

## Health and Care Scrutiny Committee

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Meeting Venue  
**Teams Live**

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Meeting Date  
**Thursday, 28 January 2021**

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Meeting Time  
**10.00 am**

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For further information please contact  
**Lisa Richards**

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County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

21 January 2021

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The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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### AGENDA

<b>1.</b>	<b>APOLOGIES</b>
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To receive apologies for absence.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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To receive declarations of interest from Members.

<b>3.</b>	<b>DISCLOSURE OF PARTY WHIPS</b>
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To receive disclosures of prohibited party whips which a Member has been given in relation to the meeting in accordance with Section 78(3) of the Local Government Measure 2011.

(NB: Members are reminded that, under Section 78, Members having been given a prohibited party whip cannot vote on a matter before the Committee.)

<b>4.</b>	<b>DRAFT BUDGET 2021-22</b>
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To consider the draft budget in relation to Children's and Adult Services  
(Pages 3 - 116)

4.1. **10am - Children's Services**

(Pages 117 - 176)

4.2. **11 am - Adult Services**

(Pages 177 - 216)

<b>5.</b>	<b>MINUTES</b>
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To authorise the Chair to sign the minutes of the last meeting as a correct record.  
(Pages 217 - 218)

## CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE  
Date: 26<sup>th</sup> January 2021REPORT AUTHOR: County Councillor Aled Davies  
Portfolio Holder for FinanceSUBJECT: Draft Medium-Term Financial Strategy 2021-2026 and Draft  
2021-22 Budget and Capital Programme for 2021-2031

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REPORT FOR: Decision

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**1. Purpose**

- 1.1 To seek Cabinet's approval of the draft Medium-Term Financial Strategy for 2021-26, which includes a Financial Resource Model for 2021-26, a draft revenue budget for 2021-22 and a draft capital programme for 2021-22 to 2030-31.
- 1.2 The Council is required under the Local Government Act 2003 to set a balanced budget for the forthcoming financial year, the MTFS reports a balanced budget for 2021/22. There is no requirement to set out a balanced position beyond the next year but the five year strategy has been developed to enable longer term planning and transformation.

**2. Background**

- 2.1 Local Government funding in Wales has been under significant pressure for over a decade, in response councils have relied on a combination of significant savings, delivering efficiencies, transforming services and ceasing the delivery of some services to reduce costs. Like other councils across Wales, Powys County Council continues to face significant challenges arising from demographic changes, increase service demands, citizen expectations and rising costs. But in addition to what was already a challenging environment we have also had to contend with a global pandemic.
- 2.2 The Coronavirus pandemic has delivered the largest peacetime shock to the global economy on record, the measures imposed by the UK and Welsh Governments have severely restricted economic and social life, driven unprecedented falls in national income, increased public spending and pushed public debt to its highest level since 1944-45, and created considerable uncertainty about the future.
- 2.3 It is clear that the virus and the ongoing measures imposed continue to have an unprecedented detrimental financial impact on the Council and this is likely to continue through 2021-22 and into future years. The additional financial support provided by Welsh Government during 2020-21 has been significant and has been instrumental in sustaining our financial position. Further support is expected to be available into 2021-22 but at what level and for how long is yet to be confirmed so significant risk remains.

- 2.4 Against this background, the Cabinet and Executive Management Team (EMT) have reviewed and updated the Council's Medium Term Financial Strategy. The Council has in recent years placed a greater focus on longer term financial, service and workforce planning to help provide sustainable solutions to the challenges we continue to face. The progress we made last year had identified considerable costs reductions for 2021-22 which now form a significant part of the budget proposal. The impact of dealing with the pandemic has out of necessity seen us return to single year planning for the development of the draft budget for 2021-22, and to date little work has been undertaken across the subsequent years of the plan. We need to quickly turn our attention to this as it is fundamental in supporting our financial resilience over the Medium and Longer Term and our ability to approve and deliver balanced budgets.
- 2.5 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.
- 2.6 Vision 2025, the Council's Corporate Improvement Plan and the Medium-Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next five financial years, with a focus on 2021-22.
- 2.7 The Vision 2025 Plan is reviewed annually to ensure that it continues to reflect the Council's operating environment and priorities and the 2021-25 Plan will be presented to Council for approval at the same time as the final MTFS and 2021-22 is presented on 28 February. This will ensure the Corporate Plan and MTFS are aligned, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.
- 2.8 The Council's MTFS is set within the context of UK economic and public expenditure plans, Welsh Government priorities and legislative programme. It articulates how the Council plans to use its resources (revenue and capital) to support the achievement of its corporate priorities as well as the management of its statutory and core duties, known pressures and risks. The MTFS helps the Council to work more effectively with partners in other sectors and provides a strategy for the use of reserves to meet changes in resources, risks or unforeseen demands from year to year without impacting unduly on services or council taxpayers.
- 2.9 The draft MTFS includes the:
- principles that will govern the strategy and a five-year Financial Resource Model (FRM), comprising detailed proposals for 2021-22 and outline proposals for 2022-23 to 2025-26.
  - Capital Financing Strategy and the Treasury Management Strategy; and
  - Capital Programme for 2021-22 to 2030-31.
- 2.10 The Cabinet and EMT have developed the draft MTFS to guide the development of the proposed 2021-22 draft budget, the Financial Resource Model and the draft Capital Programme. At the same time as updating the MTFS, the Council is legally required under the Local Government Act 2003 to set a balanced budget for the forthcoming financial year by 11 March each year.

2.11 Production of the draft budget for the forthcoming year is dependent on receipt of the provisional local government settlement from the Welsh Government which for 2021-22 was late to be published on 22 December 2020. This report provides a draft Budget for 2021-22 for Cabinet's approval, subject to which it will be considered by the Council's Overview and Scrutiny Committees before a final budget is presented to full Council for approval on 25 February 2021. The Welsh Government is due to publish the final local government settlement on 2 March 2021 so if there are any late changes these would need to be made and presented to Council at the meeting on the 4 March 2021 for further approval.

### 3. Advice

#### Welsh Government Provisional Local Government Settlement

3.1 The Local Government Revenue Settlement comprises Revenue Support Grant (RSG) and redistributed National Non-Domestic Rates (NNDR) revenues and is known as Aggregated External Finance (AEF). The settlement for 2021-22 provides Welsh local authorities with a total increase of £179 million (3.8%) compared to 2020-21.

3.2 The 2021-22 provisional settlement gave Powys Council a cash increase of £7.343 million (4%) on 2020-21, this includes adjustments to the 2020-21 base figure with a transfer in for the Teachers Pay Grant, £160k, and data changes of £105k.

3.3 Welsh Government funding is allocated to unitary authorities using a formula driven by a number of 'indicators' (e.g. population projections, pupil numbers, primary free school meals and income support, job seekers allowance or pension credits claimants). The movement in these indicators, relative to the movement in the indicator for Wales as a whole, affects Powys' share of the overall funding available. The changes to the key indicators and our comparative position across Wales are shown in Table 1 below.

**Table 1**

Changes in Key Datasets	Powys				All Wales		
	2020-21	2021/22	%	Rank	2020-21	2021/22	%
	Final	Provisional	Difference		Final	Provisional	Difference
Population <sup>2</sup>	132,084	132,475	0.3%	17	3,136,749	3,163,125	0.8%
Pupil Numbers - Nursery and Primary	9,746	9,577	-1.7%	20	263,655	261,664	-0.8%
Pupil Numbers - Secondary in year groups 7-11	6,306	6,452	2.3%	9	161,806	165,357	2.2%
IS/JSA/PC/UC (not in employment) claimants - 18 to 64	1,480	1,782	20.4%	3	79,026	90,136	14.1%
IS/JSA/PC claimants - 65+	4,248	4,035	-5.0%	17	105,082	100,207	-4.6%
IS/JSA/PC/UC (not in employment) claimants - all ages	5,740	5,837	1.7%	16	184,558	191,132	3.6%
SDADLA/PIP claimants - 18 to 64	4,502	4,502	0.0%	15	142,023	142,657	0.4%

3.4 Overall Powys is ranked 8<sup>th</sup> of 22 councils in terms of its increase, the highest being Newport with 5.6% and the lowest Ceredigion with a 2% increase. This position represents a significant improvement for Powys compared to previous years.

3.5 Based on the provisional settlement Powys will receive £1,449 of funding per capita, compared to the Wales average of £1,471.

- 3.6 The Finance Minister's statement is clear that Welsh Government recognise the need to continue to provide funding to support the response to the pandemic. This will be considered separately and does not form part of the settlement.
- 3.7 While the un-hypothecated (non-earmarked) settlement is the largest single source of funding available to authorities, it is not the only one. The Council also funds its expenditure by generating income from grants, fees and charges and council tax. In setting the budget and council tax levels for next year, Welsh Government expects every authority to take account of all the available funding streams and to consider how to secure best value for Welsh taxpayers through effective and efficient service provision.

### **Revenue Settlement Implications for 2022-26**

- 3.8 The Welsh Government has given no indication of the future allocations for 2022-23 onwards, but in view of current economic and fiscal projections and in the absence of other information the MTFS sets out a worst likely scenario predicated on an assumption that AEF will reduce by -2% from 2022-23, onwards. Based on these assumptions the total recurrent reductions required from 2022-23 to 2025-26 amount to around £37 million.

### **Provisional Local Government Capital Settlement**

- 3.9 General capital funding for 2021-22 in Wales will continue to be set at £198 million. Included within this amount is £20 million for the continuation of the public highways refurbishment grant, including support for active travel; £54 million of historic baselined general capital grant; and the continuation of an additional £35 million of general capital grant, which was announced as part of the 2019-20 and 2020-21 budgets. This additional £35 million will enable Authorities to begin to respond to the joint priority of decarbonisation, including for housing and economic recovery following Covid-19.
- 3.10 The Welsh Government settlement includes a non-hypothecated general capital funding settlement, also calculated using a formula. The funding for 2021-22 remains at £177.837 million. Powys will receive a modest uplift of £76k. The split is:
- Supported borrowing £38k - total £4.586 million
  - General Capital Grant £38k – total £4.598 million

### **Final Local Government Settlement**

- 3.11 Welsh Government is due to publish its Final Budget and Final Local Government Settlement for 2021-22 on 2 March 2021. The Welsh Government has included the Council Tax base and other data changes in the provisional settlement and therefore it is unlikely that the settlement for Powys will change significantly, however, more information on 2021-22 specific grants will be provided at that time. Further confirmation of Welsh Government funding to support the costs arising from the ongoing pandemic in 2021-22 is also expected.

### **Current Year (2020-21) Financial Performance**

- 3.12 The pandemic has had a considerable impact on the Councils budget this year, financial projections early in the year predicted a deficit in excess of £12 million but

this was before the full scale of support from Welsh Government was known. The Council is now drawing down this support and has assurances about it being maintained until the end of the year. Budget holders have also taken corrective action to reduce costs in order to limit the financial impact on the budget.

The in-year financial position as at 31 December 2020 is shown in Table 2 below. As part of the forecast additional assumptions on the financial position are made regarding expected support from Welsh Government and changes to cost reductions, if these materialise over the last quarter the forecast will reduce to a £0.57 million deficit (excluding the Housing Revenue Account and Delegated Schools). At this point in the financial year £2.6 million of budget reduction proposals have been deemed to be unachievable in the current financial year.

**Table 2**

Service Area	Working Budget	Forecast Spend	Variance (Over) / Under Spend	Variance (Over) / Under Spend %
Adult Services	63,379	65,257	(1,878)	(3.0)
Childrens Services	26,013	27,395	(1,382)	(5.3)
Commissioning	3,193	3,112	81	2.5
Education	8,720	8,548	172	2.0
Highways Transport & Recycling	28,019	28,005	14	0.0
Property, Planning & Public Protection	6,248	6,565	(317)	(5.1)
Regeneration	626	644	(18)	(2.9)
Housing & Community Development	4,012	3,943	69	1.7
Digital Services	3,934	3,829	105	2.7
Transformation & Communications	1,530	1,430	100	6.5
Workforce & OD	1,944	1,924	20	1.0
Legal & Democratic Services	3,060	3,062	(2)	(0.1)
Finance	5,691	5,763	(72)	(1.3)
Corporate Activities	31,307	28,836	2,471	7.9
Covid 19 Tracing	0	1,595	(1,595)	
<b>Total</b>	<b>187,676</b>	<b>189,908</b>	<b>(2,232)</b>	<b>(1.2)</b>
Housing Revenue Account (HRA)	0	(1,394)	1,394	
Schools Delegated	81,763	81,522	241	0.3

- 3.13 The course of the pandemic and further measures or restrictions imposed through the remainder of the year, particularly as we move through the winter months, will continue to impact on our budget and careful monitoring of the position is critical to ensure that we take appropriate action to manage our financial position.

### **Financial Impact of responding to the pandemic**

- 3.14 The pandemic has already had a significant impact on our financial position and without the support from the Welsh Government Hardship fund we would be facing a significant deficit which would inevitably deplete our reserves and place the council at significant financial risk.

- 3.15 It is likely that the financial impact of the pandemic will continue into 2021/22 and will almost certainly affect public sector finances for many years to come irrespective of the course of the pandemic. We have to clearly understand how the pandemic could continue to impact on our services, our costs and our levels of income into the new financial year.
- 3.16 Welsh Government have confirmed that additional funding will be provided to support the ongoing pandemic outside of that provided through the settlement, but we do not have confirmation of what will be available beyond 31 March 2021.
- 3.17 We have to be clear about the significant risk this places on our financial position and it is vital that we assess how this will potentially impact on the Councils budget into next financial year and consider this within our plan.
- 3.18 The Council's response to the pandemic included the implementation of the Business Continuity Plan, this saw the Council move away from business as usual in order to focus on Business-critical activities and the implementation of specific plans in response to the emerging situation.
- 3.19 The situation has impacted on all service areas, increased demands on some, with the suspension and the parring back of others. Staff have been withdrawn from their usual duties and many are being redeployed as we react to demand and needs of the organisation. As a result additional costs have been incurred, levels of generated income have declined.
- 3.20 Elsewhere across the organisation reduced levels of activity and the suspension of some services have resulted in some budgets not being spent. We have also seen slippage in our capital schemes which has reduced the impact on the Capital Charges and borrowing budgets as projects are delayed.
- 3.21 The WG Hardship fund makes available £500 million to support Local Authorities in 2020/21 and we have drawn down £9.2 million of support for additional costs incurred and £2 million for lost income to date.
- 3.22 Council Tax collection rates have fallen. A rise in the number of claimants eligible for the Council Tax reduction Scheme has seen a considerable pressure on that budget.
- 3.23 A log of the potential financial risks has been drawn together which identifies potential costs and income loss of £12.1 million. This log will sit alongside our budget plan.
- 3.24 Opportunities have also shown themselves during the last 10 months and some services have been delivered differently and at lower cost and we have to embrace these changes in our longer-term plans.
- 3.25 The impact is also falling heavily on residents, communities and businesses in our County. The Council has administered many Welsh Government schemes, awarding grants and rate relief to businesses, the £500 payment for care workers, the Statutory Sick Pay enhancement and self-isolation payments. Providing our residents and businesses in excess of £70 million in support to date.



## **Council's Improvement Journey**

- 3.26 The Council has continued to make significant progress on its improvement journey during 2020 despite the global pandemic. In February 2020, Sean Harris undertook a further review of the governance and running of the Council. This subsequently led to inspections of both Adult Social Care and Children's Services and an improvement conference for both services. The result of these events was the CIW, as regulators, were suitably assured of the progress made in both services and the governance and ability of the LA to continue this improvements without additional monitoring activity.
- 3.27 Good progress has also been made in Education. Over the last 18 months, Estyn has continued to engage with the council and regular contact was supplemented by an Improvement Conference in November. It is pleasing that Estyn concluded from that conference that Powys is making 'sound progress' in its improvement journey. Additionally, the education transformation programme continues to progress to secure an effective learner entitlement across Powys that also resolves long-standing challenges in very early years, secondary, Welsh medium and sixth form provision.
- 3.28 The WG appointed Improvement and Assurance board has also been stood down and replaced with service improvement boards and an over-arching corporate improvement board.
- 3.29 Good progress has been made on delivering the Mid Wales Growth Deal and a Heads of Terms was signed between the UK Government, Welsh Government and both Local Authorities in December 2020. Work is underway to deliver the all important detailed agreement as soon as possible in 2021. Implementation plans are now being drawn up to ensure the earliest conclusion of the detailed agreement and commencement of the important investment.

### **Draft MTFs 2021-26**

- 3.30 The draft MTFs for the next five years is attached at Appendix A, based on the latest information available from the Welsh Government. It does not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFs is reviewed regularly and will be amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.
- 3.31 Implementation of the MTFs will continue to be led by Cabinet and Senior Leadership Team (SLT)<sup>1</sup>, supported by robust financial and performance data. The Council will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners). As well as linking explicitly to the Council's corporate priorities, the MTFs also links to other internal resource strategies such as the Workforce Plan, the Digital Powys Strategy, the Treasury Management Strategy, Asset Management Plans and the Council's Transformation Programme.

### **Engagement, Scrutiny and Challenge**

- 3.32 Over the past few years the Council has sought to engage Powys citizens, local councillors, partners and the workforce in the budget development process. This

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<sup>1</sup> SLT comprises the Chief Executive Officer, two Corporate Directors and 12 Heads of Service)

included providing more information to the public, undertaking specific consultation on proposals and an interactive online budget simulator consultation exercise.

These have created the opportunity for residents to influence service delivery and the helped define the priorities for the Council.

This year a different approach has been taken that focuses on the impact the COVID-19 pandemic has had on the Council and how we have supported residents and businesses through it. On online survey "Future-proofing Powys" asks residents for their views on:-

- how the Council has responded to the pandemic
- what the Council should focus on now to support businesses and the economy which services are most important to our communities
- what can be learnt from the way we have worked this year and can these approaches be adopted in the future.

3.33 Members of the Council have engaged in the budget planning process through a series of member budget seminars which have given Councillors the opportunity to review and challenge the process. The Finance Scrutiny Panel (comprising Group Leaders of Non-Executive Groups and Audit Committee representatives) have also been engaged during the process and financial assumptions and settlement information have been shared with members and the impact on the budget modelled and considered.

3.34 This report presents the detailed draft budget for 2021-22 and each of the Council's Overview and Scrutiny Committees will have the opportunity to consider the implications of the draft budget for the service areas within their remit over the next few weeks. The Committees will then be able to provide feedback to the Cabinet for consideration before the final MTFs and 2021-22 budget and 2021-31 capital programme are presented to full Council for approval on the 25 February 2021.

### **MTFS Principles**

3.35 The draft MTFs provides a set of clear principles which will drive the Council's budget and spending decisions over 2021-26 and which Members and others can examine and judge the Council's financial performance against. The ten key principles are to ensure that:

1. The Council will continue to meet its statutory obligations and to demonstrate how its budget supports the priorities contained in Vision 2025.
2. The Council's financial control system will be sufficiently robust to support the delivery of financial plans and mitigate corporate risks.
3. All Council budgets will be reviewed annually to ensure resource allocations are delivering value money and continue to align to the delivery of priority outcomes in Vision 2025.
4. Financial plans will provide an optimum balance between income and expenditure for both capital and revenue.

5. Reserves will not be used to fund recurrent budget pressures or to keep down council tax rises.
6. The Council's General Fund reserve will be maintained at a minimum of 3% of Net Revenue Expenditure over the period of the MTFS.
7. Capital investment decisions will support the Council's corporate priorities and mitigate any statutory risks taking account of the return on investment and robust business cases.
8. Prudential borrowing will only be used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
9. Decisions on the treatment of surplus assets will be based on an assessment of the potential contribution to the revenue budget and the capital programme.
10. Budgets will be managed by members of SLT in accordance with the Council's Financial Procedure Rules.

### Financial Resource Model

- 3.36 The MTFS includes a Finance Resource Model (FRM) which provides a financial forecast for the forthcoming five financial years. This is provided at Appendix B. The MTFS sets out a best case, most likely case and worst case scenarios for the Council's future years' budgets by making a number of assumptions about the level of funding that will be received from Welsh Government and cost drivers such as pay and price inflation and demographic change. All the scenarios include an annual council tax increase of 5%. The FRM is based on the worst-case scenario.
- 3.37 Table 3 sets out the gap between the Council's net budget requirement and the possible funding available until 2025/26 based on each of the scenarios in the MTFS.

**Table 3**

Summary of Gap - Scenarios	£'000	2022/23	2023/24	2024/25	2025/26	Cumulative
Best Case +2%		3,212	1,721	1,178	1,441	7,553
Most Likely - Flat Cash		7,050	5,482	4,864	5,053	22,450
Worst Case -2%		10,888	9,243	8,550	8,666	37,347
Includes - Cost Pressures		17,133	11,508	10,471	10,191	49,304
Cost Reductions		(5,645)	(1,361)	(714)	0	(7,720)

- 3.38 Table 3 shows that the Council will need to find recurrent cost reductions of between £7.5 million and £37 million in addition to the £7.7 million already identified, and/or increase council tax by more than 5% per annum over 2022 to 2026 to balance future years' budgets.

## Draft Revenue Budget 2021-22

- 3.39 Taking account of advice from the Audit Wales and CIPFA on the Council's financial planning arrangements, the Cabinet and the Senior Leadership Team adopted a new Integrated Business Planning approach to developing the budget last year. This approach has involved all council services:
- Reviewing comparative performance data
  - Identifying any inescapable cost pressures
  - Identifying cost reduction opportunities
  - Planning service changes to secure delivery of the priority outcomes in the Council's Corporate Improvement Plan Vision 2025 and statutory obligations
  - Identifying any workforce implications of service changes
- 3.40 The further development of the programme has been severely limited by the pandemic with resources focused on business-critical activity, nonetheless progress had been achieved with the IBP process now embedded into the Council's planning framework and ways of working.
- 3.41 The impact and response to the pandemic disrupted our planning cycle and a revised timetable was put in place to ensure our plans could be brought back on track.
- 3.42 Cabinet and SLT began the budget planning process for 2021-21 using the worst-case scenario in the approved MTFs (i.e. a budget gap of £4.5 million on the 2020-21 working budget, assuming a 5% increase in Council Tax). However during the autumn it became clear that the assumption around the level of inescapable pressure on services was not high enough and there was a need to recognise that some 2020-21 savings were undeliverable. Despite identifying more than £12 million of cost reduction proposals a significant budget gap remained before the provisional local government settlement was received in December 2020.
- 3.43 Our plans this year have out of necessity focused on the 2021/22 financial year and to date little work has been undertaken across the subsequent years of the plan. We need to quickly turn our attention to this as it is fundamental in supporting our financial resilience over the Medium and Longer Term and our ability to approve and deliver balanced budgets.

### **2021-22 Net Budget Requirement**

- 3.44 The net budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated using the previous year's budget as the baseline, adding any inescapable budget pressures and subtracting any budget reduction proposals.
- 3.45 Table 4 below sets out the proposed draft net budget for 2021-22 (£280.664 million including the Delegated Schools' Budget).

### **Table 4: 2021-22 Draft Revenue Budget**

£'000	Base Budget	Inflation	Demography	Pressures	Savings	2020/21 Undelivered Savings	Capital Pressures	Budget 2021/22	%
Delegated	75,749	109	701	787	-39	0		77,306	2.1%
Education	14,711	206		772	-381	0		15,308	4.1%
HTR	27,852	402		780	-1,196	60		27,898	0.2%
H&CD	4,032	71		134	-265	75		4,046	0.3%
PPPP	6,347	236		528	-521	0		6,591	3.8%
ASC Commission/Director	3,175	38		33	0	0		3,246	2.2%
ASC	63,344	209	700	7,354	-5,091	699		67,215	6.1%
Children	26,016	176	187	2,297	-3,184	572		26,065	0.2%
Director/regen	793	35		0	-25	0		803	1.3%
Finance	5,691	117		0	-80	150		5,878	3.3%
Transf/Comm	1,531	21		38	-57	0		1,533	0.1%
WOD	1,847	56		126	-10	26		2,045	10.7%
Digital	3,905	87		225	-681	0		3,536	-9.5%
Legal	3,061	41		27	-99	52		3,081	0.7%
Corp	31,386	104		2,056	-200	0	2,767	36,113	15.1%
<b>Total</b>	<b>269,440</b>	<b>1,907</b>	<b>1,588</b>	<b>15,157</b>	<b>-11,828</b>	<b>1,634</b>	<b>2,767</b>	<b>280,664</b>	<b>4.2%</b>

3.46 Table 4 shows the Council's 2020-21 working budget and proposed changes across each service to provide a base budget for 2021-22, including:

Additional funding as follows:

- £1.9 million for general pay and price inflation. Welsh Government did not receive any additional funding through the Barnett formula to provide for public sector pay awards next year given the UK Government's decision to pause public sector pay rises. The settlement does not therefore provide for any increase in public sector pay, the implications of potential pay awards in 2021/22 will need to be accommodated within our budget plan. These are therefore included at 1%.
- £1.634 million for 2020-21 savings which have now proven to be undeliverable.
- £19.5 million of inescapable budget pressures including:
  - £635,000 to meet the 0.75% of the pay award for 2020/21 which exceeded the 2% accommodated within service budgets.
  - £178,000 to meet the 2.43% increase in the Mid and West Wales Fire and Rescue Authority annual levy.
  - £951,000 for the Council Tax Reduction Scheme (CTRS). An increase in the number of claimants has been seen during 2020/21. This is expected to continue and potentially rise into 2021/22 as the impact of the pandemic falls on businesses and residents. In addition, a proposed council tax increase level of 3.9%, will also need to be considered to meet the increased levels eligible under the scheme.
  - £2.26 million for the Education Service (including the Delegated Schools' Budget): supporting education improvement, the new ALN strategy, and pressures falling on Schools delegated budgets with an additional £1.5 million provided directly to schools, an increase of 2.4%.
  - £2.5 million to realign the Children's Service base budget to meet existing placements (an additional 45 placements have been made during the period of the pandemic although 8 of these have left the system after short term support), contractual obligations of providers and agency staff costs. Many of which are costs already impacting on the service and reflected in the Services spend in 2020-21 of £1.4 million overspend.

- £8.0 million to meet inescapable demand and cost pressures in Adult Social Care. £3.3 million of this investment will ensure the sustainability and quality in Care through our payments to providers of residential and domiciliary care.
- £2.76 million is provided to meet the revenue implications of the capital programme, as the Minimum Revenue Provision adjustment is fully utilised.
- £780,000 for Highways Transport and Recycling - to meet contract inflation across the service, additional costs in waste services and some support to deal with Ash Die Back along the county's highway.
- £528,000 for Property, Planning and Public Protection to support Compliance work and Trading Standards.

Reductions in funding as follows:

- £11.828 million of cost reduction proposals, the detail of which is provided at Appendix C, with Impact Assessments on each of the proposals attached at Appendix I.

3.47 Delivery of these cost reductions will be essential to deliver a balanced 2021-22 budget. Assurance must be provided to Council that the budget is robust and that the reductions included in it are deliverable. This will also enable the Council and the Statutory Chief Finance Officer (S151) to sign off the budget with confidence. For the proposed budget, sessions have been held with officers to challenge and test both the service pressures being submitted and the deliverability of each proposal presented. SLT has provided assurance to Cabinet that they can deliver the cost reductions within the required timescales, whilst also reflecting on any risks.

### **Financing the Draft Net Budget for 2021-22**

3.48 The Council's gross budget reflects the totality of the Council's costs including salaries and wages, the purchase of goods and services, premises costs and the revenue cost of financing our capital programme. The gross budget is financed by all the Council's income sources including AEF, council tax, fees and charges, specific grants and contributions from other bodies.

3.49 Income from fees and charges makes a significant contribution (£60 million+ per annum) to the Council's budget and the Council's approach to income generation is included in the MTFs. The Income and Cost Improvement Policy forms the framework within which income is reviewed annually.

3.50 The budget proposed for 2021-22 includes increasing of fees and charges in line with inflation, where permitted, and where appropriate, the principle of full cost recovery has been applied. The Fees and Charges register has been updated and it, together with an explanatory note, is attached as Appendix D and E.

3.51 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Table 5 summarises the 2021-22 budget requirement and how it will be financed and shows that Council funds 32% of the councils' net budget.

**Table 5**

£m	2020/21	2021/22	Change
AEF (RSG & NNDR Allocation)	184.289	191.897	7.608
Council Tax	85.151	88.767	3.616
<b>Total Net Revenue Funding</b>	<b>269.440</b>	<b>280.664</b>	<b>11.224</b>

3.52 As can be seen the balancing of the Council's 2021-22 budget is dependent upon a 3.9% increase in the Council Tax in 2021-22, generating £3.33 million and £285,000 delivered through changes to the tax base. In proposing this increase, consideration has been given to the impact of the pandemic and affordability for Powys residents together with the ongoing need to meet increasing demand and inescapable cost pressures on vital local services.

3.53 The setting of Council Tax is not subject to approval as part of this report, as this is a matter for full council determination. However, the report recommends the level of Council Tax to be included in the budget that goes to full Council on 25th February 2020. On 4th March full Council meets to set the Council Tax in line with the final budget. This meeting does not reopen the budget but ensures the Council sets Council Tax for billing purposes.

### **Draft Capital Programme 2021-31**

3.54 The Capital and Treasury Management Strategies are fundamental to the effective delivery of the Council's priorities and Vision 2025. The provision of the right assets in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services.

3.55 The draft strategy document at Appendix F provides a high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, whilst considering the risks how these will be managed and the implications for future financial sustainability.

3.56 Maintaining the capital programme has a significant regeneration impact for the economy of Powys alongside the direct effect of better infrastructure to deliver services. Capital investment also has a significant input into the delivery of revenue cost reductions, and it is essential that both budget strategies are developed in tandem.

3.57 Broadly the programme covers three areas of expenditure. These are:

- a core programme of schemes that are regulatory / statutory in nature, and minimise legal challenge or revenue risk, these schemes are related to day to day activities that will ensure the Council meets its statutory requirements
- a retained asset programme to improve or enhance the life of existing assets, and
- an investment programme in schemes linked to the Council's strategic priorities.

3.58 The key aims of the Capital Strategy are to:

- Provide a clear context within which proposals for capital expenditure are evaluated to ensure all capital investment is targeted to deliver the Council's priorities.
- Clarity about how the Council identifies and prioritises capital requirements and proposals arising from various strategies including the Vision 2025, Service Improvement Plans, and other corporate strategies, and how they will be managed within the limited capital resources available.
- Challenge our current estate, continue with the programme of asset rationalisation, ensuring that assets retained are effective, efficient and economically sustainable to deliver services.
- Identify and consider options available to fund capital expenditure that minimises the ongoing revenue implications of historic capital expenditure and of any new investments.
- Use partnerships, both public and private, more effectively to support our overall strategy.
- Establish effective arrangements for managing capital schemes including assessment of outcomes and achievement of value for money.
- The aim of this capital strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.59 A Governance Framework is in place for the development of the Capital Programme, based on the Welsh Government Better Business Case approach, each project is developed through a series of gateways ensuring that the business case is robust and fully considers the benefits and costs of the individual project and that they align with Vision 2025. This enables the council to prioritise its capital investment whilst ensuring affordability.

3.60 The Council is moving away from an annual capital cycle and using the new framework will have an ongoing process of projects in development through to approval through Cabinet and Council as needed.

3.61 The Capital Strategy is attached as Appendix F. The strategy sets out the priorities for the next 10 years with the provisional Capital Programme totalling £559 million (including the Housing Revenue Account (HRA)). This is a significant commitment. The Capital Programme is included in Appendix F as part of the Capital Strategy.

3.62 The Council continues to invest in services that underpin the priorities set out as part of Vision 2025 as follows:

We will support our residents and communities:

- Housing - £230 million: The Council will continue to maintain the Welsh Housing Quality Standard achieved in 2018, and over the lifetime of the HRA business plan the service will look to invest in 250 new council dwellings.



- Housing and Community Development - £37 million: Including investment in our sports and Leisure centres. The colocation of libraries with other services continues and self-service technology enables our customers to make increased use of the resources. The Council will continue to fund a major programme of Disabled Facilities Grants enabled works and improvements to homes to improve the quality of life for people who need help to live as independently as possible. In addition, we will continue to support energy efficiency and bringing privately owned empty homes back into use through the SWAS (Safe Warm & Secure), Landlord Loans and the ZILF Co2i loan schemes.
- Highways, Transport and Recycling - £114 million: The Council has a statutory duty to maintain the adopted highway, maintained at public expense in a safe condition for the passage of the user. The strategy will see £29.5 million invested in our Highway network over the next 5 years. Powys County Council faces stringent Welsh Government (WG) statutory recycling targets. These are 64% for 2019-20 and 70% for 2024-25. In addition to this there is a target to reduce landfill to 10% by 2019-20 and 5% by 2024-25. This has required a step change in the way all local authorities approach waste and recycling. The continued capital investment in the Waste and Recycling service will ensure that the Council is able to meet the targets whilst obtaining maximum value from the service.

We will lead the way in effective, integrated rural health and care:

- Social Care - £1.6 million: The capital programme focuses on supporting those who wish to remain in their own home rather than residential care and supports the integrated Health and Care Strategy for Powys. The schemes focus on accommodation options and the use of assistive technology, which has a key role to play in the modernisation of health and social care and offers greater choice to our residents and supports independent living

We will strengthen learning and skills:

- Schools - £158 million: to provide learning environments that meet the aspirations of the WG's 21st Century Schools programme. Alongside this, capital funding through our major repairs programme will be focussed on where the need is greatest, as identified through the Schools Service's Asset Management Plan. Further investment will be required as the Transforming Education Strategy is implemented and the Capital Programme will be updated as these plans are developed and proposed.

We will develop a vibrant economy:

- Regeneration, Property and Development - £4.9 million: The Council needs to intervene where the private sector is not able to (for economic reasons) to create or facilitate investment in business units in order to keep and attract business to the County.
- County Farms - £600,000: Effective management of County Farms estate will enable us to continue to provide the opportunities already enjoyed by current

tenant farmers and maintain an income stream. The financial demands of the Estate need to be evaluated against the competing demands across the council whilst noting the estate produces an annual surplus and has made a considerable contribution in capital receipts.

#### Information Technology:

- The service engages with change programmes so that investment and resource meets identified priorities. In respect of infrastructure, Digital Services will invest in up to date cloud-based technologies, improved telephony and mobile systems, WEB and share-point and improved wireless. In terms of applications Digital Services is looking to rationalise the number of systems through investment in replacement of legacy corporate systems and improved integration between systems notably the WEB and Intranet.

3.63 The Capital Programme also identifies £14 million over the next ten years of unallocated investment which has been set aside to meet the costs of current pipeline projects and programmes currently being progressed through the Outline Business Case gateway. Also included is initial estimated funding for the Mid Wales Growth Deal.

#### **Draft Treasury Management Strategy**

3.64 A draft Treasury Management Strategy which is included within the attached Appendix F sets out how the Council will ensure that it has enough funding available to fund its revenue and capital requirements and an appropriate strategy for borrowing and investing for the financial year 2021-22 and details the expected activities of the Treasury function.

3.65 The Treasury Management Strategy and Annual Investment Strategy is recommended to Full Council for approval in February.

#### **Prudential Indicators**

3.66 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the local authority are affordable, prudent and sustainable. The statutory Prudential Indicators are shown in full within the Capital and Treasury Management Strategy Appendix F. The tables include the revised estimate for 2020-21, as well as the indicators through to 2029-30.

3.67 The key indicator of affordability is the estimate of the ratio of financing costs to net revenue stream, in section 3.17 of Appendix F. The ratio of financing costs for the council fund is 3.72% in 2020-21 rising to 5.95% in 2029-30. The amount of HRA income required to pay for financing increases is 20.54% in 2020-21 rising to 23.41% in 2029-30.

3.68 The capital financing requirement (CFR) is shown at section 2.35 of the Appendix and is the measure of the authority's underlying need to borrow for a capital purpose. It is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue. The CFR is £318 million in 2020-21 and will rise to £405 million by the end of 2029-30, and £105 million increasing to £150 million for HRA debt.

- 3.69 The operational boundary, in section 3.29 and authorised limits for external debt in section 3.32 both reflect the Treasury Management policy and are set at a level to be affordable and prudent.
- 3.70 The authorised limit for 2021-22 will be the statutory limit under Section 3(1) of the Local Government Act 2003. It is recommended that the level for the authorised limit is set at £492 million and the Operational Boundary is set at £478 million.
- 3.71 The Minimum Revenue Provision (MRP) Policy Statement is included at Section 2.39.
- 3.72 MRP is an annual charge that Councils are required to pay for their debt liability in respect of capital expenditure funded by borrowing, for both the general fund and the Housing Revenue Account debt. This capital expenditure is set out as part of the CFR calculation and updated regularly to reflect borrowing need changes and the resultant costs, it is important to ensure that the debt is repaid over a period commensurate with that over which the capital expenditure provides benefit.
- 3.73 MRP Overpayments - A change introduced by the revised Welsh Government MRP Guidance was the allowance that any charges made over the statutory MRP, voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31st March 2020 the total VRP utilised was £12.9m, with the expected total overpayments being £19.5m.

## **Reserves**

- 3.74 The Council's reserves are key to our financial planning; maintaining these at an appropriate level is central to our financial resilience and sustainability. They provide a safeguard against risk, unusual events and future financial pressures.
- 3.75 In assessing the appropriate level of reserves, the Authority will ensure that the reserves are not only adequate, but also necessary and will be appropriate for the risk (both internal and external) to which it is exposed.
- 3.76 The Reserves Policy (Appendix G) establishes a framework within which decisions are made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used.
- 3.77 The use of reserves and the levels at which they are maintained is determined on an annual basis as part of the Council's Budget setting process.
- 3.78 The levels of reserve we hold are not excessive but are nearer the minimum level of acceptability, we must not plan our budget on the basis of utilising our reserves, they must remain at a level that provides a reasonable level of financial resilience in an ever challenging environment.
- 3.79 The level of reserves held and their forecast use in 2020-21 is reported to Cabinet as part of the budget monitoring report and Table 6 below reports the opening and

projected balance of the reserves at year end. This is based on the position as at 31<sup>st</sup> December 2020.

**Table 6**

Summary - £'000	Opening Balance (1st April 20)	Forecast Addition / (Use) of	Forecast (Over) / Under Spend	Projected Balance (31st March 21)
General Fund	9,472	(70)	0	9,402
Budget Management Reserve	3,584	0	0	3,584
Specific Reserves	7,523	(1,400)	98	6,221
Transport & Equipment Funding Reserve	9,266	(5,516)	0	3,750
<b>Total Usable Reserves</b>	<b>29,845</b>	<b>(6,986)</b>	<b>98</b>	<b>22,957</b>
Schools Delegated Reserves	(910)	(1,036)	248	(1,698)
School Loans & Other Items	(350)	7	0	(364)
Housing Revenue Account	3,918	(1,379)	1,394	3,933
<b>Total Specific Reserves</b>	<b>2,658</b>	<b>(2,408)</b>	<b>1,642</b>	<b>1,871</b>
<b>Total Reserves</b>	<b>32,503</b>	<b>(9,394)</b>	<b>1,740</b>	<b>24,828</b>

3.80 MTFs Principle 6 is to maintain a minimum general reserve provision of 3% of net revenue expenditure over the period of 2021-26. The projected balance as at 31<sup>st</sup> March 2021 will be 4.8% in line with this principle.

3.81 The level of reserves held has been assessed alongside the overall budget proposal. This year the ongoing impact of the coronavirus pandemic has been a key part of the assessment.

In order to strengthen our financial position the council put in place an ongoing revenue risk budget as part of the overall revenue budget, and this has been maintained, this budget will be drawn upon in the first instance to support any unfunded pressures arising during the year.

Reserves held in the Transport and Equipment Fund, previously set aside to support the Capital Programme, will continue to be used in 2021-22.

3.82 The current and projected financial position of our Schools continues to be a challenge, the additional funding provided for 2020-21 has assisted in stabilising school budgets, the further funding provided in this year budget proposal will continue to assist schools in meeting the pressures they face, but it is essential that all Governing Bodies take action to provide a curriculum that can be delivered within the funding provided to them and ensure the implementation of deficit recovery plans. The school reserves are ring fenced but ultimately represent a potential council risk. It is essential that compliance work continues to be undertaken to ensure that school budgets are managed in accordance with regulations by Governing Bodies.

3.83 The use of these reserves will continually be reviewed particularly in light of the continued uncertainty arising from the pandemic and the funding made available to support it. The reserves position will be monitored carefully on a monthly basis as the financial year progresses. Under Section 26 of the 2003 Local Government Act,

an appropriate person (S151 Officer) must determine the minimum amount of General Fund Reserve.

### **Impact Assessment**

- 3.84 There are Impact assessments for each of the service cost reduction proposals, attached at Appendix I. An impact Assessment for the whole 2021-22 budget has also been completed and will be scrutinised as part of the budget process.

## **4. Resource Implications and Section 151 Officer Opinion**

- 4.1 The Local Government Act 2003 requires an authority's Section 151 officer to give a formal opinion as to the robustness of the budget estimates and the level of reserves held by the Council. This section of the report provides the Section 151 Officer's formal opinion.
- 4.2 Under Section 26 of the 2003 Act it is not considered appropriate for the balance of the Council's General Fund Reserves to be less than the maximum amount determined by an appropriate person, in this case, the Head of Finance and Section 151 Officer.
- 4.3 The draft budget has been produced within the framework of the draft MTFS. The introduction of scenario planning has ensured that the budget is developed in a prudent and flexible way, highlighting the risk faced by the Council as a result of changes in funding and increasing financial pressures, and offering some choice in how our resources are prioritised and the risk mitigated.
- 4.4 The process has been strengthened further with the continued development of Integrated Business Plans for each service, these plans capture the services' objectives and highlight their roles and responsibilities in supporting the Council's Vision 2025 Corporate Improvement Plan, along with the intended outcomes for service users and / or residents.
- 4.5 The Integrated Business Plans ensure that all elements of delivering the service are considered in a holistic way. Statutory obligations pay and price pressures, income streams, demographic changes and the impact on service demand, new responsibilities and changes in regulation are all thought through. Services assess options for service delivery, workforce and capital requirements, and calculate the budget requirement and the cost reductions that can be achieved whilst assessing the impact and risk associated with them.
- 4.6 The Council's MTFS guides the development of these plans and the 2021-22 implications are set out in the draft budget and draft 2021-2031 capital programme. A process of challenge and review undertaken with each Head of Service and the Executive Management Team provides assurance on the completeness and robustness of the estimates, whilst highlighting the risks associated with its deliverability.
- 4.7 This strategic approach to allocating resources ensures that the budget plan fully considers the delivery of Vision 2025, the transformation programmes we need to deliver and ensures that service improvement and appropriate levels of statutory provision are all included. Revenue and capital budgets are aligned and ensure that

our limited resources are prioritised to achieve maximum effectiveness in securing outcomes.

- 4.8 The level of cost reduction required in 2021-22 is again a significant challenge. When this is coupled with the ongoing need for improvement and the identification of further potential pressure in some services a prudent approach must continue to be adopted to support financial stability. Against that background, the draft budget includes a risk management allocation and the removal of prior years' unachievable savings from the 2020-21 budget adds resilience and robustness to our budget plan.
- 4.9 A series of documents and policies constitute the budget framework including the Reserve Policy. The need to hold an appropriate level of reserves has been brought to the fore as a result of the pandemic, the additional funding provided by Welsh Government has largely mitigated the financial impact of the pandemic on the Council, however, should the impact of the pandemic continue into future years the council may need to draw on its reserves to meet additional costs or supplement income losses. The level of revenue reserves held is appropriate to deal with this and unknown risks but and is consistent with the levels held by other councils. Even so, the position going forward will require reserves to be maintained at a prudent level. It is evident that, given the continued potential financial impact of the pandemic, future pressure and the need to deliver savings, the levels proposed in the budget and MTFS should not be reduced.
- 4.10 The current and projected financial position of our Schools continues to be a challenge. The additional funding provided for schools last year has helped stabilise school budgets this year and further funding provided within the budget proposal for 2021/22 will assist schools in meeting the inescapable pressures they face, but it is essential that all Governing Bodies take action to provide a curriculum that can be delivered within the funding provided to them and where appropriate implement their deficit recovery plans. The school reserves are ring fenced but, ultimately, represent a potential council risk. It is essential that compliance work is undertaken to ensure that school budgets are managed in accordance with regulations by Governing Bodies.
- 4.11 The Council has well established budget monitoring and internal control arrangements and these act as an effective early warning system in identifying potential problems and for managing potential areas of risk. This ongoing regular review highlights problems and risks early so that corrective action can be put in place and this is supported by a clear virement process which provides some flexibility to adapt expenditure patterns to meet changing needs and objectives.
- 4.12 The Local Government Revenue Settlement for 2021-22 again provides Powys with an increased level of funding. But there is no indication that this level of funding will continue beyond this year, the level of uncertainty surrounding the pandemic and its impact on the UK economy and public finances will be felt for many years to come.
- 4.13 The Council's budget is being set within this uncertainty. We continue to face significant pressures to manage the increasing demand for services whilst driving improvement across Social Care and Education. The proposed increase in council tax will help mitigate the position but the Council must seek other opportunities to identify alternative sources of funding.

4.14 Taking all the above into account, the Section 151 Officer concludes the estimates used in the budget proposal for 2021-22 are adequately robust but significant risk remains. Based on the assessment of reserves the overall level is adequate but remains at the lower end of acceptability given the scale of savings required, the ongoing impact of the pandemic and the financial uncertainty facing the Council over the medium term.

## **5. Legal Implications**

5.1 The Solicitor to the Council (Monitoring Officer) has commented as follows:

5.2 The Report has been prepared in accordance with the requirements of the Local Government Act 2003 and the Local Government Finance Act 1992. In accordance with Section 25 of the 2003 Act, the Council must have regard to the advice of the Head of Finance (Section 151 Officer), as the Chief Finance Officer, regarding the robustness of the budget estimates and the adequacy of the financial reserves. This advice must be taken into account when considering the proposals in the Report and the recommendations from the Cabinet regarding the budget and the Council tax rate. In accordance with the Functions and Responsibility Regulations, agreeing the budget and setting the Council Tax rate under the 1992 Act is a matter for full Council. In accordance with Section 30 of the 1992 Act, the Council is required to set the Council tax for the next financial year on or before 11th March.

## **6. Members' Interests**

6.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<p><b>That Cabinet approves in draft the:</b></p> <p><b>1. MTFs for 2021-2026 as set out in Appendix A to the report be agreed in principle.</b></p>	<p><b>To aid business planning and development of the budget over a three-year period</b></p>
<p><b>2. Draft Revenue Budget for 2021-22 with the inclusion of a 3.9% increase in Council Tax shown in the Financial Resource Model in Appendix B and Table 4 of this report.</b></p>	<p><b>Statutory Requirement</b></p>
<p><b>3. Fees and Charges Register in Appendices D and E.</b></p>	<p><b>To comply with Powys County Council Income Policy</b></p>
<p><b>4. Capital Strategy and Capital Programme for 2021-31 shown in Appendix F.</b></p>	<p><b>Statutory Requirement</b></p>
<p><b>5. Minimum Revenue Provision Statement as set out on Appendix F.</b></p>	<p><b>Statutory Requirement</b></p>

<b>6. Treasury Management Strategy and the Annual Investment Strategy in Appendix F.</b>	<b>Statutory Requirement</b>
<b>7. Authorised borrowing limit for 2021-22 as required under section 3(1) of the Local Government Act 2003 at £492 million as set out in section 3.7 of this report.</b>	<b>Statutory Requirement</b>
<b>8. Prudential Indicators for 2021-22 as set out in section 3.66 to 3.73 of the report and Appendix F.</b>	<b>Statutory Requirement</b>

<b>Relevant Policy (ies):</b>	
<b>Within Policy:</b>	<b>Y</b>
<b>Within Budget:</b>	<b>Y</b>

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	<b>Chief Executive</b>
<b>Date by When Decision to Be Implemented:</b>	<b>1<sup>st</sup> April 2021</b>

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Email:</b>
Jane Thomas	01597 827789	jane.thomas@powys.gov.uk

### **Background Papers used to prepare Report:**

Welsh Government Provisional Local Government Settlement 2021-22  
 WLGA Welsh Government Draft Budget And Provisional LGF Settlement 2021-22  
 Office for Budget Responsibility Economic and Fiscal Outlook November 2020  
 Audit Wales Financial Sustainability of Local Government as a result of the COVID-19  
 Pandemic

### **List of Documents**

Appendix A Medium Term Financial Strategy  
 Appendix B Financial Resource Model  
 Appendix C Cost Reductions Proposals  
 Appendix D Income Guidance Note  
 Appendix E Fees and Charges Register  
 Appendix F Capital & Treasury Management Strategy  
 Appendix G Reserves Policy  
 Appendix H Residents Survey Report  
 Appendix I Impact Assessments





# **Powys County Council's Medium Term Financial Strategy 2021 to 2026**



**Yn agored a blaengar - Open and enterprising**

## Foreword by the Leader

This Medium Term Financial Strategy (MTFS) sets out how the Council will develop its financial plans and manage its finances over the next few years and over the medium term.

None of us could have predicted the impact the Covid 19 pandemic was to have on the Council, our residents or businesses. Our plans for many years have been made in challenging and uncertain times, and this year we find ourselves doing so again with the added uncertainty created by the worldwide pandemic.

Powys has received a positive settlement from Welsh Government for a second year. This will again go some way to ease the pressure on Council services. However, the Council's budget remains under significant pressure as service demand, our costs and investment requirements continue to rise.

The Council has responded to the decade of austerity by reducing its spending by more than £100 million and has had to increase Council Tax year on year. Our focus has been on improving efficiency and as far as possible protecting crucial front line services from cuts whilst improving the quality of our social services for children and adults and Education across the county.

The combination of these factors, and continued uncertainty nationally around the path of the pandemic, the economy and public finance outlook, mean that we continue to face one of the most challenging periods in the history of Powys County Council. We must push ahead with our programmes of transformation across all our services while maintaining our focus on delivering high quality local services to our residents.

The Council has continued to make significant progress on its improvement journey during 2020 despite the Global pandemic. This has been recognised by regulators who were suitably assured of the progress made in both Adult and Childrens Services and the governance and ability of the Local Authority to continue this improvement without additional monitoring activity.

The case for transforming education provision across the County is now widely recognised. This year we approved an ambitious ten-year strategy that will transform education in Powys and reshape our education system so that it can provide lifelong learning opportunities for all our young people and equip them with the skills and knowledge they need to fulfil their potential.

This MTFS continues to see closer alignment between the policy framework and the way we plan to use our finances. This is supported by an approach which ensures that our limited resources are prioritised on securing outcomes that matter most to our residents. Our vision set out in our Corporate Improvement Plan Vision 2025 (<https://en.powys.gov.uk/vision2025>) is that by 2025 Powys will be widely recognised as a fantastic place in which to work, live and play.

The Cabinet has a bold and ambitious programme to see Powys play a significant role in the economy of Wales. The economy has to be at the heart of our thinking, without a strong vibrant, enterprising economy how will we provide quality jobs for our young

people, create and nurture our local companies and attract leading companies to Powys. The Mid Wales Growth Deal has secured a £55 million investment from the UK Government to support economic projects across Powys and Ceredigion, and Welsh Government have committed to match this. It is essential that we see Powys retain its young people in new and innovative employment sectors whilst recognising that our traditional sectors of agriculture and tourism will also expand and flourish.

There is a close link to our funding settlement because if we can increase employment and the numbers living in our county we will attract more funding to deliver key services. This will help secure the County as a place that provides the right environment for communities and business to thrive.



**Rosemarie Harris**  
**Leader of Powys County Council**

## **Introduction**

This document is the financial strategy for Powys County Council for the period 2021 to 2026. It has been developed as part of the overall strategic planning process alongside Vision 2025, the Council's Corporate Improvement Plan. The strategy captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach. It also incorporates the plan for delivering a balanced budget for 2021/22, and indicative budgets for the following 4 years to March 2026. This means the Council has an ongoing financial plan to enable service transformation within the funding levels available.

This financial strategy includes all Council services activity funded by the revenue budget, the Housing Revenue Account and the Capital programme. This information is presented in a 5-year budget model and a 10 year Capital Programme.

The model sets out how a balanced budget will be developed for 2021/22.

The model identifies the estimated requirement for the Council to find ways to reduce its spending by around £57 million over the five-year period of this strategy. Given that local government does not yet have funding information from Welsh Government beyond 2021/22, this assessment is based on indicative figures focusing on how Local Government Settlements in Wales may be affected by central government's finances in the future. It is therefore based on best available information. However, forecasting for future years is difficult to predict with any great certainty and is subject to multiple internal and external influences.

## **MTFS Principles**

As well as consideration of future income and expenditure scenarios, the MTFS provides a set of clear principles which will drive the Council's budget and spending decisions over 2020-25 and which Members and others can examine and judge the Council's financial performance against. The ten key principles are to ensure that:

1. The Council will continue to meet its statutory obligations and to demonstrate how its budget supports the priorities contained in Vision 2025.
2. The Council's financial control system will be sufficiently robust to support the delivery of financial plans and mitigate corporate risks.
3. All Council budgets will be reviewed annually to ensure resource allocations are delivering value money and continue to align to the delivery of priority outcomes in Vision 2025.
4. Financial plans will provide an optimum balance between income and expenditure for both capital and revenue.
5. Reserves will not be used to fund recurrent budget pressures or to keep down council tax rises.
6. The Council's General Fund reserve will be maintained at a minimum of 3% of Net Revenue Expenditure over the period of the MTFS.

7. Capital investment decisions will support the Council's corporate priorities and mitigate any statutory risks taking account of the return on investment and robust business cases.
8. Prudential borrowing will only be used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
9. Decisions on the treatment of surplus assets will be based on an assessment of the potential contribution to the revenue budget and the capital programme.
10. Budgets will be managed by members of SLT in accordance with the Council's Financial Procedure Rules.

## **Strategic Context**

### Economic and Fiscal Outlook

The Office for Budget Responsibility (OBR) published its report "Economic and fiscal outlook" in November 2020. The report provided an analysis and forecast of the UK's public finances.

The coronavirus pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future. The UK economy has been hit relatively hard by the virus and the public health restrictions to control it.

Gross Domestic Product (GDP) in the UK is set to fall by 11 per cent for 2020.

The virus has taken a heavy toll on public finances, receipts are set to be £57 billion lower and spending £281 billion higher than last year. The combined impact of the virus on the economy and the Government's fiscal policy response has pushed the deficit this year to £394 billion, (19% of GDP) its highest since 1944-45.

The support to households and businesses has prevented an even more dramatic fall in output and eased the likely longer-term adverse effects of the pandemic, the furlough scheme, grants, loans, tax holidays and reliefs have helped businesses, but forecasts anticipate a significant rise in unemployment to 7.5% as support is withdrawn.

The economic outlook remains highly uncertain and depends on the future path of the virus, the restrictions put in place and the role out of the vaccine. It also depends on the outcome of the Brexit negotiations.

The OBR present 3 scenarios on the path of the virus, the best of which sees output returning to pre-virus forecasts with the worst case leaving output permanently

scarred by 6%. This is also based on an assumption of a smooth transition to a free trade agreement with the EU.

The scenarios suggest the deficit will peak at between £353 and £440 billion (17 to 22 % of GDP this year. Over the medium term the forecasts suggest that the deficit will settle at between 1.7 and 6.1% of GDP by 2025-26.

Unlike previous recessions the greater portion of the fiscal cost of the virus arises from Government's discretionary policy response rather than the hit to the economy caused by the virus.

Under the OBR's central forecast the pandemic leaves the public finances in a weaker position in the medium term and significantly adrift from any definition of balance in previous fiscal frameworks. Headline borrowing remains close at 4% of GDP and the current budget remains in deficit by 1% of GDP by the end of the forecast missing the Governments budget 2020 target to balance by 2023-24.

Halting the continued rise in public debt is likely to require some fiscal adjustment once the virus has ran its course, tax rises or spending cuts of between £21 billion and £46 billion (between 0.8 and 1.8% of GDP) would be required merely to stop debt rising relative to GDP.

### UK Government's Spending Round : Implications for Wales

The Spending Review provided the Welsh Government (WG) with a core Resource Departmental Expenditure Limit (DEL) of £15,660 million excluding block grant adjustments, which was 4.6% higher than the 2020-21 baseline. In addition, WG received £242m for farm funding and £2m for fisheries which are outside Barnett. The Spending Review also announced additional funding for COVID19 next year, of which Wales will receive an extra £766m.

The Spending Review also included a reduction of £131m to the capital budget compared to the 2020-21 baseline.

The UK Spending Review only covered a single year, so provides little information about the prospects for the Wales budget beyond 2021-22. There will be a further Spending Review next year to provide plans for 2022-23 and beyond.

It is possible that the UK Budget on 3 March 2021 will also have a considerable bearing on the Welsh Government's finances for 2021-22, through further spending or new taxation measures.

### Welsh Government's Draft Budget for 2021-22

Overall, the Welsh Government's Total Managed Expenditure will be just over £21bn in 2021-22. Within that definition is the Departmental Expenditure Limit (DEL) which is the element of the budget under direct Ministerial control.

The capital and revenue DEL has increased by £1.4bn (8.2%) to £18.9bn. Day-to-day spending will increase by £862m (5.5%) to £16.5bn and spending on capital will increase by £566m (30.8%) to £2.4bn. The capital increase is large as the Welsh

Government has borrowed and drawn from its reserve, there is undoubted reprofiling in the baseline as well.

Welsh Government's priority is protecting health and public services, providing an additional £420m for health and social services supporting the NHS's growth and recovery post-pandemic, and a settlement for local government of £176m to support pressures on schools and social services.

Alongside this, specific, targeted allocations include a further £40m support for the Housing Support Grant, over £20m for sixth form and further education demographic pressures, £9.4m will support crucial community and school mental health services in addition to a range of investments that further bolster efforts to tackle inequality.

As part of the "building a greener future" investment in housing, combating climate change, and reinvesting in town centres has been prioritised. An additional £36.8m for social housing, and £5m more to develop the National Forest and invest in wider biodiversity. An extra £40m is invested in education infrastructure, including £5m for the net-zero carbon schools pilot. Funding is provided to continue decarbonising transport, boosting the funding for active travel by £20m, and providing a total investment of £274.7m in rail and metro.

Welsh Government are making use of their devolved tax powers to help Wales recover. With effect from 22 December 2020, the starting threshold of the land transaction tax paid on non-residential property purchases is lifted by 50 per cent, businesses will pay no tax on purchases costing up to £225,000. The higher residential rates of land transaction tax will rise by 1 percentage point to provide additional funding for the Welsh Government to invest in their housing priorities.

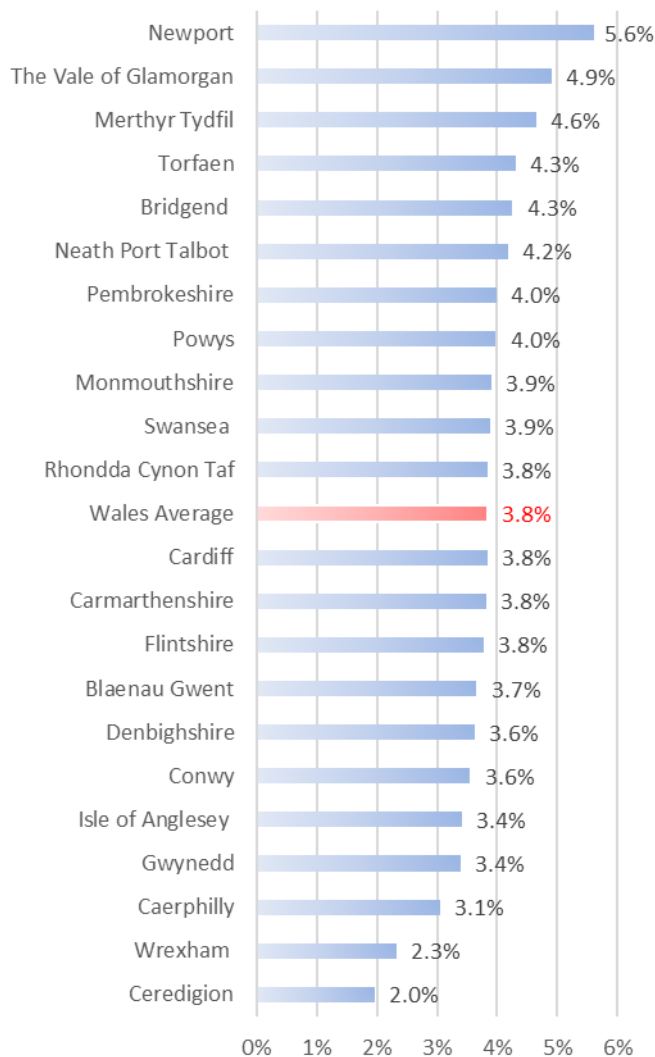
From April 2021, landfill disposals tax rates will increase in line with inflation to support the landfill disposals tax policy objective of reducing waste going to landfill in Wales. This is consistent with UK landfill tax rates for 2021-22 and thus will also act to protect against the risk of waste being transferred across Wales –England border to take advantage of lower rates. An additional £13.4m is provided to support children and young people, including £8.3m for curriculum reform.

Investment will also support the development of improved digital public services, reformed procurement for social value and new cultural projects promoting black history in Wales.

#### The Local Government Revenue Settlement

The Aggregate External Finance (AEF) will increase by £176 million a 3.8% increase. Authority's settlements range from the lowest increase in Ceredigion with 2% and the highest in Newport with an increase of 5.6%. the range largely reflects the movement in datasets including a change to use the mid-year population estimates.

#### **Figure 1: Changes to AEF, 2020-21 to 2021-22 by local authority**



Source Welsh Government Provisional LGF Settlement 2021-22

## The impact of the Coronavirus Pandemic

The pandemic has already had a profound and immediate effect on public sector finances. The impact on public spending over such a short period of time is unprecedented in modern peace time.

The Council's financial position has been supported heavily by additional funding from the Welsh Government through 2020/21 and without this the Council would have had to draw heavily on its revenue reserves to balance the budget during the year.

It is likely that the financial impact of the pandemic will continue into 2021/22 and will almost certainly affect public sector finances for many years to come irrespective of the course of the pandemic.

The pandemic has affected our financial position both in terms of additional costs and loss of income. Additional costs are most significant within Social Services and Education as well as providing Free School Meals and funding the cost of Personal



Protective Equipment. There is further pressure on the Council Tax Reduction Scheme as the number of claimants rose by 850 claimants at an estimated increase of £600k and it is likely to rise further through 2021. The loss of income has been suffered across many services, with significant losses from car parking, licencing and sampling, and trade waste. Council Tax collection is also reduced by 0.66%.

Planning over the medium term is difficult with heightened levels of uncertainty, not only in respect of settlement funding levels but also the continued impact on our own income streams for Council tax and fees and charges, will these recover to normal levels post pandemic or will the impact continue into future years. The economic impact of the pandemic is also likely to have wider repercussions for people's ability to pay for services.

Given the breadth and depth of the impact of the pandemic to date, alongside the uncertainty surrounding its future course, the Council will continue to face difficult choices for year to come.

To ensure our future sustainability robust medium term financial planning is crucial.

### **Local Context**

Powys County Council has taken action to reduce its spending by more than £100 million over the last decade as a response to cuts in government funding and the need to meet inescapable additional costs in some areas.

The local context affecting our funding and demand for services is well recognised and heavily influenced by Powys being sparsely populated with a wide geographic area requiring services. Powys has a higher than average older population that is predicted to increase at a faster rate than the national average. This statistic can largely be attributed to people living longer as a result of better healthcare and improved lifestyles together with an inward migration of people above retirement age to the County. Conversely, the county's younger population is declining with a reducing birth rate and a sizeable outward migration of young people. Further and higher education and career opportunities are the main contributors to this trend.

These factors in combination present significant challenges to the Council. As evidenced in the Rural Cost Analysis (<https://en.powys.gov.uk/article/7842/Funding-changes-needed>) the provision of services to a dispersed and relatively small population is expensive as a result of greater transport costs and the demand for facilities to be delivered locally or within a commutable distance.

This Council understands its legal obligation to set and deliver a balanced budget each year and has a significant transformation programme underway to improve the quality of key services such as education, social care, highways, transport and recycling while also reducing our operating costs over the medium term.

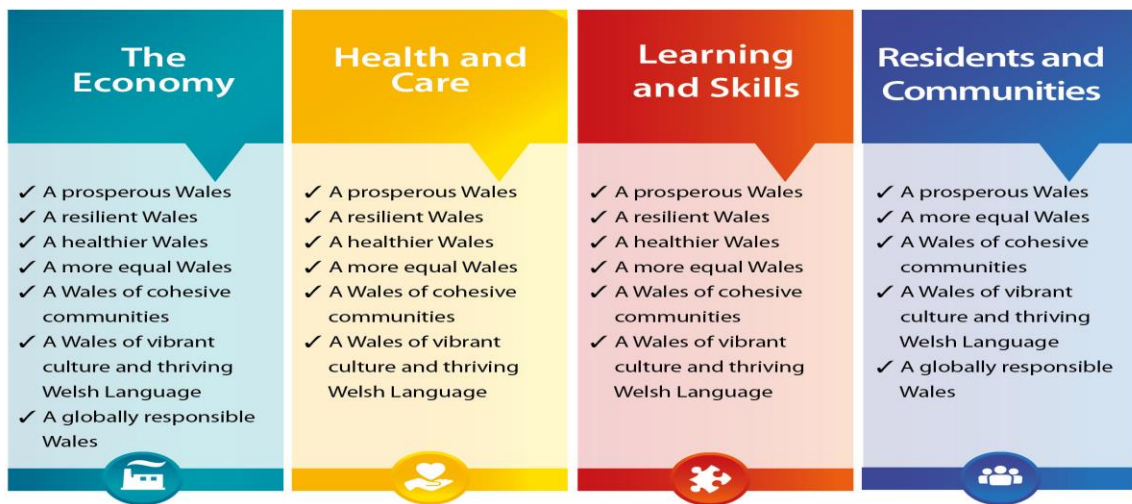
On the current modelling, to deliver a balanced annual budget between April 2022 and 2026 the Council will need to reduce its spending by more than £45 million and to increase council tax by 5% year on year. This will be achieved through

transformational change and cost efficiencies but reductions in some services offered will also be inevitable.

### **Vision 2025 – Our Corporate Improvement Plan**

Vision 2025 was approved by full Council in April 2018 and it set out the long-term vision for the council.

The Vision and Corporate Improvement Plan have been reviewed and the priorities redefined as follows:



- **The Economy** - We will develop a vibrant economy
- **Health and Care** - We will lead the way in providing effective, integrated health and care in a rural environment
- **Learning and Skills** - We will strengthen learning and skills
- **Residents and Communities** - We will support our residents and communities

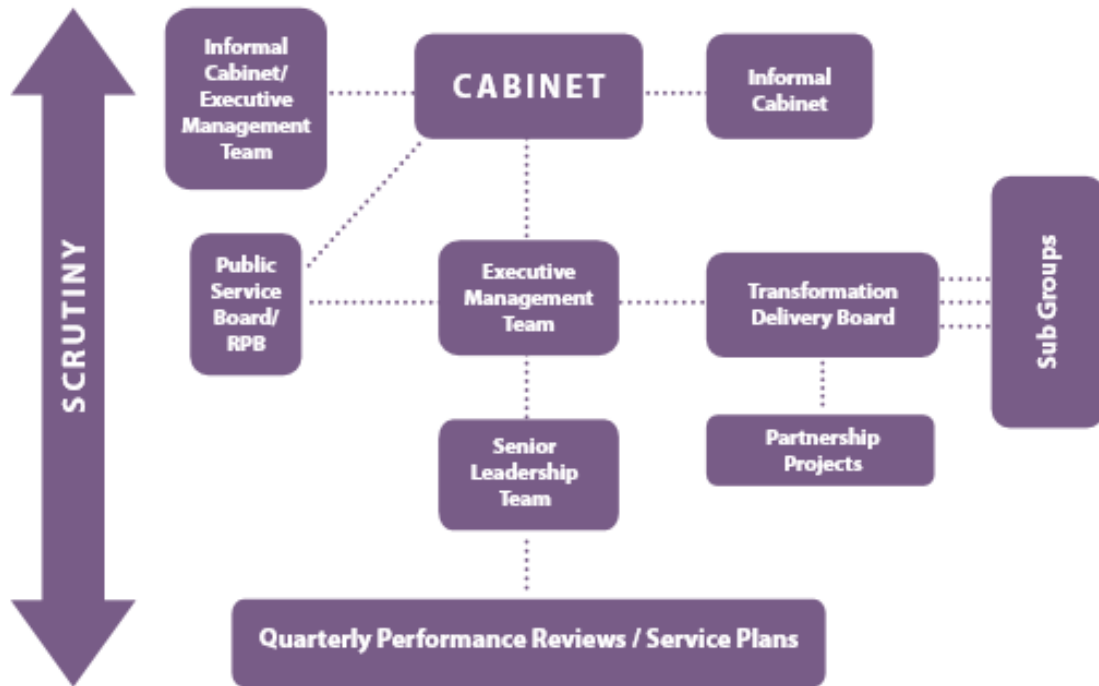
The Corporate Improvement Plan is our road map for the next four years, setting out our top priorities and milestones, including those we are working on with our partners which are also articulated in the Powys Public Services Board Wellbeing Plan Towards 2040, and the Powys Regional Partnership Board Joint Area Plan A Healthy Caring Powys.

The revised Plan will be presented to full Council in February for approval.

### **Delivering Vision 2025: Transforming the Council**

The Council continues with its ambitious Transformation Programme to help deliver Vision 2025, the governance of which is shown in the diagram below.

## Governance of Transformation



The Vision 2025 Transformation Programme contains nine key programmes as shown in the diagram below.

# DELIVERING VISION 2025

## TRANSFORMING OUR COUNCIL - HOW WE WILL DO THIS

**Transformation Delivery Board**  
 Chair: Powys County Council Leader  
 Cllr Rosemarie Harris

**TRANSFORMING EDUCATION**

Senior Responsible Officer:  
Dr Caroline Turner

Lead Officer:  
Emma Palmer

**Affordable Housing**

Senior Responsible Officer:  
Nigel Brinn

Lead Officer:  
Nina Davies

**Extra Care**

Senior Responsible Officer:  
Ail Bulman

Lead Officer:  
Dylan Owen

**Tyfu Cwmorth Llymu Growing Mid Wales**

Senior Responsible Officer:  
Nigel Brinn

Lead Officer:  
Nina Davies

**NORTH POWYS Wellbeing**

Senior Responsible Officer:  
Ail Bulman

Lead Officer:  
Dylan Owen

DIGITAL POWYS

Senior Responsible Officer  
Nigel Brinn

Lead Officer: Diane Reynolds

INTEGRATED BUSINESS PLANNING

Senior Responsible Officer  
Dr Caroline Turner

Lead Officer: Jane Thomas

WORKFORCE FUTURES

Senior Responsible Officer  
Alison Bulman

Lead Officer: Paul Bradshaw

**Portfolio Holders:**

- ▶ Transforming Education – Cllr Phyl Davies
- ▶ Affordable Housing – Councillor Iain McIntosh
- ▶ Extra Care – Cllr Myfanwy Alexander
- ▶ Growing Mid Wales – Cllr Rosemarie Harris
- ▶ North Powys Wellbeing – Cllr Myfanwy Alexander
- ▶ Digital Powys – Cllr Graham Breeze
- ▶ Integrated BP – Cllr Aled Davies
- ▶ Workforce Futures – Cllr Graham Breeze

The Programme is governed by a Transformation Delivery Board comprising the Cabinet and the Executive Management Team and progress of each programme is included in the Council's performance management reports which are presented to Cabinet each quarter. There are service transformation programmes also underway across the Council and progress on these also reported to the Board at regular intervals whilst some services: Social Services, Education, Housing and HTR report directly to Service Improvement Boards.

### **Medium Term Financial Planning**

The Council's budget planning has traditionally been determined using an incremental budgeting approach and has tended to focus on one year with limited development over the longer term. This will not deliver a sustainable financial position for the Council going forward. The Council is therefore moving to an Outcome Based Budgeting approach, focused on the medium to long-term and aligned to service and workforce planning.

The strategy is based on an approach which brings together all elements of the Council activity to deliver Vision 2025, a programme of transformation, and one which encompasses service improvement and delivers appropriate levels of statutory service. It will better align revenue and capital to ensure that our limited resources are prioritised to achieve maximum effectiveness and based on securing outcomes that matter to our residents.

The strategy is supported by a detailed five year budget model. The budget model has been improved with scenario planning across Best, Most Likely and Worse case scenarios. Funding, pay and price pressures and changes in service demand have been modelled on this basis and the budget gap identified for each year of the plan. This provides the basis for the allocation of funding to each service.

The introduction of the Integrated Business Plan has been developed over the last couple of years and the process is now starting to embed across the Council.

Service Evaluation is key to the process, performance, cost analysis, benchmarking, regulatory recommendations, proposals for improvement and Service User / Resident Feedback all feature. The objectives for the services which align to the 5 ways of working and the 7 Well-being goals of The Well-being of Future Generations (Wales) Act 2015) and meet statutory requirements and legislative changes are defined.

In finding sustainable solutions for service delivery objectives should broadly align to any 1 of the following requirements:

- Objectives to redesign services to deliver them more efficiently, effectively or in an alternative manner.
- Objectives that identify key delivery partnerships or outsourcing opportunities

- Objectives that realise opportunities to stop delivering services because requirements or priorities have changed, allowing the planned release of resources.
- Objectives that realise opportunities to generate additional income.

Workforce implications are identified and inform the council's workforce development and training needs. Risks and impact are assessed and defined.

The service area budget is developed based on the allocation of resource to deliver each of the objectives. These individual Integrated Business Plans all feed into the overarching Corporate Plan and budget for the Council.

### **Funding Assumptions**

The Welsh Government provides funding to the Council in the form of a Revenue Settlement Grant (RSG) and a share of the National Non-Domestic Rates Pool (NNDR). Together they constitute the Council's Aggregate External Finance (AEF), which represents approximately 68% of our funding.

The Provisional Settlement or Aggregate External Funding (AEF) figure was announced on 22nd December 2020 at a level of £191.897 million. Funding in Powys has increased in cash terms by £7.343m a 4% increase. This includes adjustments to the 2020/21 base figure with a transfer in for the Teachers Pay Grant, £160k, and data changes of £105k.

Powys has £1,449 of funding per capita, compared to the Wales average of £1,471 and the year on year change ranks 6th out of all the Unitary Authorities, but when adjusted for transfers the revised ranking is 8th in terms of its increase, the highest being Newport with 5.6% and the lowest Ceredigion with a 2% increase.

Welsh Government did not receive any additional funding through the Barnett formula to provide for public sector pay awards next year given the UK Government's decision to pause public sector pay rises. The settlement does not therefore provide for any increase in public sector pay, the implications of pay awards in 2021/22 will need to be accommodated within our budget plan.

The Finance Minister's statement is clear that Welsh Government recognise the need to continue to provide funding to support the response to the pandemic. This will be considered separately and does not form part of the settlement.

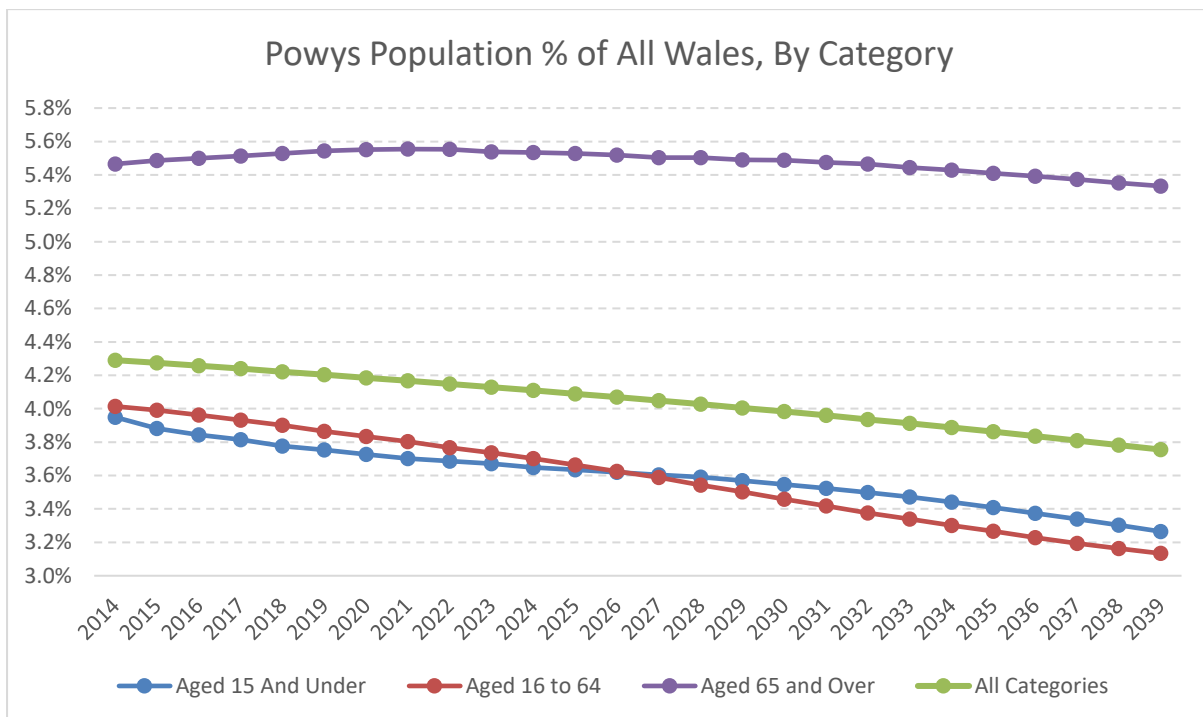
Powys collects NNDR (more commonly known as Business Rates) from businesses within the county. These funds are pooled at a national level and redistributed to Councils via a formula. Powys receives over £13m more than it collects.

Powys' Settlement also reflects movements in the factors included in the overall formula like population projections, pupil numbers and benefit claimant counts. The key indicators are shown in the table below.

### Changes in Key Datasets

Dataset <sup>1</sup>	Powys				All Wales		
	2020-21 Final	2021/22 Provisional	% Difference	Rank	2020-21 Final	2021/22 Provisional	% Difference
Population <sup>2</sup>	132,084	132,475	0.3%	17	3,136,749	3,163,125	0.8%
Pupil Numbers - Nursery and Primary	9,746	9,577	-1.7%	20	263,655	261,664	-0.8%
Pupil Numbers - Secondary in year groups 7-11	6,306	6,452	2.3%	9	161,806	165,357	2.2%
IS/JSA/PC/UC (not in employment) claimants - 18 to 64	1,480	1,782	20.4%	3	79,026	90,136	14.1%
IS/JSA/PC claimants - 65+	4,248	4,035	-5.0%	17	105,082	100,207	-4.6%
IS/JSA/PC/UC (not in employment) claimants - all ages	5,740	5,837	1.7%	16	184,558	191,132	3.6%
SDAD/LA/PIP claimants - 18 to 64	4,502	4,502	0.0%	15	142,023	142,657	0.4%

The total number of people living in Powys has declined over recent years but the table above shows a slight increase, this may however be due to the change in the data collected which is now based on the mid-year estimates. The population across Wales has increased and the change across other authorities has an impact on Powys and the distribution in funding. The population trend across Powys is shown in the table below with further decline expected.



Powys has seen a continued decline in pupil numbers over the last ten years and although numbers are stabilising, they are not projected to recover to their former levels. Even if maintained at their current levels, the increase in numbers elsewhere in Wales will potentially mean we have less funding in our future settlements.

Welsh Government have not provided any settlement figures for future years. The table below models the percentage change in AEF if a reduction were applied. A 1% reduction equates to £1.8 million.

% change in AEF	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%
£'000	918	1,836	2,754	3,672	4,589	5,507	6,425	7,343

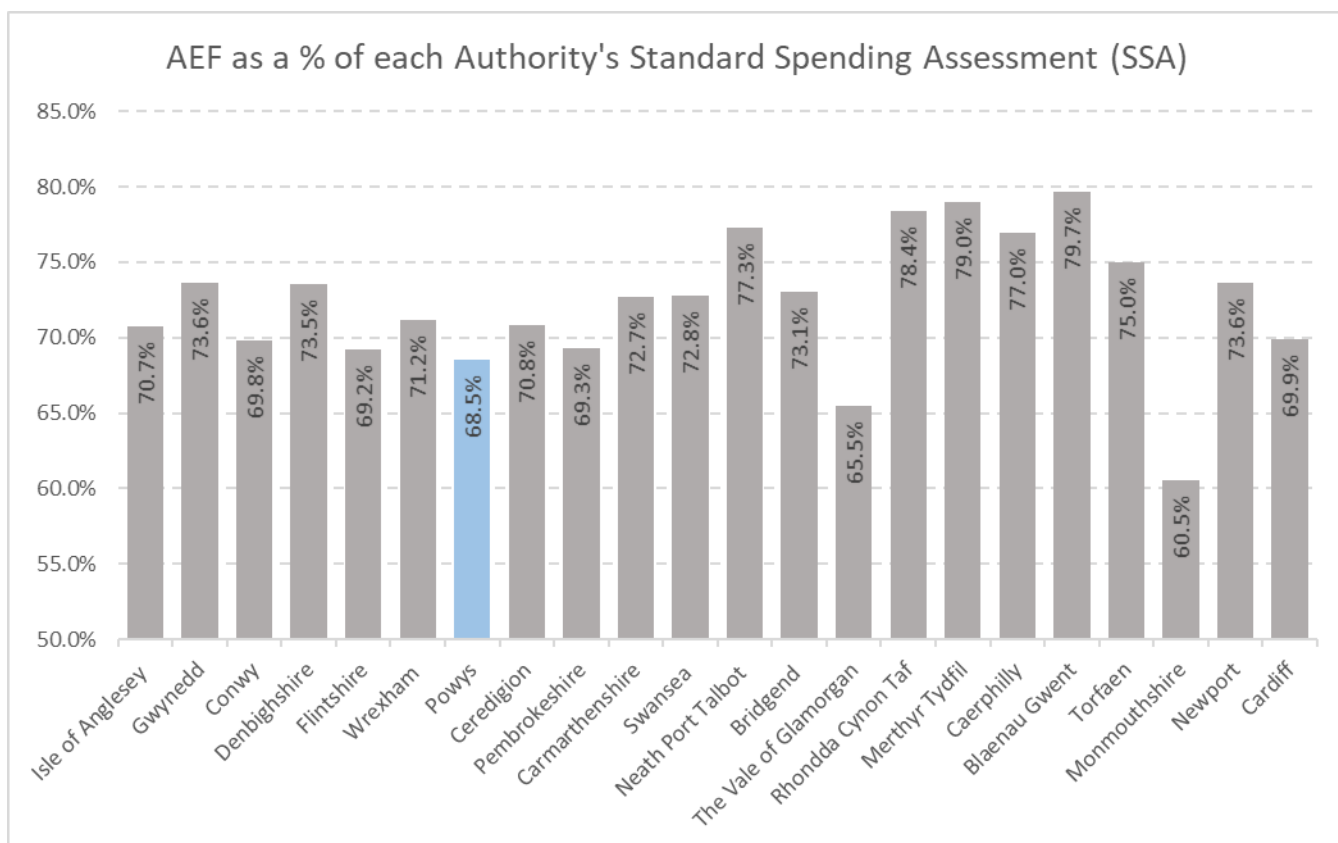
Due to the amount of funding delivered to the Council in this way, any change can be significant and in order to plan over a 5-year period we have modelled a number of funding scenarios ranging from plus 2% to minus 2%.

### Specific Grants

In addition to the AEF, Councils also receive specific grants which are accompanied by specific terms and conditions as to how they can be used. We receive around £70m of grant funding each year. These grants can change year on year and where a grant has been reduced or withdrawn, the Council's policy is that the service funded by the grant also reduces or ceases.

### Council Tax

Council Tax represents around 32% of the Council's Net Revenue Budget. Powys' Council Tax contribution is proportionally greater than other Authorities, an authorities' ability to raise Council Tax is calculated on the Council Tax base and Powys has a higher Council Tax base than most of the other authorities. The below graph shows the percentage of each Local Authority's Standard Spending Assessment covered by central funding (AEF).



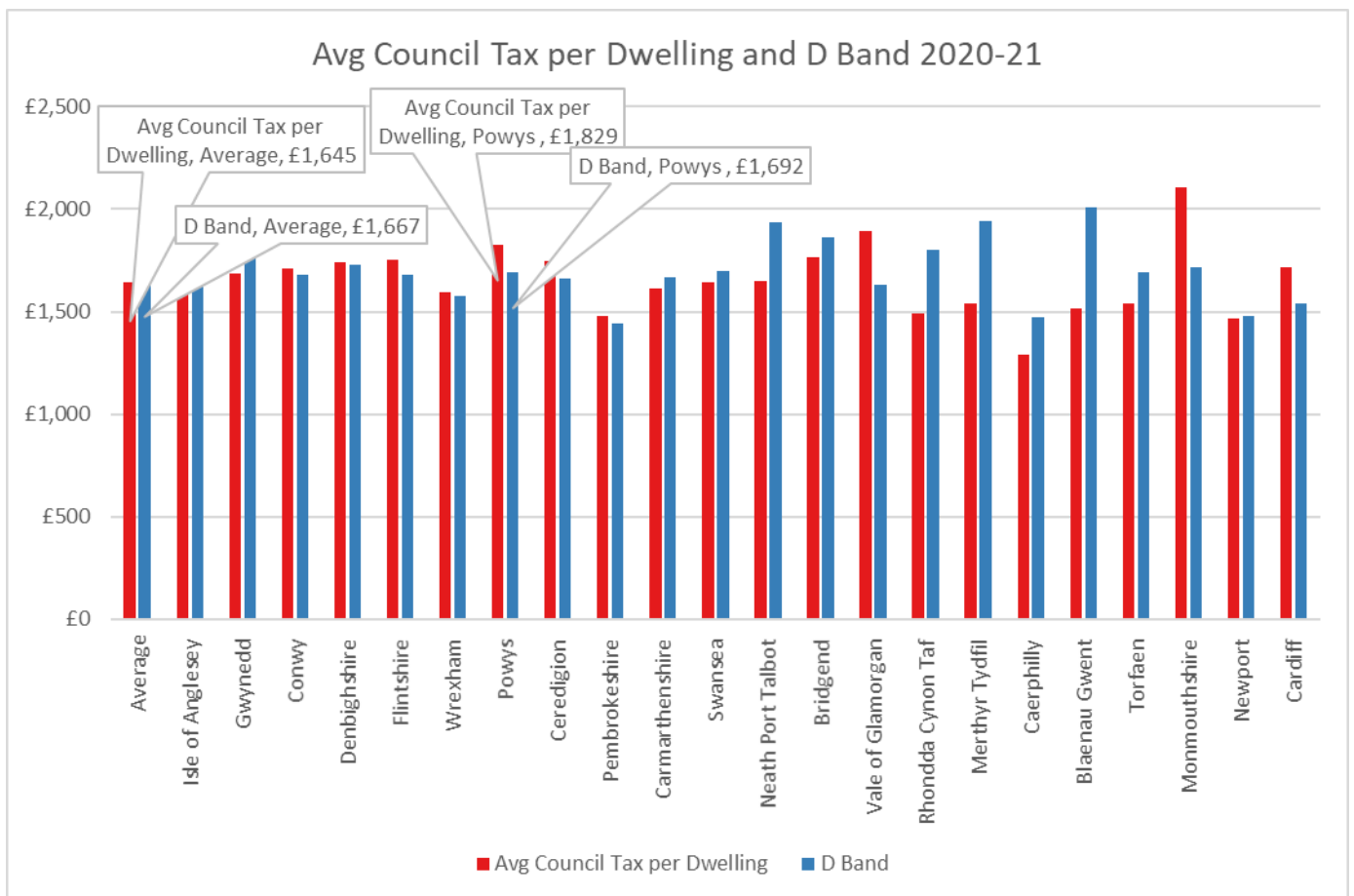
In our financial model (FRM), we are proposing an increase in Council Tax each year of 5% for future years.

The total Council Tax households will have to pay will be affected by decisions from public bodies, including Community Councils and the Police Authority. The following

table indicates the additional permanent funding that Council Tax increases ranging from 1% to 10% would produce.

% change in Council Tax	1.00%	2.00%	3.00%	4.00%	5.00%	7.00%	10.00%
£'000	927	1,855	2,782	3,709	4,636	6,491	9,273

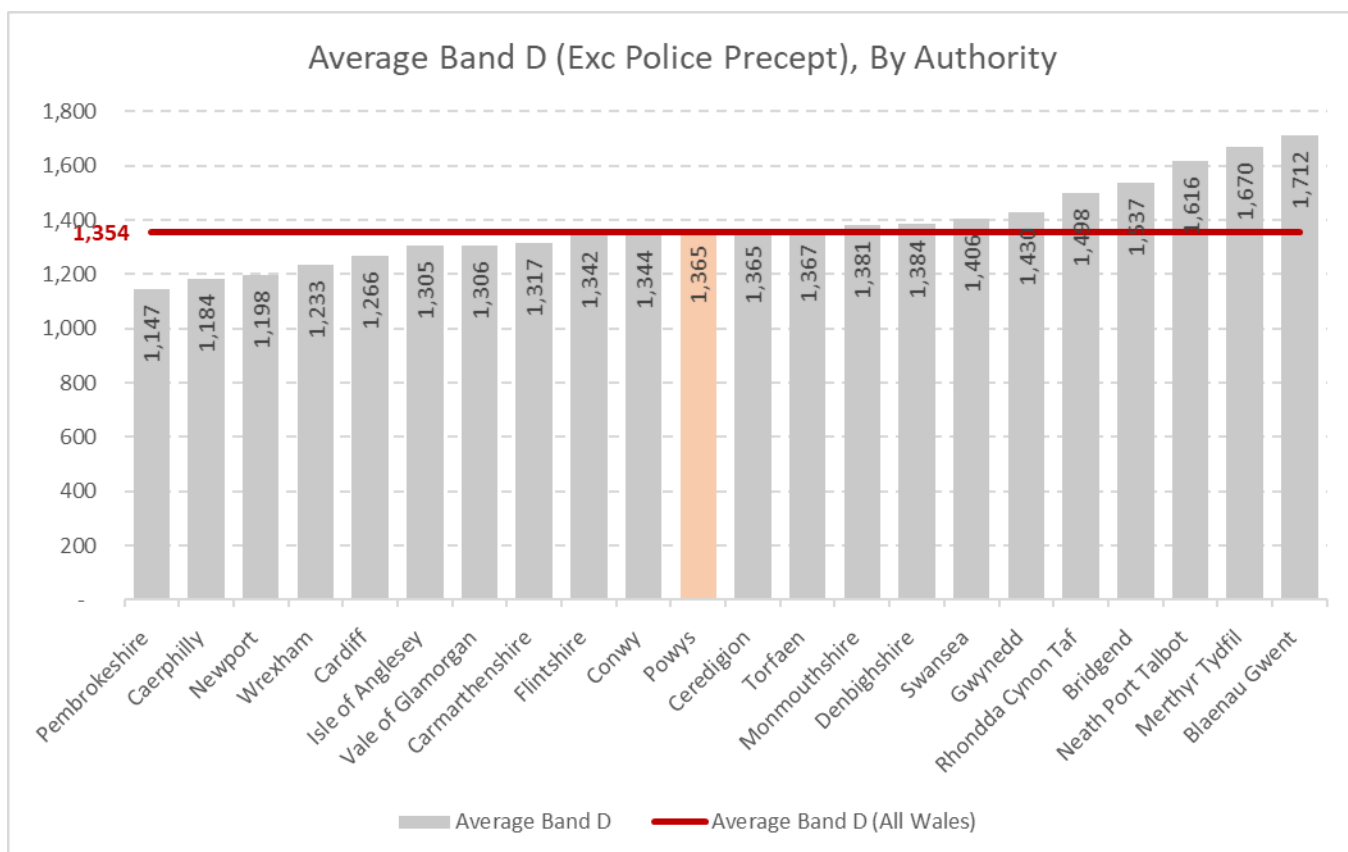
A balance needs to be struck between the ability to raise enough money to fund important services to the right level and the impact increasing taxation has on the residents of the County. Average council tax per dwelling in Powys for 2020/21 was the 3rd highest in Wales, this is particularly sensitive in a county with one of the lowest average wage levels in Wales. The graph below compares Powys against Welsh Local Authorities in terms of 2020/21 council tax average cost per dwelling and the Band D average (these figures include all precepts).



For 2020/21, the average annual Council tax bill for a Band D property in Powys was £1,692 (including community council and police precept). This was broadly in line with the Wales average for Band D properties of £1,667.

The table below shows the Band D Council Tax level for each of the local authorities in Wales (excluding all precepts).





Council Tax collection rate for 2019/20 was 97.2% (0.1% down on previous year) which compares with an average of 97.0% for all unitary authorities in Wales. The highest collection rate in Wales for 2019/20 was 98.0%

The pandemic has had an impact on Council tax collection across Wales, at the end of November 2020, an average reduction of 1.58% has been recorded. Powys has suffered the least impact with collections rates down by 0.66%. In setting the Council Tax base for 2021/22 the ongoing impact of the pandemic has been considered and the collection rate reduced by 0.1%. Future years will be assessed on an annual basis.

### **Revenue Budget**

Our revenue budget indicates what we will spend on day to day services. It includes the cost of salaries for staff employed by the Council, contracts for services procured by the Council, other goods and services consumed by the Council and the cost of financing borrowing to support the capital programme. Our revenue spending priorities are determined according to the Council's statutory responsibilities and local priorities as set out in our corporate plan (Vision 2025).

Reductions in funding and increasing cost pressures place significant pressure on service delivery. Over the last decade we have made savings of more than £100m. Our financial strategy must identify and calculate the impact of pay, price and inflationary increases, changes in demand for service provision, changes in statutory and legislative obligations, and the funding of our local priorities.

Each Services Integrated Business Plan will inform the overall Councils Budget Plan, these will define all the objectives of the service. The plans capture the service's vision and highlights its key roles and responsibilities in supporting the Councils Vision 2025 Corporate Improvement Plan Outcomes, and statutory responsibilities along with the intended outcomes for service users and / or residents. In addition, the Programmes to deliver the Vision 2025 have been developed and are monitored through the Council's Transformation Delivery Board for inclusion in the annual budget cycle and 5-year plan.

It is expected that the Vision 2025 will be delivered within the existing Revenue Budget. Some investment may be required to support capital expenditure or transformational activity and funding identified to support our plans will be allocated on the basis of sound business cases.

A number of overarching assumptions are included in our planning, a summary of which together with a sensitivity analysis of the projections are as follows:

Driver	Comments	Sensitivity: +/- 1% (£m)	Best	Most Likely	Worst
Revenue Support Grant & Non-Domestic Rates Funding	Welsh Government have not indicated funding levels for future years	£1.83m	2.0%	-	(2.0%)
Council Tax	Cabinet have set the current assumption at 5% increase per annum 2022/23 onwards	£0.92m	5.0%	5.0%	5.0%
Council Tax Reduction Scheme	As Council Tax rates increase the cost of the Council Tax reduction scheme will also increase	£0.09m	£0.45m	£0.45m	£0.45m
External Grants	External revenue grants expected in 2021/22	£0.70m	-	-	-
Pay Awards: General	Includes NI & Pensions; excludes Schools Delegated	£1.10m	1.00%	1.00%	1.00%
Other Inflation/ Price Pressures		£0.74m	2.00%	2.00%	2.00%

We set our budget within a statutory framework under the Local Government Act 2003 that requires a balanced budget for the forthcoming financial year. There is no requirement to set out a balanced position beyond the next year but the five-year strategy has been developed to enable longer term planning and transformation.

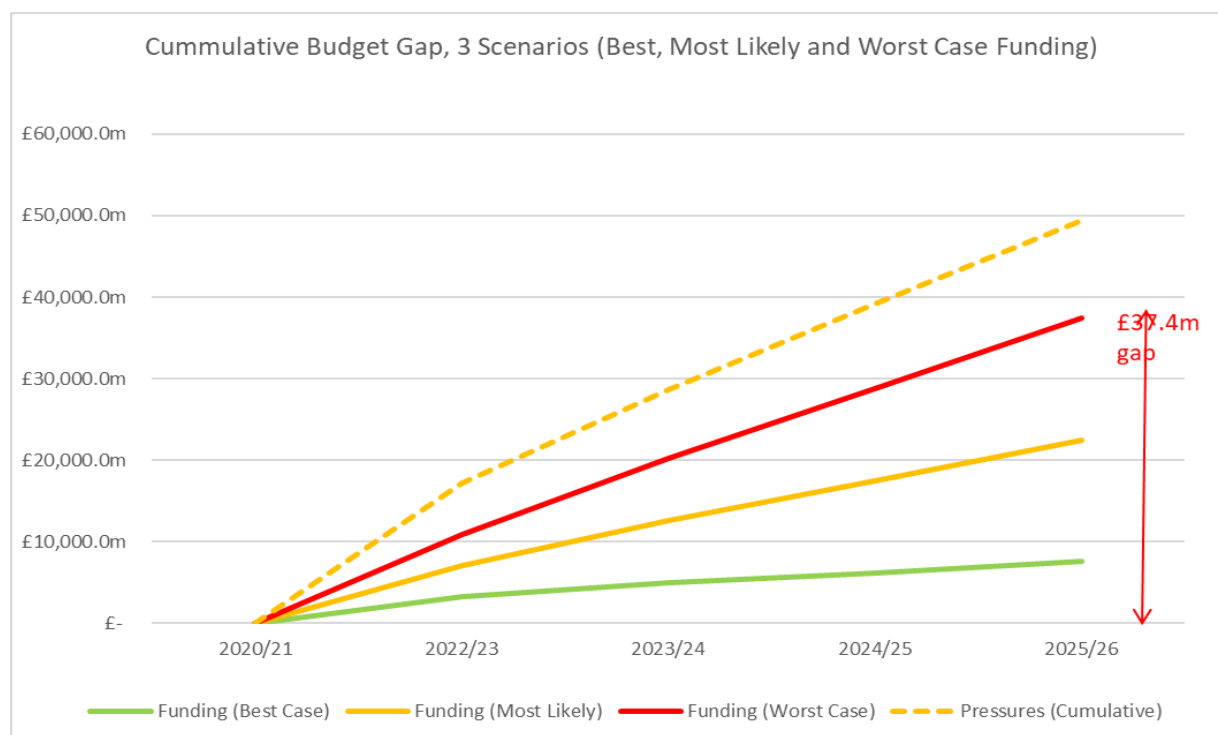
The Medium Term Financial Strategy:

- Identifies the cost of implementing our Vision;
- sets out future funding levels from Welsh Government;
- considers the level of Council Tax to be raised;
- identifies and estimates the cost pressures facing the Council;
- sets out the policy on Reserves;
- identifies the gap between our funding and expenditure.

## How we will balance the budget

In order to deliver an ongoing balanced budget, the gap in our financial planning must be closed. Due to the uncertainty of the funding we will receive from Welsh Government we have modelled Best Case, Most Likely and Worst Case scenarios, these capture different levels of funding, Inflation and provision for Service Pressures as well as some service reductions that form part of services three year plans.

Assumptions set out throughout the strategy are based on the worst case funding scenario, the graph below shows the impact of the various funding possibilities against the increasing level of pressures.



The FRM highlights that over the next four years we estimate £49.3 million of pressures (including inflation, capital financing cost to support borrowing on the capital programme and service pressures). The worst case scenario provides additional funding of 5% council tax funding, there is a financial gap of £37.4m by 2025/26. This includes mitigation by Cost Reductions of £7.7 million.

Summary of Gap - Scenarios	£'000	2022/23	2023/24	2024/25	2025/26	Cumulative
Best Case +2%		3,212	1,721	1,178	1,441	7,553
Most Likely - Flat Cash		7,050	5,482	4,864	5,053	22,450
Worst Case -2%		10,888	9,243	8,550	8,666	37,347
Includes - Cost Pressures		17,133	11,508	10,471	10,191	49,304
Cost Reductions		(5,645)	(1,361)	(714)	0	(7,720)

The current worst case FRM modelling is summarised below.

FINANCE RESOURCE MODEL 2021-2026

<b>REVENUE FUNDING</b>		<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Base Funding (Prior Year)		269,440	280,664	281,264	282,168	283,375
AEF (RSG & NNDR Allocation)	+4% / -2%	7,608	(3,838)	(3,761)	(3,686)	(3,612)
Council Tax	3.9%	3,616	4,438	4,666	4,893	5,137
<b>Total Projected Revenue Funding</b>		<b>280,664</b>	<b>281,264</b>	<b>282,168</b>	<b>283,375</b>	<b>284,900</b>
<b>REVENUE EXPENDITURE</b>						
<b>Base Budget (Prior Year)</b>		<b>269,440</b>	<b>280,664</b>	<b>292,152</b>	<b>302,299</b>	<b>312,056</b>
<b>General Inflation:</b>		1,907	2,994	3,053	3,111	3,174
<b>Demographics</b>						
ASC		700	1,469	1,062	1,397	1,000
Children		187	187	187	187	187
Education		701	(75)	0	0	0
<b>Corporate and Service Specific Pressures:</b>						
Delegated		787	1,083	1,091	300	500
Education		772	(83)	50	52	200
HTR		780	262	660	300	500
H&CD		134	0	0	0	0
PPPP		528	0	0	0	0
ASC Commission/Director		33	0	0	0	0
ASC		7,354	4,205	3,423	3,380	2,000
Children		2,297	561	342	189	500
Transf/Comm		38	0	0	0	0
WOD		126	0	0	0	0
Digital		225	0	0	0	0
Legal		27	0	0	0	0
Corp		927	200	200	50	500
Council Tax Reduction Scheme (impact of 3.9CT in		951	700	450	450	450
Fire Levy		178	180	180	180	180
<b>Savings</b>		<b>(11,828)</b>	<b>(5,645)</b>	<b>(1,361)</b>	<b>(714)</b>	<b>0</b>
<b>Undelivered Savings previous years</b>		<b>1,634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Financing Costs:</b>						
Capital Funding		255	962	810	875	1,000
Changes in MRP		2,512	2,488	0	0	0
<b>One Off Funding:</b>						
Transformation capital directive changes		0	2,000	0	0	0
<b>Total Projected Revenue Expenditure</b>		<b>280,664</b>	<b>292,152</b>	<b>302,299</b>	<b>312,056</b>	<b>322,247</b>
<b>(Funding Shortfall)/ Surplus - Cumulative</b>		<b>(0)</b>	<b>(10,888)</b>	<b>(20,131)</b>	<b>(28,681)</b>	<b>(37,347)</b>
<b>(Funding Shortfall)/ Surplus - In Year</b>		<b>(0)</b>	<b>(10,888)</b>	<b>(9,243)</b>	<b>(8,550)</b>	<b>(8,665)</b>

The following strategies will be developed to close the gap:-

- The transformation of service provision;
- Improved efficiency and a “Right First Time” ethos;
- Identification of investment opportunities and income;
- Capital Programme – reviewed, opportunity to invest;
- Cross Cutting Themes;
- Commerciality/income generation/fees and charges;
- Reconsider the levels of Council Tax increase;
- Some service reductions – ceasing or reductions to levels of service;
- The use of the Spend to Save reserve to support transformation;
- The raising of capital receipts to support transformation.

### **Council Wide Operating Principles for Transformation**

- Moving from an organisational focus (supporting our own internal requirements and functional silo’s) to a focus that looks to meet our residents and communities’ needs;
- Management ethos focuses on improving the outcomes for residents and communities by removing barriers.
- Moving from functional silos to services that effectively meets our residents and communities’ demand.
- Decision making is based on a clear set of principles, experience, knowledge, robust evidence and is taken as close to the frontline as possible.
- Continuous improvement informed by timely data which will measure how well we are delivering outcomes for residents and communities.
- Accountable for activities and accepting responsibility, resulting in transparent delivery of effective outcomes.
- We challenge everything we do, and will realise the right outcomes using our transformation methodology.
- Partnerships are outcome focused, based on collaboration and strong relationships (working together, stronger together).

The transformation of services will require investment to implement. This is supported within our financial planning by using capital receipts to capitalise appropriate costs under the Welsh Government Capitalisation Directive. We will also bid for additional resources from Welsh Government to support our programme.

### **Budget Principles**

The approach to budget setting is underpinned by the following Budget Principles approved by Cabinet:-

- a. Flexible, Remote and Mobile working  
This is already underway and should be aligned to downsizing corporate offices and increasing productivity. There is considerable cost tied up in the corporate estate and a savings target for accommodation savings will be explored. This must be based on a new approach to working arrangements.

- b. Improving Collaboration  
The Welsh Government's policies on local government collaboration mean we will continue to seek partnering arrangements. There may be scope to explore the various collaborative models including partnerships and shared services. We already collaborate but more can be done and the Local Health Board is a key partner under this theme.
- c. Customer Insight  
The Business Intelligence function has made progress since its creation. However, we are still richer in data than information. Improved decision making and performance through better customer insight may be an area where financial gains can be made.
- d. Business Process Improvements  
There is already good evidence that progress has been made in this area. However, this is patchy and the organisation needs to fully embrace business process improvement techniques. Technology can assist this area and the introduction of a new finance system will be a key element as well as integrating systems to make processes more efficient. Investment here can bring significant savings which may not impact directly on front-line service delivery and therefore should be politically easier to deliver.
- e. Productivity  
Access to information, better techniques and relevant training can increase productivity and more responsive services (this should be linked to business process improvements outlined above). Areas such as customer relationship management, workflow and case management can also be looked at under this theme.
- f. Flexibility  
It may be appropriate to support the workforce in work/life balance issues whilst remaining within Local Government terms and conditions. The council has already offered the workforce the options of a more flexible approach to leave arrangements that sees staff `buy` additional holiday by being able to take unpaid leave to external holidays. The benefit of a more flexible workforce, increases morale and productivity.
- g. Commercialisation.  
A more commercial approach is already evident with contracts being won, and services provided, to other public organisations. The Council has already set up "Powys Commercial Services" a local authority trading company and this provides a vehicle for additional trading opportunities. This will form a key part of our future planning. There is great scope to increase the income flows to the Council. The services will need to be run on a commercial basis and will have to compete locally as well as nationally. Property is another area where we can increase income from taking a more speculative approach to acquisitions, leases and development.

## **Income, Fees and Charges**

Income generated through fees, charges and rentals plays an important part of our financial strategy. The Council raises approximately £70m of income annually. An **Income Policy** is in place together with a Fees and Charges register. It is important that fees are reviewed at least annually as part of the budget setting process and reviewed during the year, in line with the Council's income policy. This will ensure existing targets are being met, additional costs are being recovered through charging, and any further income potential is explored to maximise the Council's resources.

## **The Wellbeing and Future Generation Act – Assessing the impact of our decisions**

The Wellbeing and Future Generation Act enshrines in legislation sound principles that mean the impact of decisions should be considered over a wide range of stakeholders over a longer period. The Council has a thorough impact assessment process in place to ensure that all decisions are properly considered. All budget decisions will continue to be assessed rigorously to ensure that the impact is understood and that prudent and sustainable budgets continue to be set.

## **Capital**

The Capital Strategy is fundamental to the effective delivery of the Council priorities and our Vision 2025. It facilitates a seamless interface between business planning within the Council and the management of assets and capital resources. This will ensure that the provision of resources and future investment are prioritised. The provision of the right asset in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services. It is aligned to the Asset Management Plan and the major investment plan for 21st Century Schools, jointly funded with Welsh Government.

The future capital requirements will align with the revenue budget, ensuring investment is linked to service development and commerciality. Ultimately, our aim is to use fewer resources, including our buildings, but use these far more efficiently.

The Capital Programme is closely aligned to the Treasury Management Strategy, in terms of identifying and undertaking necessary borrowing and when cash will be paid into the Council's bank to support cashflow.

The Council is required to make an annual charge against its revenue budget for the repayment of its debt liability in respect of capital expenditure funded by borrowing, for both the General Fund and Housing Revenue Account Debt. This is called the Minimum Revenue Provision (MRP). The Council revised the method of calculating MRP to a 2% straight line for the General Fund, for debt going forward.

A Welsh Government Directive has provided Authorities with the opportunity to utilise capital receipts from the sale of property and other assets to fund transformation costs. Powys has used this opportunity appropriately to capitalise such costs since April 2016 and will again use this to support transformation costs including staff severance costs.

A **Capital Receipts Policy** has been developed to support this approach which includes the projected level and use of receipts over the period for which the directive applies. The disposal of surplus property and assets will be assessed on an annual basis and the level of receipt projected and considered within the budget model.

The directive ends on the 31st March 2022 and our budget plan recognises this and builds in an ongoing revenue budget to support these costs into the future.

## **Reserves**

The **Reserves Policy** establishes a framework within which decisions are made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used. This is a key component of the MTFS as a sound reserves policy is essential in order to underpin the financial sustainability of the Council. It is for this reason that we have developed our approach to reserves through an effective policy.

The use of reserves and the levels at which they are maintained is determined on an annual basis as part of the Council's budget setting process following a risk based assessment. The approach is supported by the policy around the use of reserves. All reserves are corporate rather than service based.

The Council faces a continuing financial challenge and it is essential that a prudent reserve level is in place to ensure enough financial capacity is available. This cannot be stressed too highly given the level of cost reductions, the risk inherent in the budget and the significant challenge to balance the budget over the medium term.

The level and purpose of holding of reserves is a matter for each authority to determine as part of sound financial management.

The more reserves held by a council indicates that its financial position is more sustainable. As per the recent Audit Wales report "Financial Sustainability of Local Government as a result of the COVID-19 Pandemic" October 2020, Powys' useable reserves were 10% of the net cost of service. Nine other authorities were around this level, one was much lower at 5% whilst 12 others ranged from 18% to 33%.

Ring-fenced and Specific Reserves are identified and held for defined purposes, this includes a Spend to Save reserve which provides a source of funding for transformational activity across the Council.

## **Investments and Borrowing**

The Council has a clear Treasury Management and Investment Strategy which is approved at Council each year and sets out the expected activities and appropriate strategies of the Treasury function in respect of borrowing and investments.

Cashflow management is essential to ensure we minimise our need to borrow. Strengthening the understanding and importance of this function could facilitate stronger working capital and the ability to invest balances at a rate of return level of around 0.5%. In recent years, minimal investment income has been achieved through



cashflow management, because of the uncertainty about the level of capital spending profile. A return could be achieved if we had confidence in capital obligations alongside corporate changes to creditor payments and debt collection.

The strategy confirms the need to borrow to support the capital programme and continue to be significantly under borrowed. The consequence of which is the reduced cost of borrowing and the revenue budget model and forecast are revised regularly to assist the budgets.

The Council's policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when the Authority will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt. The coronavirus outbreak has done huge economic damage to the UK and economies around the world. The Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%. Current forecasts do not predict an increase in Bank Rate in the near-term, a little upward movement in PWLB rates over the next two years is however expected. Borrowing to cover the future capital programme costs will be considered against the cost of carry.

### **Risks and Risk Management**

At a time when the Council is facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the objectives of Vision 2025 and deliver services more efficiently, using innovative and cost-effective means.

A ***Risk Management Framework*** is in place to ensure that at all levels of the organisation we are able to identify risks which would prevent us from achieving our objectives (including failing to take advantage of opportunities). There is clear guidance on the terminology associated with risk management and the process itself, along with a set of practical tools and techniques to help us manage risks, deliver objectives, meet targets and maintain resilience.

We must not lose sight of the fact that risk is inextricably linked to opportunities and innovation. The Council cannot be risk adverse, and it needs to take full advantage of opportunities for improving services therefore we need to be proactive in the way that we identify and manage our risk.

Having a better understanding of the importance of, and fully implementing, risk management will make a huge contribution to the Council. Better identification of risks and their management will mean that better use of resources is achieved. If we use the resources available to us more efficiently and effectively then the service to our customers can only be improved.

### **Budget Risks**

## Change Delivery Capacity

A number of cost reductions are now categorised as ‘transformational’. In other words, a proactive approach to change is required rather than the more traditional percentage budget cut. It is important the Council recognises that, at a time of change, investment may be needed to deliver change. In some cases, specialist skills will be required for short periods.

## Cost Reductions

The level of cost reductions required in 2021/22 is significant at £11.8 million. Any unforeseen delays in implementation will impact on the achievement of the reductions required. Progress on the delivery of approved reductions will be reported to Cabinet on a monthly basis. Slippage on the delivery of proposals presents a risk to the budget plan and any resulting overspend would ultimately fall on the council’s general fund reserve. However, the emphasis is placed on ensuring reductions are delivered. Plans within service areas need to be managed robustly, to limit any underachievement and monthly budget monitoring and savings delivery monitoring ensures Cabinet has visibility of financial performance and can take corrective action if necessary.

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 £12.394 million. 67% or £8.351 million have been delivered and a further 12% £1.432 million are assured of delivery by Heads of Service. £2.611 million, 21% are unachieved and are at risk of delivery.

The table below summarises the level of savings delivered over the last 7 years.

<b>Financial Year</b>	<b>Target £m</b>	<b>Delivered £m</b>	<b>%</b>
2014/15	17.6	14.0	80%
2015/16	12.8	9.7	76%
2016/17	12.1	9.6	79%
2017/18	11.8	8.3	70%
2018/19	12.3	6.5	53%
2019/20	21.7	15.8	73%
2020/21 forecast	12.4	9.8	79%
<b>Total</b>	<b>100.7</b>	<b>73.7</b>	<b>73%</b>

## Income

The budget is supported by approximately £70m of generated income and therefore services need to constantly review their income levels and develop creative plans to ensure that they are sustained. This risk is being mitigated by an overall strategy for income and a move to full cost recovery wherever appropriate.

## Treasury Management

The revenue budget and capital programme are supported by daily cash movement managed within our borrowing and investment strategies. The financial climate has a significant impact on these activities. We continue to monitor these on a daily basis. Any variation in the cost of borrowing is being mitigated by a proactive approach to refinancing our borrowing wherever possible. This ensures that, wherever possible, our long term borrowing for our capital projects takes advantage of the historically low level of debt interest.

## Variations to Settlement Assumptions

The Council makes every effort to ensure that its assumptions about budget settlements for future years are based upon the best available evidence. However, future settlements cannot be predicted with absolute accuracy and can be influenced by political and economic policy changes. Scenario planning helps the Council mitigate this risk.

## Political Approval of Budget

The Council is required under the Local Government Act 2003 to set a balanced budget for the forthcoming financial year, and this must be approved by Full Council.

## Availability of Reserves

The Council may suffer other costs that may arise due to unexpected events such as: -

- Civil emergencies, Natural Disasters and Pandemics.
- Failure to deliver statutory duties – failure to deliver, including safeguarding activity in relation to adults, children, health and safety or public health could result in possible negligence claims.
- Increased threat of legal litigation in respect of service delivery standards and regulations and multiple insurance claims. This risk is the likelihood of needing to replenish the insurance fund immediately from reserves as a result of several claims above our excess.
- Increase in energy cost prices.

If the actual position is different to the assumptions made in producing the budget, in-year adjustments would be needed.

## Mitigation, Review and Monitoring

As part of the impact assessment process, the author of the assessment is asked to identify mitigation to any negative impacts that have been identified. The risks and the identified mitigation must be managed within the appropriate project risk register to ensure continual monitoring and management of the risks.

## **Stakeholder Communication & Engagement**

The aim of our Communications and Engagement Strategy is to :-

- Provide clear and honest information about the budget position and future challenges
- To raise awareness of Vision 2025 and engage stakeholders to capture their views, to inform the Cabinet's and Full Council's decision-making process around budget setting
- To engage and consult, taking into account the Equalities Act 2010, and in accordance with the National Principles for Public Engagement in Wales e.g. timely, genuine, due regard etc.

## **Public Communication and Engagement**

Over the past few years the Council has sought to engage residents in the decision making process around setting a balanced budget using an online budget simulator tool. The cost reduction targets subsequently agreed by the Cabinet and ratified by Full Council have then led to service managers needing to develop more detailed proposals which have, in the main, gone out for public consultation. This has created a further opportunity for affected residents to influence service delivery by attending drop-in engagement sessions, public meetings, organised workshops or completing online/paper surveys to have their say.

The views of residents have been sought and received in a number of ways including:

- The Powys Budget Simulator
- Specific service type Consultations
- Legislative consultations

Appropriate methods of engaging with our residents are considered and implemented on an annual basis.

For the current year we have taken a different approach that focuses on the impact the COVID-19 pandemic has had on the Council and how we have supported residents and businesses through it. "Future-proofing Powys" asks residents for their views on:-

- how the Council has responded to the pandemic
- what the Council should focus on now to support businesses and the economy which services are most important to our communities
- what can be learnt from the way we have worked this year and can these approaches be adopted in the future.

## **Member Seminars**

Members of the Council are engaged in the budget planning process from the outset through a series of budget seminars. These seminars look at the development of the budget proposals and all members have an opportunity to consider, challenge and input into the process. Financial assumptions and settlement information is shared

with members and the impact on the budget modelled and considered. Members are provided with the Impact Assessments for each of the proposals and the feedback from the consultation exercises carried out.

### **Finance Scrutiny Panel**

The Finance Scrutiny Panel, comprising Group Leaders of non-Executive Groups together with representatives of the Audit Committee, continue to be engaged in the budget process and are regularly updated on the process and the proposals as they develop.

### **Conclusion**

In developing this Medium Term Financial Strategy, the Council has a clear framework within which to develop its 5-year budget model and a 10-year Capital Strategy Programme. The model and the assumptions included within it will be reviewed and updated as more information becomes available. Specific budget proposals are being developed and these will be finalised and reported in detail as each annual budget is developed and submitted for approval.

This process will enable the Council to strategically prepare to deliver a Council which is affordable, sustainable and able to achieve its 2025 Vision.

### **Supporting Documentation**

***Vision 2025: Our Corporate Improvement Plan***  
***Income Management and Service Cost Recovery Policy***  
***Capital Receipts Policy***  
***Reserves Policy***  
***Treasury Management and Capital Strategy***  
***Risk Management Framework***  
***Corporate Risk Register***

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## Appendix B

The current worst case FRM modelling is summarised below

### FINANCE RESOURCE MODEL 2021-2026

<b>REVENUE FUNDING</b>		<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Base Funding (Prior Year)		269,440	280,664	281,264	282,168	283,375
AEF (RSG & NNDR Allocation)	+4% / -2%	7,608	(3,838)	(3,761)	(3,686)	(3,612)
Council Tax	3.9%	3,616	4,438	4,666	4,893	5,137
<b>Total Projected Revenue Funding</b>		<b>280,664</b>	<b>281,264</b>	<b>282,168</b>	<b>283,375</b>	<b>284,900</b>
<b>REVENUE EXPENDITURE</b>						
<b>Base Budget (Prior Year)</b>		<b>269,440</b>	<b>280,664</b>	<b>292,152</b>	<b>302,299</b>	<b>312,056</b>
<b>General Inflation:</b>		1,907	2,994	3,053	3,111	3,174
<b>Demographics</b>						
ASC		700	1,469	1,062	1,397	1,000
Children		187	187	187	187	187
Education		701	(75)	0	0	0
<b>Corporate and Service Specific Pressures:</b>						
Delegated		787	1,083	1,091	300	500
Education		772	(83)	50	52	200
HTR		780	262	660	300	500
H&CD		134	0	0	0	0
PPPP		528	0	0	0	0
ASC Commission/Director		33	0	0	0	0
ASC		7,354	4,205	3,423	3,380	2,000
Children		2,297	561	342	189	500
Transf/Comm		38	0	0	0	0
WOD		126	0	0	0	0
Digital		225	0	0	0	0
Legal		27	0	0	0	0
Corp		927	200	200	50	500
Council Tax Reduction Scheme (impact of 3.9CT in		951	700	450	450	450
Fire Levy		178	180	180	180	180
<b>Savings</b>		<b>(11,828)</b>	<b>(5,645)</b>	<b>(1,361)</b>	<b>(714)</b>	<b>0</b>
<b>Undelivered Savings previous years</b>		<b>1,634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Financing Costs:</b>						
Capital Funding		255	962	810	875	1,000
Changes in MRP		2,512	2,488	0	0	0
<b>One Off Funding:</b>						
Transformation capital directive changes		0	2,000	0	0	0
<b>Total Projected Revenue Expenditure</b>		<b>280,664</b>	<b>292,152</b>	<b>302,299</b>	<b>312,056</b>	<b>322,247</b>
<b>(Funding Shortfall)/ Surplus - Cumulative</b>		<b>(0)</b>	<b>(10,888)</b>	<b>(20,131)</b>	<b>(28,681)</b>	<b>(37,347)</b>
<b>(Funding Shortfall)/ Surplus - In Year</b>		<b>(0)</b>	<b>(10,888)</b>	<b>(9,243)</b>	<b>(8,550)</b>	<b>(8,665)</b>

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Appendix C Cost Reductions Proposed 2021-22

Ref	Service	Brief Description	2021/22
N/A	Adult Services	a. Full year effect of the part year savings from 2020/21 in 2021/22 say too early in the financial year to predict - <b>and they will be based on impact assessments proposed and approved in last years budget</b>	500
IA - AS02	Adult Services	b. Strengths Based Reviews - A continuation of the undertaking of strengths-based reviews of care and support plans. We believe this will in turn allow us to release domiciliary care capacity to ensure that this	1,445
IA - AS03	Adult Services	c. Direct Payments - Continuation of our promotion of direct payments as a strengths based and personalised solution to meeting care and support needs.	300
IA - AS04	Adult Services	d. Double to single handed care - Continuation of our investment in the "moving with dignity" approach whereby occupational therapists work alongside teams in adult social care and commissioning to review and right sight size new and existing care packages. There is well established evidence that such investment would deliver significant returns in terms of both cost reductions, and cost avoidance, as well as releasing	400
IA - AS05	Adult Services	f. Where people live - Continuation of our approach to supporting people to live within their own community, or as close to their community as possible. This means a reduction in the number of people who live in care homes and specialist homes outside of Powys and to support people to return to their	720
IA - AS06	Adult Services	care and support of Powys residents.	1,070
IA - AS07	Adult Services	i. Staffing - We will ensure that new innovative staffing models will be based on "multi-skilled and generic roles ensuring a shift to prevention and early intervention."	100
IA - AS08	Adult Services	h. TEC - To deploy (TEC) Technology Enabled Care in order to cost avoid £345k to adult social services in 2021/22. TEC includes lifelines emergency phones/alarms and sensors which support people to live independently in their own homes. These systems enable people to live at home for longer and for next of kin / informal carers to be assured of the individual's wellbeing.	45
N/A	Adult Services	Review of community support and day services - relates to the reprovision of day services following the decision by Welshpool Town Council to cease delivering day centre provision. This was not a decision taken by ourselves and so we were unable to provide an impact assessment. Residents will however be offered	70
IA - TAC01	Adult Services	Use of grant to fund comms team working in ASC - See Transformation and Communication Impact	59
IA - CS04	Childrens Services	a - 20/21 bfwd Shared costs with PTHB for CLA (as per 20/21 Savings remaining to achieve)	380
IA - CS03	Childrens Services	b - 20/21 bfwd Placement Savings (as per 20/21 Savings remaining to achieve)	381
IA - CS03	Childrens Services	c - Full Year Effect of Part Year effect of 20/21 CHC savings + placements	416

IA - CS02	Childrens Services	d - 20/21 bfwd Change in service provision of CLA	328
IA - CS03	Childrens Services	e - Change in leaving care Provision (16 plus supported Accommodation)	951
IA - CS01	Childrens Services	f - Agency no longer required following award of Market Supplement (Growth received re Market supplement in 20/21), as difficult to recruit posts will remain no longer vacant	408
IA - CS02	Childrens Services	h - Bfwd 20/21 Change in service Pump Priming (as per 20/21 Savings remaining to achieve)	70
IA - CS05	Childrens Services	and short breaks above)	240
IA - CS03	Childrens Services	i - Reduction in staffing expenses/family time expenses due to "closer to home" say	10
IA - ACS01	Commissioning - Adults & Children	e. Recommissioning/Decommissioning - We will continue to work in partnership with all service providers to review the way services are delivered in Powys to ensure that such services are accessible, of the right quality and at an affordable cost for all people who need to arrange their support. Alongside this, and to generate further efficiencies we will continue to promote reablement and recovery throughout all services to ensure that resulting support packages are appropriate to a people's needs.	382
IA - DS01	Digital Services	Digital - reducing small systems needing support	53
IA - DS02	Digital Services	Digital - using grant for core services	12
IA - DS03	Digital Services	Digital - staff reduced re FOI requests using Microsoft	13
IA - DS08	Digital Services	The Digital Transformation Programme will deliver improved end-to-end digital processes for our customers; this will result in our customers accessing our services through digital channels.	16
IA - DS05	Digital Services	Introduction of Xerox for outbound mail	47
IA - DS04	Digital Services	Our Digital Transformation Programme will drive delivery of digital solutions whilst providing financial reductions. The programme has 7 key work streams.	400
IA - DS07	Digital Services	Since 2015 Powys County Council has been rationalising their ICT systems via the System rationalisation Programme. This proposal continues the above work and it is estimated that the ICT budget funding many of these corporate contracts can be reduced by £65k year on year for 3 years 20/21 21/22 22/23.	65
IA - DS06	Digital Services	Due to System Rationalisation, the council can reduce its contract costs by approx £50k. These reductions are cross cutting across the Council	75

IA - ES01	Education	Reduce contributions to catering management team. This reduction proposal consists of two elements:  a). As a result of school modernisation, which has seen the closure of 8 schools, which were replaced by 4, the allocation against these schools will be adjusted accordingly, and therefore reduced by 50%, which equates to £10,000.  b). Reduce the remaining contribution to the Catering Management Team and the cost of the setting out of tables and chairs by £14,250 for each, totalling £28,500.	39
IA - ES02	Education	Reduction in GDPR support for schools. As the initial work that was associated with the introduction of GDPR has been undertaken, the level of support can be adjusted to reflect this.	19
IA - ES03	Education	General reduction in spend including additional travel savings due to digital working. We have been able to reduce the amount of travel undertaken by Schools Service Officers, in line with the enhanced digital working methods that have been developed during the COVID-19 pandemic.	63
IA - ES04	Education	Costs picked up centrally to be delegated to schools. It is proposed that expenditure which is completely	260
IA - FS01	Finance	Savings from the SWAP internal audit fees	26
IA - FS02	Finance	Savings from switching card terminal merchant provider	54
IA - FS03	Finance	Finance savings generated by reviewing our pooling arrangements and borrowing	200
IA - HTR01	Highways Transport & Recycling	This review will compare in-house service options (1 or 2 workshops), a combined in-house and external provision (1 workshop with external support for certain locations) or a fully external provision (single or multiple supplier). Continued in-house provision will require capital investment to maintain compliant facilities.  commissioning - Soft market testing will inform and gauge the level of interest from external suppliers. This will help the service evaluate the various options available.  At this point we cannot determine whether any savings will be realised through this process.	100
IA - HTR02	Highways Transport & Recycling	School transport is a statutory requirement, whereas Public Transport is a non-statutory provision. In such a sparse rural county such as Powys, commercially run routes are not viable and so for any service to continue there is a need for it to be heavily subsidised. An indicative percentage saving has been applied crudely at present to both budgets based on improved efficiencies, set against existing and future budget pressures.	549

IA - HTR03	Highways Transport & Recycling	<p>Extend the three weekly residual waste collection to four weekly, whilst retaining the 180L bin provision. Recycling collections will remain a weekly service. Three weekly collections have been implemented since 2015, and to date have seen an increase in recycling. Powys residents are familiar with the recycling programme, and continue to perform well, and we are confident that with this change and some further education, we will improve further.</p> <p>Powys was an early adopter of the three weekly collection, with most councils following suit. Conwy has recently moved to four weekly collections, albeit with 240L bins. The recycling rate continues to increase and the move to four weekly would help encourage even more recycling.</p> <p>Absorbent Hygiene Products (AHP) such as nappies and incontinence pads will be collected separately and on a more frequent basis. This will require further consideration in terms of vehicles and rounds.</p> <p>Four weekly collections would require a fundamental review of rounds with most people needing a change in collection days. It is assumed these start up resource costs will be supported by MOC monies. Dependencies would be other savings such as reducing waste vehicles and moving operations to North Bulking and Cwrt y Plyffin.</p>	50
IA - HTR04	Highways Transport & Recycling	<p>This review will be carried out in conjunction with the change on residual collection frequency, and whereas the budget reduction in the change in frequency is gained through increased recycling/reduced landfill costs, the gain from this element of the review will be from efficiencies made in the collection rounds. Alongside this there will be further consideration of working hours and practices.</p> <p>Dependencies are the moves to the North Bulking facility from Newtown and Welshpool existing sites, and from Brecon to Cwrt y Plyffin.</p> <p>There is a risk that any change in working hours requiring a collective agreement with staff may not be achievable. Risks associated with working vehicles for longer hours, are that with a smaller fleet, overall resilience will be weakened and any breakdowns etc will have an immediate and greater impact on collections.</p>	114

IA - HTR05	Highways Transport & Recycling	<p><b>To reduce highways maintenance to the lowermost level.</b> This will bring a further reduction in staffing, along with a rationalisation of the number of highway depots. In order to reduce budgets whilst minimising the risk of not fulfilling our highway authority duty, it is essential that some highways basic maintenance activities are re-prioritised.</p> <p>The proposed reduction in highway maintenance will be in areas considered a lower risk such as rural and urban sweeping, traffic signs and storm &amp; flood. The verge maintenance budget will be maintained, to contribute to forecast pressures such as Ash Die Back (which will require a significant increase in funding over medium term). Budgets have been re-prioritised to focus remaining funding on the most fundamental service - safety repairs, drain cleansing and limited maintenance to structures. There will be an even greater reliance on capital funding to deliver a defensible reasonable level of essential works, in order to fulfil our statutory duty, and provide a defence against 3rd party claims.</p> <p>Total operational staff budgeted to work on County Highway revenue maintenance will reduce to just 47 staff. *NB - Savings from depot closure (or costs of relocation) have not been included in the savings calculations</p>	0
IA - HTR06	Highways Transport & Recycling	Public Conveniences have been successfully transferred to Town & Community Councils and community groups. Only two toilets now remain being maintained by PCC (Ystradgynlais and Brecon Bus Stations), and the proposal is now to also transfer these assets. Transferring these assets will create a saving, however it must be noted that if an operator cannot be found then they will need to be closed in order to make the proposed saving.	43
IA - HTR07	Highways Transport & Recycling	Countryside access - Restructure and reduction in associated costs e.g. travel.	60
IA - HTR08	Highways Transport & Recycling	j - Outdoor recreation	40
N/A	Highways Transport & Recycling	HTR - Trawscymru travel to be funded by WG - This does not require an impact assessment as it replaces core budget with use of grant and likely to remain in place until 2024.	216
IA - HTR06	Highways Transport & Recycling	Transition funding removed for conveniences	24

IA - HCD01	Housing & Community	Reduce revenue funding for commissioned Arts Services	63
IA - HCD02	Housing & Community	Housing General Fund - Removal of provision for the temporary Gypsy & Traveller site during the annual Royal Welsh Show	25
IA - HCD03	Housing & Community Development	Library service - development of community hubs and outreach housebound delivery model	150
IA - HCD04	Housing & Community	Archives and Information Management - increase income from leasing storage space for records to external organisations	18
IA - HCD05	Housing & Community	Reduce the Sport Powys core budget	9
IA - HCD06	Housing & Community	Cleaning Service - develop business and income generating opportunities	45
IA - R01	Regeneration	Bid for Priority 5 funding Mid Wales Growth Deal	25
IA - LS01	Legal & Democratic Services	Review of Registration Service	31
IA - LS01	Legal & Democratic Services	Reduce Members Travel Budget	28
IA - LS01	Legal & Democratic Services	Implement webcasting delayed - this is one year funding	40
IA - PPPP01	Property, Planning & Public Protection	Reduce business rates costs	183
IA - PPPP02	Property, Planning & Public Protection	Increase in planning service income (WG increase)	75

IA - PPPP03	Property, Planning & Public Protection	Operational efficiencies - Trading Standards service	98
IA - PPPP04	Property, Planning & Public Protection	Efficiencies - Environmental Health (Environmental Protection) service	120
N/A	Schools Delegated	Full year effect Ladywell / Hafren merger - savings already banked - no impact assessment needed	39
IA - TAC01	Transformation and	Review future service requirements, restructure and introduce a new operating model	57
IA - WOD01	Workforce & OD	Moving forwards we will be able to deliver a large part of our leadership and management development through apprenticeship programmes funded from the apprenticeship levy we pay to Welsh Government. This will significantly reduce the cost of delivering our leadership training programme.	10
	<b>Total</b>		<b>11,829</b>

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# **Capital Strategy and Treasury Management Strategy**

Including Minimum Revenue Provision Policy  
Statement and Annual Investment Strategy

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# Introduction

- 1.1 The Capital and Treasury Management Strategies are fundamental to the effective delivery of the Council's priorities and Vision 2025. The provision of the right asset in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services.
- 1.2 This strategy document provides a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, an overview of how the associated risk is managed and the implications for future financial sustainability.
- 1.3 It sets out an integrated plan for the future management of the Council's assets and its capital programme. It is a key document running alongside the Vision 2025 and the Medium-Term Financial Strategy (MTFS) and will provide the framework to facilitate a seamless interface between business planning and the management of assets and capital resources. This will ensure that the provision of resources and future investment are prioritised and ensures the effective and affordable management of the Council's assets.
- 1.4 The CIPFA 2017 Prudential Code and Treasury Management Code of Practice, sets out the new requirements in relation to the setting of a Capital Strategy. The new requirement asks local authorities to consider the longer term as well as the short and medium term to:
  - Ensure that the capital expenditure plans of the council are affordable, prudent and sustainable.
  - Support transparent options appraisal.
  - Giving an outline of future commitments so that the affordability of both the long term plan and any new proposals can be properly understood.
  - Inform prioritisation and timing of projects to ensure that both financial and operational capacity is available for delivery.
  - Provide an overview of risk so that projects and proposals can be viewed in the overall risk context of capital and treasury investments.
  - Enable the ongoing capital and revenue implications of capital expenditure to be better understood and planned for in the Financial Resource Plan.
- 1.5 This Strategy document provides both the Capital Strategy and the Treasury Management Strategy as they are inherently linked through the activities they undertake. The document sets out the Capital Programme to 2030/31 and the funding approach through treasury management activities.
- 1.6 **Capital Strategy**
- 1.7 The key aims of the Capital Strategy are to:
  - Provide a clear context within which proposals for capital expenditure are evaluated to ensure all capital investment is targeted to deliver the Council's priorities.
  - Clarity about how the Council identifies and prioritises capital requirements and proposals arising from various strategies including the Vision 2025, Service Improvement Plans, and other corporate strategies, and how they will be managed within the limited capital resources available.
  - Challenge our current estate, continue with the programme of asset rationalisation, ensuring that assets retained are effective, efficient and economically sustainable to deliver services.
  - Identify and consider options available to fund capital expenditure that minimises the ongoing revenue implications of historic capital expenditure and of any new investments.
  - Use partnerships, both public and private, more effectively to support our overall strategy.
  - Establish effective arrangements for managing capital schemes including assessment of outcomes and achievement of value for money.
  - Ensure there is a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite

1.8 It is a requirement that the capital strategy demonstrates that the Local Authority takes both capital and investments decisions in line with service objectives. The capital strategy shows that the key drivers of the Council's Capital plans are captured through various plans across the authority. These include

- Highways Asset Management Plan (HAMP)
- Welsh Housing Quality Standard Plan (WHQS)
- Strategic Asset Management Plan
- Schools Transformation Plan
- Health and Care Strategy
- Service Plans

## 1.9 Treasury Management

1.10 The Treasury Management Strategy and Annual Investment Strategy report is a requirement of the CIPFA Code of Practice on Treasury Management and a requirement under the Local Government Act 2003. It has regard to the Guidance on Local Government Investments issued by the Welsh Government which requires the Treasury Management Strategy and Annual Investment Strategy to be approved by Full Council.

CIPFA defines treasury management as:

*'The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

1.11 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.12 A key function of the treasury management service is arranging the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.13 The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.14 This authority has engaged in only minimal commercial investments and has no (or immaterial) non-treasury investments.

## 1.15 Treasury Management and Capital Reporting Arrangements

1.16 The Council is currently required to receive and approve at Cabinet, as a minimum, three main treasury/capital reports each year, which incorporate a variety of policies, estimates and actuals.

- Prudential and treasury indicators and treasury and capital strategy (this report) - The first, and most important report is forward looking and covers:
- The capital plans, (including prudential indicators).

- A minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time).
- Capital strategy and capital programme
- The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- An investment strategy, (the parameters on how investments are to be managed).
- A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators if necessary, and whether any policies require revision. In addition, this Council will receive further quarterly update reports.
- Monthly capital reports to Cabinet – Providing an update on the capital spend, reprofiling and virement changes and funding that support delivery of the programme, with a year-end reflection of the actual against plan and reasons for the final month's changes from the forecast.
- An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- The above Treasury reports are required to be adequately scrutinised before being recommended to the Cabinet and Council. This role is undertaken by the Audit Committee.

### **1.17 Treasury Management Strategy**

The strategy for 2021/22 covers two main areas:

#### **a) Capital issues**

- The capital programme and funding regime and the associated prudential indicators.
- The minimum revenue provision (MRP) policy.

#### **b) Treasury management issues**

- The current treasury position.
- Treasury indicators which limit the treasury risk and activities of the Council.
- Prospects for interest rates.
- The borrowing strategy.
- Policy on borrowing in advance of need.
- Debt rescheduling.
- The investment strategy.
- Creditworthiness policy; and
- Policy on use of external service providers.

1.18 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Welsh Government MRP Guidance, the CIPFA Treasury Management Code and Welsh Government Investment Guidance.

### **1.19 Training**

1.20 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The Authority holds two briefing sessions per year for members and members must ensure that they attend at least one of these. The training needs of treasury management officers are periodically reviewed.

1.21 Financial training in managing the financial aspects of capital projects is available for those that manage projects and takes place regularly throughout the year.

### **1.22 Treasury Management Consultants**

1.23 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors. They also support on Capital advice. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance

is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

- 1.24 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

# Capital Strategy

## 2.1 Background

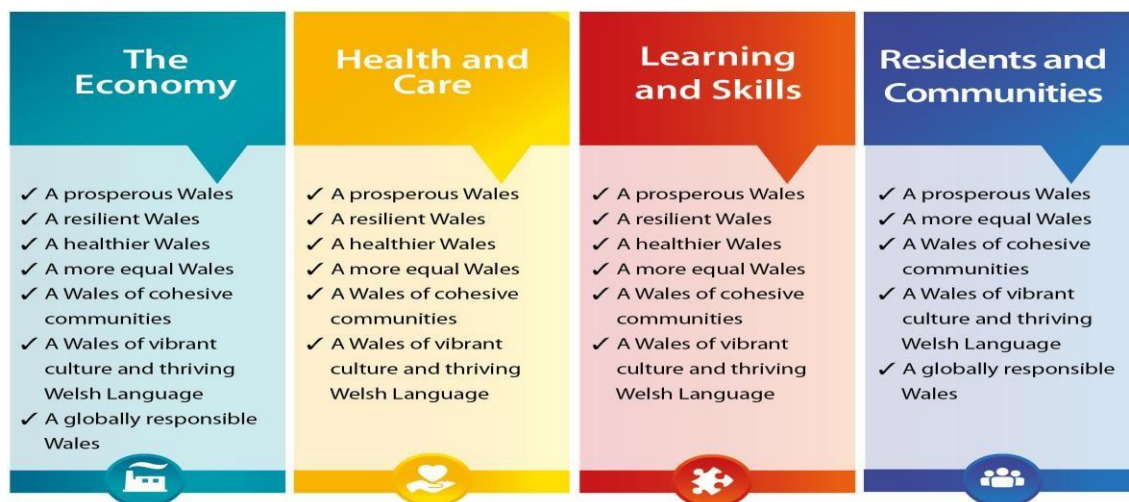
2.2 Part 1, Section 3 of the Local Government Finance Act 2003 requires that the Authority shall determine and keep under review how much it can afford to borrow. The Act is supported by the Prudential Framework for local authority capital investment and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code). The CIPFA Prudential Code was revised in December 2017. The revised Code introduced a new requirement that all authorities produce a capital strategy, which sets out the long-term context in which capital expenditure and investment decisions are made.

2.3 The Capital Strategy and Treasury Management Strategy (TMS) are closely linked, and both are revised annually. The Capital Strategy defines the Council's spending and the TMS sets out how it will be funded and its impact on the overall financial standing of the Council.

## 2.4 Aims, Priorities and Principles

2.5 The purpose of this strategy is to set out the objectives, principles and governance framework to ensure that the Authority takes capital expenditure and investment decisions in line with service objectives that underpin the delivery of the Corporate Improvement Plan through Vision 2025. The Council's Vision sets out the key priorities and objectives of the Council for the period to 31 March 2025.

2.6 Vision 2025 sets out the long-term vision for the council under four priority areas (aligned to the Wellbeing of Future Generations Act 2015 objectives).



## 2.7 Programme Overview

2.8 The Capital Programme is a key enabler to deliver the Council's ambition set out in Vision 2025. Broadly the programme covers three areas of expenditure:

- a core programme of schemes that are regulatory / statutory in nature, and minimise legal challenge or revenue risk, these schemes are related to day to day activities that will ensure the Council meets its statutory requirements.
- a retained asset programme to improve or enhance the life of existing assets, and

- an investment programme in schemes linked to the Council's strategic priorities, such as schemes to generate income and increase the diversification of the Council's property portfolio or reduce the revenue costs of running and maintaining the assets.

2.9 Vision 2025 will be delivered, in part, through its nine Transformation Programmes, as shown in the diagram below. The six Service Transformation programmes all require capital funding to deliver their transformation agenda.



### Capital Investment across Services

2.10 The Council has developed its capital strategy which sets out a ten year long-term plan and demonstrates that the capital / investments decisions are taken in line with priorities and gives consideration to both risk/reward and impact; as well as properly taking account of stewardship, value for money, prudence, sustainability and affordability.

2.11 The Council will continue to invest in services that underpin the priorities set out as part of Vision 2025, the key themes have clear service projects:

### Residents and the Community - We will support our residents and communities.

- **Housing** - The Council will continue to maintain for all the homes it owns the Welsh Housing Quality Standard (WHQS) with an ongoing capital programme in part funded through Welsh Government Funding and Supported Borrowing. The Housing Revenue Account Thirty Year Business Plan demonstrates an affordable capital strategy alongside delivering the day-to-day landlord service and has key objectives linked to the Local Housing Strategy. The Council has commenced the building of 100 new council dwellings as part of its commitment to complete 250



new homes by 2025. The Council will continue to fund a major programme of Disabled Facilities Grants enabled works and improvements to homes to improve the quality of life for people who need help to live as independently as possible. In addition, Housing Services will continue to support energy efficiency and bringing privately owned empty homes back into use through the SWAS (Safe Warm & Secure), Landlord Loans and the ZILF Co2i loan schemes.

- **Leisure Centres** - Since 2019 the Council has approved a five-year programme which has already enabled significant, essential replacement of plant, fixtures, end-of-life equipment, structural materials, playing surfaces and decoration. The Capital commitment supports the Council's 'landlord' responsibilities as part of the leisure contract but also ensures that the buildings are fit for purpose, compliant, attractive and provide a positive customer experience. Leisure Services in Powys not only support the overall well-being of our 'residents and communities' but contribute to the 'health & care' agendas, providing interventions and prevention programmes to help reduce the burden on health services; 'learning & skills' – as a collaborative partner to the School's Transformation Programme and for individuals to learn and develop through specific opportunities that the service provides or facilitates and the 'economy' by hosting and delivering local, regional and national events and competitions which draws significant numbers of visitors from across the UK to utilise the facilities we have in Powys.
- **Waste Strategy** - Powys County Council faces a stringent WG statutory recycling target of 64% for 2019/20 through to 70% for 2024/25. There is also a non-statutory WG target to reduce landfill to 10% by 2019/20 reducing to 5% by 2024/25. This has required a step change in the way all local authorities approach waste and recycling. The continued capital investment in the Waste and Recycling service will ensure that the Council is able to meet the targets whilst obtaining maximum value from the service. A network of assets under the Council's control allows flexibility to adapt to any changing requirements within the industry and Government policy and legislation. Some of these schemes are linked to efficiency savings and service improvements in future years.
- **Health and Care** – We will lead the way in effective, integrated rural health and care.
- **Social Care** - The capital programme focuses on supporting those who wish to remain in their own home rather than residential care and supports the integrated Health and Care Strategy for Powys. This strategy acknowledges that people in Powys live longer and healthier lives than elsewhere in Wales and that Powys is a place aspiring to help improve the wellbeing of all people. Capital funding mainly focus on accommodation options, including supporting the building and redevelopment of facilities to increase the stock of extra care housing, in collaboration with Powys Teaching Health Board and local Residential Social Landlords.
- **Assistive Technology** - has a key role to play in the modernisation of health and social care. With ever increasing technological advances, it offers a range of possibilities for greater choice, not only of how people can access the support they need, but also where and when they access support. In doing so, assistive technology enables people to take greater control, and to live independently for longer by preventing hospital admissions and premature moves to residential care. Enabling access to better accommodation options is essential in order to support independent living and reduce demand for other types of care.

**Learning and Skills** – We will strengthen learning and skills.

- **Schools Transformation** - The Council has developed a new ten year Strategy to Transform Education in Powys 2020-30 with the implementation of a major capital investment programme that will ensure that schools in Powys have inspiring, environmentally sustainable buildings that can provide opportunities for wider community activity, including where possible childcare services, early years, ALN, multi-agency support and community and leisure facilities. This will also include developing a reliable, high quality digital infrastructure. The Council is investing £147m over the next ten years in its schools through the current Band A and Band B of the Welsh Government's

21st C Schools Programme. The 21st C Schools Programme has a 65% capital intervention rate for mainstream schools, 75% for special schools and it also offers a new and innovative funding route where the intervention rate is 85% the Mutual Investment Model. The Council will develop its strategies to ensure maximisation of the potential investment opportunities that may be available via WG funding.

However, to deliver the full Schools Transformation Programme significant funding sources above what is currently included in the following Capital Programme will be required.

Alongside this, capital funding through our major repairs programme will be focussed on where the need is greatest, as identified through the Schools Service's Asset Management Plan.

## **The Economy** – We will develop a vibrant economy.

- **Highways and Environment** - The Council has a statutory duty to maintain the adopted highway, maintained at public expense in a safe condition for the passage of the user. A strategic approach has been used to develop the HAMP in identifying and allocating resources for the management, operation, preservation and enhancement of the highway infrastructure to meet the needs of current and future customers. Current gross replacement cost of these assets is estimated at £4.4bn.
- **Property** - The vision is to ensure that through the Corporate Landlord initiative, the Council's assets are appropriately managed to provide safe, efficient, sustainable properties in the right locations to support the delivery of services and the achievement of key priorities. The Strategic Asset Board and the Strategic Asset Management Plan are the mechanisms in place to help deliver these priorities, which will ensure close working and collaboration across all service areas and partner organisations such as NPTC / PTHB. The Property team will be supported in this crucial work with investment provided to procure a new Property Management database which will provide a single point of reference for all aspects of the Council's operational and investment estate. A provisional property disposals programme has been developed over the next 10 years.
- **Regeneration, Property and Development** - The Council need to intervene where the private sector is not able to (for economic reasons) to create or facilitate investment in business units in order to keep and attract business to the County. The Abermule scheme is one such scheme that sees the Authority creating a business park on a former WG site which otherwise would not have been developed in the short to medium term. Capital investment will also form an important part of supporting the regeneration and viability of town centres. An initial annual allocation of £2 million starting in 2022-23 has been included as the Council's contribution towards the Mid Wales Growth Deal. As the plans for the deal develop the funding will be released to the relevant projects on completion of the relevant governance and approval processes.
- **County Farms** - It is essential that the Council manages its agricultural estate prudently, efficiently, and professionally. Effective management of County Farms estate will enable the continued opportunities already enjoyed by current tenant farmers and maintain an income stream. The financial demands of the Estate need to be evaluated against the competing demands across the council whilst noting the estate produces an annual surplus in its trading account. The opportunity for capital receipts will continue to arise as reviews are undertaken at each tenant departure from the Estate. An Invest to Save initiative is being developed which will see investments made to the Farm Estate which should create opportunities for capital receipts and also reduced revenue expenditure, for example barn conversions and subsequent sales.
- **Information Technology (IT)** - The service engages with change programmes so that investment and resource meets identified priorities. In respect of infrastructure, IT will seek to invest in up to date cloud based technologies including 'Azure' cloud technologies, improved telephony and mobile systems, WEB and share-point and improved wireless as well as further enabling our staff to work in an agile manner. In terms of applications, IT is looking to rationalise the number of systems through investment in replacement of legacy corporate systems and through modernisation of systems and applications to improve integration and provide an improved customer journey.

## Investment in Commercial Activity

- 2.12 The commercial activity undertaken in the council relates to holding properties that are utilised by tenants, these include livestock markets, caravan park, restaurant and office space.
- 2.13 Around £240,000 in rental income is received each year.
- 2.14 The council has a trading company that is likely to become the vehicle that supports greater commercial activity, but any investment must evidence the following criteria:
- Support the strategic community objectives of the council.
  - Have a balanced investment approach.
  - Improve covenant strength.
  - Drive income generation and maintain yield.
- 2.15 To ensure that the council is able to benefit from the lower borrowing rates offered by the Public Works Loans Board (PWLB) the council will currently not consider investing in additional commercial property.

## Funding the Capital Strategy

- 2.16 The cost of funding the capital programme is closely monitored due to the impact on the budget and the ongoing funding constraints of the MTFS. The Council aims to minimise the cost of borrowing on the Financial Resource Model (FRM) and other sources need to be maximized such as grant funding. Funding capital from borrowing incurs extra costs from interest on the loan and the minimum revenue provision, repayment of the principal. Capital projects are prioritised where they can evidence a reduction in the cost of revenue, such as digital technologies or generate income such as building council dwellings.
- 2.17 The Housing Revenue Account (HRA) supports its own capital expenditure and provision for this is included in the HRA Business Plan. The surplus on the HRA account (excess of rental income over expenditure) is used to fund capital expenditure. This does not impact on the Council Fund. Although the HRA operates separately from the Council Fund, the Council does not borrow separately for Council Fund and HRA expenditure, all borrowing is combined, and the costs apportioned to the two funds based on the level of expenditure funded from borrowing for the two funds. The apportionment method is kept under review to ensure that it remains the most equitable method.

The Capital programme detailed at Appendix A, sets out how the programme is funded, the sources are explained below:

- **General Capital Grant** – This is a sum of money which is provided by the Welsh Government as part of the annual settlement. The Council is free to use the capital grant on any capital project it wishes.
- **Supported Borrowing** – The Council will borrow from establishments including the Public Works Loans Board (PWLB) to fund the expenditure. The revenue costs arising from the borrowing (Interest Costs and Minimum Revenue Provision) are funded by the Welsh Government through the annual revenue settlement, hence the term “Supported Borrowing”.
- **Unsupported Borrowing** – Again, the Council borrows the funding but is required to finance the revenue costs from its own resources. Projects funded by means of unsupported borrowing tend to be projects which deliver revenue savings, and these savings contribute to meet the additional revenue costs arising from the borrowing.
- **Specific Capital Grants** – The Council will be awarded capital grants which partly or fully fund the cost of a project. Capital grants usually come with restrictions surrounding the expenditure which can be funded and by when the expenditure must be incurred.

- **Revenue Contribution** – Services can contribute from their revenue budgets to fund projects. These contributions tend to be as a match funding to a project which is mainly funded from a specific capital grant.
- **Capital Receipts** – The funds generated from the sale of assets can be used to contribute to the funding of the capital programme. These are usually generated from the sale of surplus assets (normally land or buildings). The Councils' Capital Receipts Policy is set out in Appendix B.
- **Reserves** – Funding held in reserve, e.g., unapplied capital receipts, can be used to support the capital programme. Specific reserves can also be built up and set aside for this purpose.

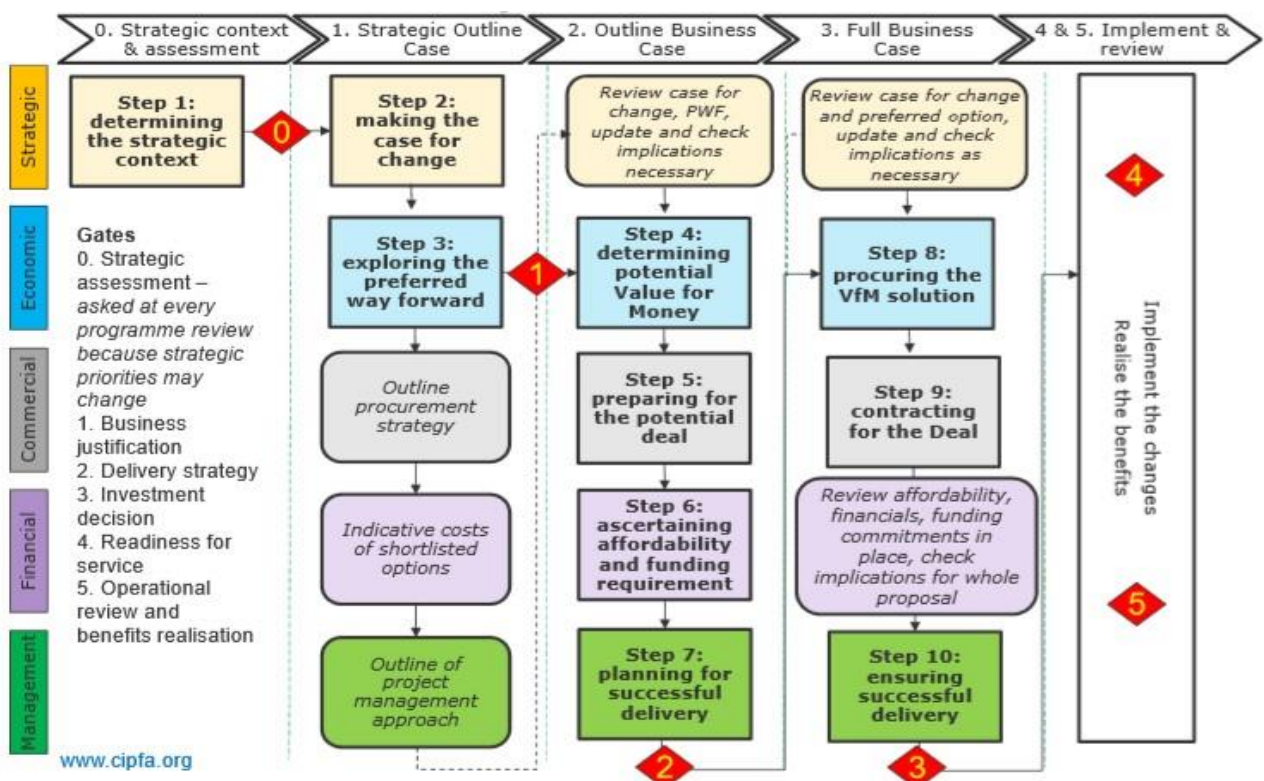
## Capitalisation Direction and Transformation

2.18 In December 2017 the Secretary of State announced the continuation of the capital receipt flexibility programme for a further three years up to financial year 2021/22. This is significant as it gives authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformational work and the release of savings.

2.19 Realisable capital receipts will be used to fund the cost of the transformation projects for the next two years. The capital receipts policy is provided at Appendix B and forms a key element of the MTFS.

## Governance and Approval Approach

2.20 Welsh Government have adopted the Better Business Case approach to building, reviewing, and agreeing business cases. These principles have been adopted in the Councils' Capital Governance Framework. This approach introduces a more formal regime to follow and ensures consistency and a robust approach to developing each project. The diagram below sets out the gates and steps necessary to develop a capital from proposal through to a successful delivery. There has been an urgency in adopting this new regime to evidence stronger governance based on robust business cases from services.



- 2.21 The governance of this Capital Strategy follows the same process as the Revenue Budget Setting Process and is presented to the Cabinet as part of the MTFs which is then recommended to full Council for approval.
- 2.22 The three stages of the Governance Framework are:
- **Stage 1 - The Strategic Outline Case (SOC)**, these must be completed for the new bids and have necessary approval.
  - **Stage 2** - Once the SOC is approved, managers will need to complete more detailed work, particularly on the economics of the case, finances (detailed costings) and submit the **Outline Business Case (OBC)** for approval through the Strategic Asset Board, who provide challenge and then make recommendation to EMT / Cabinet to approve.
  - **Stage 3 - The Final Business Case (FBC)** is the final gateway, and the project would move to the procurement stage. At this point the tender price for the project would be known and the risks quantified. Only when the FBC becomes a live project does the capital budget get allocated, which will improve our budget forecasting and profiling. Any revenue contributions including MRP costs would need to be built into the budget at stage 3.
    - For business cases between £75k and £1m a less formal business justification case will be adopted, being simpler and quicker to develop and proceed to project.
    - Each year there is a small bids programme funded by an allocation in the Capital
    - Programme for capital projects under £75k, these are dealt with through the Strategic Asset Board.
    - The Council is moving away from an annual capital cycle and using the new framework will have an ongoing process of projects in development through to approval through Cabinet and Council as needed with the necessary prudential indicators updated and presented.

### Capital Programme 2021-2031

- 2.23 The overall capital programme for the Council in 2021/22 is £101.53 million, which includes £27.90 million for the HRA. Appendix A provides a full list of all the schemes.
- 2.24 The General Fund includes schemes which have previously been approved or are in progress and expected to continue into future years. These total £73.63 million. The programme includes a list of schemes that have had their Strategic Outline Case approved and have been progressed to Outline Business case. Providing the economic and financial justification stacks up these schemes are likely to develop to Final Business Case stage and become live projects, totalling £9.00 million. Split over two years, £6.34 million in 2021/22 and £2.66 million in 2022/23. An initial annual allocation of £2.00 million starting in 2022-23 has been included as the Council's contribution towards the Mid Wales Growth Deal. As the plans for the deal develop, the funding will be released to the relevant projects on completion of the relevant governance and approval processes.
- 2.25 The need to maintain the highways infrastructure through the HAMP has been highlighted at strategic level as a critical area of the council's long-term strategy. The programme now includes £5.00 million per annum for the HAMP and an additional £1.00 million per annum for street lighting column upgrades until 2029/30.
- 2.26 Overall additional borrowing requirements are estimated at £52.65 million in 2021/22, but it is likely that this figure will be less based on previous years slippage on spend and grants received in year.

2.27 The capital programme remains within budget for 2021/22 however additional revenue funding will need to be identified to fund investment in future years. The impact of the capital programme is set out through the following prudential indicators:

### Capital Prudential Indicators

2.28 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

### Capital Expenditure

2.29 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Non-HRA	66.72	73.63	87.46	45.88	18.91	16.92	15.96	21.06	18.37	15.83
HRA	28.99	27.90	29.80	31.63	28.19	21.07	20.36	20.69	23.41	15.65
<b>Total</b>	<b>95.71</b>	<b>101.53</b>	<b>117.26</b>	<b>77.51</b>	<b>47.10</b>	<b>38.00</b>	<b>36.32</b>	<b>41.75</b>	<b>41.78</b>	<b>31.48</b>

2.30 **Other long-term liabilities** - The financing need set out in the table above excludes other long-term liabilities, such as leasing arrangements that already include borrowing instruments.

2.31 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a requirement to fund through borrowing, this figure is shown as the net financing need.

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital receipts	3.79	3.85	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Capital grants	32.47	35.10	58.36	32.46	15.49	13.57	13.25	13.23	12.76	10.17
Revenue/Reserves	13.37	9.93	8.09	8.44	12.38	10.89	9.83	12.13	9.44	9.89
<b>Net financing need for the year</b>	<b>46.07</b>	<b>52.65</b>	<b>50.57</b>	<b>36.37</b>	<b>18.98</b>	<b>13.29</b>	<b>12.99</b>	<b>16.14</b>	<b>19.33</b>	<b>11.16</b>

### The Council's Borrowing Need (the Capital Financing Requirement)

2.32 This is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

2.33 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset life, and so charges the economic consumption of capital assets as they are used.

2.34 The greater the CFR the larger the impact will be on the revenue budget, therefore in the long-term there will be a need to keep capital expenditure funded by borrowing at a level below the MRP budget in order to maintain the revenue budget at a sustainable level.

2.35 The Council is asked to approve the CFR projections below:

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
CFR – non HRA	317.77	352.95	383.30	398.71	399.32	399.38	399.48	402.33	405.05	404.70
CFR – HRA	105.00	115.62	126.14	136.19	142.96	144.29	145.14	146.32	150.63	149.60
<b>Total CFR</b>	422.77	468.58	509.45	534.90	542.28	543.66	544.62	548.65	555.68	554.30
Movement in CFR	42.60	45.81	40.87	25.45	7.38	1.38	0.96	4.02	7.03	-1.38
<b>Movement in CFR Represented by:</b>										
Net financing need for the year (above)	46.07	52.65	50.57	36.37	18.98	13.29	12.99	16.14	19.33	11.16
Less MRP/VRP and other financing movements	3.47	6.84	9.70	10.92	11.60	11.90	12.03	12.12	12.30	12.54
<b>Movement in CFR</b>	42.60	45.81	40.87	25.45	7.38	1.38	0.96	4.02	7.03	-1.38

## Minimum Revenue Provision Policy Statement

2.36 MRP is an annual charge that Councils are required to pay for their debt liability in respect of capital expenditure funded by borrowing, for both the general fund and the Housing Revenue Account debt. This capital expenditure is set out as part of the CFR calculation and updated regularly to reflect borrowing need changes and the resultant costs; it is important to ensure that the debt is repaid over a period commensurate with that over which the capital expenditure provides benefit.

2.37 The debt repayment is a revenue charge, the minimum revenue provision (MRP), although additional voluntary payments are allowed if required voluntary revenue provision (VRP).

2.38 Welsh Government regulations have been issued which require the Council to approve the **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision set out.

### **2.39 Recommendation - The Council is recommended to approve the following MRP Statement for the 2021/22 financial year:**

➤ For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- To continue to calculate the MRP on a 2% on a straight-line basis for borrowing Council Fund debt.

➤ From 1 April 2008 for all unsupported borrowing (including PFI and finance leases), the MRP policy is:

- To charge MRP over the asset life on an annuity basis.

➤ Estimated life periods will be determined under delegated powers. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the components of expenditure and will only be divided up in cases where there are two or more major components with substantially different economic lives.

These options provide for a reduction in the borrowing need over approximately the asset's life.

➤ There is a requirement on the HRA to make a minimum revenue provision of 2% of the reducing balance. The HRA MRP for prudential debt IS calculated using the asset life method.

Repayments included in annual PFI or finance leases are applied as MRP.

➤ In addition, the guidance allows for MRP to be deferred for assets under construction and this part of the guidance is adopted because the asset is not used by the authority until it is operational and therefore the MRP will match the life of the asset.

2.40 **MRP Overpayments** - A change introduced by the revised Welsh Government MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31st March 2020 the total VRP utilised was £12.9m, with the expected total overpayments being £19.5m.



## Risk Management

- 2.41 All large capital projects are managed under the Council's Project Management Methodology, which incorporates risk identification and risk management. The Council also has a Risk Management Policy which is applied to all its projects and activities.
- 2.42 For all capital projects, project managers update financial forecasts on a monthly basis identifying any areas subject to risk of overspend, underspend or slippage.
- 2.43 There is also a degree of funding risk in the Capital Programme, reliant as it is on future capital receipts, and the ability to be able to afford borrowing if necessary. These risks need to be managed and monitored on a regular basis, and action taken where necessary.
- 2.44 Risk appetite in this context is the level of risk that the Council is prepared to accept to be exposed to at any point in time in relation to its activities. It involves knowing what risks the Council wishes to avoid, what risks it is willing to accept and what risks it is willing and able to manage (including by transferring them to a third party, e.g., through insurance).
- 2.45 The risks are regularly monitored and managed both financially and operationally in accordance with council processes.
- 2.46 The Council is willing to accept the risks set out in this Strategy for projects that have Council approval provided that the project management ensures the appropriate mitigations are put in place to bring the project within acceptable risks margins.
- 2.47 The key financial risks inherent in the Council's Capital Programme include:

Description of Risk	Potential Impact
The longer a project takes to come to fruition, the greater the risk that the financial cost of the project will have increased, both due to the additional staff time spent on the project and the inflationary impact on the costs involved in bringing the asset into operation.	May result in financial pressures on the other projects/ programmes and service delivery.
There is a degree of correlation between the length of time a project spends in the feasibility and development stage and an increased risk of project failure or abandonment. Should a project fail for any reason, the regulations require all capital costs to be returned to revenue, which may create significant pressures, depending on the level of spend at that point.	May result in additional revenue pressures on delivery/services.
Project expenditure is higher than forecast estimates	May result in increased financial pressures/ limitations on future investment options.
Once a project has been delivered successfully the cash expended is then bound in the asset. In the case of the assets that are for service delivery and do not generate a rental income stream, the money invested in the asset is only recovered if and when the asset is sold at a future date. This carries inherent financial risks in that the asset may have decreased in value, depending on market conditions, or may not have increased in value sufficiently to mitigate the effects of inflation.	May result in increased financial pressures/limitations on future investment options.

# Treasury Management Strategy

## 3.1 Background

- 3.2 The Council is required to operate a balanced budget which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned with cash being available when it is needed.
- 3.3 The second main function of the treasury management service is the funding of the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash involves arranging short or long-term loans or using longer-term cash flow surpluses.
- 3.4 The contribution the treasury management function makes to the authority is critical as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects.
- 3.5 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities as they usually arise from capital expenditure and are separate from the day-to-day treasury management activities. The IRFS 16 Leases accounting standard will from April 2022 require leases in, with the exception of low value and short term leases to be included on the balance sheet. These arrangements are not included in this report.

## Borrowing Strategy

- 3.6 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 3.7 Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Head of Financial Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp fall in borrowing rates, (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed.
  - if it was felt that there was a significant risk of a much sharper rise in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- 3.8 Any decisions will be reported to the appropriate decision making body at the next available opportunity.
- ## 3.9 Policy on Borrowing in Advance of Need
- 3.10 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.11 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

**3.12 Debt rescheduling**

3.13 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates. If rescheduling was done, it will be reported to the Cabinet at the earliest meeting following its action.

**3.14 New Financial Institutions as a source of Borrowing and / or types of Borrowing**

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years)
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

**3.15 Approved Sources of Long and Short term Borrowing**

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

## Capital Prudential and Treasury Indicators

3.16 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

### Ratio of financing costs to net revenue stream

3.17 This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue budget or HRA rental income (net revenue stream). The estimates of financing costs include current commitments and the proposals in this budget report. The future net revenue streams are estimated based on worst case scenarios.

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Financing Costs	10.02	13.59	16.55	17.61	17.71	17.54	16.67	17.13	17.45	17.51
Net Revenue Stream	269.60	280.66	281.26	282.17	283.38	284.90	286.74	288.91	291.39	294.18
Council Fund	3.72%	4.84%	5.88%	6.24%	6.25%	6.16%	5.81%	5.93%	5.99%	5.95%
Financing Costs	5.27	5.75	6.35	6.98	7.59	8.02	7.79	7.96	8.07	8.39
Net Revenue Stream	25.65	25.88	26.99	28.24	29.61	30.98	32.28	33.46	34.64	35.85
HRA	20.54%	22.22%	23.52%	24.72%	25.64%	25.89%	24.14%	23.80%	23.30%	23.41%

### Maturity structure of borrowing

3.18 These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing and are required for upper and lower limits.

3.19 The Council is asked to approve the following treasury indicators and limits:

Maturity structure of borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	40%
5 years to 10 years	0%	40%
10 years to 20 years	0%	40%
20 years to 30 years	0%	40%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%

### 3.20 Affordability prudential indicators

3.21 Prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following borrowing indicators:

### 3.22 Borrowing Indicators

3.23 The capital expenditure plans set out in the capital strategy provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.24 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

#### Change in External Debt

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Council Fund - External Debt</b>										
Debt at 1st April	253.70	262.70	312.95	343.30	358.71	359.32	359.38	359.48	362.33	365.05
Expected change in Debt	9.00	50.25	30.35	15.41	0.60	0.06	0.11	2.84	2.73	-0.36
Estimated Gross Debt at 31st March	262.70	312.95	343.30	358.71	359.32	359.38	359.48	362.33	365.05	364.70
CFR	317.77	352.95	383.30	398.71	399.32	399.38	399.48	402.33	405.05	404.70
Under / (Over) Borrowing	55.06	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00

<b>HRA - External Debt</b>										
Debt at 1st April	94.01	105.00	115.62	126.14	136.19	142.96	144.29	145.14	146.32	150.63
Expected change in Debt	10.99	10.62	10.52	10.04	6.78	1.32	0.85	1.18	4.31	-1.03
Estimated Gross Debt at 31st March	105.00	115.62	126.14	136.19	142.96	144.29	145.14	146.32	150.63	149.60
CFR	105.00	115.62	126.14	136.19	142.96	144.29	145.14	146.32	150.63	149.60

3.25 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.26 The Head of Financial Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the next few years. This view takes into account current commitments, existing plans, and the proposals in this budget report. The projected increase

in the CFR over the medium and longer term must be reviewed annually to ensure that the capital investment plans remain affordable, prudent and sustainable.

### 3.27 Treasury Indicators: limits to borrowing activity

#### Operational Boundary

3.28 The Operational Boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

3.29 The council has a long term liability of £19.50 million for a Section 106 obligation. This is not factored into any repayment plans at present, and borrowing is likely to be needed for this at some point in the future.

£'m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Operational Boundary	478.00	520.00	546.00	553.00	555.00	556.00	560.00	567.00	565.00	563.00

#### Authorised Limit

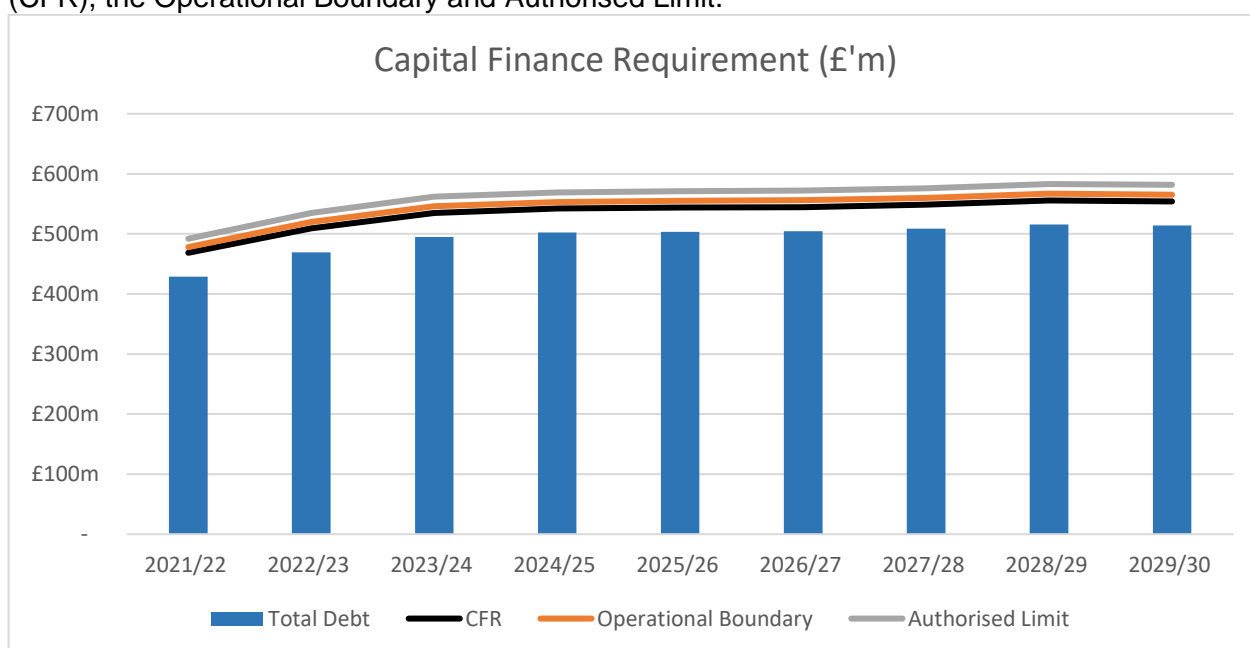
3.30 This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

3.31 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

3.32 The Council is asked to approve the following authorised limit.

£'m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Authorised Limit	492.00	535.00	562.00	569.00	571.00	572.00	576.00	583.00	582.00	581.00

3.33 The chart below shows the relationship between the Total Debt, the Capital Financing Requirement (CFR), the Operational Boundary and Authorised Limit.



## Annual Investment Policy

- 3.34 **Management of risk** - The Welsh Government and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This strategy deals solely with financial investments, (as managed by the treasury management team). Nonfinancial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

The Council's investment policy has regard to the following.

- Welsh Government's Guidance on Local Government Investments 2019 ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018
- The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

- 3.35 The above guidance from the Welsh Government and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are categories of 'specified' and 'non-specified' investments.
- Specified investments are those with a high level of credit quality and subject to a maturity limit of one year except deposits with local authorities which can be for any period.
- Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e., an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
- Lending limits (amounts and maturity), for each counterparty will be set in conjunction with Link's matrices.
- This authority will set a limit for the amount of its investments which are invested for longer than 365 days.
- Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.
- All investments will be denominated in sterling.

- 3.36 As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Welsh Government has passed a statutory override to allow Welsh local authorities time to



adjust their portfolio of all pooled investments by delaying implementation of IFRS 9 for five years until 31st March 2023.

3.37 The council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance.

### 3.38 Creditworthiness policy

3.39 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach, utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies.
- CDS spreads that may give early warning of likely changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

3.40 This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

Yellow	5 years *
Dark pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

*Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.*

*Please note: "fund" ratings are different to individual counterparty ratings, coming under either specific "MMF" or "Bond Fund" rating criteria.*

3.41 The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

3.42 Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

3.43 Credit ratings will be monitored daily through use of the Link Asset Services' creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. In

addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

3.44 Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

3.45 UK banks

3.46 Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30.6.20 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks.

3.47 However, during Q1 and Q2 2020, banks made provisions for expected credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on actual levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets.

3.48 This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

3.49 All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.

3.50 Although bank CDS prices (these are market indicators of credit risk) spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. Nevertheless, prices are still elevated compared to end-February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

### **3.51 Country limits**

3.52 Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

3.53 The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in paragraph 3.83. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

### **3.54 Investment strategy**

- 3.55 **In-house funds** - Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
- 3.56 If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- 3.57 Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.
- 3.58 **Investment returns expectations** – Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.
- 3.59 The suggested budgeted investment earnings rates for returns on investments placed or periods up to about three months during each financial year are as follows:

2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%
Later years	2.00%

- 3.60 The overall balance of risks to economic growth in the UK is probably now skewed to the upside but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- 3.61 There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.
- 3.62 Negative investment rates**
- 3.63 While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.
- 3.64 As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the

very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

- 3.65 Inter- local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.
- 3.66 Inter- local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

### Investment treasury indicator and limit

- 3.67 The Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each yearend.
- 3.68 The Council is asked to approve the following treasury indicator and limit:

<b>Upper limit for principal sums invested for longer than 365 days</b>			
<b>£m</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Principal sums invested for longer than 365 days	£10m	£10m	£10m
Current investments as at 10.01.21 in excess of 1 year maturing in each year	Nil	Nil	Nil

- 3.69 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access accounts, money market funds and short-dated deposits.
- 3.70 **Investment performance / risk benchmarking** – The council will use an investment benchmark to assess the investment performance of its investment portfolio of 3 month LIBID uncompounded. The Council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.
- 3.71 Interest Rate Forecasts - Brexit. The interest rate forecasts provided by Link were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy’s potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.
- 3.72 The balance of risks to the UK
- 3.73 The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- 3.74 There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PwLB rates. The Bank of England has effectively ruled out the use of

negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

### **3.75 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- UK government takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- UK - Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- German minority government & general election in 2021. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- Other minority EU governments. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- Geopolitical risks, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

### **3.76 Upside risks to current forecasts for UK gilt yields and PWLB rates**

- UK - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

### **3.77 Treasury Management Practice – Credit and Counterparty Risk Management**

3.78 Specified Investments - All such investments will be sterling denominated with maturities up to maximum of 1 year (except for deposits with local authorities which can be for any period), meeting the minimum ‘high’ quality criteria where applicable. (If a deposit is made for say 2 years, it starts as

being a non-specified investment and remains as a non-specified investment even when it's time to maturity falls under 12 months). The criteria, time limits and monetary limits applying to institutions or investment vehicles are.

<b>Institution</b>	<b>Maximum Investment per Group/Institution</b>	<b>Maximum Length</b>	<b>Credit Rating/Other Assessment of Risk</b>
UK Banks	£30m	Up to 364 days	As per Link's matrices
Foreign Banks	£5m	Up to 364 days	As per Link's matrices
Other Local Authorities	£25m	Up to 5 years	N/A

3.79 **Non specified Investments** - These are any investments which do not meet the specified investment criteria. A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

<b>Institution</b>	<b>Maximum Investment per Group/Institution</b>	<b>Maximum Length</b>	<b>Credit Rating/Other Assessment of Risk</b>
UK Banks	£10m (£5m limit with any one institution)	Up to 2 years	As per Link's matrices
Foreign Banks	£2m	Up to 2 years	As per Link's matrices
Money Market Funds (max. of 5)	£10m	N/A	All are AAA rated
Other Local Authorities	£10m	Up to 5 years	N/A
<i>Note: Limits for Specified and Non-Specified are combined limits. The maximum limit will also apply to a banking group as a whole.</i>			

3.80 In addition to treasury management investment activity, local authorities can utilise their powers to borrow in order to invest in other financial assets. Such activity includes loans supporting service outcomes, investment in or loans to subsidiaries, and investment property portfolios primarily for a financial return. Whilst these impact on treasury management activity, they are managed outside of this Treasury Management Strategy and approved separately as part of the Council's Capital expenditure plans arising from its Capital Strategy. Regulator concerns in relation to the extent of this activity have resulted in recent updates to CIPFA professional Codes of Practice including the Treasury Management Code. Whilst no national monetary, financial or other controls or limits are in place currently, regulations have been updated to ensure the risks and implications of such activities are clearly governed and understood over a long term period.

### 3.81 **Approved Countries for Investments**

3.82 This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's, and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

3.83 Based on lowest available rating

- **AAA**

Australia	Denmark
Germany	Luxembourg
Netherlands	Norway
Singapore	Sweden
Switzerland	
  
- **AA+**

Canada	U.S.A.
Finland	
  
- **AA**

Abu Dhabi (UAE)	France
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- **AA-**

Belgium	Hong Kong
Qatar	U.K.

3.84 **Prospect for Interest rates** - The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates, their latest update is provided at Appendix D.

**3.85 Investment and Borrowing Rates**

3.86 Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

3.87 On 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows.

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

3.88 Borrowing for capital expenditure. As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

3.89 While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

## Treasury Management Scheme of Delegation

3.90 The governance of the key decisions are set out below:

### ➤ Full Council

- approval of annual strategy

### ➤ Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

### ➤ Cabinet

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of amendments to the Authority's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers.

## The Treasury Management Role of the Section 151 Officer

3.91 The role of the section 151 officer is set out below:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

3.92 The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role:

- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long term timeframe (say 20+ years – to be determined in accordance with local priorities).
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
- ensuring that due diligence has been carried out on all investments and is in accordance with the risk appetite of the authority.



## Appendix A - Capital Programme 2021/31

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
<b>Education</b>												
Ysgol Bro Hyddgen	0.575	11.184	22.917	12.432								47.107
Welshpool C in W School	5.336											5.336
Ysgol Gymraeg y Trallwng	0.130	8.756	0.125									9.011
Ysgol Brynlllywarch	0.400	5.433	2.814	0.163								8.809
Ysgol Cedewain	0.372	4.187	14.119	3.811								22.490
Other 21st Century School Schemes	3.003	3.299	22.095	7.196								35.593
Schools Major Improvements	3.592	2.090	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	14.683
Schools Other	1.053											1.053
Child Care Grant	3.254											3.254
	<b>17.715</b>	<b>34.949</b>	<b>63.069</b>	<b>24.602</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>147.334</b>
<b>Highways, Transport and Recycling</b>												
Integrated Transport	0.356											0.356
Highways Lighting	1.262	1.250	1.250	1.200	1.000	1.000	1.000	1.000	1.000	1.000		10.962
Major Remedial Earthworks	0.150											0.150
Structural Drainage Improvements	0.210											0.210
Highways Strengthening	1.576											1.576
Structural Repairs Town Centre Footway												0.000
Advance Preparations												0.000
Structures Strengthening	0.100	0.550	0.550	0.600	0.500	0.100	0.200	3.000	3.000			8.600
Structural Maintenance - Roads	1.500	6.500	6.500	6.500	5.000	5.000	5.000	5.000	5.000	5.000		51.000
Surface Dressing												0.000
Residential Estates												0.000
Road Safety & Small Schemes	0.020											0.020
Local Road Safety												0.000
Salt Barns	0.113	0.050	0.750									0.913
Safe Route In Communities	0.050											0.050
Newtown De-Trunking Works	1.100											1.100
Countryside & Outdoor Recreation	0.439	0.618	0.020	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015	1.197
Recycling	4.520	0.623										5.143
Local Transport Fund	0.700											0.700
Vehicle Replacement	7.571	2.680	1.021	1.215	5.202	3.710	2.651	4.949	2.254	2.714	2.714	36.681
Community Transport Enhancement	0.600											0.600
Major Strategic Schemes	2.321	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	17.321
Flood Alleviation Schemes	1.130											1.130
Active Travel Fund	1.608											1.608
	<b>25.326</b>	<b>13.771</b>	<b>11.591</b>	<b>11.030</b>	<b>13.217</b>	<b>11.325</b>	<b>10.366</b>	<b>15.464</b>	<b>12.769</b>	<b>10.229</b>	<b>4.229</b>	<b>139.317</b>





	2020-21 £'m	2021-22 £'m	2022-23 £'m	2023-24 £'m	2024-25 £'m	2025-26 £'m	2026-27 £'m	2027-28 £'m	2028-29 £'m	2029-30 £'m	2030-31 £'m	Total £'m
<b>Adult Services, Commissioning</b>												
Care Homes	0.590		0.100	0.110								0.800
Arlais/Lant Avenue	0.159											0.159
Dom Care System	0.014											0.014
SMAF IT Hardware Equipment	0.027											0.027
Telecare	0.071											0.071
Mobile Working and Transformation	0.100											0.100
Powys Smart Technology	0.045											0.045
Innovative Use of Robotics	0.200	0.200										0.400
Community Equipment	0.106	0.100										0.206
Castell Y Dail, Newtown	0.098											0.098
	<b>1.412</b>	<b>0.300</b>	<b>0.100</b>	<b>0.110</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.921</b>
<b>Finance</b>												
Small Capital Bids		0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	5.000
Mid Wales Growth Deal (TBC)			2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	18.000
Timeline Projects	3.426	6.340	2.658									12.424
Unallocated	0.183										4.669	4.669
Transformation	2.838	3.600										6.438
	<b>6.448</b>	<b>10.440</b>	<b>5.158</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>	<b>7.169</b>	<b>46.715</b>
<b>Total</b>	<b>66.691</b>	<b>73.626</b>	<b>87.460</b>	<b>45.882</b>	<b>18.915</b>	<b>16.923</b>	<b>15.964</b>	<b>21.062</b>	<b>18.367</b>	<b>15.827</b>	<b>14.496</b>	<b>395.212</b>
<b>Financed by</b>												
Supported Borrowing	9.366	6.992	4.586	4.586	4.586	4.586	4.586	4.586	4.586	4.586	4.586	57.633
Prudential Borrowing	23.546	32.489	32.527	18.423	3.931	3.431	3.531	6.331	6.331	3.331	2.000	135.871
Welsh Government Grant	17.386	22.574	44.245	16.421								100.626
General Capital Grant	4.605	4.598	4.598	4.598	4.598	4.598	4.598	4.598	4.598	4.598	4.598	50.585
Other Grants	1.452	0.022										1.474
Capital Receipts	3.795	3.848	0.248	0.248	0.248	0.248	0.248	0.248	0.248	0.248	0.248	9.875
Revenue/Reserves	6.542	3.103	1.256	1.605	5.552	4.060	3.001	5.299	2.604	3.064	3.064	39.149
	<b>66.691</b>	<b>73.626</b>	<b>87.460</b>	<b>45.882</b>	<b>18.915</b>	<b>16.923</b>	<b>15.964</b>	<b>21.062</b>	<b>18.367</b>	<b>15.827</b>	<b>14.496</b>	<b>395.212</b>

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
<b>Housing Revenue Account</b>												
Welsh Housing Quality Standard	9.925	9.223	8.352	5.690	4.260	4.150	4.895	5.300	9.350	9.785	9.985	<b>80.914</b>
Fit For Life	2.237	2.450	2.250	1.850	1.450	0.250	0.250	0.250	0.250	0.250	0.250	<b>11.737</b>
Love Where You Live	0.830	1.105	1.244	1.044	0.744	0.344	0.280	0.280	0.280	0.080	0.080	<b>6.311</b>
Green Powys	0.310	0.325	0.350	0.350	0.500	0.475	0.400	0.400	0.400	0.150	0.150	<b>3.810</b>
Compliance One Hundred	0.390	0.700	0.450	0.550	0.650	0.750	0.350	0.350	0.350			<b>4.540</b>
Estate Improvements	0.020	0.020	0.036	0.036	0.036	0.036	0.020	0.020	0.020	0.020	0.020	<b>0.284</b>
Community Alarms		0.600										<b>0.600</b>
New Builds / Repurchase	15.279	13.480	17.122	22.112	20.548	15.068	14.161	14.086	12.761	5.365	1.600	<b>151.581</b>
	<b>28.991</b>	<b>27.903</b>	<b>29.804</b>	<b>31.632</b>	<b>28.188</b>	<b>21.073</b>	<b>20.356</b>	<b>20.686</b>	<b>23.411</b>	<b>15.650</b>	<b>12.085</b>	<b>259.778</b>
<b>Financed by</b>												
Prudential Borrowing	13.134	13.169	13.458	13.363	10.466	5.269	4.869	5.225	8.414	3.242	3.286	<b>93.896</b>
Welsh Government Grant	9.026	7.903	9.514	11.438	10.891	8.973	8.655	8.629	8.165	5.577	4.259	<b>93.030</b>
Revenue/Reserves	6.831	6.831	6.831	6.831	6.831	6.831	6.831	6.831	6.831	6.831	4.540	<b>72.852</b>
	<b>28.991</b>	<b>27.903</b>	<b>29.804</b>	<b>31.632</b>	<b>28.188</b>	<b>21.073</b>	<b>20.356</b>	<b>20.686</b>	<b>23.411</b>	<b>15.650</b>	<b>12.085</b>	<b>259.778</b>

# Appendix B - Capital Receipt Policy

## Introduction

This policy is introduced to provide guidance to Senior Managers on the rules governing the application of Capital Receipts in Powys County Council. This guidance has been drafted in line with the two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). These publications are:

- The Prudential Code for Capital Finance in Local Authorities
- The Code of Practice on Local Authority Accounting

The two publications referred to above contain guidance on capital receipts and local authority accounting that complements guidance issued by the Welsh Government.

In England and Wales, capital receipts are defined by Section 9(1) of the Local Government Act 2003 to include all instances where property, plant or equipment is disposed of for cash (subject to a £10,000 de minimis). All references to Capital Receipts in this policy therefore refers to this definition.

## Application

This guidance should be read alongside the relevant direction issued by Welsh Ministers.

This guidance applies with effect from 1 April 2018 and for each subsequent financial year to which the use of capital receipts applies.

The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property plant and equipment assets received in the years in which this flexibility is offered. Officers must therefore not use stock of capital receipts to finance the revenue costs of qualifying projects.

## Costs of Disposal

The statutory arrangements for capital receipts in England and Wales permit costs of disposals to be financed from the receipts generated, although there is a cap of 4% of the Capital Receipt for costs incurred in relation to non-housing disposals.

## Qualifying Expenditure

The accounting process for disposals is complicated by the fact that proceeds from the sale of property, plant and equipment are generally subject to statutory restrictions over their use. Income that meets the definition of capital receipts is reserved for new capital investment or for the reduction of an authority's indebtedness. This definition has however been extended by a Capitalisation directive (April 2018) on the Flexible Use of Capital Receipt by the Welsh Cabinet

Secretary for Local Government and Public Services, in the exercise of his powers under section 16(2)(b) and 20 of the Local Government Act 2003), that the local authorities in Wales treat as capital expenditure, any expenditure which:

- a) Is incurred by the Authorities that is designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces cost or demand for services in future years for any of the public sector delivery partners; and
- b) Is properly incurred by the authorities for the financial years that begin on 1<sup>st</sup> April 2016, 1<sup>st</sup> April 2017, 1<sup>st</sup> April 2018, 1<sup>st</sup> April 2019, 1<sup>st</sup> April 2020 and 1<sup>st</sup> April 2021.

While this directive extends the scope of expenditure that qualify for the use of Capital Receipts, it also restricts the period during which the flexibility can be applied. Therefore, any decision to apply Capital Receipt, must meet the conditions of both the qualifying period and the qualifying expenditure.

The qualifying period during which flexibility can be applied is the financial years that begin from 1<sup>st</sup> April 2016 and end on 31<sup>st</sup> March 2022. This means that any Capital Expenditure received prior to 1<sup>st</sup> April 2016 or received after 31<sup>st</sup> March 2022 cannot be applied under the exemptions of the Capitalisation Directive. Capital Receipts received during the directive period can also not be applied with the same flexibility once the directive term has expired.

Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years for the Authority or any of the delivery partners. This includes investment which supports economic growth projects which are also designed to reduce revenue costs or pressures over the longer term. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

The set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

### **Examples of qualifying expenditure**

There are a wide range of projects that could generate qualifying expenditure and the list below is neither prescriptive nor exhaustive. Examples of projects include:

- Preparatory work necessary to support local authority mergers as part of the programme to reform local government in Wales.
- Sharing back-office and administrative services with one or more other council or public sector body.
- Investment in service reform feasibility work, e.g., setting up pilot schemes.
- Collaboration between local authorities and central government to free up land for economic use
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.
- Sharing Chief Executives, management teams or staffing structures.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using the National Procurement Service, Crown Commercial Services or other central purchasing bodies which operate in accordance with the Wales Procurement Policy Statement.
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training.
- Setting up alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
- Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.
- Investment which supports economic growth projects which are also designed to reduce revenue costs or pressures over the longer term, across one or more local authorities and/or other public sector bodies.

### **Use of Capital Receipts**

The current policy for the use of Capital Receipts is contained in the Corporate Asset Policy.

- Capital Receipts will normally be credited to the Central Fund and will be used to progress the
- Council’s principal objectives defined in the Corporate Improvement Plan. However, up to 4% of the capital receipt may be reclaimed by Property as permitted and approved costs of sale.
- Capital receipts from the sale of Farm or Agricultural land under the County Farm Estate and property vested in the HRA will be subject to the following apportionment:

This policy proposes the use of Capital Receipts to continue to be based on the following:

<b>Type</b>	<b>Service Area</b>	<b>Corporate</b>
Agricultural	0%	100%
HRA Dwellings and Land	100%	
Home finder Receipts	100%	
Vehicles	100%	



## Appendix C – Economic Background - 11<sup>th</sup> January 2021

**UK** The key quarterly meeting of the Bank of England Monetary Policy Committee kept Bank Rate unchanged on 5<sup>th</sup> November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5<sup>th</sup> November 2020 to 2<sup>nd</sup> December 2020 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”.

Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:

- The economy would recover to reach its pre-pandemic level in Q1 2022
- The Bank also expects there to be excess demand in the economy by Q4 2022.
- CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the ‘inflation risks were judged to be balanced’.

Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.

One key addition to **the Bank’s forward guidance in August** was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.

However, the minutes did contain several references to **downside risks**. The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”. It also said “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. **Upside risks** included the early roll out of effective vaccines.

**COVID-19 vaccines.** We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9<sup>th</sup> November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).

These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into

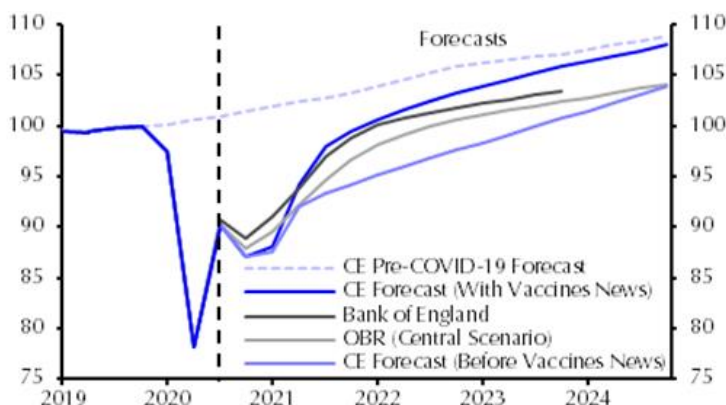
late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased, beginning possibly in Q2 2021 once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.

**Public borrowing** was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5<sup>th</sup> November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

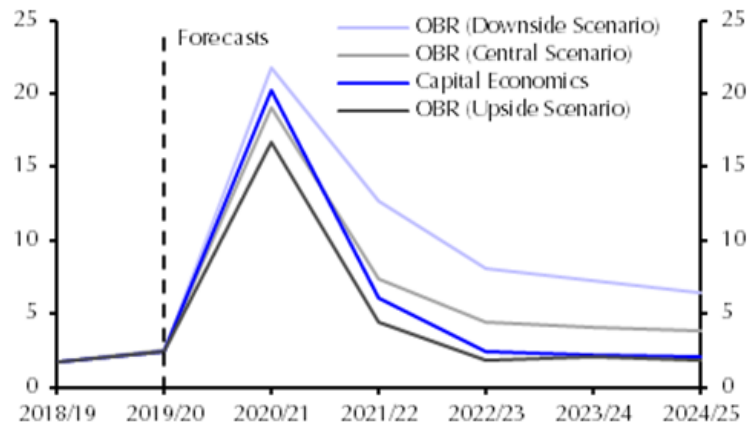
**December 2020 / January 2021.** Since then, there has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5.1.21 to national lockdowns of various initial lengths in each of the four nations as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

Chart: Level of real GDP (Q4 2019 = 100)



This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (as a % of GDP)



There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

**Brexit.** While the UK has been gripped by the long running saga of whether or not a deal would be made by 31.12.20, the final agreement on 24.12.20, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

**Monetary Policy Committee meeting of 17 December.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)

**Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -

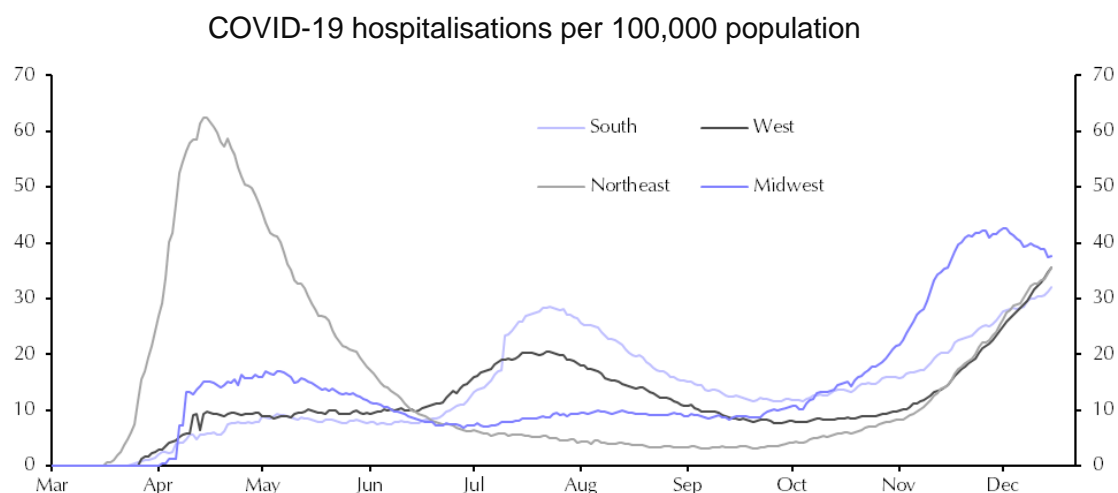
- An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
- The furlough scheme was lengthened from the end of March to the end of April.

- The Budget on 3.3.21 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).

The **Financial Policy Committee** (FPC) report on 6.8.20 revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

**US.** The result of the **November elections** meant that while the Democrats gained the presidency and a majority in the House of Representatives, it looks as if the Republicans could retain their slim majority in the Senate provided they keep hold of two key seats in Georgia in elections in early January. If those two seats do swing to the Democrats, they will then control both Houses and President Biden will consequently have a free hand to determine policy and to implement his election manifesto.

The **economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the third wave in the Midwest looks as if it now abating. However, it also looks as if the virus is rising again in the rest of the country. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.



The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a \$900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth \$600 per person and a three-month extension of enhanced unemployment insurance (including a \$300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to

a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

The Fed's meeting on **5 November** was unremarkable - but at a politically sensitive time around the elections. At its **16 December** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

**EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

With inflation expected to be unlikely to get much above 1% over the next two years, **the ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

**China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic

returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

**Japan.** A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

**World growth.** World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

## Summary

**Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.**

**If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.**

## Appendix D – Interest Rate Forecasts – 11<sup>th</sup> January 2021

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. These are forecasts for certainty rates, gilt yields plus 80bps:

Link Group Interest Rate View		9.11.20											
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>BANK RATE</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16<sup>th</sup> December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed, as this has now occurred, these forecasts do not need to be revised.

### Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during

March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.



# Powys County Council Reserves Policy

## Introduction

This policy establishes a framework within which decisions will be made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used.

The requirement for Financial Reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 requires authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are also a range of safeguards in place that help prevent local authorities over committing themselves financially. These include:

- The balanced budget requirement
- Chief finance officers' duty to report on the robustness of estimates and adequacy of reserves when the authority is considering its budget requirement (Section 25 of the Local Government Act 2003)
- The legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief finance officer has responsibility for the administration of those affairs as set out in Section 151 of the Local Government Act 1972.
- The requirements of the Prudential Code.

These requirements are reinforced by section 114 of the Local Government Finance Act 1988 which requires the chief financial officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have resources to meet its expenditure in a particular financial year.

## Definitions

Reserves are sums of money held by the Council to meet future expenditure.

## Types of Reserve

**General Fund Reserves** – to meet short term, unforeseeable expenditure arising from unexpected events or emergencies. To enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy.

**Earmarked and Specific Reserves** – to meet known or predicted requirements, or established by statute.

**Unusable reserves** – these arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile requirements driven by reporting standards to statutory requirements. These reserves are not backed by resources and cannot be used for any other purpose.

Reserves should not be held without a clear purpose.

### **General Fund Reserves**

In assessing the appropriate level of reserves the Authority will ensure that the reserves are not only adequate but also necessary and will be appropriate for the risk (both internal and external) to which it is exposed.

In assessing its financial risk the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance on the factors that should be considered:

- Budget Assumption for inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The Authorities track record in budget and financial management
- Treatment of planned efficiencies/savings
- The financial risk inherent in any significant new funding partnerships, major outsourcing and capital developments
- The likely level of Government support to deal with major unforeseen events
- The adequacy of the authority's Insurance arrangements
- The Authority's virement and end of year procedures in relation to budget under and over spends
- The general financial climate and future funding assumptions

The risk assessment will be reviewed annually.

The appropriate level of General Fund Reserves will be determined annually as part of the Budget Setting process and Medium Term Financial Strategy and will be subject to approval by the Cabinet and Full Council.

The Financial Strategy will set out the level of planned reserve balances including financial arrangements for any replenishing of reserves, it will also confirm acceptable thresholds above and below the balance. If the balance falls outside of these thresholds a plan will be agreed by Cabinet to restore balances to the appropriate level.

### **Earmarked and Specific Reserves**

These are required for specific purposes and are a means of building up funds to meet known or predicted liabilities. By nature these reserves balances do not have minimum and maximum thresholds. Creation of such reserves must be approved by the Strategic Director of Resources.

Balances should be reasonable for the purpose held and must be used for the item for which they have been set aside, if circumstances arise to which the reserve is no longer required for its original purpose they will transfer to the General Fund Reserve.

## **Ringfenced Reserves**

### Housing Revenue Account

The Housing Revenue Account is ringfenced this means that HRA resources may only be expended with the HRA. Councils are not allowed to transfer resources between the HRA and their general funds. The Balance on the HRA is held in a ringfenced reserve.

### Schools Reserves

Schools are able to carry forward surplus and deficit balances from one year to the next and utilise these balances for managing changes in pupil numbers and funding, or the funding of projects and future liabilities. The balances are held by individual schools, they are not for general Council use. Guidance on the level of balances held, and possible clawback of funds by the Authority is documented within section 4 of Powys' Scheme for the Financing of Schools.

## **Reporting of Reserves**

The balances and movement of all reserves is required to be reported within the Authorities Annual Statement of Accounts.

The balance held and projected movement of useable reserves is reported monthly as part of the Budget Monitoring Report to Cabinet, this includes the level of reserves held against the threshold set for the year.

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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.**

<b>Service Area</b>	Children's Services	<b>Head of Service</b>	Jan Coles	<b>Portfolio Holder</b>	Clr Rachel Powell
<b>Proposal</b>	Savings made by reduction in Agency Staff by the increase in recruitment of permanent social workers				
<b>Outline Summary / Description of Proposal</b>					
f - Agency no longer required following award of Market Supplement (Growth received re Market supplement in 20/21), as difficult to recruit posts will remain no longer vacant - £408,000					

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

Version	Author	Job Title	Date
V1	Holly Gordon	Senior Manager Safeguarding and Quality Assurance	06.01.2021

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£	£408,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	Consultation is not required as it has no impact on permanent staff and a positive impact on children and young people

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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### 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 type="checkbox"/>	Education	<input type="checkbox"/>	Legal and Democratic Services	<input type="checkbox"/>
Children's Services	<input type="checkbox"/>	Finance	<input type="checkbox"/>	Property, Planning and Public Protection	<input type="checkbox"/>
Commissioning	<input 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  No  not outside the normal safer recruitment processes that will be adhered to  
 Is Powys County Council the data controller? Yes  No   
 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.

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### 4a Geographical Locations

**What geographical area(s) will be impacted by the proposal? (Chose all those applicable)**

Powys	X	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"/>				

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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5. How does your proposal impact on Vision 2025?

Council's Well-being Objective	How does the proposal impact on this Well-being Objective?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy	This saving will mean a stable permanent workforce. Newly appointed permanent social workers may relocate to Powys which will be a benefit to the economy	Good	The relocation package will be part of all recruitment campaigns and also highlighted to newly recruited staff	Very Good
<b>Health and Care</b> We will lead the way in providing effective, integrated health and care in a rural environment	Permanent social workers will give families, children and young people more stability and help to build positive relationships which will contribute positively to emotional wellbeing.	Very Good	N/A	Choose an item.
<b>Learning and skills</b> We will strengthen learning and skills	Permanent social workers will be given learning and development opportunities which will strengthen the workforce	Very Good	N/A	Choose an item.
<b>Residents and Communities</b> We will support our residents and communities	Permanent social workers will give families, children and young people more stability and help to build positive relationships which will contribute positively to emotional wellbeing.	Very Good	N/A	Choose an item.

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Source of Outline Evidence to support judgements

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

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
<b>A prosperous Wales:</b> 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.	The reduction of agency social workers means that social work employment opportunities are available and being advertised locally and nationally. The market supplement and retention payment means that new and current permanent social workers in hard to appoint to operational teams will receive an additional one off payment.  By appointing permanent staff, some of which may relocate to Powys or already living in Powys it will reduce the distances that are being travelled as many of the agency workers employed live outside of Powys and outside Wales.	Very Good	N/A	Choose an item.
<b>A resilient Wales:</b> 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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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<p><b>A healthier Wales:</b> 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.</p> <p><b>Public Health (Wales) Act, 2017:</b> 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.</p>	<p>Permanent social workers will give families, children and young people more stability and help to build positive relationships which will contribute positively to emotional wellbeing.</p>	<p>Very Good</p>	<p>N/A</p>	<p>Choose an item.</p>
<p><b>A Wales of cohesive communities:</b> Attractive, viable, safe and well-connected Communities.</p>	<p>Newly appointed permanent social workers may relocate to Powys, with their families and become part of the communities.</p>	<p>Good</p>		<p>Choose an item.</p>
<p><b>A globally responsible Wales:</b> 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.</p> <p><b>Human Rights - is about being proactive (see guidance)</b></p> <p><b>UN Convention on the Rights of the Child:</b> 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.</p>	<p>Permanent social workers will give families, children and young people more stability and help to build positive relationships and achieve better outcomes for children and young people. Permanent staff will follow the values and ethos of Powys Children’s Services and ensure that the voice of the child and young person is always heard.</p>	<p>Good</p>	<p>Robust recruitment processes are in place and appointments are only made to the right candidates who share Powys Children’s Services values.</p>	<p>Very Good</p>
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> 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></p>				

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</i>	All recruitment campaigns are bilingual and candidates have the option of having their interview conducted in Welsh.	Good	N/A	Choose an item.
<i>Opportunities to promote the Welsh language</i>	N/A	Choose an item.	N/A	Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>	N/A	Choose an item.	N/A	Choose an item.
<b>A more equal Wales:</b> 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>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Disability</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Gender reassignment</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Marriage or civil partnership</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Race</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Religion or belief</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Sex</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Sexual Orientation</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Pregnancy and Maternity</i>	Safer recruitment processes are followed that give equal opportunities for all.	Good	N/A	Choose an item.
<i>Socio-economic duty</i>		Choose an item.		Choose an item.

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**Source of Outline Evidence to support judgements**

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

Principle	How does the proposal impact on this principle?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below	
<b>Sustainable Development Principle (5 ways of working)</b>					
Page 123	<b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	Ensuring a permanent skilled workforce	Good	N/A	Choose an item.
	<b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.	Permanent social workers will be able to develop better working relationships with multi-agency colleagues which will benefit children and young people.	Good		Choose an item.
	<b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them including: <b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account	N/A	Choose an item.	N/A	Choose an item.
	<b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring including: <b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	A permanent skilled workforce will be better equipped to able to deliver a high quality service to the communities of Powys	Good	N/A	Choose an item.

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



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
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.	Permanent social workers will be able to develop better working relationships with multi-agency colleagues which will benefit children and young people.	Good	N/A	Choose an item.
<b>Powys County Council Workforce:</b> What Impact will this change have on the Workforce?	This will have a positive impact on the workforce and ensure a permanent skilled workforce delivering a high quality service to the communities of Powys	Very Good	N/A	Choose an item.
<b>Payroll:</b> 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?	This will only impact on the agency social workers that are not on payroll but paid on contracts through an agency at a much inflated rate to permanent workers. It will also mean that current permanent staff already working in hard to recruit to frontline operational teams will receive an additional one off retention payment.	Good	N/A	Choose an item.
<b>Welsh Language impact on staff</b>	N/A	Choose an item.	N/A	Choose an item.
<b>Apprenticeships:</b> Has consideration been given to whether this change impacts negatively, or positively on Apprenticeships within the service?	N/A – this is only about qualified social workers	Choose an item.	N/A	Choose an item.
<b>Source of Outline Evidence to support judgements</b>				
There will be no change to service delivery, this proposal is about reducing the current agency worker spend and stabilising the workforce.				

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

<b>Communities</b>	<b>How does the proposal impact on residents and community?</b>	<b>IMPACT</b> See impact definitions in guidance document	<b>What will be done to better contribute to a more positive impact or to mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> See impact definitions in guidance document	<b>Source of Outline Evidence to support judgement</b>
All communities in Powys	It has a positive impact as permanent social workers will be able to build relationships with families, children and young people and multi agency partners.	Moderate	N/A	Choose an item.	Agency social workers often leave at short notice and are only a temporary solution to social worker vacancies

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

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<b>Description of risks</b>			
<b>Risk Identified</b>	<b>Inherent Risk Rating</b> Impact X Likelihood (See Risk Matrix in guidance document)	<b>Mitigation</b>	<b>Residual Risk Rating</b> Impact X Likelihood (See Risk Matrix in guidance document)
Unable to recruit qualified social workers as there is a national shortage. This has also been impacted by the COVID-19 pandemic	High	A range of recruitment campaigns are being continually developed by Children's Leadership Team and Corporate Communications	Medium

10. Overall Summary and Judgement of this Impact Assessment?

<b>Outline Assessment (to be inserted in cabinet report)</b>	<b>Cabinet Report Reference:</b>
There is no negative impact to this proposal. A stable skilled workforce achieved by recruiting more permanent social workers will benefit the service, the council and the community.	

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

<b>What additional evidence and data has informed the development of your proposal?</b>
N/A

12. On-going monitoring arrangements?

<b>What arrangements will be put in place to monitor the impact over time?</b>
The recruitment of social workers is continually reviewed by the Children’s Leadership and is an action in our IBP.
<b>Please state when this Impact Assessment will be reviewed.</b>
It will be reviewed quartley by CLT when updating and reviewing our IBP

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Holly Gordon		
Head of Service:	Jan Coles		
Portfolio Holder:	Cllr Rachel Powell		

14. Governance

Decision to be made by	Choose an item.	Date required

FORM ENDS

# 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.**

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<b>Service Area</b>	Children's Services	<b>Head of Service</b>	Jan Coles	<b>Portfolio Holder</b>	CLlr Rachel Powell
<b>Proposal</b>	Savings made by changes to service provision and pump priming intervention and prevention services – savings brought forward from 20/21				
<b>Outline Summary / Description of Proposal</b>					
d - 20/21 bfwd Change in service provision of CLA - £328,000					
h - Bfwd 20/21 Change in service Pump Priming (as per 20/21 Savings remaining to achieve) - £70,000					

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

Version	Author	Job Title	Date
V1.0	Stephen Pearce	Senior Manager Intervention and Prevention	06.01.2021

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£	£398,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	Consultation has already been undertaken with staff prior as part of restructure of the service in 2019

# 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 type="checkbox"/>	Education	<input type="checkbox"/>	Legal and Democratic Services	<input type="checkbox"/>
Children's Services	<input type="checkbox"/>	Finance	<input type="checkbox"/>	Property, Planning and Public Protection	<input type="checkbox"/>
Commissioning	<input 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  No

Is Powys County Council the data controller? Yes  No

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.

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### 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"/>				



# Cyngor Sir Powys County Council

## Impact Assessment (IA)

*The integrated approach to support effective decision making*



5. How does your proposal impact on Vision 2025?

Council's Well-being Objective	How does the proposal impact on this Well-being Objective?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> <b>We will develop a vibrant economy</b>	N/A	Choose an item.	N/A	Choose an item.
<b>Health and Care</b> <b>We will lead the way in providing effective, integrated health and care in a rural environment</b>	<p>By investing in intervention and prevention services we are ensuring access to the right support at the right times to keep families together where possible and keep children safe.</p> <p>Intervention and prevention services intervene at the earliest opportunity to ensure children and young people do not suffer harm.</p> <p>Intervention and prevention work with multi-agency partners to support families and children and young people.</p>	Very Good		Choose an item.
<b>Learning and skills</b> <b>We will strengthen learning and skills</b>	<p>Within the intervention and prevention team there will be opportunities for training and development.</p> <p>There are a wide range of skilled staff within the service who work closely with all operation teams to share their knowledge and experience.</p>	Good		Choose an item.

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Council's Well-being Objective	How does the proposal impact on this Well-being Objective?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>Residents and Communities</b> <b>We will support our residents and communities</b>	<p>By investing in intervention and prevention services we are ensuring access to the right support at the right times to keep families together where possible and keep children safe.</p> <p>Intervention and prevention services intervene at the earliest opportunity to ensure children and young people do not suffer harm.</p> <p>The Intervention and prevention service provide placement stability support to children looked after and are part of the closer to home project.</p>	<p>Very Good</p>		<p>Choose an item.</p>

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Source of Outline Evidence to support judgements

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

Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>A prosperous Wales:</b> 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.		Choose an item.		Choose an item.
<b>A resilient Wales:</b> 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).		Choose an item.		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<p><b>A healthier Wales:</b>                      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.</p> <p><b>Public Health (Wales) Act, 2017:</b>                      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.</p>	<p>By investing in intervention and prevention services we are ensuring access to the right support at the right times to keep families together where possible and keep children safe.</p> <p>Intervention and prevention services intervene at the earliest opportunity to ensure children and young people do not suffer harm.</p>	<p>Good</p>		<p>Choose an item.</p>
<p><b>A Wales of cohesive communities:</b>                      Attractive, viable, safe and well-connected Communities.</p>	<p>Intervention and Prevention work as part of the closer to home project to keep children looked after close to their communities and networks.</p>	<p>Good</p>		<p>Choose an item.</p>
<p><b>A globally responsible Wales:</b>                      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.</p> <p><b>Human Rights - is about being proactive (see guidance)</b></p> <p><b>UN Convention on the Rights of the Child:</b>                      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.</p>	<p>By investing in intervention and prevention services we are ensuring access to the right support at the right times to keep families together where possible and keep children safe.</p> <p>Intervention and prevention services intervene at the earliest opportunity to ensure children and young people do not suffer harm.</p> <p>Intervention and Prevention work as part of the closer to home project to keep children looked after close to their communities and networks.</p> <p>Intervention and prevention services work with families and co-produce plans of support where the voice of child is priority.</p>	<p>Very Good</p>		<p>Choose an item.</p>

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>A Wales of vibrant culture and thriving Welsh language:</b> 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. 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</i>	As part of the closer to home project children are enabled to live and grow in communities which represent their own language and culture.  Families are actively offered the opportunity to work with the intervention and prevention service through the Welsh language.	Choose an item.		Choose an item.
<i>Opportunities to promote the Welsh language</i>		Choose an item.		Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>	Intervention and prevention services work with children and families to support them to achieve their goals.	Choose an item.		Choose an item.
<b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances). Incorporating requirements under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Social Economic duty (2020).				
<i>Age</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Disability</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Gender reassignment</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Marriage or civil partnership</i>		Choose an item.		Choose an item.
<i>Race</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Religion or belief</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Sex</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Sexual Orientation</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<i>Pregnancy and Maternity</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Socio-economic duty</i>		Choose an item.		Choose an item.

Source of Outline Evidence to support judgements
Positive feedback on the service by CIW inspection visit in September 2020.

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
<b>Sustainable Development Principle (5 ways of working)</b>				
<p><i>Long Term: Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.</i></p>	<p>By investing in intervention and prevention services we are ensuring access to the right support at the right times to keep families together where possible and keep children safe.</p> <p>Intervention and prevention services intervene at the earliest opportunity to ensure children and young people do not suffer harm.</p> <p>Intervention and Prevention work as part of the closer to home project to keep children looked after close to their communities and networks.</p> <p>Intervention and prevention services work with families and co-produce plans of support where the voice of child is priority.</p>	Choose an item.		Choose an item.
	<p><i>Collaboration: Working with others in a collaborative way to find shared sustainable solutions.</i></p>			

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Principle	How does the proposal impact on this principle?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>Involvement (including Communication and Engagement):</b> <i>Involving a diversity of the population in the decisions that affect them including:</i> <b>Unpaid Carers:</b> <i>Ensuring that unpaid carers views are sought and taken into account</i>	Intervention and prevention services work with families to co-produce plans of support where the voice of child is priority.	Choose an item.		Choose an item.
<b>Prevention:</b> <i>Understanding the root causes of issues to prevent them from occurring including:</i> <b>Safeguarding:</b> <i>Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.</i>	By investing in intervention and prevention services we are ensuring access to the right support at the right times to keep families together where possible and keep children safe.  Intervention and prevention services intervene at the earliest opportunity to ensure children and young people do not suffer harm.	Choose an item.		Choose an item.
<b>Integration:</b> <i>Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.</i>	Intervention and prevention services work with multi-agency partners to ensure access to the right support at the right time for families.	Choose an item.		Choose an item.
<b>Powys County Council Workforce:</b> What Impact will this change have on the Workforce?	N/A	Choose an item.		Choose an item.
<b>Payroll:</b> 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	Choose an item.		Choose an item.



<b>Principle</b>	<b>How does the proposal impact on this principle?</b>	<b>IMPACT</b> Please select from drop down box below	<b>What will be done to better contribute to a more positive impact or to mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>Welsh Language impact on staff</b>	N/A	Choose an item.		Choose an item.
<b>Apprenticeships:</b> Has consideration been given to whether this change impacts negatively, or positively on Apprenticeships within the service?	N/A	Choose an item.		Choose an item.
<b>Source of Outline Evidence to support judgements</b>				
Positive feedback on the service by CIW inspection visit in September 2020.				

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

<b>Communities</b>	<b>How does the proposal impact on residents and community?</b>	<b>IMPACT</b> See impact definitions in guidance document	<b>What will be done to better contribute to a more positive impact or to mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> See impact definitions in guidance document	<b>Source of Outline Evidence to support judgement</b>
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Powys communities	Positive impact as ensuring right support at the right time at the earliest opportunity to ensure children do not suffer harm.	Moderate	Continue to embed intervention and prevention services	Moderate	<p><i>Intervention and prevention services have had a positive impact on children and families since the services was launched in 2019.</i></p> <p><i>Positive feedback on the service by CIW inspection visit in September 2020.</i></p>
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9. What are the risks to service delivery or the council following implementation of this proposal?

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)
Already implemented no risks identified			

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:

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

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

12. On-going monitoring arrangements?

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

Intervention and prevention data is monitored as part of monthly service performance reviews.

**Please state when this Impact Assessment will be reviewed.**

Quarterly

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:			
Head of Service:			
Portfolio Holder:			

14. Governance

Decision to be made by	Choose an item.	Date required

Page no

**FORM ENDS**

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**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.**

<b>Service Area</b>	Children's Services	<b>Head of Service</b>	Jan Coles	<b>Director</b>	Alison Bulman	<b>Portfolio Holder</b>	Cllr Rachel Powell
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<b>Proposal</b>	Savings made from the Closer to Home project
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### Outline Summary / Description of Proposal

The proposal is a combination of the following:

- Development of Children's homes in Powys
- Bringing Children Looked After closer to home
- Increasing our in house foster carers

b - 20/21 brought forward Placement Savings (as per 20/21 Savings remaining to achieve) - £381,000

c - Full Year Effect of Part Year effect of 20/21 CHC savings + placements - £416,000

e - Change in leaving care Provision (16 plus supported Accommodation - £951,000

I – Reduction in staffing expenses/family time expenses due to 'closer to home' strategy - £10,000

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

Version	Author	Job Title	Date
V1	Audrey Somerton-Edwards	Senior Manager Corporate Parenting	08.12.20

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£		£1,758,000	£	£

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### 3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
Staff consultation required	Consultation is required with Foster Carers about the proposed changes to the financial and support offer. The first phase of consultation will be completed December 2019. The second phase of consultation will be completed Jan 20. Further consultation to be held in early 2021 with Foster Carers, when region and NFF have approved the harmonised fee structure.

### 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 type="checkbox"/>	Education	<input type="checkbox"/>
Children's Services	X	Finance	<input type="checkbox"/>
Commissioning	<input type="checkbox"/>	Highways, Transportation and Recycling	<input type="checkbox"/>
Digital Services	<input type="checkbox"/>	Housing and Community Development	<input type="checkbox"/>
		Legal and Democratic Services	<input type="checkbox"/>
		Property, Planning and Public Protection	<input type="checkbox"/>
		Transformation and Communications	<input type="checkbox"/>
		Workforce and OD	<input type="checkbox"/>

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Data Protection Impact Assessment
Will the proposal involve processing the personal details of individuals? Yes <input type="checkbox"/> No X
Is Powys County Council the data controller? Yes <input type="checkbox"/> No <input 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.
There could potentially be an impact on Children's Services budget depending on the foster carer pay structure proposal agreed.

### 4a Geographical Locations

**What geographical area(s) will be impacted by the proposal? (Chose all those applicable)**

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Powys	X	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"/>				

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How does your proposal impact on Vision 2025?

Council Priority	How does the proposal impact on this priority?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy	The money currently being spent with private companies out of county will be spent on local foster carers in Powys. The proposal will also fund new jobs in Children's Homes in Powys	Good	Children are closer to home and maintain connections with families and communities and school placements	Good
<b>Health and Care</b> We will lead the way in providing effective, integrated health and care in a rural environment	The proposal will contribute to the improved emotional wellbeing of young people, who have access to local services and maintaining links to their family and community.  The therapeutic Childrens Home will be a multi disciplinary team.	Good	Children are closer to home and maintain connections with families and communities and school placements	Good

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Council Priority	How does the proposal impact on this priority?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>Learning and skills</b> <b>We will strengthen learning and skills</b>	<p>The proposal to open Children’s homes in Powys will provide career development and training opportunities in the wider social care workforce.</p> <p>The proposal will enable young people to become involved in education, training and employment in their local communities.</p> <p>Training packages will also be put in place for in house foster carers to ensure they have more of a therapeutic approach.</p>	Good	Children are closer to home and maintain connections with families and communities and school placements	Good
<b>Residents and Communities</b> <b>We will support our residents and communities</b>	<p>Children and young people will remain in their own communities.</p> <p>Increased facilities being provided in Powys and in local communities.</p>	Good	Children are closer to home and maintain connections with families and communities and school placements	Good

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**Source of Outline Evidence to support judgements**

Children placed out of county have poorer outcomes.

The work of the First Minister’s Task Group has provided this evidence around children being placed out of county against children placed in their own communities.

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

Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<p><b>A prosperous Wales:</b>                      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.</p>	<p>Children are closer to home and maintain connections with families and communities and school placements</p> <p>The proposal to open Children’s homes in Powys will provide career development and training opportunities in the wider social care workforce.</p> <p>The proposal will enable young people to become involved in education, training and employment in their local communities.</p> <p>The option for young people to have apprenticeships within the Local Authority should be maximised so that as Corporate Parents we provide opportunities within the family firm.</p>	<p>Good</p>	<p>N/A</p>	<p>Choose an item.</p>

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<p><b>A resilient Wales:</b> 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).</p>	<p>The proposal to open Children’s homes in Powys will provide career development and training opportunities in the wider social care workforce. Also the potential development of people into qualified social worker</p> <p>The proposal will enable young people to become involved in education, training and employment in their local communities.</p>	Good	N/A	Neutral
<p><b>A healthier Wales:</b> 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.</p> <p><b>Public Health (Wales) Act, 2017:</b> 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.</p>	<p>The proposal will contribute to the improved emotional wellbeing of young people, who have access to local services and maintaining links to their family and community.</p> <p>Developing therapeutic foster placements will contribute to the healthier wellbeing of people who have experienced care.</p>	Good	N/A	Choose an item.
<p><b>A Wales of cohesive communities:</b> Attractive, viable, safe and well-connected Communities.</p>	<p>Children are closer to home and maintain connections with families and communities and school placements</p>	Good	N/A	Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<p><b>A globally responsible Wales:</b>                      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.</p> <p><b>Human Rights - is about being proactive (see guidance)</b></p> <p><b>UN Convention on the Rights of the Child:</b>                      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.</p>	<p>This proposal will keep children in county and in country. It will promote a child's right to a family while maintaining close links to families and communities.</p> <p>Ensuring children and care leavers have connectivity so that they can maintain their global networks via social media or other platforms.</p>	<p>Good</p>	<p>N/A</p>	<p>Choose an item.</p>
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> 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.</p>				
<p><b>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</b></p>	<p>Children are enabled to live and grow in communities which represent their own language and culture.</p> <p>Active offer of Welsh language services to foster carers and children in care.</p>	<p>Good</p>	<p>N/A</p>	<p>Choose an item.</p>
<p><b>Opportunities to promote the Welsh language</b></p>		<p>Choose an item.</p>		<p>Choose an item.</p>
<p><b>People are encouraged to do sport, art and recreation.</b></p>	<p>Children are closer to home and maintain connections with families and communities and school placements</p>	<p>Good</p>	<p>N/A</p>	<p>Choose an item.</p>
<p><b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>				
<p><b>Age</b></p>	<p>This proposal supports the rights of all children.</p> <p>Making best efforts to represent the voice of the child in assessments and plans.</p>	<p>Good</p>	<p>N/A</p>	<p>Choose an item.</p>
<p><b>Disability</b></p>	<p>Making best efforts to represent the voice of the child in assessments and plans.</p>	<p>Choose an item.</p>		<p>Choose an item.</p>

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Gender reassignment</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Marriage or civil partnership</i>		Choose an item.		Choose an item.
<i>Race</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Religion or belief</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Sex</i>		Choose an item.		Choose an item.
<i>Sexual Orientation</i>	Making best efforts to represent the voice of the child in assessments and plans.	Choose an item.		Choose an item.
<i>Pregnancy and Maternity</i>		Choose an item.		Choose an item.

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### Source of Outline Evidence to support judgements

Children placed out of county have poorer outcomes.  
The work of the First Minister's Task Group has provided this evidence around children being placed out of county against children placed in their own communities.

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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Sustainable Development Principle (5 ways of working)</b>				
<b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	Maintaining children in their family's limits disruptions and promotes stability throughout their lives.	Good	N/A	Choose an item.
<b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.	Working with multi agency partners and families to meet the needs of children	Good	N/A	Choose an item.
<b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them including: <b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account	Multi-disciplinary plans to maintain children within their communities	Good	N/A	Choose an item.
<b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring including: <b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	Providing safe placements for children  Children kept closer to home can be kept safer using local resources  Particularly aware of issues around Child Exploitation and the vulnerability of CLA and Care Leavers.	Good	N/A	Choose an item.

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.	Integrating with multi agency partners. Increases close partnership sharing resources and working to meet a range of children and young people's needs.	Good	N/A	Choose an item.
<b>Powys County Council Workforce:</b> What Impact will this change have on the Workforce?	Increase in job opportunities	Good	N/A	Choose an item.
<b>Payroll:</b> 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?		Choose an item.		Choose an item.
<b>Welsh Language impact on staff</b>		Choose an item.		Choose an item.
<b>Apprenticeships:</b> Has consideration been given to whether this change impacts negatively, or positively on Apprenticeships within the service?	The option for young people to have apprenticeships within the Local Authority should be maximised so that as Corporate Parents we provide opportunities within the family firm.  Seek out partner agencies and other organisations who can offer apprenticeships.	Choose an item.		Choose an item.
<b>Source of Outline Evidence to support judgements</b>				

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Principle	How does the proposal impact on this principle?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
-----------	---	---	--	--

Children placed out of county have poorer outcomes. This has been evidenced in the following:  
 The work of the First Minister’s Task Group has provided this evidence around children being placed out of county against children placed in their own communities.  
 A recent Childrens Commissioner for Wales paper on children placed out of County.  
 The Waterhouse report – Lost in Care

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

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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
<i>Children remaining in their communities will give a better and wider understanding of the issues of child vulnerability and the best way to support them.</i>	<i>Communities being able to offer support</i>	Choose an item.	Family Network Meetings to include community stakeholders will support families better.	Choose an item.	

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

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)
Don't get capital funding and time limited posts which are slow to recruit into lose their funding.	Medium	Multiple bids to PCC and WG have been submitted	Medium
Can't recruit Staff	High	Extend the recruitment strategy to non social worker qualified children's workforce	Medium
Can't recruit foster carers	Medium	Improved offer to foster carers, additional resources to foster service and reduction of children looked after	Medium

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
The overall impact of these changes is positive, both to children using services, the workforce and the wider communities.	

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

What additional evidence and data has informed the development of your proposal?
N/A Additional evidence will be providing through the cabinet reporting process as progress is made.

12. On-going monitoring arrangements?

What arrangements will be put in place to monitor the impact over time?
Progress will be reviewed by CLT  The number of children who remain in County, educated in County and become gainfully employed in County will give us a good indication of outcomes and impact.
Please state when this Impact Assessment will be reviewed.
Quarterly



13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Audrey Somerton-Edwards		
Head of Service:	Jan Coles		
Director:	Alison Bulman		
Portfolio Holder:	Clr Rachel Powell		

14. Governance

Decision to be made by	Choose an item.	Date required	

**FORM ENDS**

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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**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.**

<b>Service Area</b>	Children’s Services	<b>Head of Service</b>	Jan Coles	<b>Director</b>	Alison Bulman	<b>Portfolio Holder</b>	Cllr Rachel Powell
<b>Proposal</b>	Shared Costs with partners for Placements for Children who are Looked After appropriately						
<b>Outline Summary / Description of Proposal</b>							
To ensure that the placement costs for children who are looked after are attributed appropriately across partners.							

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

Version	Author	Job Title	Date
V1	Sharon Powell	Senior Manager Care and Support	09.01.2020

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£	£380,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	Consultation is not required as it has no impact on staff or any children and young people.

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### 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 type="checkbox"/>	Education	<input type="checkbox"/>	Legal and Democratic Services	<input type="checkbox"/>
Children's Services	<input type="checkbox"/>	Finance	<input type="checkbox"/>	Property, Planning and Public Protection	<input type="checkbox"/>
Commissioning	<input 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  No   
 Is Powys County Council the data controller? Yes  No   
 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.

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### 4a Geographical Locations

**What geographical area(s) will be impacted by the proposal? (Chose all those applicable)**

Powys	X	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"/>				

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5. How does your proposal impact on Vision 2025?

<b>Council Priority</b>	<b>How does the proposal impact on this priority?</b>	<b>IMPACT</b> Please select from drop down box below	<b>What will be done to better contribute to positive or mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy	N/A	Choose an item.	N/A	Choose an item.
<b>Health and Care</b> We will lead the way in providing effective, integrated health and care in a rural environment	It will help to achieve an integrated health and social care provision	Neutral	N/A	Neutral
<b>Learning and skills</b> We will strengthen learning and skills	N/A	Choose an item.	N/A	Choose an item.
<b>Residents and Communities</b> We will support our residents and communities	N/A	Choose an item.	N/A	Choose an item.

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**Source of Outline Evidence to support judgements**

There will be no change to service delivery, this proposal is about ensuring that the correct financing allocation is appropriate..

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

Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
Page 158 <b>A prosperous Wales:</b> 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.
<b>A resilient Wales:</b> 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).	Making better use of Children’s Services financial resources	Good	N/A	Neutral

# Cyngor Sir Powys County Council

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The integrated approach to support effective decision making



Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>A healthier Wales:</b> 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. <b>Public Health (Wales) Act, 2017:</b> 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.	N/A	Choose an item.	N/A	Choose an item.
<b>A Wales of cohesive communities:</b> Attractive, viable, safe and well-connected Communities.	N/A	Choose an item.	N/A	Choose an item.
<b>A globally responsible Wales:</b> 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. <b>Human Rights - is about being proactive (see guidance)</b> <b>UN Convention on the Rights of the Child:</b> 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.
<b>A Wales of vibrant culture and thriving Welsh language:</b> 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>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Opportunities to promote the Welsh language</i>	N/A	Choose an item.	N/A	Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Welsh Language impact on staff</i>	N/A	Choose an item.	N/A	Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>	N/A	Choose an item.	N/A	Choose an item.
<b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Disability</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Gender reassignment</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Marriage or civil partnership</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Race</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Religion or belief</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Sex</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Sexual Orientation</i>	N/A	Choose an item.	N/A	Choose an item.
<i>Pregnancy and Maternity</i>	N/A	Choose an item.	N/A	Choose an item.

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**Source of Outline Evidence to support judgements**

There will be no change to service delivery, this proposal is about ensuring that the correct financial allocation.

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

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

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## Impact Assessment (IA)

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Principle	How does the proposal impact on this principle?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.	The proposal will further increase integration with partners.	Good		Choose an item.
<b>Powys County Council Workforce:</b> What Impact will this change have on the Workforce?		Choose an item.		Choose an item.
<b>Payroll:</b> 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?		Choose an item.		Choose an item.
<b>Welsh Language impact on staff</b>		Choose an item.		Choose an item.
<b>Apprenticeships:</b> Has consideration been given to whether this change impacts negatively, or positively on Apprenticeships within the service?		Choose an item.		Choose an item.
<b>Source of Outline Evidence to support judgements</b>				
There will be no change to service delivery, this proposal is about ensuring that the correct financial allocation				

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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
	There will be no change to service delivery, therefore no impact on communities. This proposal is about ensuring correct financial allocation.	Choose an item.		Choose an item.	

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)
Unable to secure engagement from partners	Medium	Look to take legal steps	Medium

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
There will be limited impact as this proposal is to ensure correct financial allocation. There is no impact to those using services or the workforce.	

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

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

**Cyngor Sir Powys County Council**  
**Impact Assessment (IA)**

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12. On-going monitoring arrangements?

<b>What arrangements will be put in place to monitor the impact over time?</b>
A review the findings of the independent report then put in place an action plan.
<b>Please state when this Impact Assessment will be reviewed.</b>
The action plan will be reviewed monthly at CLT.

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Sharon Powell		
Head of Service:	Jan Coles		
Director:	Alison Bulman		
Portfolio Holder:	ClIr Rachel Powell		

14. Governance

<b>Decision to be made by</b>	Choose an item.	<b>Date required</b>	
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**FORM ENDS**

# Cyngor Sir Powys County Council

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**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.**

<b>Service Area</b>	Children’s Services	<b>Head of Service</b>	Jan Coles	<b>Portfolio Holder</b>	Councillor Rachel Powell
<b>Proposal</b>	Saving of £240,000 from Golwg y Bannau / Golwg y Camlas				
<b>Outline Summary / Description of Proposal</b>					
An Options Appraisal is currently being drafted on the future use of Golwg y Bannau/Camlas. There are five options and Children’s Leadership Team will be considering Options Appraisal and completing scoring matrix by end of January, 2021, in order to agree preferred option and inform Cabinet Report.					
The implications of the options vary widely and these are being considered as part of the options appraisal.					
An efficiency saving of £240,000 has been aligned to Golwg y Bannau/Camlas. The impact of the savings will be fully considered and this draft impact assessment updated and completed following agreement of preferred option.					

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

Version	Author	Job Title	Date
1	Anne-Marie Davies	Strategic Commissioning Manager	15/1/21
2	Anne-Marie Davies	Strategic Commissioning Manager	20/1/21

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£	£240,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
Public and Staff consultation required	Staff and parent/carer/public consultation may be required depending on preferred option.



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### 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 type="checkbox"/>	Education	<input checked="" type="checkbox"/>	Legal and Democratic Services	<input type="checkbox"/>
Children's Services	<input checked="" type="checkbox"/>	Finance	<input checked="" type="checkbox"/>	Property, Planning and Public Protection	<input type="checkbox"/>
Commissioning	<input type="checkbox"/>	Highways, Transportation and Recycling	<input type="checkbox"/>	Transformation and Communications	<input checked="" type="checkbox"/>
Digital Services	<input type="checkbox"/>	Housing and Community Development	<input type="checkbox"/>	Workforce and OD	<input checked="" type="checkbox"/>
Multi-agency Project Team has informed Options Appraisal. Representatives from the above Departments have been involved.					

**Data Protection Impact Assessment**

Will the proposal involve processing the personal details of individuals? Yes  X No

Is Powys County Council the data controller? Yes  X No

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"/>
Powys Children/Young People and their families		Builth and Llanwrtyd	<input type="checkbox"/>
North	<input type="checkbox"/>	Crickhowell	<input type="checkbox"/>
Mid	<input type="checkbox"/>	Hay and Talgarth	<input type="checkbox"/>
South	<input checked="" type="checkbox"/>	Knighton and Presteigne	<input type="checkbox"/>
		Llandrindod and Rhayader	<input type="checkbox"/>
		Llanfair Caereinion	<input type="checkbox"/>
		Llanfyllin	<input type="checkbox"/>
		Llanidloes	<input type="checkbox"/>
		Machynlleth	<input type="checkbox"/>
		Newtown	<input type="checkbox"/>
		Welshpool and Montgomery	<input type="checkbox"/>
		Ystradgynlais	<input type="checkbox"/>

**Cyngor Sir Powys County Council**  
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5. How does your proposal impact on Vision 2025?

<b>Council's Well-being Objective</b>	<b>How does the proposal impact on this Well-being Objective?</b>	<b>IMPACT</b> Please select from drop down box below	<b>What will be done to better contribute to a more positive impact or to mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy		Choose an item.		Choose an item.
<b>Health and Care</b> We will lead the way in providing effective, integrated health and care in a rural environment		Choose an item.		Choose an item.
<b>Learning and skills</b> We will strengthen learning and skills		Choose an item.		Choose an item.
<b>Residents and Communities</b> We will support our residents and communities		Choose an item.		Choose an item.

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Source of Outline Evidence to support judgements

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

Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>A prosperous Wales:</b> 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.		Choose an item.		Choose an item.
<b>A resilient Wales:</b> 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).		Choose an item.		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> 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?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<p><b>A healthier Wales:</b>                      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.</p> <p><b>Public Health (Wales) Act, 2017:</b>                      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.</p>		Choose an item.		Choose an item.
<p><b>A Wales of cohesive communities:</b>                      Attractive, viable, safe and well-connected Communities.</p>		Choose an item.		Choose an item.
<p><b>A globally responsible Wales:</b>                      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.</p> <p><b>Human Rights - is about being proactive (see guidance)</b></p> <p><b>UN Convention on the Rights of the Child:</b>                      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.</p>		Choose an item.		Choose an item.
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> 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.                      Incorporating requirements under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards</p>				
<p><b>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</b></p>		Choose an item.		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Opportunities to promote the Welsh language</i>		Choose an item.		Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>		Choose an item.		Choose an item.
<b>A more equal Wales:</b> 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>		Choose an item.		Choose an item.
<i>Disability</i>	Children/ young people with disabilities and their families are able to access short breaks (including overnight) in a way that meets their needs.	Good		Choose an item.
<i>Gender reassignment</i>		Choose an item.		Choose an item.
<i>Marriage or civil partnership</i>		Choose an item.		Choose an item.
<i>Race</i>		Choose an item.		Choose an item.
<i>Religion or belief</i>		Choose an item.		Choose an item.
<i>Sex</i>		Choose an item.		Choose an item.
<i>Sexual Orientation</i>		Choose an item.		Choose an item.
<i>Pregnancy and Maternity</i>		Choose an item.		Choose an item.
<i>Socio-economic duty</i>		Choose an item.		Choose an item.

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Source of Outline Evidence to support judgements

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
<b>Sustainable Development Principle (5 ways of working)</b>				
<b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.		Choose an item.		Choose an item.
<b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.		Choose an item.		Choose an item.
<b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them including: <b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account	Families have been consulted on how short-breaks should look in Powys. Increased uptake in Direct Payments as opposed to overnight in Golwg y Bannau/ Golwg y Camlas is a consequence of the improved offer.	Good		Choose an item.
<b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring including: <b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.		Choose an item.		Choose an item.

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



Principle	How does the proposal impact on this principle?	<b>IMPACT</b> 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?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.		Choose an item.		Choose an item.
<b>Powys County Council Workforce:</b> What Impact will this change have on the Workforce?		Choose an item.		Choose an item.
<b>Payroll:</b> 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?		Choose an item.		Choose an item.
<b>Welsh Language impact on staff</b>		Choose an item.		Choose an item.
<b>Apprenticeships:</b> Has consideration been given to whether this change impacts negatively, or positively on Apprenticeships within the service?		Choose an item.		Choose an item.
<b>Source of Outline Evidence to support judgements</b>				

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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
<i>Golwg y Bannau/Camlas is located in Brecon, South Powys. Any change to status quo may impact on local community and wider Powys area.</i>		Choose an item.		Choose an item.	

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

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)
Risks will be dependent on preferred option.			

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
A budget reduction of £240,000 will impact on children/young people and their families currently accessing services or forecast to require a 52 week long-term residential placement or short breaks provision at Golwg y Bannau/Camlas. The level of impact is not yet known and is dependent on the outcome of the Options Appraisal.	

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

What additional evidence and data has informed the development of your proposal?
A multi-Agency Project Team was established on the future use of Golwg y Bannau and Camlas. Commissioning activity included previous and current activity at Golwg y Bannau and Camlas, needs and cost analysis of Integrated Disability Services including forecast residential placement and short-break provision requirements, exploration of five potential options and options comparison, including pros, cons, costing and risks. A scoring matrix will be completed by Children's Leadership team and preferred recommendation agreed.

12. On-going monitoring arrangements?

<b>What arrangements will be put in place to monitor the impact over time?</b>
The initial impact of the savings will be monitored via Bannau/Camlas Multi-Agency Project as part of project delivery. Following completion of the project , the impact on children/ young people and their families will be monitored via Bannau/Camlas Management Team, IDS Team and CLT.
<b>Please state when this Impact Assessment will be reviewed.</b>
This impact assessment will be reviewed, revised and completed following agreement of preferred option for future use of Golwg y Bannau and Camlas when impact of savings and decision is known.

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Anne-Marie Davies	<i>A.M. Davies</i>	21/1/21
Head of Service:	Jan Coles		
Portfolio Holder:	Councillor Rachel Powell		

14. Governance

Decision to be made by	Choose an item.	Date required

**FORM ENDS**

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**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.**

<b>Service Area</b>	Adult Services	<b>Head of Service</b>	Michael Gray	<b>Director</b>	Alison Bulman	<b>Portfolio Holder</b>	Myfanwy Alexander
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<b>Proposal</b>	IBP Proposal 9- Recommissioning and decommissioning						
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**Outline Summary / Description of Proposal**

Working in partnership with service providers to review the way services are delivered in Powys to ensure that such services are accessible, of the right quality and at an affordable cost for all people who need to arrange their support. Alongside this, and to generate further efficiencies we will continue to promote reablement and recovery throughout all services to ensure that resulting support packages are appropriate. Our commissioning will be underpinned by a set of clear principles that support the health and care priorities within our Vision 2025:

- Most cost effective means of achieving outcomes
- Utilising the most appropriate resource to meet needs
- Ensuring that our commissioned services promote wellbeing as set out by Welsh Government to tangible effect
- Stimulating a diverse range of appropriate services and organisations (including social enterprises) to ensure that the market for care in Powys remains vibrant and sustainable.

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

Version	Author	Job Title	Date
1	Michael Gray	Head of Adult Services	02/09/19
2	Michael Gray	Head of Adult Services	30/12/20

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£879,000	£382,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
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No consultation required (please provide justification)	The proposal relates to ensuring that we are funding the right levels and right forms of care. No consultation will be required.
---	--

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, Corporate Parenting and Data Protection?)  
 PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY

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5. How does your proposal impact on the council's strategic vision?

Council Priority	How does the proposal impact on this priority?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy		Neutral		Neutral
<b>Health and Care</b> We will lead the way in effective, integrated rural health and care	The proposal will ensure that we are providing the right levels of care that enable people to maintain or increase their independence.	Good		Good
<b>Learning and skills</b> We will strengthen learning and skills		Neutral		Neutral
<b>Residents and Communities</b> We will support our residents and communities		Neutral		Neutral

**Source of Outline Evidence to support judgements**

In line with the Council's commissioning cycle, we have identified opportunities to deliver outcomes differently, as well as alternative models of delivery.

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

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*The integrated approach to support effective decision making*



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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>A prosperous Wales:</b> 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.		Neutral		Choose an item.
<b>A resilient Wales:</b> 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).		Neutral		Choose an item.
<b>A healthier Wales:</b> 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. <b>Public Health (Wales) Act, 2017:</b> 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.	The proposal will help ensure that we do what matters for individuals quicker within the community, which will help guard against unnecessary referrals into longer term care teams.	Good		Good
<b>A Wales of cohesive communities:</b> Attractive, viable, safe and well-connected Communities.		Neutral		Choose an item.

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>A globally responsible Wales:</b> 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. <b>Human Rights - is about being proactive (see guidance)</b> <b>UN Convention on the Rights of the Child:</b> 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.		Neutral		Choose an item.
<b>A Wales of vibrant culture and thriving Welsh language:</b> 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>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</i>		Neutral		Choose an item.
<i>Opportunities to promote the Welsh language</i>		Neutral		Choose an item.
<i>Welsh Language impact on staff</i>		Neutral		Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>		Neutral		Choose an item.
<b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	People will be supported to maintain or enhance their independence	Good		Good
<i>Disability</i>		Neutral		Neutral
<i>Gender reassignment</i>		Neutral		Choose an item.
<i>Marriage or civil partnership</i>		Neutral		Choose an item.

**Cyngor Sir Powys County Council**  
**Impact Assessment (IA)**

*The integrated approach to support effective decision making*



Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Race</i>		Neutral		Choose an item.
<i>Religion or belief</i>		Neutral		Choose an item.
<i>Sex</i>		Neutral		Choose an item.
<i>Sexual Orientation</i>		Neutral		Choose an item.
<i>Pregnancy and Maternity</i>		Neutral		Choose an item.

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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### Source of Outline Evidence to support judgements

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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Sustainable Development Principle (5 ways of working)</b>				
<b>Long Term:</b> <i>Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.</i>	This proposal will enable people to maximise their independence and will help ensure that people receive the right form and level of support that enables them to achieve what matters to them.	Good	.	Good
<b>Collaboration:</b> <i>Working with others in a collaborative way to find shared sustainable solutions.</i>	Collaborative working with commissioned providers will enable the Council to work more creatively in supporting better outcomes for residents	Good		Good
<b>Involvement (including Communication and Engagement):</b> <i>Involving a diversity of the population in the decisions that affect them.</i>	Co-production is at the centre of commissioning decisions. As a result, service users will be engaged in decision making through our various forums.	Good		Good
<b>Prevention:</b> <i>Understanding the root causes of issues to prevent them from occurring.</i>		Good		Good
<b>Integration:</b> <i>Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.</i>		Good		Good
<b>Preventing Poverty:</b> Prevention, including helping people into work and mitigating the impact of poverty.		Neutral		Choose an item.

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

The integrated approach to support effective decision making



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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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account		Neutral		Choose an item.
<b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	Safeguarding continues to be forefront of all decisions made to ensure that people are safe within their own homes.	Neutral		Choose an item.
<b>Impact on Powys County Council Workforce</b>		Neutral		Good
<b>Source of Outline Evidence to support judgements</b>				

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

Severity of Impact on Communities	Scale of impact	Overall Impact
Medium	Low	Low
<b>Mitigation</b>		
<ul style="list-style-type: none"> <li>Ensure that service users are involved in commissioning decisions, in line with principles of co-production.</li> </ul>		



# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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9. How likely are you to successfully implement the proposed change?

Impact on Service / Council	Risk to delivery of the proposal	Inherent Risk
Medium	Medium	Medium
Mitigation		

Risk Identified	Inherent Risk Rating	Mitigation	Residual Risk Rating
	Choose an item.		Choose an item.
	Choose an item.		Choose an item.
	Choose an item.		Choose an item.

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Overall judgement (to be included in project risk register)			
Very High Risk	High Risk	Medium Risk	Low Risk
		X	

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
Commissioning works to ensure that when services are required, we are securing the most cost-effective means of achieving outcomes. By stimulating a diverse range of services and organisations, we believe that efficiencies can be made..	

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

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

12. On-going monitoring arrangements?

What arrangements will be put in place to monitor the impact over time?
Please state when this Impact Assessment will be reviewed.

**Cyngor Sir Powys County Council**  
**Impact Assessment (IA)**

*The integrated approach to support effective decision making*



Quarterly as part of the SIP process

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Dylan Owen		
Head of Service:	Dylan Owen		
Director:	Alison Bulman		
Portfolio Holder:	Myfanwy Alexander		

14. Governance

Decision to be made by	Choose an item.	Date required	

Page no

**FORM ENDS**

**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.**

<b>Service Area</b>	Adult Services	<b>Head of Service</b>	Michael Gray	<b>Director</b>	Alison Bulman	<b>Portfolio Holder</b>	Myfanwy Alexander
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<b>Proposal</b>	IBP Proposal 8- Strengths based reviews						
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**Outline Summary / Description of Proposal**

In line with the Social Services and Wellbeing Act (2014), it makes clear that care and support plans should promote wellbeing, so that people are able to maintain an appropriate level of autonomy with the appropriate level of care and support that is consistent with their wellbeing.

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

Version	Author	Job Title	Date
1	Michael Gray	Head of Adult Services	02/09/19
2	Michael Gray	Head of Adult Services	30/12/20

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£335,000	£1445,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	The proposal relates to ensuring that we are funding the right levels and right forms of care. No consultation will be required.

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, Corporate Parenting and Data Protection?)**  
**PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY**

5. How does your proposal impact on the council's strategic vision?

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<b>Council Priority</b>	<b>How does the proposal impact on this priority?</b>	<b>IMPACT</b> Please select from drop down box below	<b>What will be done to better contribute to positive or mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy		Neutral		Neutral
<b>Health and Care</b> We will lead the way in effective, integrated rural health and care	The proposal will ensure that we are providing the right levels of care that enable people to maintain or increase their independence.	Good	Continually support staff to work in a strengths based way so as to contribute to the right sizing of care packages.	Good
<b>Learning and skills</b> We will strengthen learning and skills		Neutral		Neutral
<b>Residents and Communities</b> We will support our residents and communities		Neutral		Neutral

**Source of Outline Evidence to support judgements**

The Adult Services Delivery Plan has clear objective of effectively managing demand for people with long term care and support needs. [Research from the Institute of Public Care](#) makes clear that the purpose of a review is to focus on whether the help being offered has assisted people in helping them to gain, regain or retain their levels of independence.

**Cyngor Sir Powys County Council**  
**Impact Assessment (IA)**

*The integrated approach to support effective decision making*



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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>A prosperous Wales:</b> 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.		Neutral		Choose an item.
<b>A resilient Wales:</b> 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).		Neutral		Choose an item.
<b>A healthier Wales:</b> 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. <b>Public Health (Wales) Act, 2017:</b> 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.	The proposal will help ensure that we do what matters for individuals quicker within the community, which will help guard against unnecessary referrals into longer term care teams.	Good		Good
<b>A Wales of cohesive communities:</b> Attractive, viable, safe and well-connected Communities.		Neutral		Choose an item.

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>A globally responsible Wales:</b> 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. <b>Human Rights - is about being proactive (see guidance)</b> <b>UN Convention on the Rights of the Child:</b> 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.		Neutral		Choose an item.
<b>A Wales of vibrant culture and thriving Welsh language:</b> 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>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</i>		Neutral		Choose an item.
<i>Opportunities to promote the Welsh language</i>		Neutral		Choose an item.
<i>Welsh Language impact on staff</i>		Neutral		Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>		Neutral		Choose an item.
<b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	People will be supported to maintain or enhance their independence	Good		Good
<i>Disability</i>		Neutral		Neutral
<i>Gender reassignment</i>		Neutral		Choose an item.
<i>Marriage or civil partnership</i>		Neutral		Choose an item.

<b>Well-being Goal</b>	<b>How does proposal contribute to this goal?</b>	<b>IMPACT</b> Please select from drop down box below	<b>What will be done to better contribute to positive or mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Race</i>		Neutral		Choose an item.
<i>Religion or belief</i>		Neutral		Choose an item.
<i>Sex</i>		Neutral		Choose an item.
<i>Sexual Orientation</i>		Neutral		Choose an item.
<i>Pregnancy and Maternity</i>		Neutral		Choose an item.



Source of Outline Evidence to support judgements

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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Sustainable Development Principle (5 ways of working)</b>				
<b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	This proposal will enable people to maximise their independence and will help ensure that people receive the right form and level of support that enables them to achieve what matters to them.	Good	Ensure that outcome of reviews is reflected in care and support plans, and support altered appropriately.	Good
<b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.		Neutral		Neutral
<b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them.		Neutral		Neutral
<b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring.	Investing in this resource will help to guard against overprovision of care.	Good		Good
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.		Neutral		Neutral
<b>Preventing Poverty:</b> Prevention, including helping people into work and mitigating the impact of poverty.		Neutral		Choose an item.

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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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account		Neutral		Choose an item.
<b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	Safeguarding continues to be forefront of all decisions made to ensure that people are safe within their own homes.	Neutral		Choose an item.
<b>Impact on Powys County Council Workforce</b>		Neutral		Good

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**Source of Outline Evidence to support judgements**

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

Severity of Impact on Communities	Scale of impact	Overall Impact
Medium	Low	Low
<b>Mitigation</b>		
Ensure that reviews are conducted in a strengths based way, in line with collaborative communication training.		

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

*The integrated approach to support effective decision making*



9. How likely are you to successfully implement the proposed change?

Impact on Service / Council	Risk to delivery of the proposal	Inherent Risk
Medium	Medium	Medium
Mitigation		

Risk Identified	Inherent Risk Rating	Mitigation	Residual Risk Rating
There is a risk that reviews will not be conducted in a timely manner.	Medium	Ensure that there is dedicated staff to undertake reviews in respective teams.	Medium
	Choose an item.		Choose an item.
	Choose an item.		Choose an item.

Overall judgement (to be included in project risk register)			
Very High Risk	High Risk	Medium Risk	Low Risk
		X	

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
There is well established evidence that reviewing packages of care in a strengths-based way can result in the rightsizing of care packages. This can help to use our limited home-based care resource in a more targeted way and in the longer term, reduce our reliance on domiciliary care providers.	

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

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

12. On-going monitoring arrangements?

What arrangements will be put in place to monitor the impact over time?
Monitoring will take place through the domiciliary care project board.
Please state when this Impact Assessment will be reviewed.

**Cyngor Sir Powys County Council**  
**Impact Assessment (IA)**

*The integrated approach to support effective decision making*



Quarterly as part of the SIP process

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Michael Gray		
Head of Service:	Michael Gray		
Director:	Alison Bulman		
Portfolio Holder:	Myfanwy Alexander		

14. Governance

Decision to be made by	Choose an item.	Date required	

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**FORM ENDS**

# 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.**

<b>Service Area</b>	Adult Services	<b>Head of Service</b>	Michael Gray	<b>Director</b>	Alison Bulman	<b>Portfolio Holder</b>	Myfanwy Alexander
<b>Proposal</b>	IBP Proposal 2- Direct payments						
<b>Outline Summary / Description of Proposal</b>							
Increase the take up of Direct Payments for eligible service users is proposed to deliver more freedoms and flexibilities to service users and their carers and generate efficiencies.							

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

Version	Author	Job Title	Date
1	Michael Gray	Head of Adult Services	02/09/19
2	Michael Gray	Head of Adult Services	30/12/20

Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£200,000	£300,000	£300,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	The proposal will not result in a change to staff terms and conditions.

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, Corporate Parenting and Data Protection?) PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY
N/A

5. How does your proposal impact on the council's strategic vision?

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Council Priority	How does the proposal impact on this priority?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy	There will be a greater use of community/third sector and independent providers of care.	Good	In addition, an e-market place solution will need to be procured to ensure that service users can access solutions.	Good
<b>Health and Care</b> We will lead the way in effective, integrated rural health and care	Promoting the use of direct payments and ensuring that the offer is attractive will help contribute to a greater mixed economy of provision within the County. Direct payments will provide greater choice and flexibility for those that need care and support.	Good	Considerable change management project to be developed with all stakeholders including communication about the positive aspects of change to this model.	Good
<b>Learning and skills</b> We will strengthen learning and skills		Neutral		Neutral
<b>Residents and Communities</b> We will support our residents and communities	The approach will enable communities to access more personalised support and as a result, will have more of a role in the design and delivery of services that they need.	Neutral		Neutral

Source of Outline Evidence to support judgements

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

Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<b>A prosperous Wales:</b> 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.		Neutral		Choose an item.
<b>A resilient Wales:</b> 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).	This proposal should assist the Council in reducing its carbon footprint through a reduction in car fuel emissions.	Good		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<p><b>A healthier Wales:</b>                      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.</p> <p><b>Public Health (Wales) Act, 2017:</b>                      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.</p>	<p>People will be supported to regain or maintain independence and therefore become more resilient and self- reliant in terms of meeting needs</p>	<p>Good</p>		<p>Choose an item.</p>
<p><b>A Wales of cohesive communities:</b>                      Attractive, viable, safe and well-connected Communities.</p>	<p>People will be able to use Direct Payments more proactively and access local resources with the support of a Strength-based approach</p>	<p>Neutral</p>		<p>Choose an item.</p>
<p><b>A globally responsible Wales:</b>                      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.</p> <p><b>Human Rights - is about being proactive (see guidance)</b></p> <p><b>UN Convention on the Rights of the Child:</b>                      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.</p>		<p>Neutral</p>		<p>Choose an item.</p>
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> 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.</p>				
<p><b>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</b></p>		<p>Neutral</p>		<p>Choose an item.</p>



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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Opportunities to promote the Welsh language</i>		Neutral		Choose an item.
<i>Welsh Language impact on staff</i>		Neutral		Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>		Neutral		Choose an item.
<b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	People will be enabled to remain in their own homes supported to regain or maintain independence	Good	Access to local resources via the e-marketplace will help achieve this goal. This needs to be supported with appropriate stakeholder engagement to ensure that as many people as possible can utilise this online service.	Good
<i>Disability</i>	People will be enabled to remain in their own homes supported to regain or maintain independence	Good	Access to local resources via the e-marketplace will help achieve this goal. This needs to be supported with appropriate stakeholder engagement to ensure that as many people as possible can utilise this online service.	Good
<i>Gender reassignment</i>		Neutral		Choose an item.
<i>Marriage or civil partnership</i>		Neutral		Choose an item.
<i>Race</i>		Neutral		Choose an item.
<i>Religion or belief</i>		Neutral		Choose an item.
<i>Sex</i>		Neutral		Choose an item.
<i>Sexual Orientation</i>		Neutral		Choose an item.
<i>Pregnancy and Maternity</i>		Neutral		Choose an item.

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**Source of Outline Evidence to support judgements**

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

Principle	How does the proposal impact on this principle?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>Sustainable Development Principle (5 ways of working)</b>				
<b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	This objective will satisfy the direction of travel for people who prefer to stay in a setting familiar to them eg their own homes and become more resilient by being supported to regain or maintain independence through short term time limited support.	Good		Choose an item.
<b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.	Collaborative working with care managers and other stakeholders including Third Sector partners will be key to the delivery of this, through integration and better working with providers and other third sector partners.	Good		Choose an item.
<b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them.	Collaborative working with care managers and other stakeholders including Third Sector partners will be key to the delivery of this, through integration and better working with providers and other third sector partners.	Good		Choose an item.
<b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring.	This contributes to Early Intervention and Prevention work which seeks to enable people to remain independent for longer and minimise the need for more intensive supports.	Good		Choose an item.
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.	The proposed new approach will be developed and delivered with the inclusion of PTHB and Third Sector partners.	Good		Choose an item.

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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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Preventing Poverty:</b> Prevention, including helping people into work and mitigating the impact of poverty.	Socio economic opportunities may arise within communities to support people at home via third sector organisations/ private providers, utilising Direct Payments.	Good		Choose an item.
<b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account		Neutral		Choose an item.
<b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	Safeguarding continues to be forefront of all decisions made to ensure that people are safe within their own homes.	Neutral		Choose an item.
<b>Impact on Powys County Council Workforce</b>	It is essential that this proposal is being developed and delivered with PCC operational colleagues.	Neutral	Early inclusion of PCC staff.	Good
<b>Source of Outline Evidence to support judgements</b>				

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

Severity of Impact on Communities	Scale of impact	Overall Impact
Low	Low	Low
<b>Mitigation</b>		

Ensure that rollout is effectively project managed, to include robust communication, engagement and support.

9. How likely are you to successfully implement the proposed change?

Impact on Service / Council	Risk to delivery of the proposal	Inherent Risk
Medium	Medium	Medium
Mitigation		

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Risk Identified	Inherent Risk Rating	Mitigation	Residual Risk Rating
Risk that service users do not embrace the approach	Medium	Work on public communication and cultural changes required to be delivered as above	Medium
Risk to timescale of delivery	Medium	External capacity/knowledge would need to be sought to meet timescales set	Medium
	Choose an item.		Choose an item.
Overall judgement (to be included in project risk register)			
Very High Risk	High Risk	Medium Risk	Low Risk
		X	

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
<p>This proposal seeks to further embed our direct payments offer, by making direct payments easy to understand and use, through effective communications and engagement, and easy to use self service options. The risk to the community is low but a sustained and well planned communications and engagement will be needed to promote the benefits of direct payments to both residents and adult services staff. The proposal is in line with the Social Services and Wel-being Act Wales (2014) which promotes independence and flexibility and choice around care.</p>	

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

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

Social Care Wales has a useful guide on direct payments, including [“myths and facts about direct payments.”](#) Resources such as this will inform our communications and engagement.



VW Plus  
Overview.pptx

12. On-going monitoring arrangements?

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

Supervision of Social Care staff, panel and budget holder accountability, Operational SMT through to ASC financial monitoring mechanisms.

**Please state when this Impact Assessment will be reviewed.**

Quarterly as part of the SIP process

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Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Martin Heuter		
Head of Service:	Dylan Owen		
Director:	Alison Bulman		
Portfolio Holder:	Myfanwy Alexander		

14. Governance

Decision to be made by	Choose an item.	Date required

**FORM ENDS**

# Cyngor Sir Powys County Council

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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.**

<b>Service Area</b>	Adult Services	<b>Head of Service</b>	Michael Gray	<b>Director</b>	Alison Bulman	<b>Portfolio Holder</b>	Myfanwy Alexander
<b>Proposal</b>	IBP Proposal 5- Double to single handed care						
<b>Outline Summary / Description of Proposal</b>							
To invest in additional occupational therapy capacity to review and right size existing care packages. There is well established evidence that such investment would deliver significant returns in terms of both cost savings, and cost avoidance, as well as releasing care capacity and achieving better outcomes for service users.							

Page 207  
1. Version Control (services should consider the impact assessment early in the development process and continually evaluate)

Version	Author	Job Title	Date
1	Michael Gray	Head of Adult Services	02/09/19
2	Michael Gray	Head of Adult Services	30/12/20

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£	£	£400,000	£400,000	£	£

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	This additional resource will be used to assist us in furthering our strengths-based approach to reviews.

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, Corporate Parenting and Data Protection?)  
 PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY**

5. How does your proposal impact on the council's strategic vision?

<b>Council Priority</b>	<b>How does the proposal impact on this priority?</b>	<b>IMPACT</b> Please select from drop down box below	<b>What will be done to better contribute to positive or mitigate any negative impacts?</b>	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>The Economy</b> We will develop a vibrant economy		Neutral		Neutral
<b>Health and Care</b> We will lead the way in effective, integrated rural health and care	The proposal will help ensure that care packages are right-sized and that the independence of people who use our services is maximised.	Good		Good
<b>Learning and skills</b> We will strengthen learning and skills		Neutral		Neutral
<b>Residents and Communities</b> We will support our residents and communities		Neutral		Neutral



**Source of Outline Evidence to support judgements**

[Research](#) has shown that misconceptions regarding moving and handling, insufficient knowledge of specialist equipment, and an inflexible approach to care can lead to too much generalisation regarding the perceived need for two carers as opposed to one. There is evidence to suggest that a greater involvement of occupational therapists in the right-sizing of care packages through strengths based reviews can help to optimise peoples' independence, with a resulting saving in domiciliary care costs.

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

Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<b>A prosperous Wales:</b> 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.		Neutral		Choose an item.
<b>A resilient Wales:</b> 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).		Neutral		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<u>IMPACT</u> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<u>IMPACT AFTER MITIGATION</u> Please select from drop down box below
<p><b>A healthier Wales:</b>                      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.</p> <p><b>Public Health (Wales) Act, 2017:</b>                      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.</p>	The proposal will help to ensure that people with care packages are receiving the right level of care, guarding against people becoming unnecessarily reliant on the care that they receive.	Good	To ensure that that there is a speedy implementation of OT recommendations so that care and support plans can be updated in a timely manner.	Good
<p><b>A Wales of cohesive communities:</b>                      Attractive, viable, safe and well-connected Communities.</p>		Neutral		Choose an item.
<p><b>A globally responsible Wales:</b>                      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.</p> <p><b>Human Rights - is about being proactive (see guidance)</b></p> <p><b>UN Convention on the Rights of the Child:</b>                      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.</p>		Neutral		Choose an item.
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> 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.</p>				
<p><i>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</i></p>		Neutral		Choose an item.
<p><i>Opportunities to promote the Welsh language</i></p>		Neutral		Choose an item.

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Well-being Goal	How does proposal contribute to this goal?	<b>IMPACT</b> Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	<b>IMPACT AFTER MITIGATION</b> Please select from drop down box below
<i>Welsh Language impact on staff</i>		Neutral		Choose an item.
<i>People are encouraged to do sport, art and recreation.</i>		Neutral		Choose an item.
<b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	People will be supported to maintain or enhance their independence	Good		Good
<i>Disability</i>	The proposal will enable more people with physical disabilities to live as independently as possible in their own homes.	Good	To ensure that that there is a speedy implementation of OT recommendations so that care and support plans can be updated in a timely manner.	Good
<i>Gender reassignment</i>		Neutral		Choose an item.
<i>Marriage or civil partnership</i>		Neutral		Choose an item.
<i>Race</i>		Neutral		Choose an item.
<i>Religion or belief</i>		Neutral		Choose an item.
<i>Sex</i>		Neutral		Choose an item.
<i>Sexual Orientation</i>		Neutral		Choose an item.
<i>Pregnancy and Maternity</i>		Neutral		Choose an item.

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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Source of Outline Evidence to support judgements

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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Sustainable Development Principle (5 ways of working)</b>				
<b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	This proposal will enable people to maximise their independence and will help ensure that care reviews result in sustainable care and support plans that promote longer term independence wherever possible.	Good		Choose an item.
<b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.	Collaborative working between occupational therapists and other practitioners to ensure care provision is proportionate and appropriate.	Good		Choose an item.
<b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them.		Neutral		Choose an item.
<b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring.	Investing in this resource will help to guard against overprovision of care.	Good		Choose an item.
<b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.		Neutral		Choose an item.
<b>Preventing Poverty:</b> Prevention, including helping people into work and mitigating the impact of poverty.		Neutral		Choose an item.

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# Cyngor Sir Powys County Council

## Impact Assessment (IA)

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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 positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
<b>Unpaid Carers:</b> Ensuring that unpaid carers views are sought and taken into account		Neutral		Choose an item.
<b>Safeguarding:</b> Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	Safeguarding continues to be forefront of all decisions made to ensure that people are safe within their own homes.	Neutral		Choose an item.
<b>Impact on Powys County Council Workforce</b>		Neutral		Good

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### Source of Outline Evidence to support judgements

Occupational therapists are trained to work in a “whole person” way to both mental and physical health and wellbeing. As a result, they play a vital role in our system in assisting those that we support to achieve their full potential.

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

Severity of Impact on Communities	Scale of impact	Overall Impact
Medium	Low	Low
Mitigation		
Ensure that any proposed changes are reflected in timely changes to care and support plans. Ensure, through effective support and monitoring that relevant staff have the necessary training and confidence to conduct any moving and handling in a safe and dignified manner.		

# Cyngor Sir Powys County Council

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9. How likely are you to successfully implement the proposed change?

Impact on Service / Council	Risk to delivery of the proposal	Inherent Risk
Medium	Medium	Medium
Mitigation		
Ensure that any proposed changes are reflected in timely changes to care and support plans. Ensure, through effective support and monitoring that relevant staff have the necessary training and confidence to conduct any moving and handling in a safe and dignified manner.		

Risk Identified	Inherent Risk Rating	Mitigation	Residual Risk Rating
There is a risk that we are unable to recruit suitable OTs into the right sizing posts	Medium	Work alongside recruitment colleagues to ensure that job to ensure that opportunity is advertised across a wide range of recruitment networks.	Low
There is a risk that the work will not achieve proposed savings targets	Medium	To ensure that savings intentions are realistic and informed by work undertaken by other Local Authorities. To ensure that the occupational therapists work closely with practitioners to ensure that moving and handling provision is appropriate. To ensure that the occupational therapists are given the protected time to support others in developing their strengths based practice.	Medium
	Choose an item.		Choose an item.
Overall judgement (to be included in project risk register)			
Very High Risk	High Risk	Medium Risk	Low Risk
		X	

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
There is well established evidence that an investment in occupational therapy resource can deliver significant returns in terms of both cost savings, and cost avoidance, if OTs are used to review new and existing double handed care packages. The proposal has the added benefit of releasing care capacity. This extra capacity can then be used in a more targeted way, which will assist with our ongoing efforts of discharging people from hospital in a timely manner.	

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

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

12. On-going monitoring arrangements?

<b>What arrangements will be put in place to monitor the impact over time?</b>
Robust project management approach involving both commissioning and operational staff.
<b>Please state when this Impact Assessment will be reviewed.</b>
Quarterly as part of the SIP process

13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Rachel Williams		
Head of Service:	Michael Gray		
Director:	Alison Bulman		
Portfolio Holder:	Myfanwy Alexander		

14. Governance

Decision to be made by	Choose an item.	Date required

**FORM ENDS**

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## MINUTES OF A MEETING OF THE HEALTH AND CARE SCRUTINY COMMITTEE HELD AT ON THURSDAY, 10 DECEMBER 2020

### PRESENT

County Councillors A Jenner (Chair), S M Hayes, E Jones, S McNicholas, L Rijnenberg, K M Roberts-Jones, D Rowlands, A Williams, J M Williams and R Williams

Cabinet Portfolio Holders In Attendance: MC Alexander

Officers: Alison Bulman, Corporate Director, Children and Adults and Dylan Owen, Head of Commissioning

### 1. APOLOGIES

Apologies for absence were received from County Councillors J Gibson-Watt and R Powell

### 2. ELECTION OF VICE CHAIR

**RESOLVED** that County Councillor L Rijenberg be elected Vice Chair for the ensuing year.

### 3. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 4. DISCLOSURE OF PARTY WHIPS

There were no disclosures of party whips.

### 5. MINUTES

The Chair was authorised to sign the minutes of the last meeting as a correct record.

### 6. ACCESS TO INFORMATION

**RESOLVED** to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

### 7. VALUING DOMICILIARY CARE

**Documents:**

- Valuing Domiciliary Care
- Impact Assessment

**Discussion:**

- The Committee was briefed on proposals to develop the domiciliary care market to ensure its sustainability

**Outcomes:**

- **The Committee support the proposals**
- **A progress report to be submitted to Committee in December 2021**

<b>8.</b>	<b>WORK PROGRAMME</b>
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It was noted that working group meetings to consider budget proposals had had to be cancelled due to the pressure on the service of the pandemic. The Service had invoked its business continuity plan and was covering mission critical work only. Both services were under pressure, but Adult Services were also emergency responders. Infection rates are up significantly with winter pressures likely to add significantly to workload in January and February. The service is also supporting the roll out of the vaccination programme and a pilot for those who are a-symptomatic.

The Committee would, however, like to see the proposed efficiencies and impact assessments as soon as possible to enable scrutiny to take place and to aid understanding. Some proposals had been considered by the Finance Panel and they seemed to be challenging. Senior officers reiterated that the service was aiming to provide the right service, more effectively and reduce costs. It was acknowledged there had been over provision in the past.

**Outcomes:**

- **Members would wish to see the following topics covered at future meetings of the Committee or Working Groups**
  - **Risk**
  - **Finance**
  - **Performance**
  - **Criteria for Domiciliary Care**

**County Councillor A Jenner (Chair)**