipts to support the transformation programme. There are sufficient receipts from previous years to support this year's requirement. However additional capital receipts will be required to support any future year transformation costs, the directive ends in March 2022.

8. Resource Implications

- 8.1 The Head of Finance (Section 151 Officer) has provided the following comments:

Expenditure on the Capital Programme has slipped considerably in previous financial years, the effective monitoring and re-profiling of schemes is essential to enable us to more accurately project expenditure, the consequential need to borrow and the impact on the revenue budget.

Based on previous years' performance the budget was set for 2020/21 based on 70% delivery of the programme recognising that schemes will slip and therefore reducing the commitment on the revenue budget and the potential underspend.

The pandemic has already impacted on the delivery of some schemes and projects will continue to be reviewed closely over the coming months and the projections on spend updated accordingly.

Project Managers and Service leads will be supported to improve financial monitoring and forecasting of expenditure.

9. Legal implications

- 9.1 The Monitoring Officer has no specific concerns with this report.

10. Comment from local member(s)

- 10.1 This report relates to service areas across the whole county.

11. Integrated Impact Assessment

- 11.1 No impact assessment is required

12. Recommendations

- That the contents of this report are noted.
- That Cabinet approves the virement proposed in section 3 of this report.
- That Cabinet recommends the release of the funding for the Leisure Capital bid in section 6 and submits to full council for approval.
- That a review of the schemes included in the forward Capital Programme is undertaken to identify those which can be delayed or removed and to ensure that the schemes included remain a priority alongside the re-evaluation of services.

12.1 Reason for Recommendation

- To report on the projected Capital Outturn position for the 2020/21 financial year.
- To ensure appropriate virements, are carried out to align budgets and financing requirements.
- To ensure that the Councils Capital investment is prioritized and affordable.

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Corporate Director:	Ness Young

Appendix A:

Table 1 - Capital Table as at 30th June 2020

Service	Original Budget	Virements Approved	Revised Budget	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	689	287	976	115	861	88%
Childrens Services	1,092	87	1,179	130	1,049	89%
Education	44,865	(21,597)	23,268	7,277	15,991	69%
Highways Transport and Recycling	16,257	2,548	18,805	7,533	11,272	60%
Property, Planning and Public Protection	967	2,594	3,561	1,304	2,257	63%
Housing and Community Development	16,251	1,590	17,841	1,973	15,868	89%
Digital Services	1,000	1,110	2,110	505	1,605	76%
Legal and Democratic Services	0	22	22	22	0	0%
Finance	16,521	(2,359)	14,162	270	13,892	98%
Total Capital	97,642	(15,718)	81,924	19,129	62,795	77%
Housing Revenue Account	35,230	4,652	39,882	13,119	26,763	67%
TOTAL	132,872	(11,066)	121,806	32,248	89,558	74%

Table 2 - Funding of the Capital Budget as at 30th June 2020

	Supported Borrowing	Prudential Borrowing	Grants	Revenue Contributions	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Capital	9,777	38,540	23,152	6,060	4,395	81,924
HRA	0	20,086	12,965	6,831	0	39,882
Total	9,777	58,626	36,117	12,891	4,395	121,806

Head of Service Commentary

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Adult Services	976	115	861	88

HOS Comment

The spend to date has been minimal, however, the rest of the budget is committed and required for the year. A large amount of the budget is set aside for older person's care homes capital work required and technology enabled care. One of the recovery sprints for Adult Social Care is considering the development of technology enabled care further with cobotics in order to reduce longer term care demand.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	1,179	130	1,049	89

HOS Comment

There has been some delay in progressing the various capital projects however plans are in place for delivery before the end of the financial year. There has been a delay with the Oldford school project due to delays in the school moving out however we have negotiated access for over the summer period prior to the school moving out before Jan 21. The refurbishments of Bannau Camlas project is nearing completion. A large amount of the budget is set aside for the development of the Flying Start Early Help Hub in Brecon and this work is progressing according to project plan.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	23,268	7,277	15,991	69

HOS Comment

Crickhowell High School new accommodation works – the first phase work is progressing on site to install new drainage service connections. The project is planned to complete in September 2020.

3+ Childcare new early years accommodation:

Rhayader C in W School site and Little Acorns, Crossgates C.P. School site – the project is out tender and is subject to the appointment of a contractor.

Ysgol Pennant and Guilsfield C.P. School sites – planning permission has been granted for both sites and tenders are being prepared for the new early years accommodation.

Ysgol Dyffryn Y Glowyr New 3+ Childcare and Flying Start accommodation – contractor appointed and awaiting approval of planning.

Major Improvements programme has 71 schemes in 2020/21, including schemes carried forward from 2019/20. There are 2 schemes awaiting approval, 2 schemes to commission, no schemes on hold, 20 schemes at the design stage, 16 are out to tender, 13 under construction and 18 schemes have been handed over to the end user. Any uncommitted funding within projects will be reallocated back to the programme contingency to cover for emergencies, unforeseeable and legislative requirements and budget fluctuations over the course of the year and to ensure school service continuity.

21st Century Schools Programme

June 2020 expenditure focus is on the construction of Welshpool Church in Wales Primary School, which is being delivered by Paveaways. Other expenditure includes Ysgol Gymraeg y Trallwng technical design completion, further feasibility work for Ysgol Bro Hyddgen scheme, and early design work for two new special schools, Cedewain and Brynlllywarch, which are schemes that are progressing at pace.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	18,805	7,533	11,272	60

HOS Comment

The substantial part of spend to date is the Carriageway Surface Dressing programme; circa £1.9m and now completed, and the commitment and expenditure of £1.5m for the continuation of the Recycling Bulking Facility North that is currently progressing. The remainder of spend is made up from smaller commitments and expenditure against various other projects including Storm Dennis recovery works.

Despite the potential for a major impact from COVID-19 measures and restrictions, the HTR capital programme remains on track at this point of the financial year.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Property, Planning and Public Protection	3,561	1,304	2,257	63

HOS Comment

There has been some delay in implementing projects due to staff resource being allocated to covid-19 activities. Projects such as the Abermule scheme are now progressing towards the planning stage with an aim to secure planning permission and implement immediately afterwards.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%

Housing and Community Development	17,841	1,973	15,868	89
Housing Revenue Account	39,882	13,119	26,763	67

HOS Comment

There have been delays to the start of some projects due to dealing with the covid19 response, however, work is now ongoing on the capital projects across the Service. 27.1% (£14,473m) of the total capital budget has been spent or committed to date.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Digital Services	2,110	505	1,605	76

HOS Comment

We are on track to utilise our capital investment in line with our planned programme of improvements including ICT infrastructure, enterprise programme and systems improvements, SharePoint delivery, Cloud programme and the Hwb Schools investment programme. All of these are progressing well as the business critical work has continued over recent months.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Legal	22	22	0	0

HOS Comment

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Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Finance	14,162	270	13,892	98

HOS Comment

£3.4 million of the budget relates to Transformation schemes which under the Welsh Government Capitalisation Directive are funded from Capital Receipts. This is forecast to be utilised by the year end.

The remaining budget relates to capital bids that have yet to complete the Capital Governance process, if the schemes are approved the budgets will be released to the service area.

Appendix B - Leisure Capital Allocation 2020-21 Proposal

1. Background

EMT considered the new and additional elements to the existing Leisure Capital bid on 15th April 2020 and approved it in principal – strongly recommending projects are supported as poor previous financial planning and management mean that assets are deteriorating fast with the potential for some to close if investment is not made.

EMT asked if the bid could be updated considering what, as an authority we think, is most important in terms of our agendas.

It is possible that there could be a reduced number of contractors available due to the COVID-19 situation, but many are already returning to, and actively looking for, work. Therefore, we need to be realistic about which projects can be completed in this financial year although, it is an opportune time to undertake many of the planned works in readiness for the reopening and reactivation of leisure buildings and facilities. This in turn will significantly support and contribute to the health and well-being agendas (physical, mental, social & emotional) of residents and communities, especially to help reintegration following the extended lock-down period.

2. Proposals

The following list of projects and works (with expected budget in 2020/21) are necessary to ensure essential replacement of facilities, plant and equipment to ensure Health & Safety and contractual compliance and to support sustainability and lifecycle of leisure assets.

- **Llanidloes Sports Centre £450k** – Replacement Outdoor Sports Pitch. This has been delayed for a number of years and cannot currently be played on due to health and safety issues. There is also £150k funding available from the local Wind Farm development to support the replacement of the pitch, which if this can be utilised now will reduce the capital amount required from Powys. There is potentially some funding available from the School's Capital Programme, but this has not been confirmed. The replacement of the pitch will support exercise and physical activity for the High & Primary Schools and community when lockdown ends.
- **Flash Leisure Centre, Welshpool approx. £500k - £600k** – (critical) Replacement Outdoor Sports Pitch – this facility is one of the main pitches in Powys and will support the High School and community including competitions and events when lockdown ends. This project is ready to progress.
- **Maldwyn Leisure Centre, Newtown approx. £100k** – Replacement Lights for Outdoor Pitch & Athletics Track. It is essential that this work is undertaken as soon as possible to ensure that lights are available so that the pitches and track can be used from September 2020. If these works are not completed it will be detrimental to the facility.
- **Maldwyn Leisure Centre, Newtown approx. £52k** – Replacement Car Park Surface. The number of complaints prior to lockdown was increasing steadily and now is an ideal time to complete this work. Quotes from PCC Highways Engineering Team have been received and work can progress.

- **Flash Leisure Centre, Welshpool approx. £40k** - Replacement Car Park Surface. The number of complaints prior to lockdown had been increasing steadily and on a regular basis. The lining of the car park is not able to be seen in many places. Now is an ideal time to complete this work. Quotes from PCC Highways Engineering Team have been received and work can progress.
- **Brecon Leisure Centre Swimming Pool approx. £950k** - Further investigatory assessments / surveys / planning to determine the specific works needed, leading to the completion of all structural works together with additional protection against future structural damage. Replacement of major building components including pool plant, water services, electrical installations. Failed internal and external fabric will be replaced together with all backlog maintenance works. This will significantly improve the condition of the building to allow improvements to the delivery of leisure services.
- **Bro Ddyfi Leisure Centre approx. £180k** - Roof Replacement required. Repair work exhausted. Roof leaks causing significant issues within the leisure building and damaging floors. Health & Safety implications. Exact works and costs to be agreed prior to works being undertaken.
- **Knighton Sports Centre approx. £25k** – Replacement of Circulation Flooring. This is becoming a Health & Safety issue within the centre.
- **Brecon Leisure Centre approx. £45k** – Replacement Air Handling Unit, which has exceeded original service life expectancy. Complete failure can be expected if not replaced, including non-compliance.
- **Maldwyn Leisure Centre, Newtown & Bro Ddyfi LC, Machynlleth approx. £25k** – Replacement of lighting and suspended ceilings. Both centres still have original fittings, which have now exceeded their economic service life and require replacement to LED technology to ensure efficiency and cost reduction.
- **Builth Wells Sports Centre approx. £65k** – Replacement of major fixtures & equipment to fitness suite area. This will support the health and well-being agendas of residents, communities and clubs in Builth Wells and surrounding areas. Much of the existing equipment is failing and is becoming a Health & Safety concern.

There are also projects within the Leisure Capital Programme for 2021-22 which can be 'ready to go' in this financial year if approved to be brought forwards.

- **Knighton Sports Centre Air Handling Unit £60k** – replacement of plant that has exceeded service life expectancy and economic viability.
- **Various Centres Sports Hall Lighting £30k-£40k** - complete replacement of systems due to regular failure and need to update technology which will ensure environmental efficiency.
- **Flash Leisure Centre, Welshpool £15k** - replacement of necessary pool plant to ensure the efficient operation of the centre.
- **Llanfyllin Sports Centre £14k** – complete replacement of floor & ceiling structures due to failure and age.

3. Resource Implications

The budgetary implications / requirements for each of the projects are listed above. The projects and works will be undertaken collaboratively between Powys CC - Housing &

Community Development Service, Freedom Leisure, HOWPS and Powys Engineering Design Team. The original Business Case has been approved by EMT.

The Capital Accountant acknowledges the content of the report. Whilst this request to bring forward some capital investment will incur additional borrowing costs it is expected that slippage in other areas of the capital programme will offset these increases in the current financial year.

CYNGOR SIR POWYS COUNTY COUNCIL.**CABINET EXECUTIVE****28th July 2020****REPORT AUTHOR: County Councillor Rosemarie Harris
Leader of Powys County Council****REPORT TITLE: Post Improvement and Assurance Board Arrangements**

REPORT FOR: Decision

1. Purpose

1.1 Whilst it is recognised that Powys County Council has come a long way on its improvement journey; appendix one provides a revised framework to facilitate the delivery of Transformation and Improvement within the Council, maintaining the recent pace. Crucially the framework provides Members and Welsh Government with appropriate oversight, enabling them to hold Members and Officers to account. The revised framework provides a proposed set of alternative arrangements to replace the current Improvement and Assurance Boards that enables Powys County Council to effectively manage its own improvement journey, and which will provide assurance to Welsh Government.

2. Background

2.1 This follows the Sean Harriss report commissioned by Welsh Government in March 2020. The report concluded that “the Council, Improvement Board and Welsh Government should be commended for the progress made over the past two years. There is much still to be done but the Council is in a much stronger position to drive its own improvement; and the continuation of the Improvement and Assurance Board (I&AB) for a further six months in a revised form should provide both an appropriate level of ongoing support while providing the Council with a sufficient period of time to put in place its own alternative arrangements”.

3. Advice

3.1 The Minister has approved the framework, see appendix 2. It is therefore proposed that Cabinet endorse that the transitional period to scale down the role of the I&AB and for Powys County Council to implement new arrangements will be complete by the end of September 2020. Conditions for this change include:

1. the determination of and implementation of local governance arrangements
2. evidence of sound underlying performance on children’s services

3. clear evidence of an agreed transformation plan for adult services
4. significant progress on ALN, school organisation and standards in education
5. support for the change from various WG arms, Care Inspectorate Wales and ESTYN.

4. Resource Implications

4.1 The Council will need to resource Independent External Advisors 1-2 days per month per Service Improvement Board, these costs will be met from existing budgets.

4.2 The Head of Finance (Section 151 Officer) can support the recommendation.

5. Legal implications

5.1 Legal: The recommendation can be supported from a legal point of view.

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

6. Comment from local member(s)

6.1 The paper is organisational/countywide.

7. Integrated Impact Assessment

7.1 Not required.

8. Recommendation

It is recommended that Cabinet endorse the post Improvement and Assurance Board arrangements as set out at appendix one.

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Head of Service: Emma Palmer, Head of Transformation and Communications

Corporate Director: Ness Young, Corporate Director Resources and Transformation

Appendix One

Improvement and Transformation Assurance Framework

1. Purpose

Whilst it is recognised that Powys County Council has come a long way on its improvement journey; this report provides a revised framework to facilitate the delivery of Transformation and Improvement within the Council, maintaining the recent pace. Crucially the framework will provide Members and Welsh Government with appropriate oversight, enabling them to hold Members and Officers to account. The revised framework provides a proposed set of alternative arrangements to replace the current Improvement and Assurance Boards that enables Powys County Council to effectively manage its own improvement journey, and which will provide assurance to Welsh Government.

2. Background

In 2018, Sean Harriss reviewed Powys County Council and sought to answer three strategic questions;

1. Does the Council's Leadership fully understand and accept the problems, issues and challenges they face? Are they aware of the size and scale of the transformation required?
2. Does the Council have a well thought through strategy for delivering the necessary improvements and do the detailed plans appropriately address all the issues and challenges?
3. Does the Council have the necessary political and managerial leadership, expertise and capacity in place to deliver the strategy and detailed plans?

Sean Harriss' report was published in January 2018 and included eleven strategic recommendations and nine specific recommendations for the immediate future.

In March 2020, Sean Harriss returned to examine the following strategic issues:

- The progress made by the Council in addressing the corporate and service issues identified in various inspection reports from 2019. This includes Children's Services, Adults Services, Education and associated Corporate Leadership and Governance
- The specific recommendations made in the report of 2018 and the progress made in implementing these

- The effectiveness of the Improvement and Assurance Board in supporting the delivery of improvements in the Council
- The Leadership capacity in the Council to drive improvement without external support and assurance
- Recommendations for the future arrangements for the Improvement and Assurance Board.

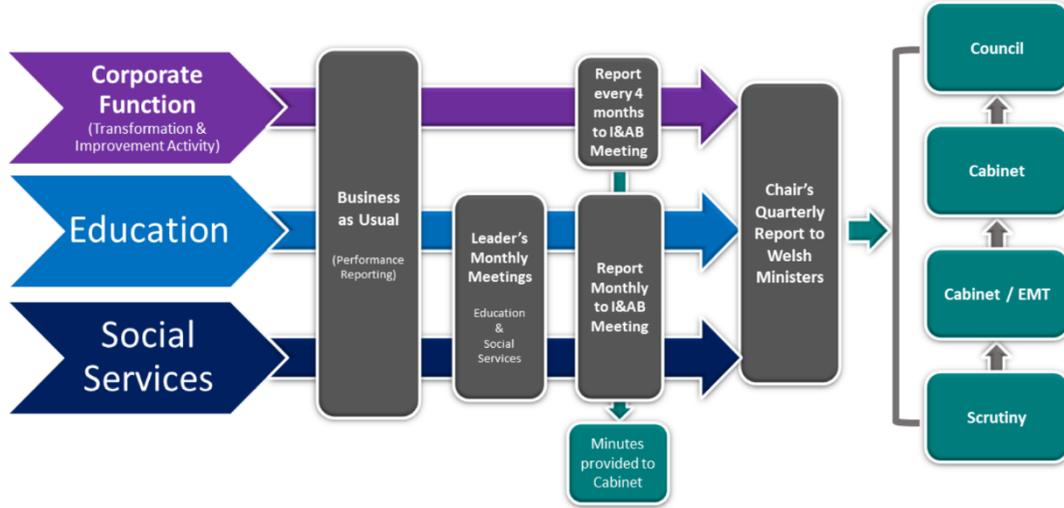
The report concluded that “the Council, Improvement Board and Welsh Government should be commended for the progress made over the past two years. There is much still to be done but the Council is in a much stronger position to drive its own improvement; and the continuation of the Improvement and Assurance Board for a further six months in a revised form should provide both an appropriate level of ongoing support while providing the Council with a sufficient period of time to put in place its own alternative arrangements”.

3. Specific recommendations

The March 2020 report set out a number of recommendations:

- The Board should remain in place until 30th September 2020
- That given the progress made on Corporate Leadership and capacity that this area no longer needs to be overseen by the Board
- That the Board should meet monthly until June 2020 with a final meeting in September 2020
- In the period of July to September the Chair and Independent Board members should continue to report to Welsh Government based on continued engagement with the Council
- That in order to give final agreement to the ending of the Improvement and Assurance Board that Welsh Government are satisfied with the alternative arrangements put in place by the Council
- Proposals for the alternative arrangements should be submitted by the Council to Welsh Government by 1st July 2020
- In proposing the alternative arrangements, the Council should have regard to the following:
 - A Council led Improvement Board potentially Chaired by the Chief Executive
 - A continuation of cross party and Scrutiny involvement in the revised arrangements
 - Further strengthening of Scrutiny arrangements and wider Member development
 - Maintenance of external challenge and advice in specific issues e.g. Education and Social Services

Improvement and Assurance Board Governance since March 2018



ort.
 s inevitably had an impact on recent work and
 re proposed to Welsh Government (WG) that the
 ouncil to implement new arrangements will be
 ents
 cation
 s and ESTYN.

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The governance arrangements in operation since March 2018 are illustrated at figure 1. As well as the standard operating governance of the organisation (Scrutiny, Cabinet, Full Council) the Council saw the addition of an Improvement and Assurance Board across Corporate Functions, Social Services and more recently Education. These are further bolstered with internal meetings lead by the Council's Leader with membership from Group Leaders, Portfolio Holders, Chief Executive Officer, 2 x Corporate Directors, 5 x Head of Service. In parallel with the Improvement and Assurance Board a Delivery Board meets at least bi-monthly to oversee the delivery of the Vision 2025

Figure 1. Improvement and Assurance Board Governance

Transformation Programme. Further to the recommendations provided in the S that the organisation operates its own governance mechanisms whilst strengthen continued scrutiny involvement in the revised arrangements. Figure 2, provides governance that will ensure the organisation fulfils the recommendations set out Executive Officer has instigated an Improvement Board for the organisation's Ho ensure corporate oversight of the Highways, Transport and Recycling Service as

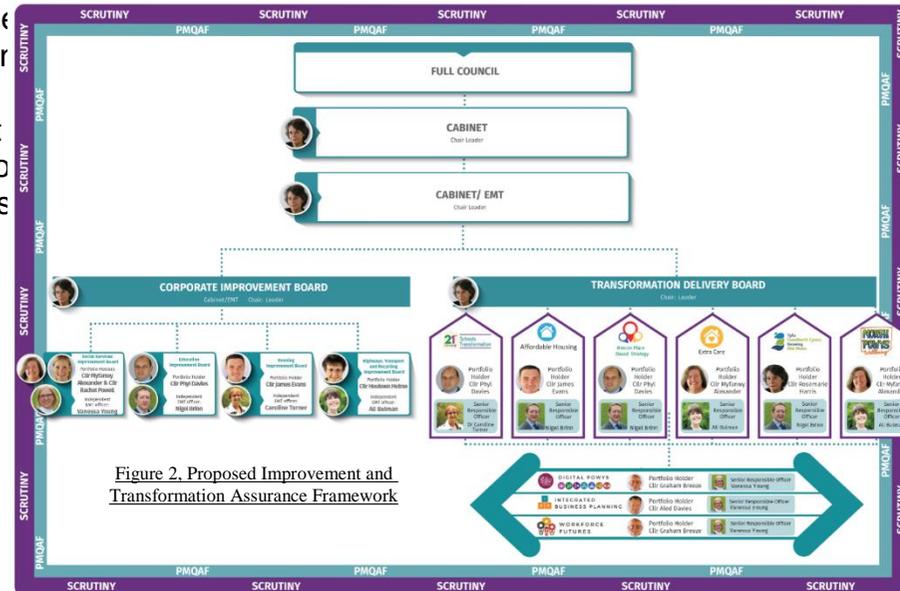


Figure 2. Proposed Improvement and Transformation Assurance Framework

The Leader will continue to Chair a monthly Group Leader's meeting. Separately, the Leader will Chair a Corporate Improvement Board. The Board will receive an Executive Summary from the Chair of each Service Improvement Board. The Corporate Improvement Board will consist of the Cabinet and Executive Management Team. See Terms of Reference at Appendix one. It should be noted that the Improvement Boards are focused on improving the day to day statutory services to ensure good performance and that the Transformation Delivery Board is focused on medium to long term transformation.

The Cabinet will also continue to hold the Senior Leadership Team of the organisation to account through the application of the Performance Management and Quality Assurance Framework, holding quarterly performance reviews, providing constructive challenge to Heads of Service.

4.1 Proposed Membership of the Service Improvement Boards

It is proposed that;

- each Board has a nominated Chair; the Cabinet's preference is that this is the respective Portfolio Holder
- for each Board the Membership will include; the Portfolio Holder, one additional Cabinet Member, the respective Corporate Director and one additional (neutral) officer from the Council's Executive Management Team
- each Board has an external and independent expert adviser who is appointed by and reports directly to the Chief Executive Officer
- each Board reports to the Corporate Improvement Board monthly on their progress against agreed plans (these will be the Executive Summaries received from each Service Improvement Board Chair to avoid reporting fatigue)
- Scrutiny develops as an Assurance function, as outlined below.

A full set of Terms of Reference are available at Appendix 2.

4.2 Scrutiny

Scrutiny will perform an assurance role, creating an environment for greater accountability across the organisation. It will seek to:

- drive improvement in public services; Better Services
- support democratic decision making which is accountable, inclusive and robust; Better Decisions, and;
- ensure that the public are engaged in democratic debate about the current and future delivery of public services.

Scrutiny will use two main methods to achieve this - pre-decision and performance monitoring.

Pre-decision

Scrutiny will be consulted by the Cabinet on future decision and policies, particularly around the Delivering Vision 2025 Transformation Programme. Looking at decisions before they are made provides an opportunity to influence and improve them. They will think about how the decision has been developed, what the risks are and how they can reduce them. This is also a chance for Scrutiny to look at consultation activity that has been carried out and how it has influenced the final proposals.

The Scrutiny work programme will be populated with key decision milestones for all 9 projects within Vision 2025 Transformation Programme. The added value of Scrutiny will either provide a form of assurance that proposals are sound or provide recommendations for strengthening the overall proposal.

Performance monitoring

Scrutiny will monitor the performance of Cabinet, committees and council officers. It will look at individual decisions, policy objectives set out in Vision 2025 and its related action plans. Scrutiny will look at how well the council has performed against the corporate plan and its associated performance targets. Finally, Scrutiny will monitor the progress of the Improvement Boards against the improvement objectives (local and national performance). Key to this are the outcomes for service users and ensuring that there is evidence to support this.

Every quarter, each Scrutiny Committee will focus on their respective priority in V2025 e.g. Health and Care, Learning and Skills, Economy, Residents and Community and Making it Happen. The Committee will take their extract of the quarterly performance report, covering both transformation and service performance, and undertake effective scrutiny (a form of assurance) across the organisation's performance, with each Committee providing a written report of their findings back to the Cabinet. This is focus on performance to plan and where this is not being achieved, constructive challenge will be made, with recommendations to bring performance back on track made in the Scrutiny report.

Undertaking this approach will reduce the risk of Scrutiny duplicating the work of the Improvement Boards. It is also recognised that Scrutiny do have discretion to identify areas that they want to scrutinise and the role of the working groups in undertaking "deep dive" reviews of key risks / issues.

It should be noted that whilst Scrutiny will hold an assurance function, they are not the sole mechanism for assurance. Responsibility also lies with Corporate Director's performance managing Heads of Service through effective application of the Performance Management and Quality Assurance Framework. These constructive challenge/assurance functions will run in parallel and focus on both qualitative and quantitative evidence.

4.3 Member Development

The recently created Member Development Strategy broadly outlines the skills and knowledge required by Councillors to perform their roles and provides an indication of how they might carry them out effectively. It is not intended to be exhaustive or prescriptive but to provide a prompt for new and existing members to identify areas where they need support.

This support can be in the form of information, training, facilitated workshops, coaching and mentoring, or opportunities to learn from observation. The strategy is designed to be flexible so that members can work with officers and colleagues to decide the most useful method. However, it is recognised that Scrutiny Chairs, Vice Chairs and Committee members should receive formal mentoring to assist them in fulfilling their 'assurance' role in the revised Improvement and Transformation Framework and that the Council should commission this mentoring capacity.

4.4 Performance Management and Quality Assurance Framework (PMQAF)

The Council now operates within a robust performance management and quality assurance framework which is essential for ensuring collective systems and methods are used throughout the council for managing performance. It also helps the organisation work as one 'joined up' community, where everybody is clear about how they are helping to achieve the council's vision.

The framework also ensures that staff clearly understand their responsibilities regarding performance management and quality assurance, on which the council's governance arrangements will hold them to account. The full PMQAF is available at appendix 3. Please note that the quarterly reporting cycle is in addition to the Corporate Improvement Board and Service Improvement Boards set out in Figure 2 above.

5. Conclusion

Powys County Council has made significant improvement since the inception of the Improvement and Assurance Boards. It now feels timely to revise the framework in which the organisation is operating to facilitate the delivery of Transformation and

Improvement within the Council at pace. Crucially the framework will provide Members with appropriate oversight, enabling them to hold officers to account.

Figure 2 provides appropriate governance, in addition to the Council's Performance Management and Quality Assurance Framework, whilst also streamlining the number of meetings taking place, therefore providing capacity for Services to deliver the improvements needed. Accountability is clear in the proposed governance from full Council to Corporate Director/Senior Responsible Officer, including clarity of accountability at Portfolio Holder level.

The strengthening and utilisation of Scrutiny as set out in section 4.2 will seek to drive improvement in public services; Better Services, support democratic decision-making which is accountable, inclusive and robust; Better Decisions, and ensure that the public are engaged in democratic debate about the current and future delivery of public services. This will be further underpinned with effective Member Development and Mentoring for Scrutiny Chairs and Members.

The revised framework provides a proposed set of arrangements that Powys County Council can effectively manage its own improvement journey and will be presented to Welsh Government for endorsement.

6. Recommendations

It is recommended that the Council adopts these new arrangements upon receipt of acceptance from Welsh Government.

Appendix One - Terms of Reference Corporate Improvement Board

Corporate Improvement Board Terms of Reference

Purpose/Role

To provide leadership as a lever for improvement, with focus on the Council's improvement plans (Social Services, Education, Housing and Highways, Transport and Recycling).

The role of the Corporate Improvement Board is to engage in strategic dialogue, to progress issues and opportunities regarding collective impact.

Objectives

As a collective group, the Corporate Improvement Board will be strategic in delivering the following objectives to:

- ensure a one council view, providing an opportunity for understanding ensuring that 'the right things get done'
- work together to unblock constraints and understand political sensitivities
- provide robust review and input into the direction of the improvement ensuring that it is well aligned with the organisation direction and will significantly contribute to sustainable reform
- seek connections and takes a cross system portfolio view
- be the point for strategic dialogue and debate on emergent trends and implications
- support the organisation to make continuous improvement part of good business practice
- ensure the application of the Performance Management and Quality Assurance Framework.

Responsibilities

The Corporate Improvement Board has general responsibilities for:

- providing insight on matters of pertinence to the strategic direction of the improvement
- act as champions/advocates for change and provide collegial support
- to ensure corporate oversight of the improvement and overall performance outcomes
- to receive a written Executive Summary from each Service Improvement Board Chair. The report is to be (no more than 2 pages) of the achievements, risks and issues contained within, (including mitigating actions and timescales for completion).
- to feedback any concerns that the Board may have back to the Service Improvement Boards via the Chair of Board(s).

Governance/Meetings/Membership

The Corporate Improvement Board will be chaired by the Leader of the Council and will meet monthly. The Board Membership and responsibilities:

Membership	Responsible for:
Leader	The strategic agenda and work programme holding Portfolio Holders to account
Portfolio Holder	The Strategic Leadership to the Portfolio and a monthly executive summary update to the Board
Cabinet Members	Providing constructive challenge to drive forward performance improvement
Chief Executive Officer	Holding the Executive Management Team to account and ensure correct direction of travel
Corporate Director responsible for Performance Managing the HOS	Performance Managing HOS ¹

¹ Fulfil statutory responsibilities

Corporate Director	Provide constructive challenge and corporate support
Monitoring Officer	Legalities
Section 151 Officer	Financial matters

The Board will receive monthly updates from each Service Improvement Board for information but focus predominantly on one service per meeting to allow a 'deeper dive'.
Secretariat will be provided by the Leader's PA.

Appendix Two - Terms of Reference Service Improvement Board(s)

Note: these Terms of Reference should be edited to reflect the specific service.

Purpose/Role

To provide Council led improvement, with a focus on the Council's improvement plans for (Social Services, Education, Housing and Highways, Transport and Recycling).

The role of the Board is to assist the organisation in driving forward the required change and improvement needed within the service with effective Corporate support.

Objectives

The Board will be strategic in delivering the following objectives to:

- enable focus and corporate support ensuring that 'the right things get done'
- work together to unblock constraints and understand any sensitivities
- provide robust review and input into the direction of the improvement ensuring that it is well aligned with the organisation direction and will significantly contribute to sustainable reform
- support the organisation to make continuous improvement part of good business practice
- apply the organisation's Performance Management and Quality Assurance Framework.

Responsibilities

The Service Improvement Board has general responsibilities for:

- Providing support and challenge to the service promoting high standards and achievement.

- Ensuring there is a well-documented plan of action with clear milestones and targets for improvement that has been endorsed from the outset by Corporate Improvement Board
- Overseeing, monitoring and supporting the progress made by the Service in addressing the recommendations contained within regulatory inspection reports.
- Advising the Chief Executive Officer, Corporate Director and Portfolio Holder monthly on progress and make, if necessary, recommendations for further support or modification to the existing support arrangements.
- Acting on all recommendations that the Corporate Improvement Board/Scrutiny make ensuring that the organisation continuously close the loop.
- Delegating to the Chair, the requirement to provide a written Executive Summary (no more than 2 pages) of the achievements, risks and issues contained within, (including mitigating actions and timescales for completion) for submission monthly to the Corporate Improvement Board
- Driving positive performance outcomes.

Governance/Meetings/Membership

The Service Improvement Board will be chaired by the Portfolio Holder and will meet monthly. The Board Membership and responsibilities:

Membership	Responsible for:
Portfolio Holder	Provide Strategic Leadership to the Portfolio and hold officers to account
Cabinet Member	Provide constructive challenge
Chief Executive Officer	Hold all to account and ensure correct direction of travel
Corporate Director responsible for Performance Managing the	Performance Managing HOS ²

² Fulfil statutory responsibilities

HOS	
Corporate Director	Provide constructive challenge and corporate support
Monitoring Officer	Legalities
Section 151 Officer	Financial matters
External Independent Expert	Independent advice and challenge

Secretariat will be provided by a PA to the Senior Leadership Team.

Appendix Three – Powys County Council’s Performance Management and Quality Assurance Framework



PMQAF English Sept
2019.pdf

Appendix 2

See attached letter from Julie James AS/MS

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Powys County Council

Performance Management and
Quality Assurance Framework



- 01** What is Performance Management and Quality Assurance, and why does it matter?..... 3
- 02** Why have a Performance Management and Quality Assurance Framework?..... 4
- 03** Plan 5
- 04** Do 6
- 05** Review 9
- 06** Glossary 17

What is Performance Management and Quality Assurance, and why does it matter?

In order to know whether the council is achieving the priorities and objectives it has set out in its plans, it must have a robust and timely way of monitoring and measuring performance against them.

Performance management is about asking **how many or how much** we have done and quality assurance asks **how well** we have undertaken a task, or **how good** was a service that we delivered? Together, performance management and quality assurance show if something is for example on time, or to target, and how well we are doing it.

Key principles of effective performance management and quality assurance are:



Everyone in the council has a role to play in managing performance



Cabinet, Executive Management Team and Senior Leadership Team depend upon **good-quality performance information** to make well-informed decisions



Managing performance is essential for **good governance and accountability**



Performance measures must reflect the council's priorities to **ensure objectives are being met**



Self-evaluation and review of activity form an important part of **continuous improvement**



Performance information must be acted upon to **improve outcomes**

Performance management and quality assurance involve simple principles:



- **Plan** what needs to be done to achieve the desired outcomes
- **Do** it
- **Review** progress regularly and evaluate the effectiveness of our actions against intended outcomes, adjusting plans where necessary

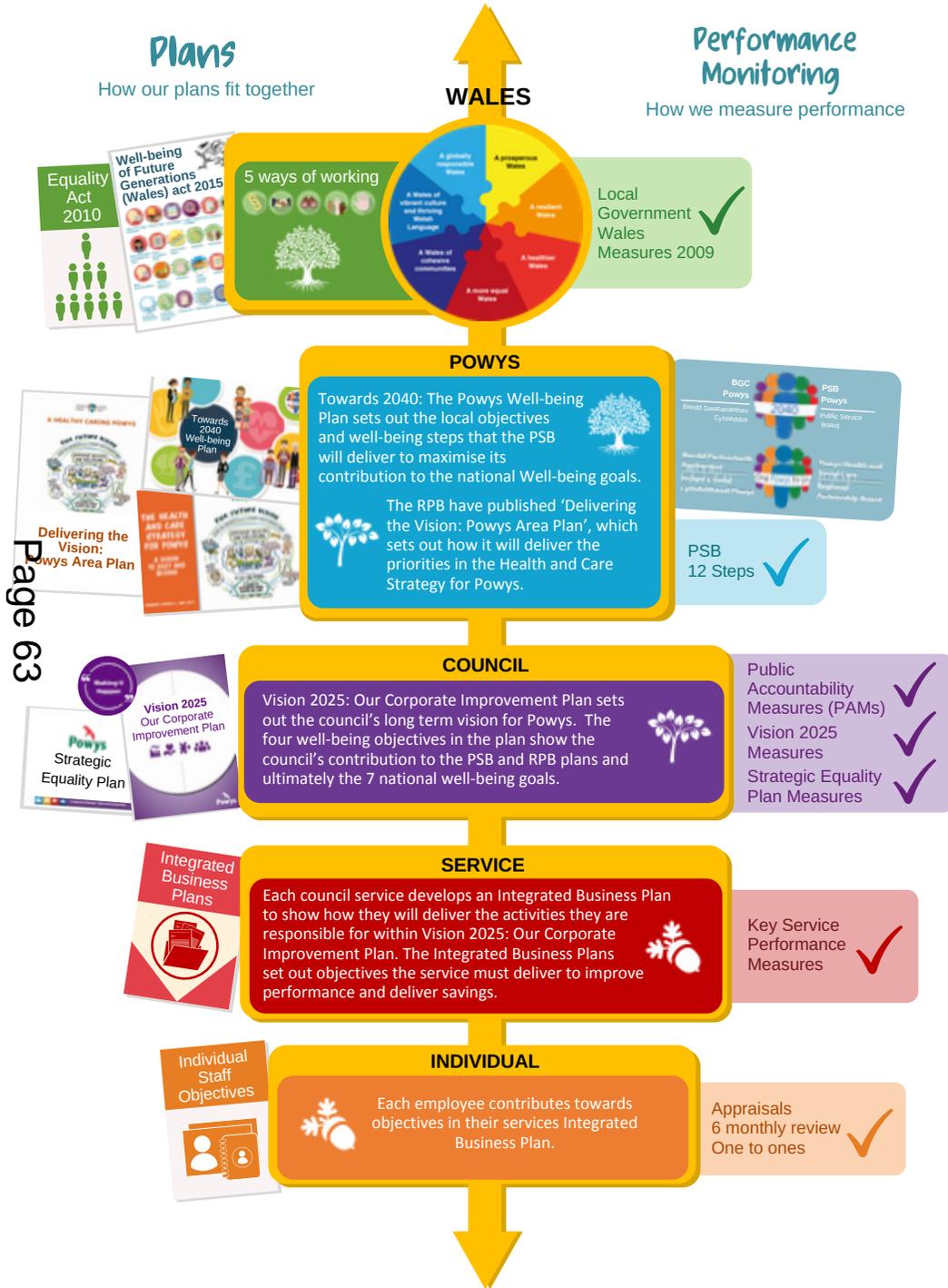
A robust performance management and quality assurance framework is essential for ensuring collective systems and methods are used throughout the council for managing performance. It also helps us work as one 'joined up' community, where everybody is clear about how they are helping to achieve the council's vision.

The framework also ensures that staff clearly understand their responsibilities regarding performance management and quality assurance, on which the council's governance arrangements will hold them to account.

Performance management is based on a cycle of continuous review and improvement, which this framework describes.



The Golden Thread



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To understand how performance management works in the council, it is important to understand what plans need to be monitored and how they all fit together.

The diagram shows the Golden Thread between our key plans, from the longer term strategic plan that we are working on with partners to our Corporate Improvement Plan and Integrated Business Plans, right down to individual staff plans.



Vision 2025: Our Corporate Improvement Plan outlines the strategic outcomes and priorities that the council is aiming to achieve. To ensure services are focussed on achieving these outcomes and priorities, each service area is required to produce an Integrated Business Plan.



As part of the Integrated Business Planning (IBP) process, the first step is a requirement for service's to evaluate their current performance and ask **"Where are we now?"**. This provides the basis of any future Integrated Business Plans. This evaluation will be undertaken with an analysis of their performance, a cost analysis, regulatory feedback, customer feedback/satisfaction alongside locality data and Well-Being and Population Assessments. This allows the service to identify the context of any future development areas and any areas for improvement within their current work.

The Integrated Business Plans form the foundation of the council's performance management process by explaining in detail the objectives, actions and targets developed to measure and report progress against desired outcomes.

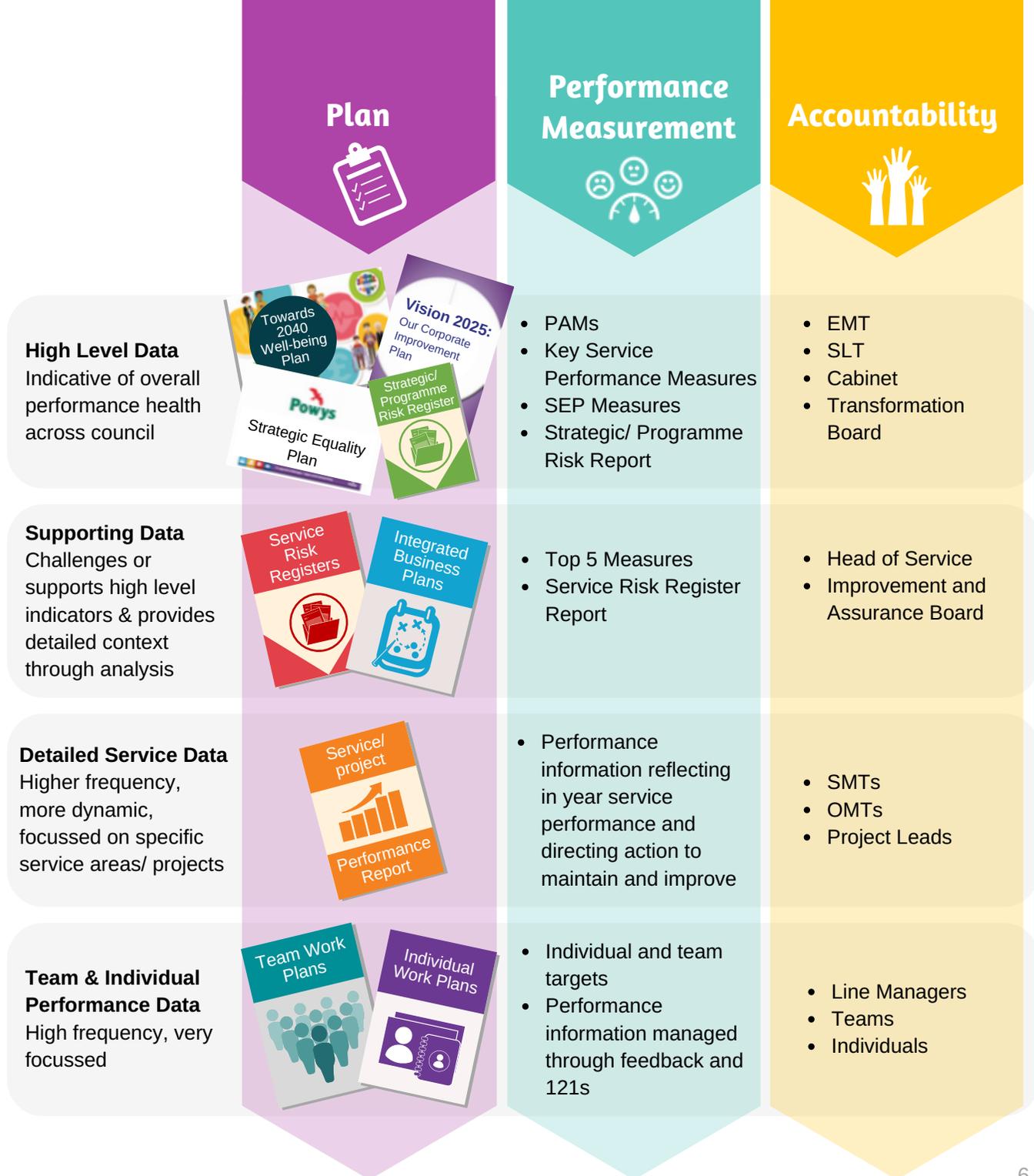
Performance Measures

For the council to be able to fully understand how it is performing it is essential to have meaningful and achievable measures that clearly link inputs and activities to outputs and outcomes. Early visibility of key performance information can alert Cabinet, Executive Management Team and Senior Leadership Team to areas of concern through visualising trends and identifying areas where performance is in need of improvement against previously agreed targets, and what matters most to prioritise resources.

Performance measures allow for early risk identification and give all services the opportunity to potentially mitigate issues. They are also an opportunity for leadership teams to have internal controls in ensuring compliance with statutory requirements, and to monitor them to ensure the council is adhering to local or national guidelines. services can also reconsider resource alignment for areas where measures show overperformance.

On a day-to-day basis, performance measures also allow Heads of Service and Managers to monitor and review their service areas performance against plans, whilst also empowering employees to understand and measure their progress and contribution to the organisation's aims and objectives.

In order to ensure a balanced approach to performance management the council has agreed a suite of measures as outlined in the diagram:



Vision 2025: Our Corporate Improvement Plan 2018-2023 (CIP)

These are high level measures that are used to monitor progress against outcomes identified as part of the Vision 2025 plan.

Top 20 Performance Measures

These are based on what is most important to Powys - informed by Vision 2025, regulatory reports, and a mix of Public Accountability Measures (PAMs) and local measures.

Public Accountability Measures (PAMs)

These are a set of national measures which Powys will use to measure its high level performance, in comparison to the other 21 councils in Wales.

Service's Top 5 Performance Measures

These are specific performance measures chosen by the services to show how they are performing at an operational level. They are based on what is most important to services and as a suite will give an overview of the operational health of the organisation.

Individual Staff Measures

There is a series of personal targets agreed between the line manager and employee to manage work effectively and understand how their work contributes to the service's improvement plan and ultimately the council's Strategic Vision.

What determines a good performance measure?

When determining which measures to monitor the following criteria should be taken into account:

S

SPECIFIC

- What do you need to achieve?
- Are you clear on the parameters and outcomes?
- Have you provided enough detail that ensures clarity and common understanding of what is to be achieved?
- What is the expected result?

M

MEASURABLE

- Could this be measured and decided without argument that the result had been achieved?
- How will you know the objective has been achieved?
- What indicators will you look for to measure progress and success?
- What data is available?
- Do new measures need to be identified?
- Think about quantity and quality measures

A

ACHIEVABLE

- How does this objective fit with your local strategic priorities in the context of your role?
- How does the achievement of this objective contribute to your service achieving its overall objectives?
- In what way is the objective significant?
- How does the objective fit within the context of your role?
- What would be the impact to your service if the objective was not achieved?

R

RELEVANT

- Is the objective appropriate for your role?
- Will the objective stretch and challenge you?
- Can you achieve your objective with the available resources? If not, how can you address this?
- What help will you require from your line manager or are there others that you will require assistance from?
- Do you have all the relevant skills and knowledge to complete the objective to the defined specifics?

T

TIME BOUND

- Are there clear time frames attached to the objective? (e.g. specific dates)
- If the objective goes beyond the review period, have you set milestone dates?
- Are there other objectives which will depend upon the completion of this one?
- What could impact or compromise the deadline?
- How can you mitigate these if they are of concern?
- Is the deadline realistic?

Why is it important to measure quality?

Having effective Quality Assurance measures ensures expected standards are being met including customer needs and value for money.

At the start of each financial year all Heads of Service are required to identify quality assurance information they will be using to monitor quality within their service. Heads of Service should use a selection of tools (examples listed below) alongside their respective service measures.

It is important to use a mixture of quantitative and qualitative measures as they are interdependent, and a balanced approach to using both allows for a fuller understanding of the quality of work being undertaken. Quantitative methods show the quantity of something, rather than its detail or quality, whilst qualitative measures are more descriptive and tell a more complete story, as they are often based on qualities or characteristics.

Qualitative



Quantitative



For any projects, it is also important to use wider research alongside the qualitative and quantitative measures to gain a fuller understanding of the current service area's performance.

Cabinet Members, Executive Management Team and Senior Leadership Team need accurate and timely performance information in order to:



At the end of each financial period, performance from the previous quarter is collated, reported and reviewed by services to monitor whether targets are being met and identify any improvements and actions needed. This is completed on a quarterly basis, with a Performance Reporting Timetable published annually prior to the first quarter's collection, detailing the timelines for performance reporting to be completed by the service. The following documents will be circulated in a single document to services, and should be used to collate and report relevant performance information that will form part of the overall Quarterly Performance Report;

Achievements, Issues & Actions report (AIA)

This should outline progress against all activities/objectives and measures that services are responsible for in Vision 2025: CIP and their IBP.

Top 5 Service Measures and Quality Assurance Report (Top 5)

This should provide the most recent data against agreed measures and quality assurance methods.

Public Accountability Measures (PAMs)

This should provide the most recent data against agreed measures.

Strategic Equality Plan Report (SEP)

This should outline progress against all activities/objectives and measures that services are responsible for in the Strategic Equality Plan.

Strategic/Service Risks (Risk)

All service risks should be updated on the JCAD system including risk score and controls.

For all the listed reports, if performance is given a BRAG status of RED and AMBER (see page 10), explanatory commentary, remedial action, responsible officer and timeframe for delivery should be given.

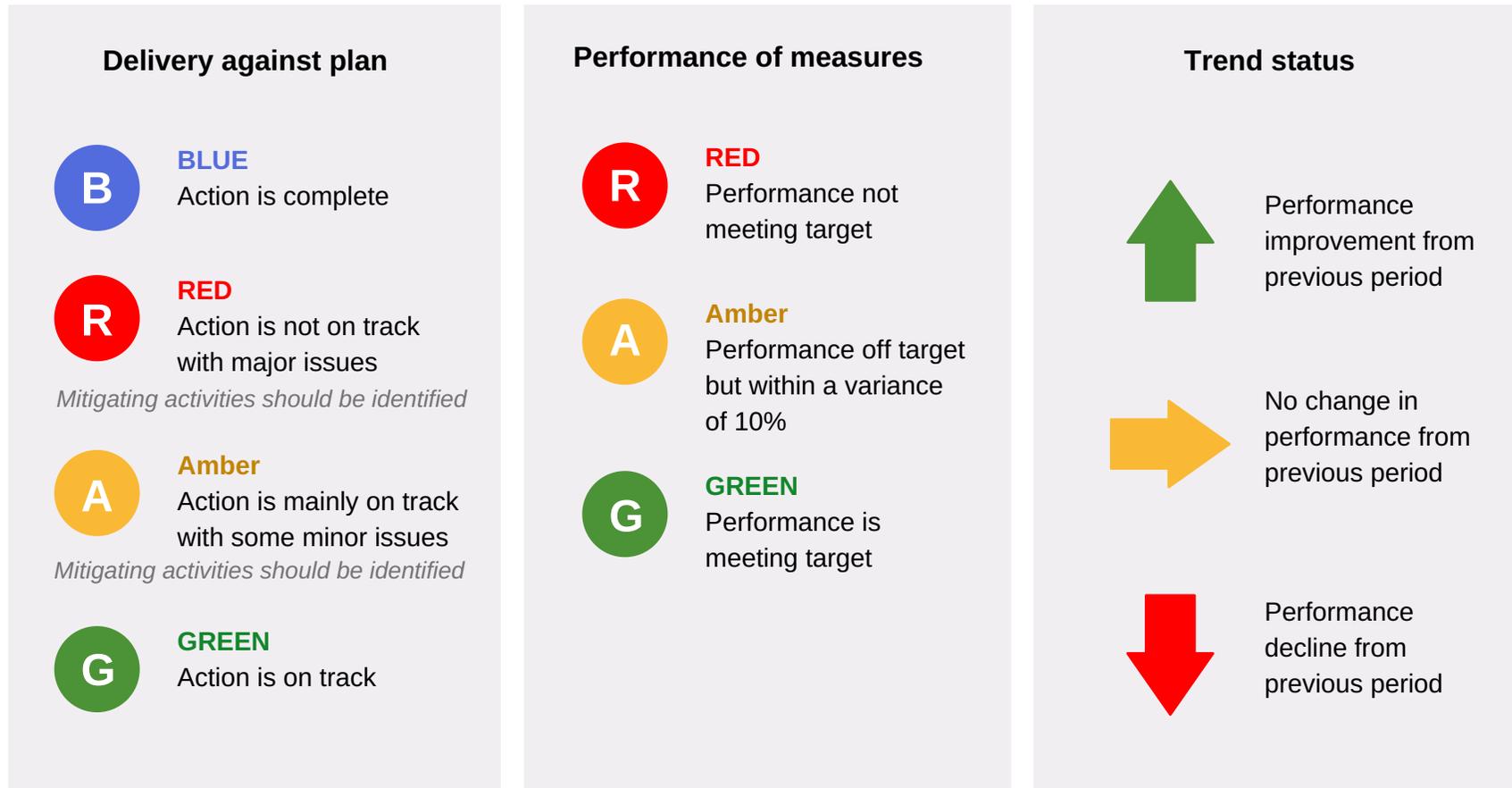
Service Challenge process

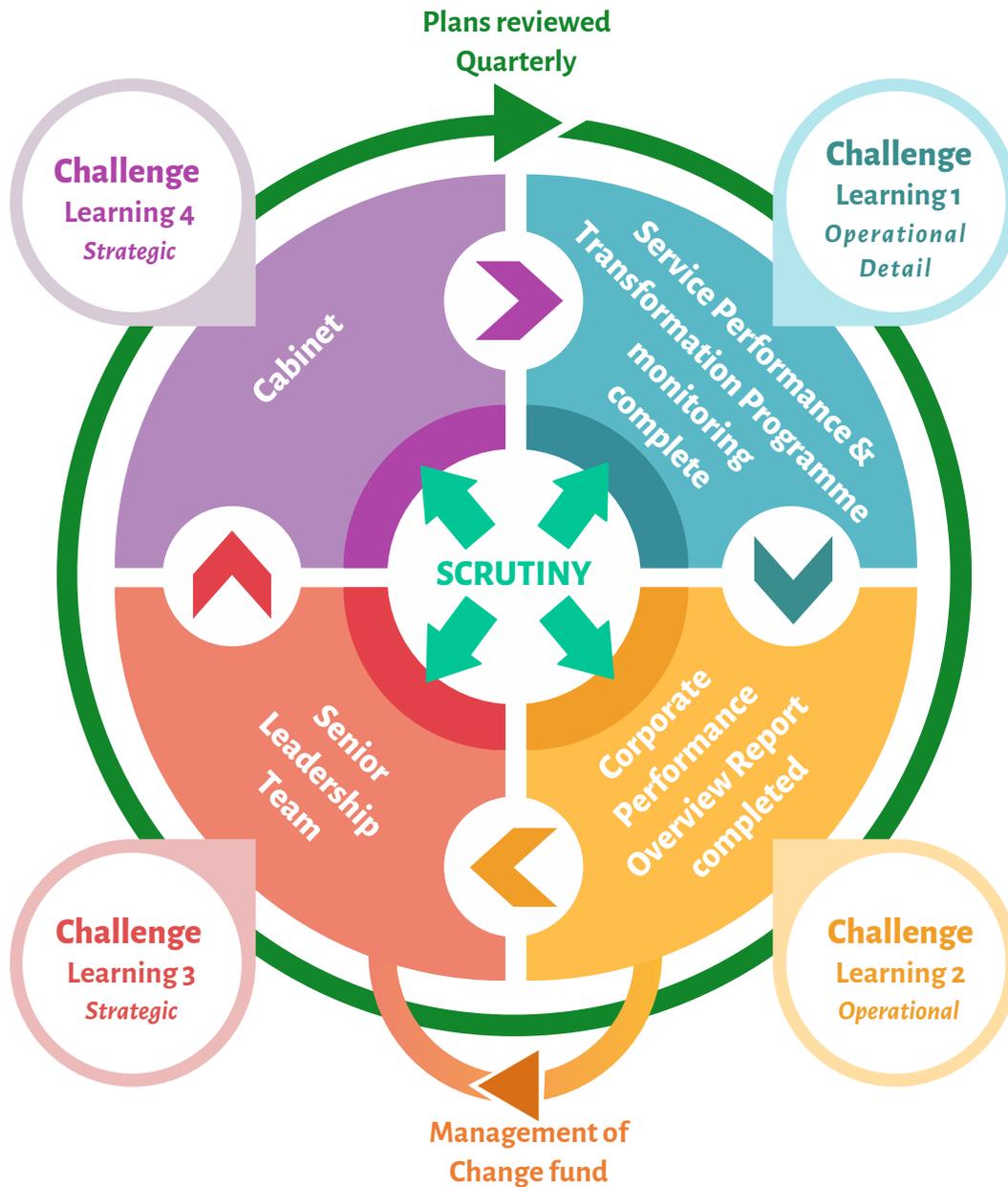
To ensure that Integrated Business Plans are not static documents, and regularly reviewed to ensure that they are working towards achieving their strategic aims, the council has a Service Challenge process. This is conducted twice per year across all services. The Service Challenge process focuses on a particular service's performance, financial position and any proposals to make service changes including potential impact on the public or users. The council's Service Challenge Panel (SCP) administers the service challenge process and consists of the Cabinet, Executive Management Team and the Head of Transformation and Communications. The Service Challenge process challenges heads of service on service provision including asking three key questions;



BRAG and RAG and Trend status definitions

The performance of all measures and activities should be reviewed against their agreed milestones and targets for the period and awarded a status using the Blue Red Amber Green (BRAG) traffic light system shown below;





Quarterly Reporting Cycle

The documents outlined above (AIA, Top5 & QA, PAMs, SEP and Risk) will be used to inform the following reporting cycle which is key to managing performance and enabling continuous review and improvement.

It is important to challenge the learnings from each phase as failure to challenge in an early stage where the issue could be resolved at an operational level could have a significant impact further along the cycle towards the strategic stages, and similarly, if not challenged at a Strategic level, this could impact on desired outcomes.

As part of this reporting cycle the council's scrutiny function can interrogate and challenge any documents at any point.

Challenge
Learning 1
Operational
Detail

Quarterly Transformation Delivery Board

Evaluate and challenge delivery of objectives and key milestones as agreed in the Transformation Programme Plan, and at the same time evaluate learning and development.

Quarterly Service Performance Reviews

Evaluate and challenge Heads of Service and Portfolio Holders on performance and quality assurance against agreed standards and objectives, and at the same time evaluate learning and development.

Quality Assurance of Service Data

Evaluate Quality Assurance submissions from Heads of Service.

Improvement and Assurance Board (Quarterly)

Evaluate and challenge agreed owners on performance against activities in key improvement plans for Children's Services and Adult Social Care in line with regulatory recommendations. Learn and develop from the advice and challenge provided to the council by External Advisers.

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Challenge
Learning 2
Operational

Corporate Performance Overview Report

Provide assurance to Cabinet and Senior Leadership Team of delivery of Vision 2025, Strategic Equality Plan and service improvement objectives.

Challenge
Learning 3
Strategic

Senior Leadership Team

Evaluate and challenge performance against delivery of strategic outcomes. On exceptions, prepare remedial actions for Cabinet approval, and at the same time evaluate learning and development.

Challenge
Learning 4
Strategic

Cabinet

To provide challenge and seek assurance that strategic outcomes are being met. Through exception reporting, be assured:

- Issues leading to consistent poor performance are understood
- Impact on strategic outcomes including savings is understood
- Remedial actions are put in place to bring performance back on track
- of continuous improvement as a result of quality assurance
- of continual learning and development opportunities.

Everyone has a role to play in managing performance in order to ensure objectives and intended outcomes are achieved.

Chief Executive

- Lead Executive Management Team on strategic or operational matters of significance
- Agree a programme to meet the outcomes and set expectations for delivery
- Own the vision, providing clear leadership and direction throughout its life
- Secure the investment required to deliver Vision 2025 so that the agreed outcomes are achieved
- Hold Corporate Directors to account

Cabinet

- Ensure effective governance arrangements to support performance management are in place, robust and effective
- Evaluate and challenge Cabinet Portfolio Holders, EMT and SLT on performance against agreed priorities and objectives
- On exceptions, be satisfied that remedial actions will effectively improve performance in line with outcomes set out in Vision 2025

Transformation Delivery Board

- Define and agree the Programme Brief, and provide for the investment decisions for the Transformation Delivery Programme
- Create an environment in which the projects can thrive, with adequate resources to deliver on time and within agreed quality standards
- Assess and challenge the progress of the Programme against milestones
- Visible leadership and commitment to the Programme at communication events
- Confirm successful delivery, and ensure that the intended benefits and outcomes of the Programme are realised
- Sign-off at the closure of the Programme

Improvement and Assurance Board

- Provide advice and constructive challenge to the council's corporate transformation and improvement activity
- Oversee and ensure co-ordination of all external support for corporate and service specific change in the council
- Oversee the actions of the Corporate Director (Children and Adults) and provide constructive challenge and strategic oversight of the Director's actions as regards all Social Services functions, including implementation of the respective Improvement Plan for Children and Adults
- Advise the Cabinet Secretary and Welsh Government officials regularly on progress and make, if necessary, recommendations for further support or modification to the existing support package

Senior Leadership Team

- Lead and oversee the delivery of the council's performance against the council's CIP, Public Service Board Well-being Plan, and the Regional Partnership Board's Area Plan
- Evaluate and challenge effectiveness of arrangements to deliver strategic outcomes as directed by Cabinet
- On exceptions, prepare remedial actions for Cabinet approval

Head of Service

- Lead on and ensure effective delivery of the council's performance against the CIP, Well-being Plan and Area Plan
- Undertake quarterly reviews, collecting data and quality assurance information, challenging the effectiveness of arrangements to deliver strategic outcomes and ensure matters of significance are escalated promptly to the Corporate Directors and/or Portfolio Holder
- On exceptions, suggest remedial actions for Executive Management Team consideration

Service Senior Management Team

- Lead on defined service area performance and quality management, whilst also ensuring staff are aware of the role their contribution makes to performance
- Supporting Head of Service in delivering against CIP, Well-being Plan and Area Plan
- On exceptions, suggest remedial actions for Head of Service consideration

All staff

- Be responsible for own individual performance management, continually seeking to improve and taking positive personal action

Performance information should be reviewed on a quarterly basis by Cabinet Members, Executive Management Team and Senior Leadership Team to enable early identification of emerging issues, and remedial action implemented to ensure performance is brought back on track.

An example of the type of questions these management figures should be asking include:



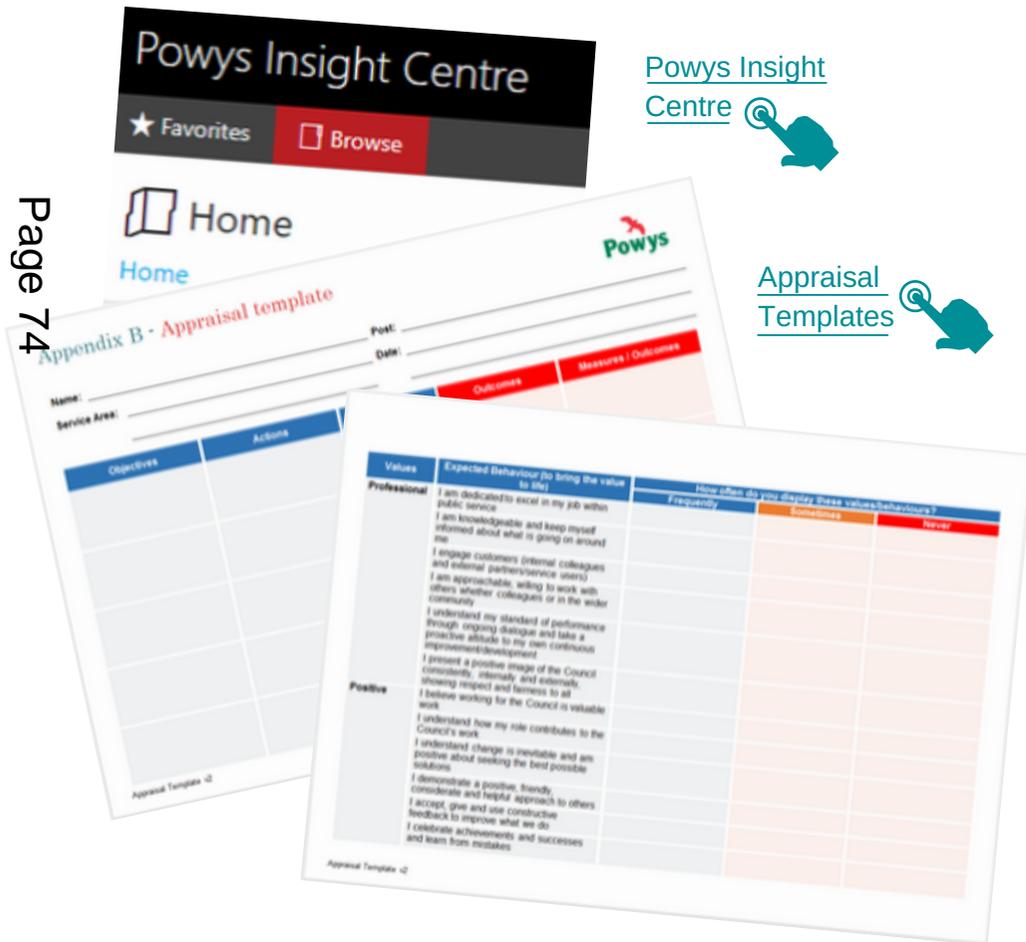
Regular performance monitoring also ensures resources that are available can be directed where they are most needed in order to maximise achievement of priorities and outcomes. This can be discussed between employees and line managers during their monthly one-to-one meetings, and allow for an active dialogue in discussing their objectives.

Examples of questions to be asked when managing performance include:



The regularity of these performance related conversations ensures that all individuals are able to address any challenges and track their performance, whilst also preparing both employee and line manager for their Appraisals.

There are also tools and resources that can be used to review these measures outside of the corporate reporting process. These include:



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Benchmarking data regionally or nationally using performance information such as other neighbouring Authorities,



The above websites allow tracking of council measures against regional and national measures to understand how their areas performance compares to the comparative landscape. Areas that are above the comparative information could be used as a means to support other Authorities or organisations by highlighting good practice and organisational improvement. Benchmarking allows those that are not aligned to comparative data to reach out to other Authorities or organisations to help identify potential actions. Both actions impact upon a service's plan in driving continuous improvement within their service area.

The performance information gathered and remedial actions identified through the review stage should help to inform and strengthen future plans, informing the provisional base-line data aspect (Step 1) of the Integrated Business Planning of future plans and supporting services in understanding their area's further.

CIP	Corporate Improvement Plan	This is one of the council's key plans, which sets out the long term vision and objectives for improving well-being for Powys residents, communities and businesses
EMT	Executive Management Team	Comprising of the Chief Executive, Corporate Directors, Head of Finance (also Section 151 officer) and the Head of Legal and Democratic services (also the Monitoring Officer)
HOS	Head of Service	Each of the council's service areas has an overall responsible lead officer, known as a Head of Service
IA	Impact Assessments	This is a tool for assessing the potential impact of a council decision or change in service on Powys residents and communities.
IBP	Integrated Business Plan	Each council service has an IBP to set out the improvement objectives it is working towards, how it plans to deliver them and the resources required to implement the plan effectively
OMT	Operational Management Team	Operational Management Teams for a service consisting of Senior Managers and Operational Managers
PAMs	Public Accountability Measures	These are a set of national measures which Powys will use to measure its high level performance, in comparison to the other 21 councils in Wales
PSB	Public Service Board	The statutory partnership body required under the Well-being of Future Generations (Wales) Act 2015; responsible for developing Towards 2040: The Powys Well-being Plan in response to the Powys Well-being Assessment
QA	Quality Assurance	The quality checking of information to ensure it is meeting the desired standards
SEP	Strategic Equality Plan	We have a Strategic Equality Plan to make sure that we meet everybody's needs and to help us tackle disadvantages. The plan was adopted in 2016 and is reviewed annually
SLT	Senior Leadership Team	This leadership team consists of Heads of Service's and Corporate Directors
SMT	Senior Management Team	Senior Management Teams for a service

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Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Councillor Rosemarie Harris
Leader
Powys County Council
cllr.rosemarie.harris@powys.gov.uk

17 July 2020

Dear Councillor Rosemarie Harris

Thank you for your email of Friday 3 July which included Powys County Council's (the Council) proposed set of alternative arrangements to replace the formal Improvement and Assurance Board (chaired by Jack Straw), following Sean Harriss' external review of the Board and support arrangements in March.

I was extremely encouraged with the findings and recommendations of the review, in particular the recognition of the progress your Council has made since the Improvement and Assurance Board was established in 2018. This, combined with the growth of capacity within the Council, means your organisation is now much better placed to drive its own improvement.

As you are aware, Sean Harriss concluded that the Improvement and Assurance Board should remain in place for a further six months in a revised form while your Council developed and put in place alternative arrangements. I have considered your alternative arrangements and can confirm that I am content with your proposals as I am confident, like you, that they will enable your Council to effectively manage its own improvement. I understand you will now approach the transition phase with the expectation that the Improvement and Assurance Board will meet formally for the last time around the end of September / early October and that the Social Services' Improvement Conference should take place prior to that final meeting. I also note the conditions you set out for this change to your local governance and performance arrangements, as set out in your email. Jack Straw will also present his final Chair's report at the final meeting and I look forward to receiving that report.

Finally I commend you, your Council and the Improvement and Assurance Board for the significant amount of progress which has been made in the last couple of years. I wish you well on your Council led improvement journey.

Yours sincerely

Julie James AS/MS

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

CYNGOR SIR POWYS COUNTY COUNCIL.**CABINET EXECUTIVE****28 July 2020**

REPORT AUTHOR: County Councillor Myfanwy Alexander
Portfolio Holder for Adult Social Care.

REPORT TITLE: Choice Policy for Adult Social Care

REPORT FOR: Decision

1. Purpose

- 1.1. To inform Cabinet about the work undertaken to clarify how choice decisions about adult social care services (Domiciliary and Residential Care) can be made, under what circumstances and with what impact.
- 1.2. It also clarifies how third party top ups (additional payments towards care home costs) can be made and the duties for the service user and the families.
- 1.3. To seek approval by Cabinet to implement this policy, including communication of this policy to service users and their families.

2. Background

- 2.1. The purpose of this policy is to make clear how people with eligible care needs can exercise choice over the care offered to them.
- 2.2. It will also cover when and how third-party contributions can be made for social care services, both in the person's home or in residential and nursing care. The policy refers to adults over the age of 18 who are living at home or in residential or nursing care. It does not cover placements of those people who live in residential or nursing care under a bespoke care plan, such as adults with a learning disability or in some cases dementia.
- 2.3. The Council has a legal duty under the Social Services and Well Being Act (2014), to meet eligible Social Care needs (including emotional and psychological) in the most cost effective means available to it. This ensures best use of public resources/funds.
- 2.4. This policy is written in the context of limitations of supply in the care market (domiciliary, residential and nursing care) and the need to provide people with safe, appropriate, affordable care, especially where people are either medically fit for discharge from hospital,

and potential longer than necessary and desirable waiting times for care.

- 2.5. If the Council has made more than one reasonable offer (as outlined in the draft Choice policy) and offered choice, which meets an individual's eligible needs, then the Council has discharged its duty under the Social Services and Well Being Act (Wales) 2014. A reasonable offer needs to take into account the person's assessed needs, the usual cost of care that the Council would expect to pay for the required care placement, an available care home or provider, in the case of care home as close as possible to the person's ordinary residence. In the case of care in the person's home an offer of care as close as possible to the times stipulated in the care plan.
- 2.6. Where the Council refuses to provide the preferred accommodation, and has made reasonable offers as identified above, which are declined, it will provide written confirmation setting out the conditions under the regulations which permit this.
- 2.7. The proposed policy also takes into account the need to maintain contact with relatives (in the case of residential and nursing care) and the 'call banding' (in the case of domiciliary care) as close as possible to the service user's needs and wishes.
- 2.8. In the case of care in the person's home, the option of a Direct Payment is also proposed to be a 'reasonable offer' within the meaning and context of this policy, as it may offer viable alternatives to other ways of care and support.
- 2.9. The policy also clarifies that in the case of a person being declared medically fit for discharge from hospital but no suitable package of care available in the short term, an interim offer will be made to avoid unsuitable and unnecessary stays in hospital. The same provision as in 2.5. applies in this situation.

3. Advice

- 3.1. Officers are proposing to Cabinet to support this policy for implementation and sharing with all relevant staff, service users, and their families.
- 3.2. The policy and associated Frequently Asked Questions (FAQ) document for front line teams will clarify Powys County Council's position, the rights of service users, their families, and the offers Powys County Council can make within the context of the legislation.
- 3.3. It also seeks to clarify how Third Party Top Up can be paid, what duties arise and what safeguards have to be put in place for the Council to accept Third Party Top ups,

4. Resource Implications

- 4.1. Financial: The proposal is to operate this policy within available resources. The Head of Finance (Section 151 Officer) can support the proposal on this basis.
- 4.2 Workforce: Care management team leaders will provide advice and guidance; a Frequently Asked Questions (FAQ) document will be provided to all relevant staff.

5. Legal implications

5.1. The policy is based on the Social Services and Well Being Act (2014), specifically Section 57 of the Act and Section 10.3 Part 4 and 5 code of practice in relation to choice and financial implications for the local authority to manage this choice. The Care and Support(Choice of Accommodation) (Wales) Regulations 2015 make provisions for the details of the scheme.

5.2 The legislation requires the County Council to provide choice, deliver outcomes, improve the wellbeing of its residents, promote the ensure sustainability in the market as well as promote the efficient operation of market services in order to meet the care and support needs of its service users.

5.3 The policy will also take account of the current Welsh Government guidance as referred to in the COVID 19 Hospital Discharge Service Requirements (Wales), published April 2020 which sets out the arrangements for the expeditious discharge of patients.

5.4 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the above legal comment and have nothing to add to the report".

6. Data Protection

6.1. There are no implications under the Data Protection legislation.

7. Comment from local member(s)

7.1. N/A

8. Integrated Impact Assessment

8.1. An Integrated Impact Assessment is attached.

9. **Recommendation**

Officers recommend for Cabinet to approve the implementation of this draft policy.

Contact Officer: Martin Heuter
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Email: martin.heuter@powys.gov.uk

Head of Service: Dylan Owen, Head of Commissioning (Children's And Adults)

Corporate Director: Alison Bulman

Reference number

<i>Approved by</i>	
<i>Date approved</i>	
<i>Version</i>	0.03 Draft
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<i>Category</i>	Adult Social Care
<i>Owner</i>	Contracts and Commissioning
<i>Target audience:</i>	Social Workers, Finance, Welfare & Financial Assessment Staff, Contracts & Commissioning (Adults), Residential & Nursing Care Home Providers

CHOICE AND PAYMENT OF ADDITIONAL COSTS WHEN PROVIDING CARE (TOP-UPS) POLICY

After the Review Date has expired, this document may not be up-to-date. Please contact the document owner to check the status after the Review Date shown above.

If you would like help to understand this document, or would like it in another format or language, please contact the document owner.

Document Classification

Version Log

<i>Version</i>	<i>Status</i>	<i>Date</i>	<i>Description of Change</i>	<i>Reason For Change</i>	<i>Pages affected</i>
0.01	Draft	27.6.18	Document creation	-	All
0.02	Draft	24.6.2019	Document edit	Update required	All
		July 2020		Update required	
0.03	Final Draft	November 2019	Document edit	Update required	all

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1. Introduction and statement of purpose

- 1.1 The purpose of this policy is to make clear how people with eligible care needs can exercise choice over the care offered to them. It will also cover when and how third-party contributions can be made for social care services, both in the person's home or in residential and nursing care. The policy refers to adults over the age of 18 who are living at home or in residential or nursing care. It does not cover placements of those people who live in residential or nursing care under a bespoke care plan, such as adults with a learning disability or in some cases dementia.
- 1.2 Third party contributions (sometimes referred to as a "third party top-up") are a regular sum paid by a person or organisation to a residential or nursing home or a home care provider on behalf of the resident.
- 1.4. When seeking to support a person with eligible needs in their own home or a care home, the Council will make all reasonable efforts to enable individuals to remain or return in/to their own home or move to, or remain at, the care home of their choice.
- 1.5 The Council has a duty to meet eligible Social Care needs (including emotional and psychological) in the most cost effective means available to it. This ensures best use of public resources/funds. If the Council has made more than one reasonable offer (as outlined in this policy) and offered choice which meets an individual's eligible needs, then the Council has discharged its duty under the Social Services and Well Being (Wales) Act 2014.¹ This will always be treated as a last resort and will be fully discussed with the person. A reasonable offer needs to take into account the person's assessed needs, an available care home or provider, in the case of care home as close as possible to the person's ordinary residence.

2. Maintaining contact with relatives at home or in a care home

- 2.1. There will be situations when the Council cannot source provision of choice close to home or with a chosen provider. In the case of residential/nursing care, the geographic basis for this will be the person's ordinary residence. In such cases, the Council will endeavour to identify provision as close as possible to relatives to ensure maintaining family contact. The cared for and/or their family have a right to refuse an offer for reasons of access/travel distance or other valid reasons. In such a case, the Council will endeavour to identify alternative provision.

¹ Section 10.3 Part 4 and 5 code of practice (SSWB Act 2014) states: "The local authority must ensure that the person has a genuine choice and must ensure that more than one option is available within its usual commissioning rate for a care home of the type a person has been assessed as requiring. However, a person must also be able to choose alternative options, including a more expensive home."

- 2.2. Where provision can be identified further away from home (in the case of residential care) or with a different provider or other variables (in case of home care), the Council will identify these. In the case of residential care, we will identify homes within geographical zones (please see Appendix 2). The assumption is that if a care home and the nearest relative or other significant individual (neighbour/friend) are within the same zone, this will be deemed a reasonable offer. We will also consider offering a care home if this is outside such a zone but is closer to a person's usual residence or a close relative.
- 2.3. If no care home can be identified within such a zone or nearby (see above), a decision will be taken by the Council to facilitate access outside the immediate zone. Every effort will be taken to include the service users and their families in this decision.
- 2.4. In the case of home-based care, an offer will be made as close as possible to the wishes of the cared for, including call bandings and provider. The council will also explain and offer Direct Payments which may present people with opportunities of flexibility and sourcing of support outside commissioned care providers. Whilst reasonable efforts will always be made to provide the service according to the wishes of the individual, final decisions have to take into account availability of provision and the potential financial implications of the choice the cared for wishes to exercise. Therefore, if the preferred/chosen provider costs more than the cost for which the Council can source with an alternative provider there will be a requirement for a third party contribution/top up.
- 2.5. Where relatives live significant distances away from the person's ordinary residence and no local family ties are available in Powys, the Council will endeavour to provide the service close to a family member if that is the wish of the cared for.
- 2.6. If reasonable offers have been refused on more than one occasion by the service user or family, the Council will discuss with the cared for and/or their family the potential implications, including a prolonged wait for an appropriate care offer. Please also refer to the provisions in 1.5. above.

3. Background documents

- 3.1. Social Services and Wellbeing (Wales) Act 2014. The Council is responsible for the full cost of any residential placement it makes. Consequently, when entering into a contract with a care home that is more expensive than the amount the Council would usually pay for a placement at a home of this type, it is responsible for the total cost of that placements including the additional cost; there are exceptions to this, see below para 5.2.

3.2. Part 4 and 5 Code of Practice (Charging and Financial Assessment) (April 2019).

3.2. Human Rights Act (2008). The Council is required to treat everyone with fairness, equality, dignity, respect and autonomy. Of particular significance is the (qualified) right to respect for private and family life, home and correspondence.

3.3. Mental Capacity Act 2005

3.4. Powys County Council Charging Policy 2019



Social Care Charge
policy April 2019.docx

4. Best Interest Decisions

- 4.1. When a Best Interest Decision (on the basis of the Mental Capacity Act 2005) has to be made in relation to care and accommodation, this cannot be used to simply provide someone with first preference at any cost or to override the principles in this policy.
- 4.2. A person lacking capacity does not have the right to access greater resources than someone with capacity and 'best interests' should not be used to do this. The Local Authority has legal authority to decide how it allocates its resources and this policy sets out to ensure this is done in a fair and consistent manner.
- 4.3. Social Workers and other practitioners leading on best interest decisions need to understand what is available under this policy as a reasonable offer and best interest decisions need to be in line with this policy and not offer something greater simply because the person lacks capacity.
- 4.4. Therefore, best interest decisions must take into account a reasonable view on access to resources that would be the same for someone who did not lack capacity.

5. Interim arrangements

- 5.1. Where a person is in the care of a hospital and is medically fit for discharge, the Council will seek to identify a suitable permanent place and provision of care.
- 5.2. Where long term home care or a care home placements cannot be made immediately the Council will discuss with the service user and/or their family suitable interim arrangements. A person who cannot be placed in the home of their choice will be placed on a waiting list for such a home whilst being in an interim placement. Provisions in 1.5. above will continue to apply.
- 5.3. These arrangements are based on the fact that a hospital placement is only meant to solve medical needs; as soon as these have been met the person is best placed either in their own home or a residential care home.

- 5.4. Where a long term solution cannot be identified immediately, the service user and/or their family will be offered an interim solution, such as e.g. a bed in a community hospital, including reablement support.
- 5.5. There will be situations where a home care provider arrangement has to be changed due to market situations. At the point of assessment, review and “offer made” this will be explained to the cared for and/or their family. The council will always take into consideration the best interests of the individual but may ultimately have to change provider where this is deemed necessary.

6. When a third party contribution can apply

- 6.1. Under its statutory obligation, the Council will set its usual rates at the start of the financial or other planning period, or in response to significant changes in the cost of providing care. The setting of the usual rates will have due regard to the cost of providing care. The usual rates should be sufficient to meet the assessed care needs of supported residents in residential accommodation.
- 6.2. If there is no suitable accommodation available at the Council’s usual rate to meet the assessed needs of the resident, the Council will fund the full cost of care at the higher rate and a third party contribution will not be required. This situation may arise if the person’s needs exceed the usual offer made by the care home in the contract with the Council.
- 6.3. Third party contributions may be needed when a resident **chooses** a care home or room in a care home (or a home care provider) which is more expensive than the Council’s usual rate, and their assessed need could be met elsewhere at the Council’s usual rate or a lower rate than the preferred option.
- 6.4. Should the care home of choice (residential/nursing care) or home care provider be more expensive than the Council’s agreed rate, the service user (or family) will be alerted to the fact that this additional cost will not be met by the Council. Instead a third party (“top up”) agreement between the family and the care provider will be required.
- 6.5. For guidance on deciding whether a third party contribution can apply please refer to the flow diagram in Appendix 1.
- 6.6. Third party contributions can only apply when the Council has a contract for care with the care home.

7. What a third party contribution can and can’t be used for

- 7.1. Some care homes may choose to charge a higher rate than the Council’s usual rate because they offer more expensive accommodation.
- 7.2. Third party contributions should be distinguished from charges made for extra items not covered by the home’s basic fees, which are permitted.

- 7.3. If a residential or nursing care home charges higher than the Council's usual rate and a third party contribution is required, the resident and third party should be informed why a third party contribution is needed (i.e. the care home of their choice provides more expensive accommodation than the Council's usual rate).
- 7.4. Where a person is placed in a care home situated outside of Powys, the Council will fund this placement to the level of the host county rates.

8. Who can make a third party contribution

- 8.1. A third party contribution can be made by:
- A friend
 - A relative or family member
 - Any other person, such as a charitable organisation
- 8.2. Third party contributions are not to be confused with the client contribution² or with the NHS Funded Nursing Care (FNC) contribution³.

9. Who the agreement is between

- 9.1. The Council must contract with the care home for the cost of the bed excluding any top-up. The third party (e.g. family) will pay their contribution (the top-up) to the home directly.
- 9.2. The third party contribution is a separate payment to the resident's assessed contribution towards their care (the "client contribution"). Please refer to the Council's Charging Policy for further information.
- 9.3. The Council must ensure that third parties are able to make payments for as long as the resident is in the care home. For this purpose, the Council will ask the person who has agreed to pay the additional cost to work with the council to understand the ability to pay. Usually this will be via a standard financial assessment. The Council's Finance team will assist in this matter.⁴

² Client contribution refers to the amount the resident is financially assessed as requiring to contribute towards the Council's usual care home rate

³ FNC is a fixed rate contribution paid by the NHS to the residential care home to fund care from registered nurses for residents assessed as eligible according to NHS continuing healthcare criteria

⁴ Appendix C, part 4 and 5 code of practice of the Social Services and Well Being Act states "The local authority must ensure that the person paying the additional cost is willing and able to meet this for the likely duration of the arrangement, recognising this may be for some time into the future. **To confirm this it would be good practice for a local authority to ask the person who is to pay the additional cost to provide proof of their financial means to do this, such as evidence of their salary or savings.**"

- 9.4. The third party should be encouraged to discuss with a social worker the implications of making contributions before they make the financial commitment. In particular they should be made aware of:
- the length of time they may be making payments for
 - the top-up amount will likely increase over time as care homes increase their rate and that there is no guarantee any increases in accommodation fees will automatically be shared evenly between the Council and third party
 - an increase in a resident's income will not necessarily lessen the need for a third party contribution as the resident's income will be subject to financial assessment
 - if the third party fails to make the required payments it may result in the resident being moved to an alternative home
 - Only the third party or another third party (not the resident) can make the payment
 - The third party should sign the Council's third party contribution agreement (AS14) to show that they understand the implications of the commitment and that they agree to making the third party contributions.
- 9.5. The Council has a duty to ensure that arrangements are affordable and sustainable. We will therefore ask the person responsible for the payment of the additional cost to sign the document in Appendix 4 to ensure they understand the responsibilities they have under the Third Party Agreement.

10. What happens if the care home increases its weekly fees

- 10.1 If a care home decides to increase its fees, it must first establish this in a revised contract with the Council, which incorporates any agreed or revised third party agreements established by the Council.
- 10.2 Any increase in a care home's or care provider's fees may result in a need to review third party contributions. Any increases in the care home's fees may not necessarily be shared evenly between the Council and third party. Before determining whether any change in the level of third party contribution is necessary, negotiations must be undertaken with the Care Home provider on proposed fee levels at the time of entering into a contract. As this can help provide clarity to individuals and providers and help ensure that additional costs remains affordable.

- 10.3 The third party contribution amount may only increase by agreement between the home and the third party. This applies if a care home or home care provider seeks to increase its fees beyond the Council's usual rate, as stated in paragraph 7.1.

11. What happens if the third party stops paying their contribution

- 11.1 If an agreed third party agreement is not paid, or the third party gives notice to terminate their contribution, this may result in the resident having to move to a care home that charges the Council's usual rate.
- 11.2 Failure of a third party to maintain payments may result in the resident having to move to a care home that charges the Council's usual rate or nearer to the Council's rate.
- 11.3. If the third party is no longer able to pay the contribution (either through failure to pay or by terminating the agreement), the Council will take the following steps:
- i. Negotiate on behalf of the resident with the care home to see whether they will accept the Council's usual rate for the accommodation⁵
 - ii. If the care home cannot negotiate, the resident may need to move to a less expensive room in the same home or to an alternative home at the Council's usual rate
 - iii. If the resident is to be moved to a different home, the social worker should carry out a full integrated assessment to ascertain the potential impact of the move on the resident:
 - If the assessment identifies that the assessed needs can only be met in the current accommodation or that the risks of impact of moving on the resident are too great, the Council has a statutory obligation to pay the full cost of care at the higher rate.
 - If the assessment identifies that the assessed needs can be met elsewhere and the resident can be moved safely with the risks of moving appropriately mitigated the social worker should explore options to fund alternative accommodation at the Council's usual rate.

12. Limitation of liability

- 12.1 The Council will not accept liability if it becomes clear that the top-up payments are being met from the person with eligible needs own resources outside the provision set out in the Social Services and Wellbeing (Wales) Act.

⁵ This may be done by the social worker, family member, Broker Team or whoever is best positioned to do so

12.2 No liability will be assumed by the Council for debts which are not notified to the Council within 4 weeks of the debt occurring.

13. Related policies

- Powys County Council Charging Policy
- Powys County Council Deferred Payment Policy

14. Monitoring and review

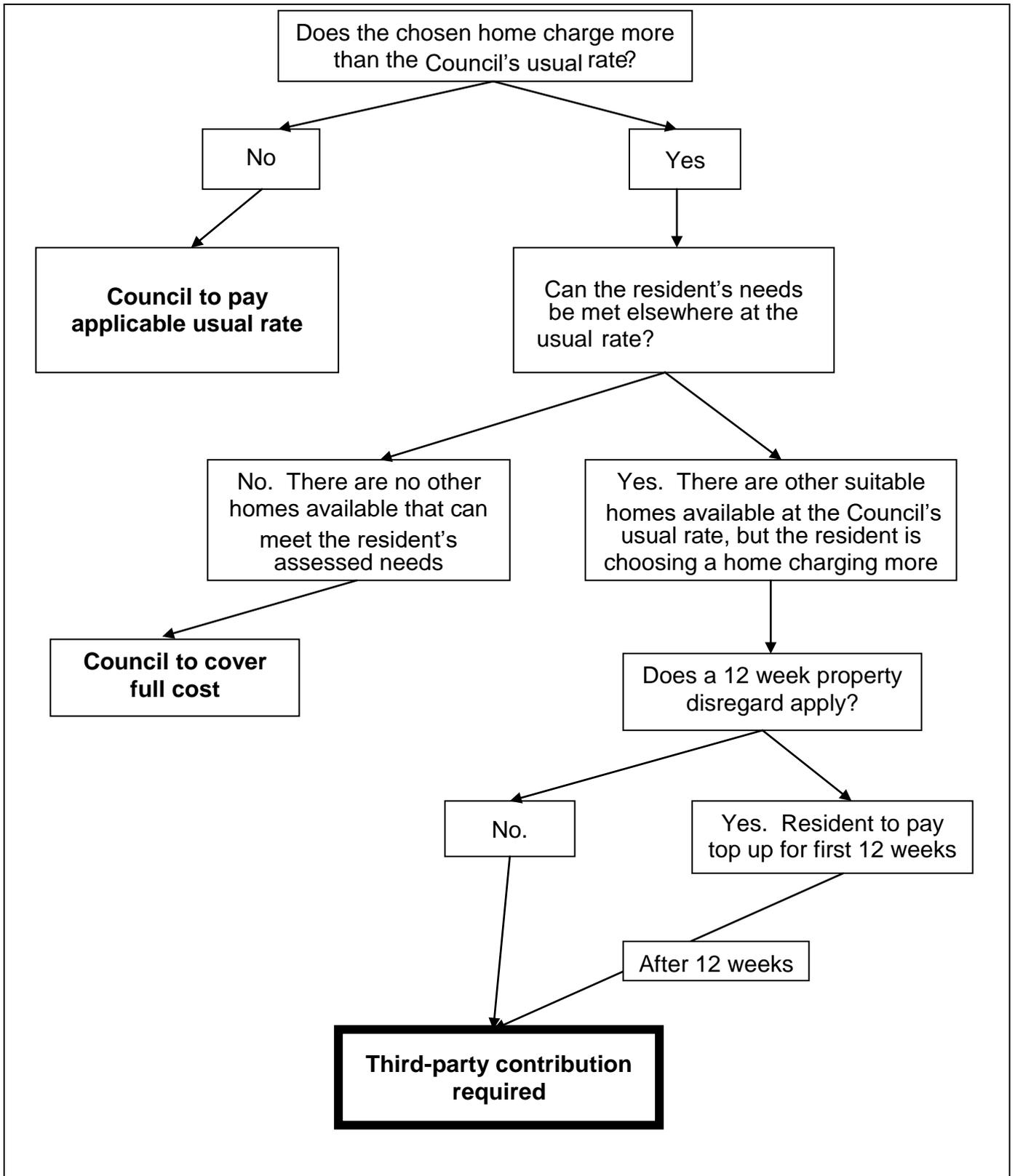
14.1 This policy will be periodically reviewed in line with any changes to national guidance.

14.2 Non-compliance with this policy may result in person with eligible needs choice being unfairly restricted and may also result in the Council being in breach of national regulations.

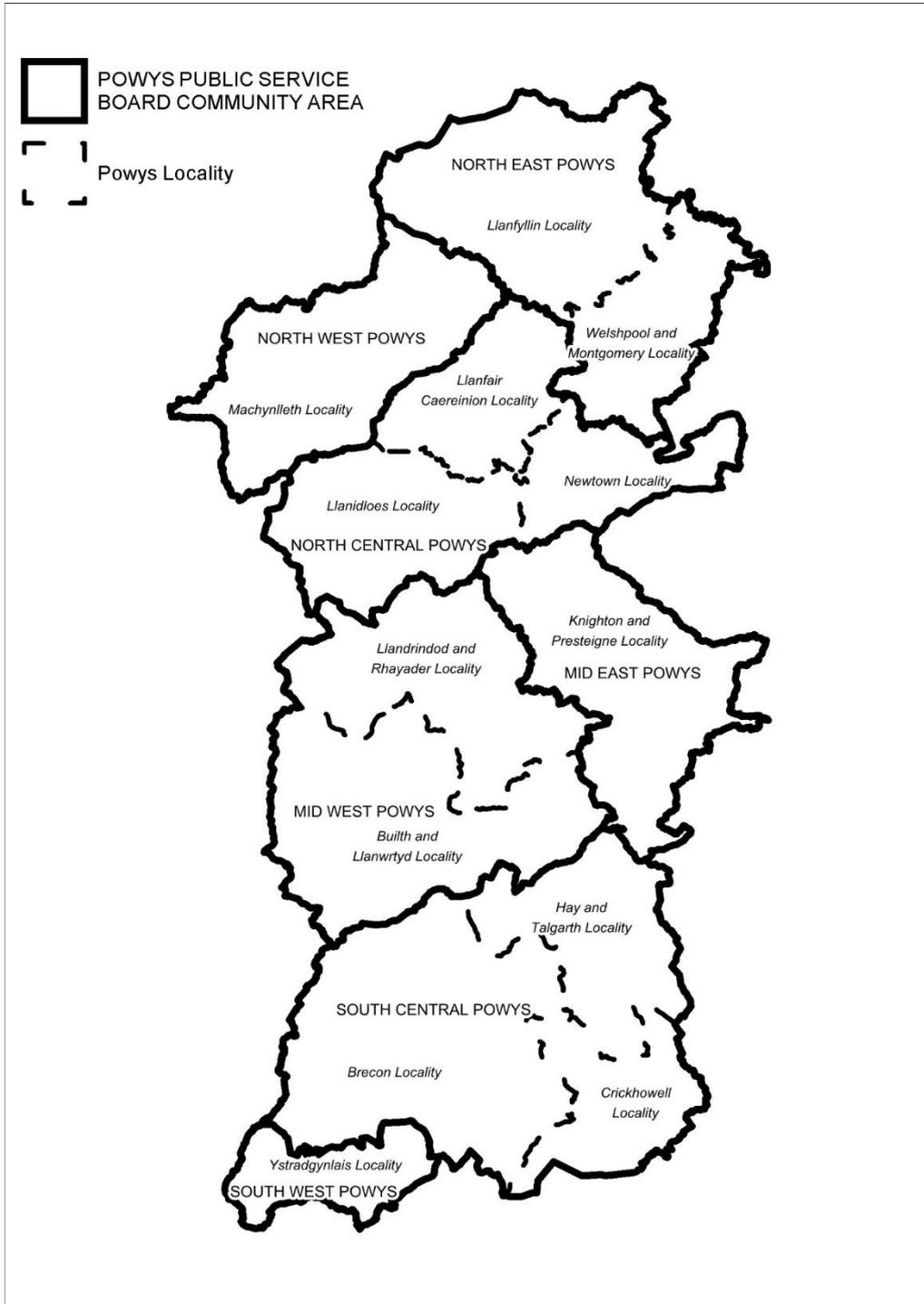
14.3 The effectiveness of this policy will be determined by the level of consistency in which third party contributions are applied. The main channels through which this will be ascertained are feedback through complaints, Resources, Quality and Review Group or via the Team Manager/Senior Practitioner, person with eligible needs contact with Social Work Teams and Welfare and Financial Assessment staff, and care home provider contact with the Contracts and Commissioning Team.

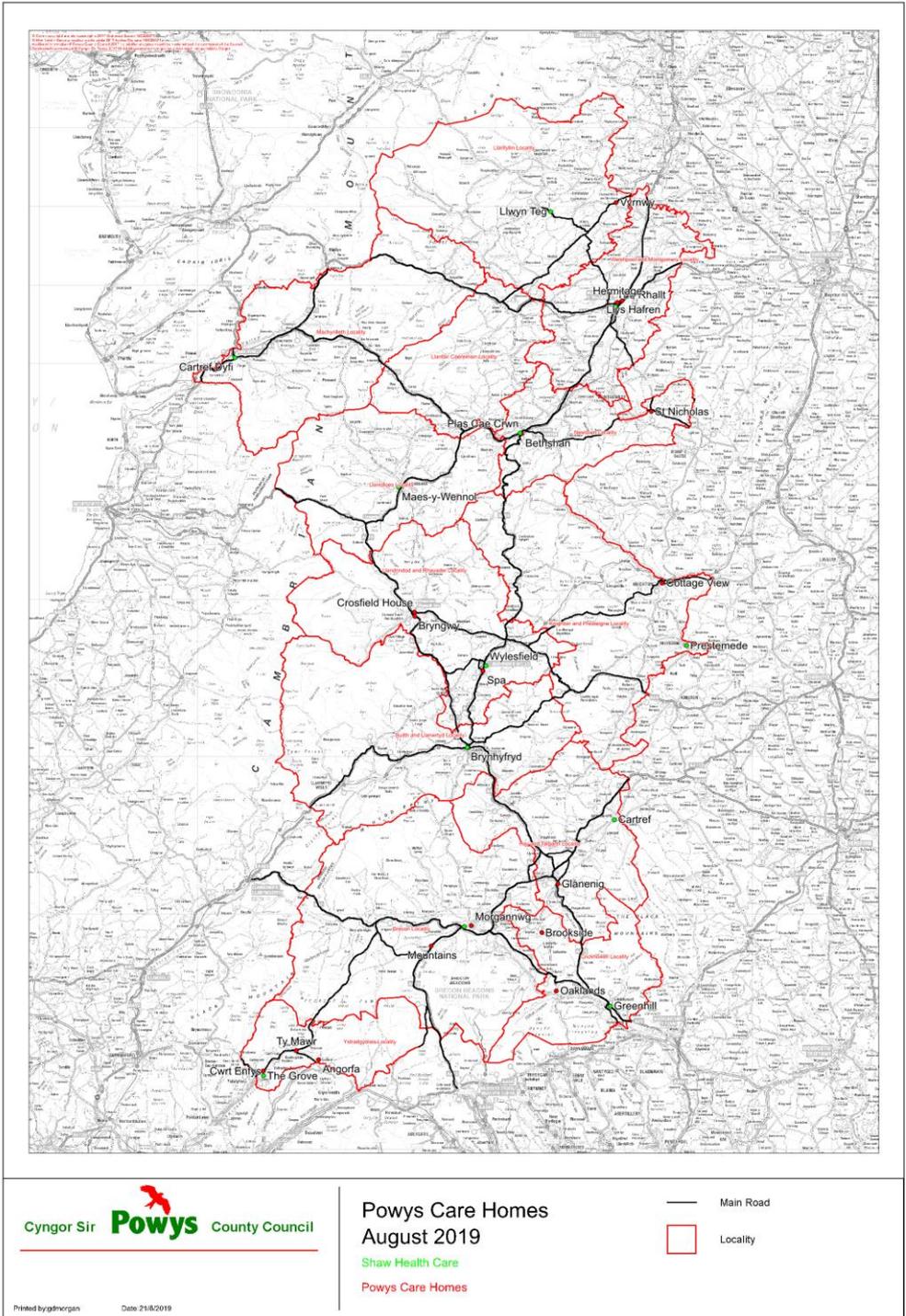
Appendix 1 –Decision making flowchart for residential care

Flow diagram to decide whether third party contributions apply when the Council has agreed to fund the care at a care home which it has a contract with



Appendix 3 – Locality Map for zoning





Appendix 3 – Third Party (Top Up) Agreement

Powys Council Logo

SCHEDULE 4

THIRD PARTY AGREEMENT

Pre-Placement Agreement for the Spot Purchase of Care Home

Accommodation for Adults

Powys County Council Social Services directorate (“the Directorate”) helps people who have been assessed as needing residential care with the cost of a care home placement, where the amount is dependent on a financial assessment of the individual’s financial circumstances. The rate payable to the care homes by the Directorate is reviewed on a yearly basis, though some homes charge more than this amount or may charge a premium for extra facilities. In these circumstances, prospective residents may need to make arrangements for a Third Party who may be a relative, friend or other organisation to pay the extra amount. Ordinarily, a service user who is funded by the Directorate cannot pay their own Third Party contribution.

The agreed Third Party will be required to:

- i. Sign the Third Party Agreement with the Directorate;
- ii. Make a commitment to pay the Third Party contributions direct to the Care Home at an agreed frequency;
- iii. Pay any increases to the Third Party contribution;
- iv. Confirm that they have the financial means to meet the Third Party contribution for the duration of the Service Users placement;

Powys County Council is empowered to take legal action to recover the costs of the Third Party contribution from the Third Party should they fail to honour this agreement. Furthermore, if the agreed Third Party fails to keep to the commitment to pay the agreed amount then the Service User may have to change their accommodation within the home or to move to a new home where the fees are more affordable. It is therefore important that the Third Party gives due consideration to moving to a home where this arrangement applies. The Social Care Income and Finance Team of Powys County Council (Telephone) can provide additional advice and guidance, and so may your allocated Social Worker.

Please complete the form overleaf –

THIRD PARTY AGREEMENT

Please complete before the Placement Agreement is signed

Name of Third Party: _____

Home address: _____

Name of Service User: _____

Name of Care Home: _____

Placement Address: _____

Start Date in Placement: _____

Third Party Contribution: £ _____ per week

DECLARATION

I confirm that:

- I wish to act as Third Party and agree to accept responsibility for paying the above Third Party Contribution at the above rate and to the agreed frequency.
- I have the financial means to meet the Third Party Contribution for the duration of the placement detailed above.
- I understand that my contribution is the difference between the actual fee charged by the Home and the amount that the Service Purchasers will pay (the current contracted rates). I understand that this cost is subject to an annual review and may be subject to change.
- I understand that should I fail to maintain this payment, there is no obligation on the Service Purchasers to maintain the placement in more expensive accommodation and they have the right to reassess the placement with a view to arranging alternative care.

Signature: _____ (Third Party) Date: _____

Signature: _____ (Service User) Date: _____

Signature: _____ (Care Manager) Date: _____

Signature: _____ (Service Provider) Date: _____

Signature: _____ (Witness) Date: _____

For information: Complete 2 originals, 1 to Third Party, 1 to records.

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Cyngor Sir Powys County Council

Impact Assessment (IA)

The integrated approach to support effective decision making



Please read the accompanying guidance before completing the form.

This **Impact Assessment (IA)** toolkit, incorporates a range of legislative requirements that support effective decision making and ensure compliance with all relevant legislation. **Draft versions of the assessment should be watermarked as "Draft" and retained for completeness. However, only the final version will be made publicly available. Draft versions may be provided to regulators if appropriate. In line with Council policy IAs should be retained for 7 years.**

Service Area	Children's And Adults Commissioning	Head of Service	Dylan Owen	Portfolio Holder	Myfanwy Alexander
Proposal					
Outline Summary / Description of Proposal					
This assessment relates to the proposed Choice Policy for Adults in receipt of Social Care services. It outlines the potential impact of this policy on service users and carers when the policy is applied.					

Page 99
1. Version Control (services should consider the impact assessment early in the development process and continually evaluate)

Version	Author	Job Title	Date
1.0	Martin Heuter	Change Manager Ageing Well	22.6.2020

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£	£	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
Staff consultation required	This document has been developed in consultation with PCC colleagues in commissioning, Care Management, Finance (Income and Rewards).

Cyngor Sir Powys County Council

Impact Assessment (IA)

The integrated approach to support effective decision making



4. Impact on Other Service Areas

Does the proposal have potential to impact on another service area? (Have you considered the implications on Health & Safety and Corporate Parenting?) PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY					
Adult Services	<input checked="" type="checkbox"/>	Education	<input type="checkbox"/>	Legal and Democratic Services	<input checked="" type="checkbox"/>
Children's Services	<input type="checkbox"/>	Finance	<input checked="" type="checkbox"/>	Property, Planning and Public Protection	<input type="checkbox"/>
Commissioning	<input checked="" type="checkbox"/>	Highways, Transportation and Recycling	<input type="checkbox"/>	Transformation and Communications	<input type="checkbox"/>
Digital Services	<input type="checkbox"/>	Housing and Community Development	<input type="checkbox"/>	Workforce and OD	<input type="checkbox"/>
Data Protection Impact Assessment					
Will the proposal involve processing the personal details of individuals? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>					
Is Powys County Council the data controller? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>					
If you have answered yes to either of the above you will be required to complete, as a minimum, the screening questions on the data protection impact assessment. For further advice please contact the Data Compliance Team.					

4a Geographical Locations

What geographical area(s) will be impacted by the proposal? (Chose all those applicable)							
Powys	<input checked="" type="checkbox"/>	Brecon	<input type="checkbox"/>	Llandrindod and Rhayader	<input type="checkbox"/>	Machynlleth	<input type="checkbox"/>
		Builth and Llanwrtyd	<input type="checkbox"/>	Llanfair Caereinion	<input type="checkbox"/>	Newtown	<input type="checkbox"/>
North	<input type="checkbox"/>	Crickhowell	<input type="checkbox"/>	Llanfyllin	<input type="checkbox"/>	Welshpool and Montgomery	<input type="checkbox"/>
Mid	<input type="checkbox"/>	Hay and Talgarth	<input type="checkbox"/>	Llanidloes	<input type="checkbox"/>	Ystradgynlais	<input type="checkbox"/>
South	<input type="checkbox"/>	Knighton and Presteigne	<input type="checkbox"/>				

5. How does your proposal impact on Vision 2025?

Cyngor Sir Powys County Council

Impact Assessment (IA)

The integrated approach to support effective decision making



Council's Well-being Objective	How does the proposal impact on this Well-being Objective?	IMPACT Please select from drop down box below	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
The Economy We will develop a vibrant economy	The proposed is designed to manage supply and demand within the care sector, whilst managing the council's budget for social care.	Neutral	Clarifying expectations will help to better manage costs in the care home market.	Good
Health and Care We will lead the way in providing effective, integrated health and care in a rural environment	The proposed is designed to manage supply and demand within the care sector, whilst managing the council's budget for social care.	Neutral	Clarifying expectations will help to better manage supply and demand in the care home market.	Good
Learning and skills We will strengthen learning and skills	n/a	Choose an item.	n/a	Choose an item.
Residents and Communities We will support our residents and communities	The proposed is designed to manage supply and demand within the care sector, whilst managing the council's budget for social care.	Neutral	Clarifying expectations will help to better manage costs, supply and demand in the care market. This will enable us to offer support in the right place at the right time.	Good

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Source of Outline Evidence to support judgements

Choice Policy (attached);
 Social Services and Well Being Act (2014);
 in particular Section 10.3 Part 4 and 5 code of practice (SSWB Act 2014) states: "The local authority must ensure that the person has a genuine choice and must ensure that more than one option is available within its usual commissioning rate for a care home of the type a person has been assessed as requiring. However, a person must also be able to choose alternative options, including a more expensive home."

6. How does your proposal impact on the Welsh Government's well-being goals?

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Well-being Goal	How does proposal contribute to this goal?	IMPACT Please select from drop down box below	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
A prosperous Wales: An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.	n/a	Choose an item.	n/a	Choose an item.
A resilient Wales: A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).	n/a	Choose an item.	n/a	Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	IMPACT Please select from drop down box below	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
A healthier Wales: A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood. Public Health (Wales) Act, 2017: Part 6 of the Act requires for public bodies to undertake a health impact assessment to assess the likely effect of a proposed action or decision on the physical or mental health of the people of Wales.	Enabling people to access the right care in the right place at the right time, in a sustainable way will contribute to people's long term health and well being.	Neutral	Social Work staff may have to undertake difficult conversations where service users and/or their families are not satisfied with the choice of care they are being offered. Staff will therefore be offered guidance to ensure that service users/families understand that this approach enables the council to deliver sustainable care.	Good
A Wales of cohesive communities: Attractive, viable, safe and well-connected Communities.	n/a	Choose an item.	n/a	Choose an item.
A globally responsible Wales: A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being. Human Rights - is about being proactive (see guidance) UN Convention on the Rights of the Child: The Convention gives rights to everyone under the age of 18, which include the right to be treated fairly and to be protected from discrimination; that organisations act for the best interest of the child; the right to life, survival and development; and the right to be heard.	n/a	Choose an item.	n/a	Choose an item.
A Wales of vibrant culture and thriving Welsh language: A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation. <i>Incorporating requirements under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards</i>				
Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language	All provision will be available in Welsh and English	Good	All provision will be available in Welsh and English	Good

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Well-being Goal	How does proposal contribute to this goal?	IMPACT Please select from drop down box below	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<i>Opportunities to promote the Welsh language</i>	All provision will be available in Welsh and English	Good	All provision will be available in Welsh and English	Good
<i>People are encouraged to do sport, art and recreation.</i>	n/a	Neutral	n/a	Neutral
A more equal Wales: A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances). <i>Incorporating requirements under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Social Economic duty (2020).</i>				
<i>Age</i>	The proposed policy will impact on older people due to the content of the policy, limiting choice	Poor	Alternative offers will be made, taking into account the individual's and their families' situation	Neutral
<i>Disability</i>	The proposed policy will impact on disabled people over the age of 65 due to the content of the policy, limiting choice	Poor	Alternative offers will be made, taking into account the individual's and their families' situation	Neutral
<i>Gender reassignment</i>	n/a	Neutral	n/a	Neutral
<i>Marriage or civil partnership</i>	n/a	Neutral	n/a	Neutral
<i>Race</i>	n/a	Neutral	n/a	Neutral
<i>Religion or belief</i>	n/a	Neutral	n/a	Neutral
<i>Sex</i>	n/a	Neutral	n/a	Neutral
<i>Sexual Orientation</i>	n/a	Neutral	n/a	Neutral
<i>Pregnancy and Maternity</i>	n/a	Neutral	n/a	Neutral
<i>Socio-economic duty</i>	n/a	Neutral	n/a	Neutral

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Source of Outline Evidence to support judgements

Choice Policy (attached);
 Social Services and Well Being Act (2014);
 in particular Section 10.3 Part 4 and 5 code of practice (SSWB Act 2014) states: "The local authority must ensure that the person has a genuine choice and must ensure that more than one option is available within its usual commissioning rate for a care home of the type a person has been assessed as requiring. However, a person must also be able to choose alternative options, including a more expensive home."

7. How does your proposal impact on the council's other key guiding principles?

Principle	How does the proposal impact on this principle?	IMPACT Please select from drop down box below	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
Sustainable Development Principle (5 ways of working)				
Long Term: Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	n/a	Choose an item.	n/a	Choose an item.
Collaboration: Working with others in a collaborative way to find shared sustainable solutions.	Discussions with families will contribute to an understanding of economic decisions the Council has to make	Neutral	Provision of this policy and an FAQ document	Good
Involvement (including Communication and Engagement): Involving a diversity of the population in the decisions that affect them including: Unpaid Carers: Ensuring that unpaid carers views are sought and taken into account	Discussions with families will contribute to an understanding of economic decisions the Council has to make	Poor	Provision of this policy and an FAQ document	Good
Prevention: Understanding the root causes of issues to prevent them from occurring including: Safeguarding: Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	n/a	Neutral	n/a	Neutral

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Principle	How does the proposal impact on this principle?	IMPACT Please select from drop down box below	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
Integration: Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.	Ongoing discussions between providers, PTHB and PCC contribute to achieving this goal	Neutral	Publication of the policy and an FAQ document	Good
Powys County Council Workforce: What Impact will this change have on the Workforce?	n/a	Neutral	n/a	Neutral
Payroll: How will this impact salary, any overtime/enhanced payments etc? Does this affect any particular group of employees? E.g. Male/Female dominated workforce. Does this proposal comply with the Councils Single Status Terms and Conditions?	n/a	Neutral	n/a	Neutral
Welsh Language impact on staff	n/a	Neutral	n/a	Neutral
Apprenticeships: Has consideration been given to whether this change impacts negatively, or positively on Apprenticeships within the service?	n/a	Neutral	n/a	Neutral
Source of Outline Evidence to support judgements				
Staff consultation as part of developing this policy proposal via meetings, email exchanges and revision of documents.				

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8. What is the impact of this proposal on our communities?

Communities	How does the proposal impact on residents and community?	<u>IMPACT</u> See impact definitions in guidance document	What will be done to better contribute to a more positive impact or to mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> See impact definitions in guidance document	Source of Outline Evidence to support judgement
None	n/a	Insignificant	n/a	Insignificant	n/a

9. What are the risks to service delivery or the council following implementation of this proposal?

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Description of risks			
Risk Identified	Inherent Risk Rating Impact X Likelihood (See Risk Matrix in guidance document)	Mitigation	Residual Risk Rating Impact X Likelihood (See Risk Matrix in guidance document)
<p>Policy not approved by Council</p> <p>There is a risk to the delivery of these proposals as some service users/families may insist on their first choice of care home or delivery time of domiciliary care. Social workers need to be supported with an FAQ document which will be made available and assurances by the Council that the proposed policy is the way we need to work with service users and families. Considerate discussions with families should lead to an understanding that choice may at times be limited.</p>		<p>Discussion and agreement achieved by Council</p> <p>Once approved, sharing policy and FAQ through usual channels (e.g. team meetings).</p>	

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
Assume this is not for me to answer? However, if it is ... (On balance any risks identified in this impact assessment can be managed well as outlined in the document.)	

11. Is there additional evidence to support the Impact Assessment (IA)?

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What additional evidence and data has informed the development of your proposal?

Evidence from other councils.

12. On-going monitoring arrangements?

What arrangements will be put in place to monitor the impact over time?

Policy to be reviewed on an annual basis.

Please state when this Impact Assessment will be reviewed.

June 2021

13. Sign Off

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Position	Name	Signature	Date
Impact Assessment Lead:	(Martin Heuter)?		22.6.2020
Head of Service:	Dylan Owen		
Portfolio Holder:	Myfanwy Alexander		

14. Governance

Decision to be made by	Date required
Cabinet	

FORM ENDS