

Economy, Residents and Communities Scrutiny Committee

Meeting Venue
By Zoom

Meeting Date
Monday, 12 December 2022

Meeting Time
10.00 am

For further information please contact
Rachel Pugh - Scrutiny and Democratic Support Officer
rachel.pugh1@powys.gov.uk



County Hall
Llandrindod Wells
Powys
LD1 5LG

05.12.2022

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.
You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working days before the meeting.

AGENDA

1.	APOLOGIES	10.00 AM
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To receive apologies for absence.

2.	DISCLOSURES OF INTEREST	10.02 AM
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To receive any disclosures of interests by Members relating to items to be considered at the meeting.

3.	DECLARATION OF PARTY WHIPS	10.04 AM
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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.)

4.	PERFORMANCE - RISK - FINANCE - QUARTER 2	10.05 AM
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4.1.	Performance Report - Quarter 2	
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To receive and consider a report by County Councillor James Gibson-Watt
Portfolio Holder for Corporate Performance Management

<https://sway.office.com/XubMNRNWin1WWoUI?ref=Link>

(Pages 5 - 6)

4.2.	Strategic Risk Register - Quarter 2	
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To receive and consider the report of the Portfolio Holder for Finance and
Corporate Transformation, County Councillor David Thomas

(Pages 7 - 40)

4.3.	Finance Report - Q2	
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(Pages 41 - 68)

5.	WORKING GROUP FEEDBACK / COUNCILLOR REPORTS	10.45 AM
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5.1.	Phosphates Working Group	
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5.2.	County Farms Working Group	
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5.3.	LDP Working Group	
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6.	SCRUTINY WORK PROGRAMME	11.00 AM
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To note that future meetings of the Committee will be held as follows:

Date and Time	Type and Detail
Jan	Pre-Meeting
19-01-23 10.00 – 12.30 (Possibly 26-01-23)	Committee - Public Well-Being Assessment – relevant sections New CIP – relevant sections for scrutiny Performance and Risk Q3 All Heads of Service Finance All Heads of Service Complaints (Diane Reynolds)
Jan	Work Programming
Jan	Pre-Meeting
30-01-23 14.00- 17.00	Committee - Public Budget Scrutiny
Feb	Pre-Meeting (if required)
13-02-23 14.00 – 16.30	Committee - Public Alternative Budget (if required)
Mar	Pre-Meeting
03-04-23 10.00 – 12.30	Committee - Public
Mar	Self-Assessment
May	Pre-Meeting
05-06-23 10.00 – 12.30	Committee - Public Q4 Performance and Risk All Heads of Service Finance All Heads of Service Complaints 2022-23
July	Work Programming
July	Pre-Meeting
17-07-23 14.00 – 16.30	Committee - Public
Sept	Pre-Meeting
18-09-23	Committee - Public

7.	SHARED PROSPERITY FUND	11.15 AM
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7.1.	Shared Prosperity Fund	
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To receive and consider the report of the Cabinet Member for a Prosperous Powys, County Councillor David Selby: "Shared Prosperity Fund: Submission of a Regional Investment Plan for Mid Wales".
(Pages 69 - 126)

7.2.	Exempt Item	
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To consider passing the following Resolution:

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).

The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following item. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information).

These factors in his view outweigh the public interest in disclosing this information. Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

7.3.	Confidential Report	
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To receive and consider confidential appendices to the Shared Prosperity Fund Report.
(Pages 127 - 150)

Committee Reflection

Following the close of the meeting the Committee is asked to take 5 to 10 minutes to reflect on today's meeting.

4.1

Scrutiny Committee Date

Report Title:	Quarter Two 2022-23 Performance Report
Lead Officer:	Head of Transformation and Democratic Services

Key Issues in the report highlighted by Lead Officer

The report covers how the organisation is performing in delivering the aspirations of the Corporate Improvement Plan, Vision 2025. This report covers the period of Quarter Two – July to September 2022.

Key achievements and issues are highlighted throughout the report at a well-being objective level to allow for ease of use.

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report	X	Performance / Finance Issue	X
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan	X	Impacting Public / other services	
Service Integrated Business Plan	X		
Suggestion from Members			
Partnerships			

Scrutiny Impact (tick all that apply)

Policy Review		Performance	X
Informing Policy Development	X	Evidence Gathering	
Risk		Corporate Improvement Plan	X
Service Integrated Business Plan	X	Partnerships	
Pre-Decision Scrutiny		Finance / Budget	X

Other (please specify)

Not applicable

Suggested scrutiny activity - Committee's Role:

In line with the council's [Performance Management and Quality Assurance Framework](#), it is proposed that Scrutiny consider the following key questions as part of analysing the performance information:

Corporate Performance Report

1. Overall, does the detail provided in the corporate performance report provide a meaningful and balanced account of progress against planned milestones and targets in Vision 2025? Does it clearly articulate; how well we are doing?; how do we know?; what and how can we do better? Is the commentary written in clear, plain and understandable language?
2. Is the content and quality of reporting appropriate and sufficient to provide the organisation (particularly Scrutiny themselves as well as the responsible Heads of Service, Directors, and Portfolio Holder) with assurance about the work being undertaken? Does it 'speak for itself' clearly and demonstrate if we know we're 'doing the right thing in the right way'?
3. Are the BRAG status' that have been given for the objectives fair and appropriate? Do they align with the detail that is provided in the Achievements, Issues, Actions commentary?

4. Given current and previous performance against the measures, are future targets realistic/ sufficiently challenging? Are there specific areas of concern, for example objectives/ measures that have not made progress from one quarter to the next? Future targets are detailed in the CIP Vision 2025 document [link](#)
5. Are the actions for getting red and amber objectives/ measures back on track robust enough? (taking account of available resources and prioritisation). Are the timescales for completing the actions realistic and appropriate?
6. Any other comments

On what specific elements of the report would scrutiny comment add value

As noted above.

4.2

Economy, Residents and Communities Scrutiny Committee

12-12-2022

Report Title:	Strategic Risk Register Report Quarter 2 2022/2023 Cabinet 7 th February 2023
Lead Officer:	Jane Thomas

Key Issues in the report highlighted by Lead Officer

- 2 new risks escalated to Strategic Risk Register.
- 2 new risks escalated to the Strategic Risk Register by EMT approval.
- 13 current Strategic Risks that need scrutiny to aid Cabinet (One out of the thirteen risks have a probability of 'almost certain' and an impact of 'catastrophic'. Also, five risks have a probability of 'likely' and an impact of 'major')

Key Feeders (tick all that apply)

Strategic Risk	x	Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report		Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Scrutiny Impact (tick all that apply)

Policy Review		Performance	
Informing Policy Development		Evidence Gathering	
Risk	x	Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	

Other (please specify)

Suggested scrutiny activity - Committee's Role:

- Request additional information where necessary to ensure comprehensive process has been undertaken.
- Challenge scoring profiles, mitigation and progress made against the managing the risk
- Make informed recommendations to Cabinet

On what specific elements of the report would scrutiny comment add value

- Scoring profiles based on the guidance given in the Risk Management Framework (Do you agree? Are they a fair and appropriate judgement of risk likelihood and impact?)
- Mitigation (Are the control/mitigating actions robust enough for getting the residual risk score down or confidence to close the risk?)
- Progress made against the managing the risk (Does the commentary provided, give confidence that the risk is being managed effectively?)
- Any other comments

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CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Tuesday, 7th February 2023

REPORT AUTHOR: County Councillor Cllr David Thomas
Portfolio Holder for Cabinet Member for Finance and Corporate Transformation

REPORT TITLE: Strategic Risk Register Report Quarter 2 2022/2023

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this report is to set out the Council's latest position on managing its key risks, contained in the Strategic Risk Register (SRR).

2. Background

- 2.1 Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the Council has faced and is still 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 well-being objectives in Stronger, Fairer, Greener: Our Corporate plan, deliver services more efficiently and using innovative and cost-effective means.

3. Advice

- 3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that Cabinet.
- Review progress to mitigate strategic risks
 - Review new risks add to SRR

Senior Leadership Team review of Strategic Risk Register

- 3.2 Further to the risk session held with Senior Leadership Team (SLT) on the SRR in July 2022, a dedicated SLT session on health & safety and recruitment & retention including demography was held.

Following this workshop, it was decided not to have an overall health and safety risk on the SRR, as it is currently well managed at a service level and does not warrant strategic oversight. However, as per our Risk Management Framework, any service specific H&S risk that's residual score is 15 or above will be flagged up for consideration to be escalated by SLT.

- 3.3 H&S risks in relation to buildings and assets was also discussed and features later in this report, see section 3.10 and 3.11.
- 3.4 The existing strategic recruitment & retention risk was discussed in detail and strategic mitigation reviewed.
- 3.5 The following climate risk has been created and approved for escalation by the Executive Management Team (EMT) with a dedicated SLT session scheduled to take place in December.

EDR0011 Impact of Climate on our ability to deliver services. Residual score 16.

With potential consequences as follows:

- Exceeding acceptable CO2 emissions
- Increasing demand on flood alleviation and response (including increase demand on resources)
- Increased emissions due to depletion of natural carbon stores and sequestration
- Unable to meet demand for housing linked to land suitability
- Unable to meet future public building needs
- Councils' reputation is hurt if by lack of prevention/resilience planning and being perceived to be a contributor
- Deteriorating river and water way quality
- Increased phosphates due to extreme weather events i.e. flooding
- Investing in adapting service delivery
- Risk to Biodiversity - see Nature Emergency risk
- Negative effect on supply of food, goods and vital services due to climate related collapse of supply chains and distribution networks
- Risks to the people and the economy climate related failure of the power system
- increased risks to human health, wellbeing and productivity from increased exposure to heat, in homes and other buildings
- possible multiple risks to the county from climate change impact from overseas.
- Inadequate planning for unforeseen events

Current mitigation:

- Implement Powys' Climate Strategy
- EMT/SLT dedicated session to take place in December to focus on risk and plan strategic mitigation
- Carbon accounts reporting
- Workstream Action Plans developed
- Engagement with stakeholders and experts

- 3.6 The following nature emergency risk has been created and approved for escalation by EMT with a dedicated SLT session scheduled to take place in December.

HTR0018 Impact of nature emergency on our ability to deliver services.
Residual score 16.

With potential consequences as follows:

- Reduced productivity of agriculture, forestry and fisheries impacting the livelihoods of residents and economic stability
- Reduced food availability through declines in pollination, soil health and soil fertility. These will lead to decreased yields, a decrease in food and fodder production, and a decreased availability of wild foods
- Ecosystems are more susceptible to invasion by pests and diseases. This will reduce the resilience of the natural environment and require investment in pest and disease prevention/control/eradication
- Reduced capacity for land to sequester carbon and thus our ability to tackle the climate emergency – see climate risks (interlinked)
- Reduced capacity for land to perform other basic ecological functions such as water storage, water purification, nutrient cycling and air filtration.
- Deteriorating river and water quality
- Reduced health and wellbeing of residents through increase of diseases, reduced protection against pollution, health effects associated with increased malnutrition and increased exposure to agricultural chemicals, a loss of cultural values, reduced access to traditional medicines, reduced options for future drug development, and poorer mental health
- A decline in tourism due to loss of nature and poor condition of the natural environment
- Unable to meet demand for housing linked to land suitability
- Unable to meet future public building need
- Council's reputation is hurt by lack of prevention/resilience planning and being perceived to be a contributor
- Investing in adapting service delivery

Current mitigation:

- Delivering on our Section 6 duties
- Implementing the Nature Recovery Action Plan with partners

Review of progress to mitigate Strategic Risks

- 3.7 As at the end of quarter 2 2022-2023, there are 13 risks on the strategic risk register and all strategic risk owners have provided a short summary of progress since last quarter, to give assurance that mitigating actions are being actioned and monitored.

- 3.8 Please see appendix A for full details of the 13 strategic risks including the mitigating actions identified to control them and progress reviews.
- 3.9 Please see appendix B to view a heat map which presents the results of the quarter 2 risk assessment process visually. It highlights (for the residual risks) the following:

Six out of the thirteen risks have a probability of 'likely' and an impact of 'major'.

Escalation of risks to the Strategic Risk Register

3.10 Education and PPPP services would like to escalate:

LEAINF0001 Insufficient level of revenue maintenance and major improvement capital funding is likely to result in unsafe and unfit assets within the school property. Residual score 16.

With potential consequences as follows:

- Withdrawal of use of the asset by the school leading to disruption to educational continuity with the partial or full closure of the school

Current mitigation:

- Regular review of the prioritisation and ranking of revenue work and capital improvements to maintain operational and safe schools within the available annual approved budgets
- Preparation of a medium term full 5-year business case for additional annual capital improvements and revenue maintenance funding including all the above issues delivered in parallel with the Transforming Education programme and backlog maintenance compliance budget
- Annual review of the business case for major Improvements and revenue maintenance funding

3.11 Education and PPPP services would like to escalate:

SEM0003 School building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them so that they are safe and fit for purpose. Residual score 16.

With potential consequences as follows:

- Disruption to the operational continuity of the building which may either result in the partial or full closure of the school building to ensure the health and safety of all occupants

Current mitigation:

- Implement the school's asset management plan within the budget available and escalate to the Transforming Education Programme

Development work

3.12 A paper was recently taken to SLT regarding a possible power outage and consideration is currently being given to create a power outage related risk (lead by Property, Planning and Public Protection), and what controls are needed to reduce the impact on delivering essential services in the event of it becoming reality.

3.13 Also currently under development is a risk regarding the Councils susceptibility to fraud, the consequences and controls needed.

Service risk scored 15 or above for consideration

3.14 As per our Risk Management Framework any risk that is scored 15 or above must be considered for escalation by SLT. The following risks fall into this category, but it is recommended they are not proposed for escalation as they are being successfully managed on a service risk register:

- PPPP0017 If planning income targets are not achieved there will be a more pressure on the budget and increased pressure on service provision.
- HO0030 Phosphate Restrictions - Rivers Wye and Usk Catchment areas affecting new Council Housing developments (*links with strategic risk: Impact of Climate on our ability to deliver services, however HO0030 is regarding the supply of new homes, the sustainability and the balance of the housing market*).
CS0089 If action is not taken, to improve the financial offer to existing permanent qualified social workers in line with the salaries and other payments being paid by surrounding LAs, supportive systems and a working culture of learning provided (to be able to build resilience), then qualified social workers will continue to leave the workforce. This will add pressures to the budget and have a negative impact on the quality and effectiveness of our interventions with children, young people and their families (*links with strategic risk: If there is insufficient capacity to respond to the longer-term demand in children's and adults' services in timely manner*).
- PPP0014 Phosphate / nutrient exceedances exceeding target level in Special Areas of Conservation for example Rivers Usk and Wye and their tributaries (*links with strategic risk: Impact of Climate on our ability to deliver services however*
- PPPP0015 Health and safety risks associated with the failure to complete statutory compliance work within appropriate time frames (*links with proposed risk for strategic risk register: School building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them so that they are safe and fit for purpose*)

Risk appetite

3.15 A draft risk appetite has been written and scheduled for Cabinet approval.

Issues

- 3.16 Following on from School Modernisation piloting the issues module on JCAD, SLT have agreed to start recording issues on JCAD. The actions to manage an issue are operational therefore this is only a formal process of recording issues for governance and is not intended to duplicate the current processes of managing an issue e.g. integrated business planning, business as usual, improvement processes.

4. Resource Implications

- 4.1 There are no direct resource implications in relation to this report however all risk owners need to consider the resource implications of managing the risk and decide if the best course of action is to tolerate or treat.
- 4.2 The Strategic Risk Register outlines the key risks to the Council's activities, as well as risk to delivery of objectives contained within the Corporate Improvement Plan. There are no direct financial implications from the report although these may arise as new risks are identified on an on-going basis.

The Head of Finance (Section 151 Officer) notes the comment above, financial implications are identified through the relevant service and are considered through the financial management processes in line with the authorities' financial regulations. All services are considering the financial impact of any risks that are expected to continue into 2023/24 and beyond in their Service Integrated Business Plans.

5. Legal implications

- 5.1 Legal: Being sought
- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: Being sought

6. Data Protection

- 6.1 N/A

7. Comment from local member(s)

- 7.1 N/A

8. Integrated Impact Assessment

- 8.1 N/A. The Service Risk Register is not setting out any changes or proposals to service delivery.

9. Recommendation

It is recommended that Cabinet notes the current Strategic Risk Register and is satisfied with progress against mitigating actions for quarter 2 and approves escalation of LEAINF0001 and SEM0003 (detailed under point 3.10 and 3.11 respectively) to the Strategic Risk Register.

The recommendation above will ensure:

- **Appropriate understanding and management of strategic risks which could prevent us from achieving our objectives**
- **A risk managed approach to decision making and good governance of the Council**

Contact Officer: Jane Thomas, Head of Finance

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Email: Jane.Thomas@powys.gov.uk

Head of Service: Jane Thomas, Head of Finance

Corporate Director: Dr. Caroline Turner, Chief Executive officer.

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Strategic Risk Register

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ASC0064 Nina Davies Escalated From :- Powys County Council	IF WCCIS is not fit for purpose, then it will impact upon service area's ability to carry out operational duties.	<ul style="list-style-type: none"> Veracity of decision making around adults and children in Powys could be compromised, leading to poor outcomes The safeguarding of children and adults in Powys could be compromised There could be significant delays in securing time critical packages of care Our ability to manage transfers of people from hospital to the community could be compromised We may not be able to respond effectively to out of hours emergencies There may be delays in making decisions and taking action to keep children safe Staff morale could be affected, leading to increased sickness absence and staff leaving Potential for reputational damage to the council and negative impact on our ability to recruit and retain social workers. 	<p>03/10/2022 Qtr 2 22/23 Review Summary: Digital Transformation of Social Services Project has been approved and is in progress. The review will include consideration of the possible future options for a data management system.</p> <p>11/07/2022 1st Qtr 22/23 Review Summary: An options appraisal is being finalised ready for consideration through appropriate channels.</p> <p>04/04/2022 Qtr 4 21/22 Review Summary: Agreement from Cabinet to move to a soft market testing exercise. In addition, agreement that digital services and corporate change/improvement resource will be deployed to support any transition to a new system and resulting changes to processes/ways of working.</p> <p>29/12/2021 Review Summary: Independent review and options appraisal of current system has now been completed. HoS for Children's, Adults and Corporate Director meeting with Digital Services in January 2022 to discuss next steps.</p>	Cllr Sian Cox Nina Davies	12	12	<ul style="list-style-type: none"> Internal Review Performance issues raised to Welsh Government through SBAR Monthly Contract review meetings with Supplier Follow correct change management processes 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
CS0081 Sharon Powell Escalated From :- Powys County Council	BUDGET: If Children's Services are unable to manage within budget due to: - Market sufficiency for children's placements - Reliance on agency social workers - Inflationary costs and management of pressures - Surge in demand due to COVID-19 - Ending of grant funding	Then this will have implications for the whole Council: - Unable to meet statutory duties - Leaving service users at risk - Reputational damage to the Authority - Unable to manage within financial envelope	28/10/2022 Qtr 2 22/23 Review Summary: We are continuing to progress with our Grown Our Own strategy and have recruited 5 NQSWs in November 22. In 2023 we are looking to recruit 10 students in to Qualified roles in November 23. We are looking to develop a different recruitment strategy for residential care workers and Social Workers and unqualified staff as part of our IBP. 12/07/2022 1st Qtr 22/23 Review Summary: Recovery and exit strategy is on going and looking to reshape existing capacity and reduce the need for agency social workers. The grow our own strategy continues to scale up with 5 students qualifying this summer. Review of the IDS service is taking place and will develop the strategies in respect of continuing care. 07/07/2022 Review Summary: admin 25/04/2022 Review Summary: End of the financial year, out turn is an overspend of £57,000 for Children's Services. This is largely due to accessing additional Grant funding but much more positive forecast than previously thought.	Cllr Susan McNicholas Nina Davies	12	9	<ul style="list-style-type: none"> Ensure market within Powys is sufficient to meet demand Make best use of Welsh Government Funding and other available resources Work to reduce reliance on agency social workers Ensure Continuing Care for Children and Young People protocol being applied correctly and consistently Integrated budget planning Develop early intervention and prevention services in order to mitigate demand on longer term services Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services Work with service providers to limit impact of supreme court legal judgement 	Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Control In Place Withdrawn Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ED0022 Lynette Lovell Escalated From :- Powys County Council	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula and improving financial management. If they are unable to manage the budget, there will be a significant compromise to the quality of education for Powys learners.	Some schools will have escalating deficits which will have a financial impact on the rest of the Council and the learners in their care.	07/11/2022 Qtr 2 22/23 Review Summary: Through excellent joint working between the finance team and the Schools Service senior managers significant savings have been made which will help ease the internal financial pressures. Further efficiencies are yet to be achieved in specific service areas but through ongoing collaboration and solution driven decision making we hope to reduce the overspend further helping this financial year and next. Covid-19 pandemic continues to place additional pressures on the service and consideration needs to be given regarding the long-term challenges this could bring in certain areas such as ALN. The service is working hard on mitigating financial issues as they arise through the effective use of grants and have managed to alleviate pressures. 10/07/2022 1st Qtr 22/23 Review Summary: Quarter 1 Review: The year end position for schools moved significantly since the previous forecast, this is due to the allocation of over £5.936 million grant to support schools core costs. Schools planned to utilise £0.577m of reserve but actually put in to reserve £5.732m, an overall movember of £6.289m.	Clr Pete Roberts Lynette Lovell	20	16	<ul style="list-style-type: none"> Progress Funding Formula review. Effective use of the Scheme for Financing Schools Implementation of R5 in the PIAP PIAP 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action Completed Action Completed

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>18/05/2022 Review Summary: Qtr 4 2021-22:</p> <p>Primary: The forecast contribution from reserves for the Primary Sector is currently £505k which has reduced by £107k since last month.</p> <p>Secondary: The Secondary sector has a forecast contribution to reserves currently of £17k. This has increased by £302k since last month. Officers have been working effectively with the Secondary sector and as a result there is a reduction in deficit balances.</p> <p>All Through: The all age sector has a forecast contribution to reserves of £145k which has increased by £62k since last month.</p> <p>Special: The special sector has a £102k forecast contribution to reserves. This has decreased by £29k since last month.</p> <p>Surgery sessions are ongoing with all schools and school budget positions are being effectively monitored and issues are being escalated quickly by officers.</p> <p>Powys County Council have received a substantial amount of Education grant funding into the Authority during the Spring Term to be spent by the end of the financial year. This may have a positive impact on the schools' delegated outturn position for 2021-22.</p>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
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Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
EDR0011 Diane Reynolds Escalated From :- Powys County Council	Impact of Climate on our ability to deliver services	<ul style="list-style-type: none"> -Exceeding acceptable CO2 emissions -Increasing demand on flood alleviation and response (including increase demand on resources) -Increased emissions due to depletion of natural carbon stores and sequestration -Unable to meet demand for housing linked to land suitability -Unable to meet future public building needs -Councils reputation is hurt if by lack of prevention/resilience planning and being perceived to be a contributor -Deteriorating river and water way quality -Increased phosphates due to extreme weather events i.e. flooding -Investing in adapting service delivery -Risk to Biodiversity - see Nature Emergency risk -Negative effect on supply of food, goods and vital services due to climate related collapse of supply chains and distribution networks -Risks to the people and the economy climate related failure of the power system -increased risks to human health, wellbeing and productivity from increased exposure to heat, in homes and other buildings -possible multiple risks to the County from Climate change impact 	10/11/2022 Qtr 2 22/23 Review Summary: No change, progress has been made through the further development of the climate workstream plans and the analysis of our carbon accounts	<i>Cllr Jackie Charlton</i> Nigel Brinn	25	16	<ul style="list-style-type: none"> • Carbon accounts reporting • Implement Powys' Climate Strategy • Engagement with stakeholders and experts • Workstream Action Plans developed • EMT/SLT dedicated session to take place in December to focus on risk and plan strategic mitigation 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
		from overseas. -Inadequate planning for unforeseen events						

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
FIN0001 Jane Thomas Escalated From :- Powys County Council	The Council is unable to deliver a financially sustainable budget over the short and medium term. The continued impact of Covid coupled with the more recent events around rising inflation, energy costs and the situation in Ukraine impacting on supply chains and prices all increase the risk on the Council financial resilience.	<ul style="list-style-type: none"> - The Council is unable to fulfil its legal obligation in setting a balanced budget - The Council will not be financially resilient or sustainable - Council reputation damaged - Inability to fulfil our statutory obligations - Inability to deliver the Council objectives 	<p>02/11/2022 Qtr 2 22/23 Review Summary: A significant amount of work has been completed during September and October on the MTFs and the development of the budget plans. Assumptions have been revised and all services have completed their service FRM's setting out the budgetary pressures they face. An approach to allocate the estimated additional funding from RSG and CT has been implemented and Services have developed proposals as to how the remaining budget gap for each service can be managed. The SLT and Cabinet continue to progress this work. The Autumn statement expected on the 17th November will provide more clarity on the funding levels we can expect for next year.</p> <p>07/07/2022 1st Qtr 22/23 Review Summary: SLT and Cabinet have started to consider the impact of this years budget setting and pressures arising, ongoing meetings and completion of the FRM by the end of August should allow time to consider how the budget gap will be addressed.</p> <p>04/04/2022 4th Qtr 21/22 Review Summary: The council has approved the revenue budget for 2022/23 and the financial position for the new year will be monitored through the existing reporting mechanisms. EMT will begin reviewing the 5 year budget plan in April to address the ongoing budget gap for the next few years. Indicative funding settlements for the next 2 years do provide some certainty but we cannot underestimate the challenge that still remains. Rising inflation, energy costs and supply chain issues arising from the war in Ukraine will provide further challenge during 2022/23.</p> <p>21/01/2022 Review Summary: Decision taken by EMT and gold command to stand down on qtr 3 21/22 reporting</p>	Cllr David Thomas Jane Thomas	25	16	<ul style="list-style-type: none"> • Revise the Medium Term Financial Strategy • Ongoing discussion with WG and WLGA through Society of Welsh Treasurers for Future Funding of Local Government • Instruction to all services across the council to pull back on expenditure through 2022/23 to manage the projected deficit • Service Integrated Business Plans will be reviewed and refreshed • Keen focus on procurement issues - sharing information and knowledge across the LA/WLGA network • WG claims for Hardship and lost income continue and expect to remain in place til march 2021 • Cell in place to monitor rising costs, supply chain issues and sharing of information across the Council • Regularly monitor and review the financial position on monthly basis. • Cost Recovery work • 3rd party spend reduction • Income Generation • Monthly reports to cabinet and Management Team on budget progress and progress on savings • Budget Challenge Events • Moved to a 3 year balanced budget • Reassessment of the activities of the Council through the Recovery Coordination Group • Review budget position at end of first quarter and consider changes to the 2020/21 budget 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action Completed Action Completed Action Completed Control In Place Control In Place Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
HTR0018 Matthew Perry Escalated From :- Powys County Council	Impact of nature emergency on our ability to deliver services	<ul style="list-style-type: none"> Reduced productivity of agriculture, forestry and fisheries impacting the livelihoods of residents and economic stability. Reduced food availability through declines in pollination, soil health and soil fertility. These will lead to decreased yields, a decrease in food and fodder production, and a decreased availability of wild foods. Ecosystems are more susceptible to invasion by pests and diseases. This will reduce the resilience of the natural environment and require investment in pest and disease prevention/control/eradication. Reduced capacity for land to sequester carbon and thus our ability to tackle the climate emergency – see climate risks (interlinked) Reduced capacity for land to perform other basic ecological functions such as water storage, water purification, nutrient cycling and air filtration. Deteriorating river and water quality. Reduced health and wellbeing of residents through increase of diseases, reduced protection against pollution, health effects associated with increased malnutrition and increased exposure to agricultural chemicals, 	10/11/2022 Qtr 2 22/23 Review Summary: The control actions for this risk are under way, being delivery against the Powys Nature Recovery Action Plan and the Council's duties under section 6 of the Environment (Wales) Act 2016. Both of these actions are highly dependent on external funds and a Biodiversity officer being in place to provide the specialist advice and support to internal Council Services and external partners for delivery.	<i>Cllr Jackie Charlton</i> Nigel Brinn	25	16	<ul style="list-style-type: none"> Delivering on our Section 6 duties Implementing the Nature Recovery Action Plan with partners 	<ul style="list-style-type: none"> Action In Progress Action In Progress

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
		<p>a loss of cultural values, reduced access to traditional medicines, reduced options for future drug development, and poorer mental health.</p> <ul style="list-style-type: none"> • A decline in tourism due to loss of nature and poor condition of the natural environment. • Unable to meet demand for housing linked to land suitability. • Unable to meet future public building needs. • Council's reputation is hurt by lack of prevention/resilience planning and being perceived to be a contributor. • Investing in adapting service delivery. 						

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
							<ul style="list-style-type: none"> • Cyber Security Certification • Staff Training • Detection and Response Tools 	Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0003 Caroline Turner	IF the council receives a negative regulatory / inspection report, then - we might be found failing in meeting regulatory and legislative duties - it could affect our ability to provide a good quality of service, to the People of Powys - it could affect our ability in managing demand on the service - it might have a negative effect on recruitment and retention of staff - we could experience poor staff morale - we could suffer reputational damage	- we might be found failing in meeting regulatory and legislative duties - it could affect our ability to provide a good quality of service, to the People of Powys - it could affect our ability in managing demand on the service - it might have a negative effect on recruitment and retention of staff - we could experience poor staff morale - we could suffer reputational damage	07/10/2022 Qtr 2 22/23 Review Summary: Rating has been reviewed and residual score remains at 6. This is on the basis of regular feedback from Estyn, CIW and Audit Wales. 15/07/2022 1st Qtr 22/23 Review Summary: Rating have been reviewed and the residual score now sits as a 6. This is on the basis that the CIW Improvement Check that took place in May was satisfied with the progress that we've made (their letter is due to be published 3rd week of July). 08/04/2022 4th Qtr 21/22 Review Summary: Positive report received from Estyn, Education Service no longer requires enhanced monitoring. Also received positive reports from HIW/CIW on Mental Health Services, and from HMIPP on Youth Justice Service. Recently notified of forthcoming CIW improvement check of Adult Services and Children Services this will take place during May, report anticipated in the summer. It is likely that the improvement check will find gaps in provision and records due to the well-documented pressures on both Services since July 2021, due to the impact of COVID, increase in demand and staffing issues. 21/01/2022 Review Summary: Decision taken by EMT and gold command to stand down on qtr 3 21/22 reporting	Cllr James Gibson-Wat Caroline Turner	9	6	<ul style="list-style-type: none"> Monitoring improvements within key Services to be undertaken by Cabinet, with Scrutiny undertaking a challenge role Monitoring key recommendations through the Corporate Regulatory Tracker Improvement Board for HTR Improvements to be identified and undertaken by each Service, and captured as part of their Integrated Business Plans & progress Communications strategy (internal/external) Maintain close working relationships with all Inspectorates and Regulators as well as Welsh Government Corporate support provided to all Services 	Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0005 Nigel Brinn	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic	Increased staff absenteeism; Increase demand for services from residents Increased workload for council staff as a result of staff absence and increased service demand Closure of Council premises resulting in reduced services to residents and office accommodation	<p>09/11/2022 Qtr 2 22/23 Review Summary: On behalf of Nigel Brinn. Cases continue to impact the community and a reduced TTP team continue to trace the vulnerable and Health and Social Care. This risk will remain on the register whilst we monitor the impact of COVID and other ILI's (influenza like illnesses) associated with winter planning 2022/2023.</p> <p>15/07/2022 Review Summary: amending date to fall in line with PMQAF</p> <p>08/07/2022 1st Qtr 22/23 Review Summary: Cases continue to impact the community and a reduced TTP team continue to trace the vulnerable and Health and Social Care. This risk will remain on the register whilst we monitor the impact over the Autumn/Winter 2022/2023</p> <p>27/05/2022 Review Summary: Case numbers have significantly reduced on the CRM but there is still evidence of cases within the Community. Due to the vaccine, these cases are not impacting the Council as they were at the beginning of the Pandemic. This case will remain on the register whilst we monitor the impact over the Autumn/Winter 2022/2023</p>	Cllr James Gibson-Wat Nigel Brinn	16	9	<ul style="list-style-type: none"> Update Business Continuity Plans (at Service and Corporate Level); Establishment of an Internal Silver Command Powys County Council Representation on Powys Teaching Health Board Gold and Silver Command; Liaison with all Local Resilience Forum (LRF) Partners; PCC Liaison with Welsh Government and Public Health Wales; Communication and engagement with schools. Communications to residents, staff and members 	<ul style="list-style-type: none"> Action Completed Action Completed Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PROC0008 Wayne Welsby Escalated From :- Powys County Council	Russian Invasion of Ukraine and Other Market Pressures leading to Increased risks of price variations and labour & material shortage caused by rising inflation.	Effect on capital and revenue budget but mainly affecting supplies of materials relating to any contract or project. Unable to deliver statutory and non statutory services which could result in a backlog of work, reputational damaged, quality of buildings and knock-on consequences. Examples of a key consequence: delayed or cancelled housing development reduces capacity to address homelessness and other housing needs, Delays or affordability of delivery of schools transformation etc	14/09/2022 Qtr 2 22/23 Review Summary: Ukraine cell continues to meet and to consider increase particularly those outside of current budget. Register of increase is maintained and is up to date as far as is known (relies upon services notifying us of any change). 13/07/2022 1st Qtr 22/23 Review Summary: The Ukraine Cell continues to meet and requests for increases are managed through the processes put in place and maintain delivery and manage budget pressures with services. 13/04/2022 Qtr 4 21/22 Review Summary: A Ukraine/ Price Volatility Cell has been set up with terms of reference. Proformas to identify pressure has been drafted and to consider effects on budgets. The group will meet fortnightly in the first instance to address any which impact on front line service delivery and to report to EMT/Gold as required 22/12/2021 Review Summary: This risk still being monitored and managed where requests for increase being made. Commercial Services is advising services when required to minimise effect and consider company pressures against inflationary indices. The overall effect is minimal but in light of increasing inflation this may then show increases on tendered costs and so will be continually monitored.	Cllr David Thomas Jane Thomas	15	12	<ul style="list-style-type: none"> Material substitution Develop a Process for approval by S151 officers for minimising effect of Price Increases Value engineering Ukraine Cell Set up to report to Gold on consequences and to manage Re-evaluate project timescales 	Action In Progress Action In Progress Control In Place Control In Place Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>01/07/2022</p> <p>1st Qtr 22/23 Review Summary: The Workforce Futures Strategic Framework is in place and is being implemented. The Council's Transforming Education Programme which sets out a ten year strategy is also being implemented. The Council has established an apprenticeship programme which continues to be progressed, with discussions continuing with services about the recruitment of further apprentices across PCC.</p> <p>In Social Care a much enhanced grow our own programme for the next 5 years is in place and being implemented for social workers</p> <p>In addition we are widening access to the health and care sector in Powys by / through:</p> <ul style="list-style-type: none"> - an employability skills hub project (NPTC delivering employability skills training to a range of groups including staff currently within the health and care system, carers, volunteers and new staff trying to access employment in the sector) - any available governmental schemes, such as the former Kickstart programme - Apprenticeships – by widening the apprenticeship offer - Access for carers and volunteers to statutory education packages (NHS E-learning) to start a foundation of learning pre-employment - Exploring a health and social care induction framework that provides the foundation skills for Health Care Support Workers coming into the sector (programme aligned to the SCW induction framework and Health clinical induction framework) 					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>01/04/2022</p> <p>Review Summary: The Workforce Futures Strategic Framework is in place and is being implemented.</p> <p>The Council's Transforming Education Programme which sets out a ten year strategy is also being implemented.</p> <p>The Council has established an apprenticeship programme which is being progressed and the numbers recruited being ahead of target (i.e. 11 against the 10 planned).</p> <p>In Social Care a much enhanced grow our own programme for the next 5 years is in place and being implemented for social workers</p> <p>In addition we are widening access to the health and care sector in Powys by / through:</p> <ul style="list-style-type: none"> - an employability skills hub project (NPTC delivering employability skills training to a range of groups including staff currently within the health and care system, carers, volunteers and new staff trying to access employment in the sector) - any available governmental schemes, such as the former Kickstart programme - Apprenticeships – by widening the apprenticeship offer - Access for carers and volunteers to statutory education packages (NHS E-learning) to start a foundation of learning pre-employment - Exploring a health and social care induction framework that provides the foundation skills for Health Care Support Workers coming into the sector (programme aligned to the SCW induction framework and Health clinical induction framework) 					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>12/01/2022</p> <p>Qtr 4 21/22 Review Summary: The Workforce Futures Strategic Framework is in place and is being implemented. The Council's Transforming Education Programme which sets out a ten year strategy is also being implemented. The Council has established an apprenticeship programme which is being progressed albeit progress has been adversely impacted to a degree by the COVID19 pandemic In Children's Services an enhanced grow our own programme is in place and being implemented for social workers</p> <p>In addition we are widening access to the health and care sector in Powys by / through:</p> <ul style="list-style-type: none"> - the Arwain Employability skills hub project (NPTC delivering employability skills training to a range of groups including staff currently within the health and care system, carers, volunteers and new staff trying to access employment in the sector) - the Kickstart programme (government initiative to provide work experience to 16-24 years through a 6 month fully supported work placement) - Apprenticeships – widening the apprenticeship offer in Social care 5 additional post in this financial year - Access for carers and volunteers to statutory education packages (NHS E-learning) to start a foundation of learning pre-employment - Exploring a health and social care induction framework that provides the foundation skills for Health Care Support Workers coming into the sector (programme aligned to the SCW induction framework and Health clinical induction framework) 					

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Heatmap Inherent and Current



Inherent Ratings Summary Heatmap

Residual Ratings Summary Heatmap

Probability



Page 39

Insignificant Minor Moderate Major Catastrophic

Impact

Insignificant Minor Moderate Major Catastrophic

Impact

Detailed Risk Information

Residual and Target Rating Changes since 03/06/2022

Risk Ref	Risk Identified	Owner	Service Area	Prev Inherent	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
EDR0011	Impact of Climate on our ability to deliver services	Diane Reynolds	Powys County Council	No Previous		25	No Previous		16
FIN0001	The Council is unable to deliver a financially sustainable budget over the short and medium term. The continued impact of Covid coupled with the more recent events around rising inflation, energy costs and the situation in Ukraine impacting on supply chains and prices all increase the risk on the Council financial resilience.	Jane Thomas	Powys County Council	16	↗ ₉	25	12	↗ ₄	16
HTR0018	Impact of nature emergency on our ability to deliver services	Matthew Perry	Powys County Council	No Previous		25	No Previous		16
WO0021	If the Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer term due to an expected long term decrease in the local working age population	Paul Bradshaw	Powys County Council	25	→	25	16	→	16
ASC0066	Risk of Social Care provider failure. Risk of care homes, domiciliary care providers, supported living providers and others becoming unsustainable for human and financial resource challenges	Rachel Evans	Powys County Council	20	→	20	16	→	16
ED0022	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula and improving financial management. If they are unable to manage the budget, there will be a significant compromise to the quality of education for Powys learners.	Lynette Lovell	Powys County Council	12	↗ ₈	20	9	↗ ₇	16
ICT0029	Cyber Security Threat. Risk of financial loss, disruption or damage to the reputation of Powys County Council from a failure of its information technology systems and or/loss of Data due to a cyber attack or Incident.	Diane Reynolds	Powys County Council	16	→	16	12	→	12
PROC0008	Russian Invasion of Ukraine and Other Market Pressures leading to Increased risks of price variations and labour & material shortage caused by rising inflation.	Wayne Welsby	Powys County Council	15	→	15	12	→	12
ASC0064	IF WCCIS is not fit for purpose, then it will impact upon service area's ability to carry out operational duties.	Nina Davies	Powys County Council	20	↘ ₋₈	12	20	↘ ₋₈	12
ICT0010	Non compliance with data protection legislation UK General Data Protection Regulations (GDPR) and Data Protection Act (DPA) 2018	Diane Reynolds	Powys County Council	12	→	12	12	→	12
PCC0005	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic	Nigel Brinn	Powys County Council	16	→	16	9	→	9
CS0081	BUDGET: If Children's Services are unable to manage within budget due to: - Market sufficiency for children's placements - Reliance on agency social workers - Inflationary costs and management of pressures - Surge in demand due to COVID-19 - Ending of grant funding	Sharon Powell	Powys County Council	12	→	12	9	→	9
PCC0003	IF the council receives a negative regulatory / inspection report, then - we might be found failing in meeting regulatory and legislative duties - it could affect our ability to provide a good quality of service, to the People of Powys - it could affect our ability in managing demand on the service - it might have a negative effect on recruitment and retention of staff - we could experience poor staff morale - we could suffer reputational damage	Caroline Turner	Powys County Council	12	↘ ₋₃	9	9	↘ ₋₃	6

Report Selection Criteria

(REP_RECORD_CROSSCUT.Business Unit Code = @StrategicBusinessUnitCode AND (REP_RECORD_CROSSCUT.Status Flag <> "WITHDRAWN")) and REP_RECORD_CROSSCUT.Record Type=1

4.3

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE 8th November 2022

REPORT AUTHOR: County Councillor Cllr David Thomas
Portfolio Holder for Finance

REPORT TITLE: Financial Forecast for the year ended 31st March 2023 (as at 30th September 2022)

REPORT FOR: Decision

1. Purpose

- 1.1 To provide Cabinet with the forecast revenue budget outturn for the 2022-23 financial year based on the position at quarter two and explain any changes since the last report at quarter one.

2. Background

- 2.1 A report considered by Cabinet on the 27th September 2022 set out the current challenging economic context and how it is impacting on the council's finances. The impact of rising inflation is increasing the financial pressure on the Councils budget as costs for fuel, food, and energy increase.
- 2.2 Employee Costs are set to increase significantly. Pay awards are still subject to negotiation, but Welsh Government have proposed that Teachers pay will increase by 5% from September 2022 and the National Employers for local government services (NJC) have made a final pay offer to the unions representing other council employees which equates to an average increase of 7.25% this year, ranging from 10.5% to 1.29% across the scale points.
- 2.3 The rising costs are also impacting on our capital schemes as materials and contractor costs increase and the cost of borrowing become more expensive.
- 2.4 The cost of living challenge is also impacting on our local businesses and residents and this creates additional pressure on the Council as demand for our services increases.
- 2.5 The budget set by council back in March is not now sufficient to meet our costs and the Council is taking action to reduce expenditure and draw on our reserves.
- 2.6 At quarter one we were reporting that £3.827 million was projected to be drawn from specific reserves to deal with the additional pressures already identified and in addition a further shortfall of £1 million was also being forecasted.
- 2.7 At quarter two the projected position has risen to a deficit of £7.064 million, of which £5.316 million will be funded through the drawdown of specific reserves. Leaving a further £1.748 million deficit to be funded from general reserves.
- 2.8 Table 1 below summarises the projected outturn position across the Council's services including HRA and delegated schools.

Table 1 – Forecast Position

	£'000	Sept
Base Budget		301,870
Cost Pressures		16,595
Cost Underspends		(12,548)
Cost Reductions Shortfall		3,018
Use of Specific Reserve		(5,316)
Sub Total		303,618
Overspend		1,748
Funded by:		
Overspend Gap - Budget management reserve		(1,748)
		(1,748)

- 2.9 The revised projection includes an estimate of the NJC and Teachers pay awards that are still being negotiated, an estimated cost of £8 million to be found this financial year. The approved budget in March assumed a level of pay increase, but this does not fully meet the estimated costs, leaving a £3.7 million gap this year.
- 2.10 In response to the increasing challenge, steps have already been taken to pull back on expenditure across the council with services taking action that aims to reduce service expenditure by £2 million over the remainder of the financial year. In addition, corporate budget assumptions have been reviewed, reductions in borrowing as some capital schemes are delayed, the reversal of the National Insurance increase and updated Council Tax data, are now projecting improved positions to further support the revenue position.
- 2.11 Appendix A provides the financial position for each service, broken down into categories covering cost pressures, cost underspends, cost reductions and use of specific reserves.
- 2.12 Further detail about each service area is provided in Appendix B, with Heads of Service setting out their individual narrative that explains their financial position.

3. Cost Reductions

- 3.1 Cost reductions of £8.072 million were approved as part of the Councils budget for 2022/23 and the delivery of these is required to achieve a balanced budget. In addition, undelivered savings from 2021-22 have been rolled forward totalling £2.783 million, these also need to be delivered.
- 3.2 The summary at Table 2 shows that 44% or £4.808 million have been delivered and a further 28% £3.040 million are assured of delivery by Services. £3.007 million, 28% are unachieved and are at risk of delivery in year. Services are reviewing these and are required to consider mitigating action to ensure that they can deliver within the budget allocated.

3.3 Table 2 – Savings Summary

£'000	To Be Achieved	Actually Achieved	Assured	Un-achieved
Adult Services	3,429	1,730	1,699	-
Childrens Services	3,640	1,505	858	1,278
Commissioning - Adults & Children	-	-	-	-
Economy and Digital Services	282	41	2	238
Education	55	50	5	-
Schools Delegated	-	-	-	-
Finance	39	39	-	-
Central Activities	1,045	1,045	-	-
Highways Transport & Recycling	1,612	6	290	1,317
Housing & Community Development	172	166	3	3
Legal & Democratic Services	24	-	18	6
Transformation and Communications	230	200	21	8
Property, Planning & Public Protection	189	25	7	157
Transformation and Communication	-	-	-	-
Workforce & OD	138	-	138	-
Total	10,855	4,808	3,040	3,007
		44%	28%	28%

4. Reserves

- 4.1 The Reserves position at Table 3 sets out the reserve forecast as at 30th September 2022. The opening reserves stood at £63.782 million, with the general fund reserve of £9.333 million representing 4.2% of total net revenue budget (excluding Schools and the HRA).

Table 3 – Reserves

Summary	Opening Balance (1st April 21) Surplus / (Deficit)	Forecast Addition / (Use) of Reserves	Projected Balance (31st March 23) Surplus/ (Deficit)
General Fund	9,333	-	9,333
Budget Management Reserve	3,584	1,748	1,836
Specific Reserves	29,167	9,920	19,247
Transport & Equipment Funding Res	8,843	2,080	6,763
Total Usable Reserves	50,927	13,748	37,179
Schools Delegated Reserves	8,982	93	8,889
School Loans & Other Items	371	7	364
Housing Revenue Account	4,244	145	4,099
Total Ring Fenced Reserve	12,855	231	12,624
Total	63,782	13,979	49,803

- 4.2 The specific reserve forecast partly relates to the use of grants that were rolled forward last year for use this year totalling £3.342 million. In addition, £5.316 million of reserves was previously agreed to fund specific areas set out in the yearend report and pressures identified as “risk” through the budget setting process due to Covid cost, the Ukraine crisis and the impact of inflation.
- 4.3 The remaining projected deficit of £1.748 million will be funded from the budget management reserve if it materialises.

4.4 The delegated schools forecast is likely to change, Schools are currently reviewing their budget plans in light of the rising pressures from utilities and the estimated pay awards. School reserves increased by £5.732m at the end of last year as they benefitted from additional funding provided by Welsh Government in the last quarter of the year. They will need to draw on these to support the increasing costs.

5. Grants and Virements

5.1 There have been additional grants received this quarter and are reported to comply with financial regulations:

5.1.1 Children's Services:

- Unaccompanied Asylum Seeking Children, Welsh Local Government Association Grant of £1,372. Funding to support local authorities in their work with unaccompanied asylum-seeking children.
- Additional Childrens and Communities Grant, Welsh Government Grant of £134,000. Additional funding has been provided for the expansion of early years provision via Flying Start to meet the Programme for Government commitment to deliver a phased expansion of early years provision to include all 2 year olds, with a particular emphasis on strengthening Welsh medium provision. The condition is that it is ring-fenced for the expansion of early years provision via Flying Start.
- Cost of Living Funding Prevention Payments for families with care and support needs, Welsh Government Grant of £37,534. The Purpose of the funding as part of the Welsh Government 2022-23 Cost of Living package is to provide local authorities with a fund to provide prevention payments for families with care and support needs who need essential items which they are struggling to pay for due to increased cost of living.
- Family Intervention Fund, Welsh Government Grant of £91,395. The Purpose of the funding is to provide local authorities with funding to resource practical support and direct family intervention on a case-by-case basis: - for children referred for safeguarding issues but not meeting the statutory threshold for intervention in order to promote family resilience and child well-being and divert children from registration on the child protection register and; - for children on the child protection register who can be safely removed with the right additional support.

5.1.2 Education

- £831,543 - Local Authority Education Grant Variation 1, broken down as follows:
 - £74,832 – Induction Placement Scheme. The purpose of this funding is to deliver the extension of the induction placement scheme between April – August 2022.
 - £42,000 – Online IDP Project. The purpose of the grant is to fund online solutions for IDP as a part of the Additional Learning Needs transformation programme.
 - £8,560 – Additional funding for Changes Non maintained funding April – August. Local authorities, working with funded non-maintained nursery settings in their area, are responsible for ensuring that funding impacts on key areas that will support the delivery of quality Foundation Phase Nursery provision. The funding should focus on practitioner support and resources in key developmental areas which support the Foundation Phase pedagogical approach
 - £11,985 - Additional funding for Change Non maintained funding September – March. Same description as above.

- £694,166 – Universal Primary Free School Meals. Welsh Government has committed to roll out free school meals to all primary pupils by September 2024 as part of a Co-operation Agreement with Plaid Cymru, this is a demand led grant and can only draw down the value of the meals we serve.
- £99,189 – Welsh-Medium Late Immersion Grant. Build on current immersion centre provision at Ysgol Dafydd Llwyd and set up an immersion centre at Llanfyllin.
- £16,333 – Welsh medium capacity grant (Variation 1 of the Regional Consortia School Improvement grant [RCSIG]). To support the capacity building of some parts of the Welsh-medium and bilingual education workforce.

5.2 Several virement requests are requested for approval:

5.2.1 Court Team Management of Change – to transfer £337,510 from the existing Care and Support teams to form new Court team. In December 2020 a pilot project was introduced into the Care and Support Service utilising the current staff including agency workers to create an additional Court Team in the structure. The aim of this pilot was to improve the consistency and quality of the practice for children and their families whose care plans are before the court, to improve and strengthen the Pre-Proceedings part of the Public Law Outline and to provide increased focus to those children subject to a child protection plan. The additional Court Team will be funded through re-organisation of the current Care and Support Teams in the North and the South and therefore it is within the current budget.

5.2.2 A virement for £253,038 for Childrens Services using general reserves to support placement capacity in County and avoid the use of unregulated arrangements, for this financial year only. The short-term plan would allow for a property to be utilised to develop an in-house bespoke placement for a service user with complex needs, this creates a sustainable option for placement stability in the short term. The medium-term plan would be to work with the regulators to register this provision as a registered children's home for 2 young people, to provide a long term, registered placement which could meet the needs of Powys Children and support them to achieve the best possible outcomes.

5.2.3 A virement for a one-off temporary budget transfer of £150,000 to Home to School Transport to offset the pressure in relation to the Post 16 transport costs funded by the 14-19 provision in Education in this year only.

5.2.4 A virement to move £102,850 from the Secondary Improvement base budget for the Service Manager Secondary Improvement into the Head of service budget alongside the budget for the rest of senior management team.

5.2.5 A virement to move £102,850 base budget and income funding from the Regional Consortia School Improvement Grant for the Service Manager for Curriculum for Wales and Professional Learning into the Head of service budget.

5.2.6 The Cleaning department are to carry out the standard void cleaning works for the Housing client, previously undertaken by the Heart of Wales Property Services. In order to carry out this work the cleaning department require 3 x additional Grade 3 staff and 1 x Grade 7 staff, and 2 vehicles totalling £135,000, which will be met in full by raising charges to the Housing budget. The virement request therefore seeks approval for the increase in budgeted staffing and fleet costs, to be met by an increase in budgeted income.

5.2.7 Highways, Transport and Recycling has carried forward unachieved savings targets of £1.3 million, these unachieved savings were absorbed within the HTR budget in 2021/22. The delivery of the savings were impacted by Covid, such as car park income and public transport. The Head of Service has confirmed that the unachieved savings can be absorbed within the existing HTR revenue budget and has also confirmed £295,505 of the target will be achieved this financial year. The service budgets will be realigned as the targets can now be met through additional income being achieved through Street Works income, Highway Design income and Recycling income.

6. Financial Risks

- 6.1 The proposed pay awards have impacted heavily on the revenue budget and action had to be taken immediately to limit the need to draw on reserves to fund the shortfall. Pay negotiations continue and risk remains as to the value of the actual amounts agreed. In previous years additional funding has been provided by Welsh Government to fund the Teachers pay award, but this may not be the case this year.
- 6.2 Demand for some services could change, this will impact on the figures currently being projected. As we head into the autumn and winter period Social Care may see increasing pressure as more people require council support.
- 6.3 Minimising the call on reserve this year is essential, the increased level of risk will not diminish over the short term and we are developing the 2023-24 budget in an extremely challenging time, holding sufficient reserves to cover the continued risk is essential to our financial resilience.
- 6.4 In previous years additional funding has been provided by Welsh Government towards the end of the year, this is unlikely to happen this year so we must plan and manage our budget without that expectation. The indicative funding allocations for the next 2 years provided by Welsh Government in March are well below the level of inflation and will represent a real term cut in funding for the Council.
- 6.5 The Medium Term Financial Strategy and the assumptions on which the Financial Resource Model is based continues to be reviewed. We continue to plan in a challenging and uncertain time and will update our projections as more information becomes available.
- 6.6 Rising inflation and in particular fuel and energy costs are now impacting on the Council, with contractors approaching the Council to raise their concerns and start discussions. Further impact is now expected arising from the situation in Ukraine. With CPI inflation 10.1% (September) and expecting to rise we must ensure that we take every opportunity to limit this impact.
- 6.7 The Council remains under borrowed as we continue to utilise our cash reserves to underpin our cashflow. We can borrow both in the short to medium or long term, but the cost of borrowing has risen due to the changes in bank rate, our approach is regularly updated and explained as part of the Treasury Management update to Audit Committee.

7. Resource Implications

- 7.1 The Head of Finance (Section 151 Officer) has provided the following comment:
- 7.2 The council is facing a considerable challenge to balance its budget this year. We must take action to reduce costs and limit the draw on our reserves.

- 7.3 Reserves are held to mitigate unexpected risks and the use of reserves this year will ensure that we meet our statutory responsibility to deliver a balanced budget, however, the challenging environment is not going to end at the end of this financial year, we must ensure that we deliver council services within the resources we are allocated on an annual basis. Holding sufficient reserves to manage the ongoing risk as we move into future years is key to maintain our financial sustainability.
- 7.4 The current volatile situation dictates that we will keep the position under constant review and we will continue to update our assumptions and their impact on the budget both for the current year and as we develop our financial plans for the next five years.
- 7.5 The council is reviewing and updating the Medium Term Financial Strategy, proposals are being developed to address the shortfalls we are now predicting into 2023/24 as we continue to deal with increasing costs. Indicative allocations for 2023/24 provided by Welsh Government back in March will not be sufficient to meet our predicated costs. The autumn statement delivered by the chancellor in November will provide more information on how much funding public services can expect next year. We will have to react quickly when funding levels are confirmed to finalise and balance our financial plans.
- 7.6 Discussions at a national level will be very important through the next few months and we will work closely with other Authorities and the Welsh Local Government Association to ensure that the impact the current economic position is having on the Council is fully understood.
- 7.7 There will be difficult decisions ahead as we consider the implications of our financial position on our ability to deliver appropriate Council services to our residents.

8. Legal implications

- 8.1 The Head of Legal & Democratic Services (Monitoring Officer) as no comment with this report.

9. Data Protection

- 9.1 There are no data protection issues within this report.

10. Comment from local member(s)

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

11. Impact Assessment

- 11.1 No impact assessment required.

12. Recommendation

- 12.1 That Cabinet note the current budget position and the projected full year forecast to the end of March 2023.
- 12.2 The grants received in this quarter as set out in section 5.1 are noted
- 12.3 The virements set out in section 5.2 are approved, this is to comply with the virement rules for budget movements between £100,000 and £500,000 as set out in the financial regulations.

Contact Officer: Jane Thomas
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Head of Service: Jane Thomas

Appendix A

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Adult Services	73,869	2,537	(80)	1,699	78,025	(1,699)	(1,372)	(1,080)	73,874	(5)	34
Children's Services	27,900	4,266	(1,458)	2,135	32,843	(858)	(563)	(567)	30,856	(2,956)	(2,006)
Commissioning	3,651	0	(11)	0	3,640	0	0	0	3,640	11	1
Education	17,416	626	(1,019)	5	17,028	(5)	(49)	0	16,974	442	(242)
Highways Transport & Recycling + Director	29,677	2,029	(2,902)	1,606	30,410	(290)	(150)	(35)	29,936	(259)	(260)
Property, Planning & Public Protection	6,122	588	(793)	164	6,081	(7)	(150)	0	5,924	198	(225)
Housing & Community Development	5,440	540	(192)	7	5,795	(3)	0	0	5,791	(351)	(193)
Economy and Digital Services	6,311	54	(304)	240	6,301	(2)	0	(54)	6,245	66	(39)
Transformation & Communication	3,724	174	(142)	29	3,785	(10)	(96)		3,679	45	0
Workforce & OD	2,399	0	(174)	138	2,363	(138)	0	0	2,225	174	79
Legal & Democratic Services	1,387	66	(103)	24	1,375	(18)	0	0	1,357	30	49
Finance & Insurance	6,258	29	(16)	0	6,271	0	0	0	6,271	(13)	41
Corporate Activities	38,225	5,583	(5,354)	0	38,454	0	(1,200)	0	37,254	971	1,831
Total	222,379	16,493	(12,548)	6,047	232,370	(3,029)	(3,580)	(1,736)	224,025	(1,646)	(930)
Housing Revenue Account	0	2	0	0	2	0	0	0	2	(2)	0
Schools Delegated	79,491	100	0	0	79,591	0	0	0	79,591	(100)	(85)
Total	79,491	102	0	0	79,593	0	0	0	79,593	(102)	(85)
Total	301,870	16,595	(12,548)	6,047	311,963	(3,029)	(3,580)	(1,736)	303,618	(1,748)	(1,014)
					(10,093)				(1,748)		

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final	Sept Variance	June Variance
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23		
Adult Services	73,869	2,537	(80)	1,699	78,025	(1,699)	(1,372)	(1,080)	73,874	(5)	34

Adult Social Care Overview

The forecast outturn at the end of quarter 2, 30th September 2022, is an overspend of £4.156m of which £2.452m is to be funded from agreed 'Specific Adult Social Care' reserves and £1.080m from the 'Councils Risk/Management' reserve, £1.699m of efficiencies/savings still to be delivered, which leaves an overall small underspend of £5k, assuming that the full growth allocation of £2.3 million will be utilised to fund external services in regard to the Real Living Wage as directed by Welsh Government and expenditure remain within this financial envelope. Currently, the Local Authority is still in negotiation with some providers. The outturn forecast has deteriorated by £39k from Quarter 1.

Cost Pressures

(a) Current Pressures - Included in the forecast outturn at quarter 2

- £1.202 million of the £1.436 million Specific Reserves carried forward from 2021/22 year end, as below

Explanation to Support Request	£	Included in Outturn Q3 Forecast
Roll over into a specific reserve the underspend due to one off income raised from back dated fees. This reserve will specifically fund a managed service 'Zyla' to reduce the number of outstanding reviews, in part due to the pandemic and also due to the increased presentations due to lack of Health Care provision, unfortunately the resource was sourced in 2021/22 but have been unable to commence until 2022/23.	£497,000	£497,000
Roll forward reserve due to mini PPNO2/20's with providers to fund additional running costs of Older Day Centres and restricted numbers of service users, which is currently and unknown unit cost	£100,000	£100,000
Roll forward to cover the additional cost of the Agency Domiciliary Care v Powys County Council employed, during period of recruitment and on boarding, following return of hours from the external providers. Due to the lateness of a grant received to promote the independence of people with care and support needs or in an early intervention and prevention context to maintain people in their own homes, the service offset existing costs to utilise a portion of the additional funding, this enabled the service to have an underspend against base funding which we request to roll forward.	£385,000	£385,000
Roll forward reserve due to mini PPNO2/20's with providers to fund additional placements costs, possibly out of county, which will not have been budgeted for, due to the financial stability of commissioned providers, particularly the care home sector following the cessation of the Welsh Government Covid 19 Hardship and capacity following the pandemic. This will enable swift transfer of clients.	£234,000	
Roll over into a specific reserve due to the one off over achievement of 'Direct Payment' refunds, as clients have been unable to utilise fully due to the pandemic the one off additional capacity within the Occupation Therapist teams to meet the XXXX number of outstanding assessments due to increase in referrals during the pandemic, in part due the reduction in hospital surgery and increase in falls and trips and due to 'lock down' the lack of mobility.	£220,000	£220,000
TOTAL	£1,436,000	£1,202,000

- Additionally, £170k of the £400k allocated at year end by Welsh Government (WG) in the Revenue Support Grant (RSG) to be utilised to fund 'electric cars and driving lessons' in Domiciliary Care and rolled forward to 2022/23, is now going to be utilised to fund the increase in mileage rate for external domiciliary care providers from 35p per mile to 45p per mile as part of the UKHCA funding formula, as per WG redirection notification.

- A total of £1.080 million is to be funded from the Councils 'Risk/Management' reserve: £830k in year Covid pressures and £90k Demography to be managed at risk as considered and agreed as part of the budget setting process in the Financial Resources Model (FRM), £100k contract inflation as a result of Ukraine etc., £60k in respect of the cost of the two additional bank holidays for frontline services, not previously budgeted for.

(b) Future pressures - Not included in the forecast outturn

- Unknown future impact of Covid 19 on services/providers as Welsh Government (WG) Hardship funding ceased on 31st March 2022. This was in relation to support to local authorities to maintain their commissioned and in-house adult social care placements. Additionally, increase in service needs due to frailty/deterioration in health and mobility as a result of lack of Health appointments and delays in treatment and operations.
- Winter pressures and potential demand on home-based care and interim bed options, future demand is unknown and so further cost pressures may arise.
- Older People & Disability centres and services have remained closed during the pandemic but will reopen one by one, operating within safe working and social distancing rules. This may result in additional costs or double running, where some clients choose to remain to continue to receive having services delivered in the current format in the community following the 'what matters conversation' and the cost of running the centre remaining but at a much higher unit cost per client.
- Stability of commissioned providers, particularly the care home sector. There is currently 2+ providers who may be at risk of failure.
- Future demography, which was agreed to be funded from the risk reserve as part of the Financial Resources Model (FRM) budget setting process. This temporary allocation will only support these costs during 2022/23 and the full year impact will need to be considered in the FRM and Service's Integrated Business Plan (IBP) for future years.
- Additional and backdated costs for "Sleep-ins" following the outcome of the judicial review, possibly backdated to November 2011. Awaiting judgement and liability to be calculated by the payroll team for the in-house service and legal direction.

Page 51

Cost Underspends

- £80k are across various service areas in relation to staff slippage and travel, as less face to face meetings occurring currently

Cost Reductions

- **Assured**
The original target of £3.429 million is currently on target to achieve delivery, of which £1.730 million (50.04%) of the original target to date achieved and included in the forecast outturn. Currently, there is assurance of delivery of the further £1.699 million outstanding.
- **Undeliverable**
A risk on delivery if Covid continues and referrals continue at the current levels.

Other mitigating actions to deliver a balanced budget.

- Maximisation/utilising of any grant underspends, if within the grant terms and conditions for previously budgeted and funded baseline costs.
- Strength based approach to care assessments and care and support planning to mitigate pressures.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final	Sept Variance	June Variance
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23		
Children's Services	27,900	4,266	(1,458)	2,135	32,843	(858)	(563)	(567)	30,856	(2,956)	(2,006)

Children's Services Overview

The pressures from quarter 1 have continued into quarter 2 with a trajectory of an overspend of £2.956K at the end of this financial year. We are currently reviewing all expenditure, which has included going back to basics and looking into every penny that is being spent. We are aware of the continued high-cost placements situation, so we have reviewed our closer to home strategy and arrangements to make this more focused with clearer objectives such as developing a recruitment strategy for inhouse foster carers. We are continually monitoring the use of agency social workers and non-qualified staff to ensure that we are getting value for money. Recruitment and retention of staff remains a challenge, however the grow our own investment whilst has not made the predicted savings to date, has provided benefit with permanent social workers into the service and will continue to do so over 2023/24.

Cost Pressures

- £1.760 million cost in placements for children who are children looked after. There is an increase in Residential provision out of Powys due to a lack of in house foster carers, Independent Foster Carers and Residential provision.
- £353K Agency workers costs covering Bannau which provides in county children looked after placements for children with complex and disability needs. There were 12 vacant positions in Qtr 1 and 7 vacant positions at the end of Qtr 2. We are continuing to actively recruit.
- £516K Agency workers covering shifts within Children's residential home. We are currently actively recruiting to these positions.
- £80K Social Services Emergency Duty Team- this figure is owed to AS to cover the costs since the service moved to them.
- £223K Leaving Care- These children remain in high-cost placements at 18 years of age and have not stepped down due to need but who are still subject to Pathway plans and entitlements as care leavers.
- £166K Section 21 support- additional monies being used to support families who are in crisis.
- £172K Short breaks for children with complex needs- and increase in short break provision based on need. £102 pressure with an offset from covid reserve of £70k
- £996K Utilisation of an agency managed team- £499K off set below from covid reserve fund.

Cost Underspends

- £73K We have an underspend in adoption placements and resources as part of the regional requirements.
- £29K Legal fees due to decreasing the number of children being placed before the court for decision making.
- £74K Various resources across all service areas
- £1.282 Million underspent on staffing, due to posts being held vacant, coupled with savings around the current forecast of the market supplement.

Cost Reductions

- £380 Target. This was set as a target 20/21 for shared costs with PTHB however these savings remain to be consistently saved. To date £136K achieved with a remaining £244K not yet achieved. No other children eligible, so this cost is not likely to be saved.
- £256K Target- This is all achieved. There was a change in leaving care Provision (16 plus supported Accommodation), which has been commissioned.
- £1,500,000 Placements Target- Achieved £782K- Left to achieve £718K. The Closer to Home (step down in provision) has been established with objectives set around continuing to bring children who are looked after back to Powys. We are looking at higher cost placements and considering what could be done differently e.g., moving a young person from a high-cost residential placement to live in her own flat supported by us through the 16+ accommodation strategy.
- £800K Continuing Care Contribution. This was set as a saving target in 2021/2022 but there are no care plans where this money has been identified. This has been highlighted as a complicating factor.
- £150K Agency – This saving was identified within 2021/2022 with an expected conversation of 5 agency social workers to permanent social worker positions. Due to the high level of staff leaving the council this was not achievable. We continue with our recruitment campaign to recruit permanent social workers. Whilst we have recruited some agency staff to permanent workers, staff have still left so the gap has not reduced.
- £84K Cost Saving from using permanent Social Workers once qualified instead of Agency (based on "grow your own" project - Masters Students and 50% Open University Students) plus Market Supplement. 5 grow our own students qualify this Summer and have been matched to Permanent posts within the structure. Whilst we have recruited these staff, the deficit remains in key statutory service areas such as the Front Door- Information, Advice and Assistance function and impact in demand within the Assessment teams.
- £10K Reduction in staffing expenses/family time expenses due to "closer to home". Delivered 10K
- £5K Foster Panel Costs (Team managers to cover)- Delivered £5K
- £50K Special Guardianship Order (SGO) Project - 1 FTE Social Worker in first two years. The project plan is being implemented. There is saving yet as no team in place.
- £30K Special Guardianship Order (SGO) Project - 0.5 FTE Independent Reviewing Officer (IRO). The project plan is being implemented. There is no saving yet as no team in place.
- £90K Special Guardianship Order (SGO) Project - Conversion of Independent Fostering Agency (IFA) placement to SGO placement. Delivered £30K to date

Use of Reserves

An agency managed team was brought in to support the service during a difficult period of recruitment, retention coupled with capacity and demand. The team currently support up to 120 families who have been subject to child protection processes. This has assisted in the safety planning of these children and their families and assisted with the increased workloads within the service. £64k was agreed to support the children's residential home due to additional staffing required which was ordered by the court care plan.

Covid risk reserve- £497K contact officers, front door and early help pressure due to demand and capacity.

Plus £70k for additional short breaks provision for children with complex needs.

Other mitigating actions to deliver a balanced budget.

We

- will fully utilise grants across the service as in previous years to mitigate the financial position.
- are engaged with the Commissioning of an Agency Matrix Framework which we anticipate will enable effective recruitment and management of agency worker and reduce agency costs.
- have re launched the Closer to home strategy to bring children who are looked after closer to their homes. We are developing a recruitment strategy for supported lodging hosts and foster carers so that there is more flexibility within placements within Powys.
- are continuing to invest in our Grow our own project with up to 10 potential students qualifying as social workers in November 2023.
- are reviewing our expenditure around our section 21 monies and establishing if we can do things differently.
- are reviewing our offer around short break provision.
- are reviewing our high cost residential placements and establishing if we can source an alternative within Powys.
- are reviewing our staffing structure and considering what could we do differently?
- are looking at ways in which we can continue to reduce the number of children who are looked after and also the number of children subject to child protection registration.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Commissioning	3,651	0	(11)	0	3,640	0	0	0	3,640	11	1

Commissioning Overview

Although the projections point towards a balanced budget, it is anticipated, but not assured, that there will be further adjustments throughout the year with national government grants being made available to support the work of the service.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Education	17,416	621	(1,019)	5	17,023	(5)	(49)	0	16,969	447	(242)

Education overview

Through excellent joint working between the finance team and the Schools Service senior managers significant savings have been made which will help ease the internal financial pressures. Further efficiencies are yet to be achieved in specific service areas but through ongoing collaboration and solution driven decision making we hope to reduce the overspend further helping this financial year and next.

Covid-19 pandemic continues to place additional pressures on the service and consideration needs to be given regarding the long-term challenges this could bring in certain areas such as ALN. The service is working hard on mitigating financial issues as they arise through the effective use of grants and have managed to alleviate pressures.

Page 56

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Schools Delegated	79,491	100	0	0	79,591	0	0	0	79,591	(100)	(85)

Schools Delegated Overview

Through excellent joint working between the finance team, Schools Service and schools we have provided clear messaging and support which will help schools to ease their financial pressures. We have shared a financial toolkit to support with reviewing current spend and enable further efficiencies to be made. Schools will be invited to financial surgeries to discuss financial plans and next steps.

The Covid-19 pandemic continues to place additional pressures on schools and consideration needs to be given regarding the long-term challenges this could bring.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Highways Transport & Recycling + Director	29,677	2,029	(2,902)	1,606	30,410	(290)	(150)	(35)	29,936	(259)	(260)

Highways Transport & Recycling Overview

Cost Pressures

- £222k overspend on highways routine maintenance works, which is an improvement since June 2022
- £218k under-recovery of the budgeted profit target from Trade Waste collection services which is used to support corporate support costs in delivering the Trade Waste Service.
- £144k overspend on green waste collections
- £108k overspend on domestic waste collections resulting in the main from increased fuel costs
- £225k overspend on Household Recycling Centre management fee for July to March 2023 whilst the contract retender takes place.
- £417k overspend on home to school transport expenditure

Cost Underspends

- A forecast over-recovery of recyclate income against budget of £536k
- An over-achievement of £709k against street works resulting from increased income against budget.
- An over-achievement of profit associated with highways design of £206k.
- An over-achievement of income on traffic management works of £127k
- Use of vacant management/supervision posts £203k

Use of Reserves

- £549k expected BES grant reserve to support the £549k savings target within transport services.

Other mitigating actions to deliver a balanced budget.

- Promote the green waste service to increase income.
- Seasonal working is starting to reduce overtime on highway and verge maintenance
- Start reducing non-critical highway maintenance works
- Increase Trade Waste charges to ensure full cost recovery.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Property, Planning & Public Protection	6,122	588	(793)	164	6,081	(7)	(150)	0	5,924	198	(225)

PPPP Overview

A harder environmental policy stance on intensive agricultural units and the phosphates issue in general is impacting on planning application income generation. The Planning Service is attempting to mitigate the impact by not recruiting to some vacant positions, but this mitigation is not going to be sufficient to stop the Planning Service having a significant overspend. The 2021 savings proposal of an additional £75,000, which was carried forward to 2022, is not going to be achieved considering the above.

Further controls relating to the funding of public protection investigations are being put in place to secured greater budget certainty. Methods to further manage risk are being considered by the service area.

Trading Standards are unable to achieve an income target of £44,000 from Proceeds of Crime Act 2002. The service area is looking into alternative options to secure £44,000 as this income target is not considered to be achievable moving forward.

Strategic Property are forecast an underspend compared with an overspend in the previous quarter. This underspend relates to the release of a significant budget allocated to remedial works, as the service area does not have the staff resource to appropriately manage the remedial spend.

Income targets for a small number of investment properties are not considered to be achievable. Strategic Property are reviewing this situation and moving into the next financial year, believe that these income targets can be offset using income receipt from alternative commercial properties.

FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022					ADJUSTMENTS OUTSIDE THE LEDGER				
----------------------------------------------------------------------	--	--	--	--	--------------------------------	--	--	--	--

		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23
Housing & Community Development	5,440	540	(192)	7	5,795	(3)	0	0	5,791

Sept Variance	June Variance
(351)	(193)

Housing and Community Development Overview

Spend is on track across most budget areas within Housing & Community Development, with all but one area forecast to be on budget or returning a minor underspend. As forecast, the one area of concern is Schools Catering, with a £244,000 overspend. Catering income is being carefully monitored and appears to be increasing as covid restrictions easing in schools has allowed a return to more normal provision. Free school meals for the youngest primary children comes into operation from September. At this point it is unclear what impact this will have on income. It is still early in the financial year and the autumn term will give us a clearer indication of income trends.

Pressures

Due to country-wide/global issues regarding increasing energy costs and the uncertainty around continuing UK government support, Powys have been in discussions with Freedom Leisure with regards to the significant cost forecast of utilities during the remainder of 2022-23 and into the next financial year. This could have a considerable impact on the leisure and sport centres in the future.

FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022					ADJUSTMENTS OUTSIDE THE LEDGER				
----------------------------------------------------------------------	--	--	--	--	--------------------------------	--	--	--	--

		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23
Housing Revenue Account	0	2	0	0	2	0	0	0	2

Sept Variance	June Variance
(2)	0

HRA – The HRA is ring fenced and forms part of its own trading account, any surpluses and deficits are contained within a ring fenced reserve.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23
Economy and Digital Services	6,311	54	(304)	240	6,301	(2)	0	(54)	6,245

Sept Variance	June Variance
66	(39)

Economy & Digital Overview

Cost Pressures

The service is managing current price increases within budget, but inflationary costs are increasing in ICT and Economy capital investment projects. Discussions are taking place with all current ICT suppliers to understand annual pricing and impact on budgets.

Cost Underspends

Staffing costs are currently underspent as the restructure of service has been finalised in Q1 which has covered underachievement in cost reductions. Vacant posts across the service are being held where possible and do not impact critical delivery of the service.

Cost Reductions

ICT hold cost reductions opportunities from the opportunities to modernise and reduce legacy systems on behalf of other services. This work has been delayed over previous years but will now be managed again through 2022/23 to achieve savings outlined.

Use of Reserves

No current use of reserves

Other mitigating actions to deliver a balanced budget.

Economy budgets have been set on a 3 year basis following WG grant allocations giving more stability to the budgets in this area than had been seen in previous years. Maximising opportunities to align current staff to grant income has contributed to the balanced budget.

FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022					ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final

£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23
Transformation & Communication	3,724	174	(142)	29	3,785	(10)	(96)		3,679

Sept Variance	June Variance
45	0

Transformation and Communication Overview

Cost Pressures

The communication staffing structure not fully funded by the annual working budget (37% of staff are funded through income generation/grants). There are also posts within the corporate insight centre (data analytics) that are fixed term and funded via these means. This is a cost pressure for the service and is highlighted in more detail in the mitigating actions below.

Cost Underspends

The current forecast outturn position for Transformation and Democratic Services as at the end of period 6, September, is an under spend of £45k compared to a break-even position, reported at the end of June. This assumes that £96k will be drawn down from the specific reserve. Since the June report Democratic services have moved into this area and it is this service that is reporting the underspend of £45k.

Cost Reductions

The £10,000 cost reductions not delivered have been identified with the accountant and this figure will come from a variety of sources (removal of vehicle lease cost budget, expenditure hire, reduction in postage and print costs and the removal of fleet maintenance SLA).

Use of Reserves

£96k use of reserves.
 £90k to support the Communications staffing structure, as the permanent structure is not fully funded by the base budget and there are also two additional staff in fixed term posts.
 £6k part funds the additional Business Intelligence Officer (fixed term post) within the Business Intelligence Systems team (SQL developer).

Other mitigating actions to deliver a balanced budget.

The Transformation and Communication service is reliant on income, any reduction or increase in income will affect the forecast. We have been fortunate to obtain external funding from other sources over the past few years, this funding enables us to balance our budget, however we know that funding for this year is greatly reduced, we have monies in reserves and are using these to support our current

workforce delivery model as highlighted above. However, the £96k use of reserves is likely to be improved as a Service Level Agreement is being negotiated between Communications and the Regeneration team and it is expected that this will bring in income. Income is also expected from the Health and Care Academy - as these are not confirmed they have not been included in the forecast. When they are confirmed in the next quarter, they will improve the forecast and reduce the requirement from reserves.

The forecast outturn is greater than the annual working budget, which has been the case for many years and is being closely monitored and some fixed-term positions may need to cease if income generation is not maintained or increased in future years.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Workforce & OD	2,399	0	(174)	138	2,363	(138)	0	0	2,225	174	79

Workforce and OD Overview

We are forecasting an annual underspend of £174k against budget, which assumes assured savings of £138k will be achieved. The main reason for the underspend relates to staffing underspends arising from vacancies and the over-achievement of income within the service.

Cost Pressures

None to report this quarter.

Cost Underspends

We are forecasting an annual underspend of £174k against budget, mainly arising from staffing underspends due to vacancies and the over-achievement of income within the service.

Cost Reductions

Our costs reductions are assured.

Use of Reserves

We are not planning to call upon reserves.

Other mitigating actions to deliver a balanced budget.

We continue to forecast an underspend at year end.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Legal & Democratic Services	1,387	66	(103)	24	1,375	(18)	0	0	1,357	30	49

Legal Overview

We are forecasting an outturn underspend of £49k against budget in June 2022.

Cost Pressures – Zero

Cost Underspends

Corporate Legal & Democratic Services are forecasting an outturn underspend of £49k against budget in June 2022 arising from temporary slippage on Member's wages budget and general overhead expenditure, an underspend on Democratic Services arising from a pension saving and an underspend on Solicitors due to slippage against the staffing budget.

Cost Reductions

The service has a £203k savings target to achieve in 2022/23, £149k has been achieved to date, £28k is assured to be achieved and £26k is reported yet to be achieved

Use of Reserves

An estimated £193k from the £224k Elections Reserve will be used to Finance the May 2022 Local Elections . An annual budgeted contribution of £36k pa is made to the Elections reserve to pay the Local Elections every 5 years

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Finance & Insurance	6,258	29	(16)	0	6,271	0	0	0	6,271	(13)	41

Finance Overview

The service is expected to deliver a balanced budget this year. The current overspend position is due to staffing costs in pensions that will be funded from the specific ring fenced reserve.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER SEPT 2022				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	Sept Variance	June Variance
Corporate Activities	38,225	5,583	(5,354)	0	38,454	0	(1,200)	0	37,254	971	1,831

Corporate Overview

Cost Pressures

There is £4,900k included for the pay awards, of which £1,200k will be called on from a specific reserve set aside at last year end. Shortfall on the levies budget for both the Fire and Brecon Beacons National Park of £82k, budgets were agreed before the final inflation uplifts were provided by these organisations. An overspend against Housing Benefit budgets that is being reviewed.

Cost Underspends

£1,900k relates to an underspend on interest on borrowing and MRP. It has improved against the previous forecast due to removing a number of pipeline schemes and delaying other projects to reduce the need for borrowing this year. £810k overachievement of council tax is forecast in part relating to the premiums we have in place, our collection rate has fallen and this may impact this forecast if they remain below plan until year end. £2,000k relates to pulling through the Risk Budget that is held to fund unforeseen pressures such as the expected pay award.

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7.1

Economy, Residents and Communities Scrutiny Committee 12-12-2022

Report Title:	UK Shared Prosperity Fund: Acceptance of funding and implementation arrangements
Lead Officer:	Diane Reynolds

Key Issues in the report highlighted by Lead Officer

Still awaiting approval of the Funding from UK Government.

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report		Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Scrutiny Impact (tick all that apply)

Policy Review		Performance	
Informing Policy Development		Evidence Gathering	
Risk		Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	

Other (please specify)

Suggested scrutiny activity - Committee's Role:

To receive information on the proposed implementation and delivery arrangements of the Shared Prosperity Funding.

To have sight of the draft Mid Wales Regional Investment Plan to be issued to the public once the funds are approved.

On what specific elements of the report would scrutiny comment add value

Comments on the best approach to promote and engage with local communities to ensure the Investment Plan is widely shared.

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CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
13th December 2022**

REPORT AUTHOR: County Councillor David Selby
Portfolio Holder for A Prosperous Powys

REPORT TITLE: UK Shared Prosperity Fund: Acceptance of funding and
implementation arrangements

REPORT FOR: Decision

1. Purpose

- 1.1** To approve the proposed governance and management arrangements for the UK Shared Prosperity Fund (“UKSPF”) in Mid Wales and Powys.

2. Background

- 2.1** Following publication of the UKSPF [prospectus](#) in April 2022, Powys and Ceredigion Councils have been working with local and regional stakeholders and both Welsh and UK Government in preparing a Mid Wales regional investment plan. The Cabinet report on 26th July 2022 set out the detail and decisions on arrangements. This report now sets out the next steps and approvals required to move forward to implementation.
- 2.2** The Mid Wales Regional Investment Plan was submitted to the UK Government by the deadline of 1st August. A decision on the outcome of the funding was expected during October but this was delayed due to political uncertainty in Westminster.
- 2.3** At the time of writing this report, no formal response from UK Government has been received. However, officers have received ongoing verbal feedback that our plan was progressing through validation and assessment.
- 2.4** The [Autumn Statement](#) was published by the UK Government on 17th November. The budget confirmed an allocation for UKSPF in financial years 23/24 and 24/25 – but no clarity on year 1 (22/23) funding. Conversations are ongoing, and we await confirmation of the situation.
- 2.5** For reference, the funding allocations in Mid Wales were as follows:

UKSPF – Core funding

Local Authority	22/23	23/24	24/25	TOTAL
Powys	£2,755,355	£5,510,711	£14,438,062	£22,704,129
Ceredigion	£1,502,162	£3,004,324	£7,871,328	£12,377,814

UKSPF - Multiply

Local Authority	22/23	23/24	24/25	TOTAL
Powys	£1,432,785	£1,653,213	£1,653,213	£4,739,211
Ceredigion	£781,124	£901,297	£901,297	£2,583,718

- 2.6 The caveat to the above is that these were allocations, and due to timescales having slipped considerably – it may be that we will not be able to achieve the full level of expenditure in year 1 and to date there has been no indication as to whether or not the unspent year 1 funding can be rolled over into year 2.
- 2.7 Neither Ceredigion or Powys Councils have been willing to spend any money at risk due to an absence of formal guidance and assessment feedback on the investment plan. However, a significant amount of work has already been undertaken with many officers investing time to develop and plan to our current position.
- 2.8 Due to timescales, we now have to agree and establish implementation arrangements for the Fund. To have any chance of spending any of the year 1 funding by the end of March 2023, we have to assume that UK Government have approved the UKSPF and our plan in the Autumn budget.
- 2.9 This report now sets out the next steps and approvals required to move forward to implementation.

3. Advice

- 3.1 **Regional Investment Plan:** A public facing version of the Regional Investment Plan has been produced (Appendix 1). The Plan will not be published until after the UK Government has approved the funding. The purpose of the document is to communicate to external organisations in order to manage expectations around the scope and scale of funding, and also to support external applicants in developing their projects.
- 3.1.1 The Plan is to be launched to the public and promoted via social media; a press release and through direct contact with stakeholders including community, business and skills partners.
- 3.1.2 The publication of the plan is dependent on what UK Government communicate post Autumn Statement.
- 3.1.3 English and Welsh versions of the Plan will be hosted on each of the Council's websites including Growing Mid Wales.

3.2 Implementation: An implementation strategy is being developed to set out the detail of how the UK Shared Prosperity Fund will operate in Mid Wales (Ceredigion and Powys).

3.2.1 It is proposed that as part of the Implementation Strategy, Annual Commissioning Plans will be developed for each of the three financial years to articulate how activity will be commissioned and delivered under each of the investment priorities and the Multiply programme. These plans will be the key tool to communicate timeframes for project calls. This approach will also allow for organisations and services to forward plan development activity. There are a number of considerations that will influence the allocation of spend across the different budget years and investment priorities, which will be further articulated in the annual Commissioning Plans.

3.2.2 The UKSPF in Mid Wales has a number of possible commissioning routes to support project delivery including in-house Local Authority delivery, open invitations/calls, procurement and strategic commissioning.

3.3 As outlined in the implementation strategy, we anticipate that the programme will be implemented as follows:

3.3.1 Year 1 (2022/23) Delays in approval of the funding means that projects funded in this financial year will need to have a strong focus on deliverability. Short lead-in times and development capacity will require Local Authorities and any associated partners to cast a realistic eye on existing/committed expenditure that can be supported retrospectively in addition to supporting any new activity.

In order to expedite the expenditure and ensure that no monies are lost to Powys, the Year 1 spend will primarily be allocated to the in-house delivery of Council projects that have either already started or are able to mobilise quickly. These projects would be approved through delegated authority to the Leader of the Council and the Cabinet Portfolio Holder for a Prosperous Powys, in consultation with Powys' S151 Officer and the Executive Director for Economy and Environment.

The intention is to also directly commission a small number of projects that are able to demonstrate spend in this financial year in order to ensure that no Year 1 monies are lost. Powys County Council in consultation with Ceredigion Council as Lead Authority, reserves the right to review these arrangements to ensure the management and mitigation of any potential underspends in Year 1.

3.3.2 Year 2 (2023/24) Will see the delivery of more significant projects. Larger calls for funding will be issued, and projects that span years 2 and 3 will be considered. As activity delivered within existing EU programmes starts to tail off during 2023 there will be a clear focus on managed transition to UKSPF with a strategic approach to provision that needs to be retained, reshaped and decommissioned, all the while bearing in mind the landscape of Welsh Government Strategic funding and delivery.

3.3.3 Year 3 (2024/25) Year 3 will see the bulk of delivery. There will no longer be any EU funding available, so year 3 will see a core UKSPF offer in terms of the investment priorities across the local economy. Year 3 will also be critical in terms of planning for the period beyond March 2025, and mapping future opportunities and needs.

3.4 Governance: Whilst Ceredigion Council will serve as the Lead Local Authority for the administration of UKSPF, decision-making on Powys projects will sit at a local level.

Proposals submitted in Years 2 and 3 will need to be taken to a local regeneration Partnership made up of public, private and third sector representatives in each LA for approval. Membership of this Partnership is being considered to ensure compliance with UKSPF requirements.

3.4.1 Overall strategic fund management and co-ordination will be undertaken at a regional level, taking due regard of existing regional governance structures. This model will ensure local decision-making to allow for proposals to support the needs of places within Mid Wales, but working within an overall strategic framework to ensure alignment and complementarity with other funding and initiatives (e.g. Growth Deal, Regional Skills Partnership and other regional or national delivery). Regional projects will be considered by the Growing Mid Wales Board.

3.4.2 Officers will review the requirements from UK Government when the Memorandum of Understanding with Ceredigion Council is finalised, and the SLA between Ceredigion and Powys is drafted – these will set out and agree the regional governance requirements. This is likely to take the form of an officer programme board, reporting for information to a regional political grouping.

3.4.3 An application form and assessment criteria is being developed in partnership with Ceredigion Council. Projects will be considered based on:

1. Strategic Fit – against UKSPF and local/regional strategies and plans
2. Deliverability – including milestones, risks, due diligence, experience
3. Efficiency and effectiveness – including outputs and outcomes, value for money, monitoring and evaluation.

3.4 Multiply: both Powys and Ceredigion Councils have expressed concerns regarding the scope and scale of the Multiply allocation to Mid Wales. These concerns are echoed by other Welsh Local Authorities and all 4 regions have shown a projected underspend over the 3 year programme of 50%, 10% and 5%.

3.5 All Welsh Local Authorities have also asked for a wider scope on Multiply, to not only consider adult numeracy, but to also factor in digital and literacy skills. This will enable the Local Authorities to develop and deliver suitable interventions to their communities. To date, no formal response or feedback has been received – and it is highly likely that there will be no expenditure on this element in Year 1 as a result.

4. Resource Implications

4.1 Officers in both Local Authorities would need to develop the detailed proposals of team structure and sizes, but the principles would be as follows:

- **Regional Team:** as small as possible, to undertake overall fund management and administration, strategic alignment and Government interface. The resourcing of the lead authority (Ceredigion Council) will be identified and agreed with Powys as to what is necessary for it to undertake the lead authority role.
- **Local Teams:** adding local delivery capacity to both Economic Development teams in Powys and Ceredigion. These teams would help convene their local partnerships, undertake stakeholder and community engagement, and support project delivery. They would work with and alongside each other, and the regional team to ensure successful fund delivery.
- **Top Slicing Amount:** officers to develop the detail relating to resource requirements and funding availability – but to ensure parity with UK Government expectations, a maximum of 4% should be set. (Each lead local authority will be able to use up to 4% of their allocation by default to undertake necessary Fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

Powys County Council's Section 151 Officer would be required to sign off claims and to approve the process for receiving funds on a local basis.

The Head of Finance (Section 151 Officer) notes the content of the report and comments as follows: "It is important that the Section 151 Officers from Powys and Ceredigion work together to ensure that the management and administration of the UK Shared Prosperity Fund is in accordance with the requirements stipulated by the UK Government. Officers already meet regularly and are committed to do so. The Service Level Agreement will need to clearly set out the arrangements and responsibilities for each party."

5. Legal implications

5.1 Legal: the recommendations can be accepted from a legal point of view. A Service Level Agreement will be signed by both local authorities setting out the partnership arrangements. Delegated authority is sought for the Monitoring Officer and Executive Director for Economy and Environment to approve the Service Level Agreement on behalf of Powys County Council in consultation with the Leader and Portfolio Holder for a Prosperous Powys.

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

6. Data Protection

6.1 The data protection relationships between bodies, local partnerships and CJC are to be identified, and documented, to ensure Controller responsibilities and

liabilities are clarified, including obligations to Data Protection legislation and Freedom of Information/Environmental Information Regulations. Including providing relevant information for consultees.

Information will need to be shared with Ceredigion Council as Lead Authority for the purposes of the Fund Management.

7. Comment from local member(s)

7.1 A consultation group of members helped formulate the Regional Investment Plan earlier in the year and Scrutiny were also involved with this process.

7.2 Cabinet have previously discussed the plan in July and authorised delegated authority to progress the fund development to this point.

7.3 An update on the Shared Prosperity Fund was given at a meeting with Town and Community Councils on 14th July.

7.4 A presentation on the Shared Prosperity Fund and the proposed implementation was provided to Cabinet members at a workshop on 4th October 2022.

7.5 A Member Development Session is to be held – date tbc

8. Impact Assessment

8.1 The Shared Prosperity Fund has the potential to have a positive effect on all aspects covered within the Impact Assessment. The Investment Plan will seek to improve the economic, social and cultural well-being of the community and leave a lasting positive impact.

8.2 An Integrated Impact Assessment was submitted with the previous cabinet report on 26th July 2022.

9. Recommendations

9.1 To note the public version of the Mid Wales Regional Investment Plan in Appendix 1 to the report and approve its publication

9.2 To approve the proposed implementation and delivery arrangements of the Fund as set out in Section 3 of the report.

9.3 To approve for the S151 of Ceredigion Council to receive the funding from UK Government on behalf of Mid Wales, and to sign the Memorandum of Understanding with UK Government.

9.4 To give delegated authority for Powys' Monitoring Officer and Executive Director for Economy and Environment in consultation with the Leader and Portfolio Holder for a Prosperous Powys, to agree and sign the Service Level Agreement with Ceredigion Council on behalf of Powys County Council.

9.5 To give delegated authority for Powys' S151 Officer to sign off claims and to approve the process for receiving funds on a local basis on behalf of Powys County Council as will be set out in the Service Level Agreement.

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Head of Service: Diane Reynolds

Executive Director Economy & Environment: Nigel Brinn

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Mid Wales Regional Investment Plan

UK Shared Prosperity Fund 2022-25

Page 79



Cyngor Sir
CEREDIGION
County Council



HM Government

Successful implementation of this plan will enable Mid Wales to accelerate our economic ambitions and add even further value to ongoing investments at both a regional and local level.

Page 80

CONTENTS

	Pages
1. <u>Leaders' Foreword</u>	4
2. <u>Introduction</u>	5
3. <u>Opportunities and Challenges across Mid Wales</u>	7
a. <u>Communities and Place</u>	8-16
b. <u>Supporting Local Business</u>	17-23
c. <u>People and Skills</u>	24-28
d. <u>Multiply</u>	28
4. <u>Investment priorities and targeted outcomes</u>	29-42
5. <u>Implementation and delivery principles</u>	43-45
6. <u>What should we do now?</u>	46
7. <u>Contacts</u>	47

FOREWORD

Ceredigion and Powys Councils have long advocated the opportunities and growth potential of Mid Wales alongside highlighting some of the inequalities facing our communities. We have our barriers and our challenges, and in uncertain economic headwinds – the pressures on our businesses and our communities are significant. We are, however, fully committed to working alongside and with our communities and partner organisations to respond to the challenges of today, alongside developing lasting solutions for the future.

Our ambition is clear. We would like to see Ceredigion and Powys' economies flourish and prosper at every level. From our towns and communities to our basic services, our young people and our community of businesses across the region. A secure place to live, good income and an outstanding environment are tantamount to ensuring that our area is a great place to live, work and enjoy.

This won't be an easy task. However, we have long-established partnership arrangements and extremely capable delivery partners. From our town and community partners, voluntary and social enterprises, and a diverse and resilient private sector – we have the ability to work at all levels to improve social, economic and environmental outcomes in Mid Wales.

The UK Shared Prosperity Fund will be delivered and administered in both counties, but within the regional partnership arrangements that we have in place with Growing Mid Wales. Strong partnerships will ensure local needs and priorities are met from the funding. Regionally, we will work with our existing partnership structures to ensure we identify and elevate our strategic ambitions – to collaborate in delivering greater lasting impact for the future.

The UKSPF will work alongside existing investments and partnerships, such as the Mid Wales Growth Deal and the Regional Skills Partnership. It will also work alongside the European Funded programmes, as they near their end in 2023, and the suite of existing Council and Welsh Government funding that support our people and communities.

The Regional Investment Plan, therefore, has been set out to provide support in those areas to complement and deliver change where existing funding cannot. The priorities and nature of the fund mean that there are huge opportunities to drive economic growth, but with a strong social and environmental conscience. The plan has been heavily informed by our assessments of local well-being and existing plans and strategies at a local level. These set out the foundations of this plan – of which we now will want to realise with you all to further enhance our region.



Councillor Bryan Davies,
Leader of Ceredigion County Council



Councillor James Gibson-Watt,
Leader of Powys County Council

INTRODUCTION

The [UK Shared Prosperity Fund](#) (UKSPF) is a central pillar of the UK Government's Levelling Up agenda and a significant component of its support for places across the UK.

It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK.

The UKSPF will support the UK Government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- Spread opportunities and improve public services, especially in those places where they are weakest
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost
- Empower local leaders and communities, especially in those places lacking local agency
- Through the Multiply Programme, increase levels of functional numeracy in the adult population (Multiply is an adult numeracy programme announced by the UK Government as part of the UK Shared Prosperity Fund.)

This document sets out the priorities for investing the £42.4m UKSPF allocation in Mid Wales over the next three years (April 2022 to March 2025).

It has been informed by our local economic strategies and Wellbeing assessments, regional documents and studies, lessons learnt from previous funding rounds and considerable stakeholder engagement.

As set out in the SPF guidance, Ceredigion and Powys will deliver their SPF allocations by investing across the investment priority areas listed below;

(a) Communities and Place

(b) Supporting Local Business

(c) People and Skills

(d) Multiply



The rest of this document details the economic and social context for these investment priorities, setting out our challenges and opportunities that in turn, underpin the selected interventions.

The document will also set out indicative expected expenditure for each of the selected interventions, as well as the outcomes and outputs we expect to see delivered in return for the investment.

Key Points

Page 84

- The UK Shared Prosperity Fund is part of a suite of funding from the UK Government as part of its Levelling Up Policy.
- Whilst it does succeed European Funding, it is not a strict replacement for any particular fund.
- The UK Shared Prosperity Fund has been designed to build pride in place and empower local communities. It has a very high proportion of revenue expenditure, with a small amount of capital funding.

OPPORTUNITIES AND CHALLENGES ACROSS MID WALES

Introduction to Mid Wales

The Mid Wales economy is often characterised as a large and predominantly rural region, comprising 39% of the land mass of Wales but only around 7% of the population. It is known for its natural beauty, strong cultural identities and heritage.

It is less well-known as a land of untapped economic opportunity - where business survival rates outclass the Welsh average; where our natural and academic assets offer an obvious choice for cutting-edge research providing strong opportunities to create new industrial clusters; where there is a strong yet diverse labour market where our educational outcomes are consistently some of the best in Wales' – with strategic commuter links within and outside the region to other parts of Wales and cross-border into England.

The geography of the Mid Wales economy is a critical component in driving and supporting intra-regional growth across Wales and the UK where the sum total of its economic impact is larger than the sum of its individual parts. The region borders north and south Wales as well as the English counties of Shropshire and Herefordshire. The impact of other regions on the Mid Wales economy is critical and plans need to reflect this interdependence.

The region's economy has its challenges in addressing the structural weaknesses that are currently hindering the potential of our residents and businesses to flourish. Poor connectivity, low GVA per head, limited skills infrastructure, grid constraints and lack of supporting business infrastructure all play their part in limiting the region's potential to take advantage of our opportunities.

At a regional level, a strong strategic context has been developed in conjunction with key partners to help identify place-based opportunities that will benefit communities and residents. In addition to 'A Vision for Growing Mid Wales Strategic Economic Plan' – which sets the direction for regional interventions, including the Mid Wales Growth Deal - regional partners have worked closely with Welsh Government in terms of developing the Mid Wales Regional Economic Framework and the Framework for Regional Investment in order to ensure alignment and clarity of vision. Mid Wales also has its own Regional Skills Partnership that is growing from strength to strength.

(a) COMMUNITIES AND PLACE

The Mid Wales region comprises the Local Authority areas of Ceredigion and Powys.

It also contains the majority of the Brecon Beacons National Park and is home to ~ 205,000 people.

It is Wales' most rural region and includes extensive upland areas, the Cambrian mountains, Black Mountains, Brecon Beacons and an attractive coastline.

The population is spread across the regions' market towns, villages and rural areas.



- Mid Wales has a wealth of outstanding natural assets and resources from harbours and waterways to mountains and designated landscapes, all of which contribute to an outstanding tourism offer. It is also home to a patchwork of vibrant market towns, and resilient rural communities. Mid Wales has a strong cultural heritage and a high proportion of Welsh speakers.
- 40.1% of the population in Mid Wales can speak Welsh – an increase of 6% since 2009.
- Access to cultural assets and participation in culture, heritage and sports is linked to an increased sense of place and togetherness. Participation in arts activities and events is relatively high in Powys according to the 2019/20 National Survey for Wales (71%) - in contrast, Ceredigion's participation rate (66%) was significantly lower than the Welsh average of 70%.



KEY CHALLENGES

Poverty and cost of living crisis

The Mid Wales region has a comparatively low level of deprivation when measured with the Welsh Index of Multiple Deprivation (WIMD), with Powys being the second least deprived Local Authority area in Wales.

However, statistical measures do not tend to capture the true nature of rural disadvantage. Poverty in Mid Wales is variable and often hidden due to the rurality and demographics of the region – therefore not resulting in demonstrable concentrations of poverty in datasets (except pockets identified in some of our larger towns). This often masks issues of rural deprivation in terms of access to services, isolation and fuel poverty across the region.

Mid Wales faces significant challenges in terms of fuel poverty with 17% and 14% of households in Ceredigion and Powys respectively living in fuel poverty.

Significant areas of Mid Wales are off the gas grid with 72% of properties in Ceredigion and 52% in Powys having no connection to the gas grid.



In a wider context, average earnings for Mid Wales residents are 5.5% below the Wales average in Powys and 12.2% below the Wales average in Ceredigion, exacerbating the impact of fuel poverty.

These issues have been further exacerbated by the current cost of living crisis. Inflation in the UK is rising, and increasing fuel, food and transport costs are worrying for many across the country.

Mid Wales is no exception, the cost of living in such a rural area has always been more expensive. Most households run at least one car, and fuel bills are higher due to limited public transport, and there is often older, inefficient housing and a reliance on fossil fuels to heat homes.

Recently, there have been energy hikes with more planned for autumn/winter 2022, increasing living costs coupled with static wages will put pressure on many families across the country.

KEY CHALLENGES

Climate and biodiversity crisis

Climate change remains the most critical challenge of our time and for future generations.

The Wellbeing Assessments of the respective counties show the value that local people place on their local environment and the crucial role it plays in their well-being, but coordinated action needs to be taken now to protect the environment and mitigate the impacts on both the environment and the biodiversity around us.

In order to meet Welsh Government targets, and to be on track for net zero by 2050, Mid Wales needs to reduce emissions from its energy system by 55% by 2035.

Energy modelling contained within the Mid Wales Energy Plan sets out high-level targets to achieve this reduction, split by sector as follows:

- 66% reduction in domestic emissions;
- 48% reduction in commercial and industrial emissions;
- 54% reduction in road transport emissions.



The Mid Wales Energy Strategy outlines several strategic priorities for the region including working proactively to ensure that electricity and gas grids in the region are suitable for a 100% decarbonised future and ambitions to boost the use of renewable energy through new generation and storage.

Mid Wales has several key challenges to overcome to decarbonise our energy system including:

- Large numbers of off-grid properties heated by fossil fuels (oil and gas)
- Poor fabric energy inefficient domestic and commercial building stock leading to high energy bills
- High levels of fuel poverty
- High reliance on private car use due to long rural travel distances
- An infrequent and unattractive public transport offer.

Ensuring our electricity and gas grids are suitable for a 100% decarbonised future will require increased renewable energy generation and storage alongside strengthening the Mid Wales grid capacity.

Mid Wales is uniquely placed to play a key role in the net zero transition, supporting the overarching strengthening of the UK energy security, increased community ownership, and stimulating regional green skills and supply chain development.

KEY CHALLENGES

Wales is one of the worst affected nations in the world for biodiversity loss.

Research by the State of Nature Partnership highlights that one in six species in Wales is threatened with extinction.

Mid Wales's rich variety of species and habitats are under threat due to the unsustainable management of agricultural land and woodland, climate change, invasive species and pollution of freshwater habitats.

The Well-being Survey highlighted this as a particular concern amongst Ceredigion residents.

As part of the Protected Sites Baseline Assessment undertaken in 2020, Natural Resources Wales (NRW) currently has sufficient evidence to determine the condition of around 51% of the features on these sites in Mid Wales (Powys and Ceredigion combined).

Of those features, an estimated 41% are 'favourable', around 57% are 'unfavourable' and almost 2% are destroyed. This information suggests that our habitats and species are under increasing pressure across the region.

Nutrient Neutrality and the NRW assessment of riverine Special Areas of Conservation (SAC) in Wales particularly in relation to phosphates further compound the issues of habitat and species loss.

In Mid Wales, the rivers Wye and Teifi have both failed their targets, leading to the establishment of Nutrient Management Boards and the development of Nutrient Management Plans.

This work requires the development of a significant evidence base in order to address and bring into favourable status the health of the SAC rivers.

In addition, the provision of outdoor play areas and general access to nature and green spaces emerged as a key priority post-pandemic. Further work is required to encourage and enable people, without a private outdoor space, or through lack of transport or disability to access public green space in their communities. Reduced Local Authority budgets over successive years have meant reduced investment in leisure and sports facilities – which has resulted in a number of facilities being in disrepair/inaccessible to the community.

Flooding is a potential risk for coastal and inland places in the region. Major rivers including the Teifi, Usk, Wye and Severn flow through the area. They have the potential to break their banks in periods of heavy rainfall and be the source of flooding elsewhere. Coastal locations, including Aberystwyth, have experienced storms causing coastal defences to be overtopped.



KEY CHALLENGES

Connectivity

Access to good quality broadband and mobile phone service is essential to 21st-century living.

From staying connected with family and friends to accessing critical services such as online shopping and online medical consultations; broadband and mobile phone service can be an important determinant of well-being.

Historically, levels of digital connectivity in Mid Wales currently lag significantly behind other parts of Wales and the UK. However, it is an improving picture in some parts and the state of digital connectivity varies widely across the region.

Perhaps surprisingly, 20% of premises in Ceredigion receive Full Fibre Broadband (the fastest and most reliable broadband technology), which is higher than the Mid/South West Wales region (8.8%), the Wales average (7.5%) and the average for the UK as a whole (7.1%).

However, at the same time, there is still a considerable number of properties that have an internet connectivity speed of under 10 Mbps.

Powys has the highest rate of those unable to receive 10mbps amongst all local authorities in Wales. The second highest is Ceredigion with 11.5%.

21% of premises in Powys are unable to access 30 Mbps internet connectivity speed – the highest rate amongst all local authorities in Wales. The second highest is again Ceredigion with 19%.



Mobile coverage is another connectivity issue that needs to be tackled in Mid Wales.

It is similar to the situation with internet connectivity, with some parts of the region seeing an improving picture.

However, there are still mobile 'not spots' According to OFCOM (OFCEM, 2020) the counties within the region have the highest levels of no 3G coverage indoors (5.8% of Powys, Ceredigion 6.3%).

It also has the poorest indoor 4G mobile signal coverage (7.3% of Powys properties cannot receive 4G mobile signal indoors, Ceredigion 7.9%).

KEY CHALLENGES

Revitalising Town Centres

The market towns which are a characteristic feature of Mid Wales are currently facing several challenges.

High street shopping is under pressure as the culture of online shopping continues to grow.

The changing nature of work – greatly accelerated by the pandemic – means businesses traditionally once found on the high street are moving to different delivery models, leaving vacant premises to be filled.

There is a continued importance of addressing the viability of the commercial property market. There is also a need to focus on the presentation of town centres and the street environment.

As we continue to recover from the pandemic, there is an opportunity to re-develop the town centres, utilise digital technology and reinvigorate the shopping experience, building on the regional and local work already undertaken in terms of Town Centre Place Plans, Regeneration and Marketing Strategies and Green Infrastructure Action plans.

Page 91

KEY OPPORTUNITIES

Green Infrastructure and Active Travel

The Mid Wales Joint Transport Plan identifies various opportunities to increase mode share by active travel modes, to improve the health and well-being of the local community and to continue to improve the road safety record.

Further development of active travel and green infrastructure is required to promote a modal shift and capitalise on the relatively high amount of short-distance employment trips. As a fact, a high proportion of commuter trips within the key settlements of Mid Wales are less than 5km and could potentially be undertaken by such modes. This includes the need to develop in-town cycle networks, particularly within key settlements.

In order to encourage walking and cycling within and between communities, accessible and safe routes need to be provided. Often road widths are limited and do not incorporate footways or sufficient width for a cycle lane or dedicated cycle route. In many small communities, there is a lack of a connected footway network, which discourages walking trips. There are many towns and villages where there is very limited walking or cycling access to shops, services and workplaces.

These opportunities are supported by the Well-being Assessments of the respective counties.

KEY OPPORTUNITIES

Improving digital connectivity

Enhanced, good-quality digital connectivity and accelerating its deployment is fundamental to transforming the Mid Wales economy and enabling growth.

Confidence in digital infrastructure will be vital to support future business investment in the region. Digital technologies are transforming communications, services, learning and business opportunities at an ever-increasing pace. New digital technology like 5G plus the Internet of Things, Artificial Intelligence and data analytics have the potential to open up new businesses and improve the lives of communities.



Page 93

Investment in digital infrastructure and supporting the adoption and exploitation of next-generation digital technologies will be critical to improving productivity, capitalising on innovation and becoming more competitive as a region. Improved connectivity will provide businesses with access to markets, information sources, services and opportunities both in the UK and globally. Public interventions will be key to addressing non-commercial areas that are unlikely to receive private sector investment.

Ensuring access to good quality digital connectivity and supporting digital skills will also help bridge the 'digital divide' and give people the freedom to live and work more flexibly while making the region a more attractive place to live. It will also remove constraints on business growth.

KEY OPPORTUNITIES

Building on our Town Centre Plans/Place Plans

Towns and communities across both Ceredigion and Powys Local Authority areas have long been working in partnership to identify their local areas' needs and opportunities. This has been part of the approach to regeneration and local funding over the years.

This last year has seen the development and refresh of town centre regeneration, marketing, place, and green infrastructure plans – which give a good, clear framework for delivery.



Page 94

Harnessing the Potential of our Volunteers

Volunteering rates tend to be higher in rural areas such as Mid Wales and older age groups are also more likely to volunteer - 32.1% of people volunteer in Powys.

Volunteering has many benefits and promotes connection and social cohesion, giving volunteers a sense of purpose and confidence, as well as helping to connect with others.

Specific training and support will help the volunteer base develop skills and capacity for the benefit of their local communities.

(b)SUPPORTING LOCAL BUSINESS

Mid Wales has a narrow economic base in comparison to other economic regions in Wales.

Key sectors such as agriculture (37% of all businesses) perform less well in terms of productivity.

Employment seasonality also adds vulnerability.

- Mid Wales contains 12,660 VAT-registered businesses.
- The business base has a very high proportion (>95%) of micro-businesses (<10 employees) and the highest levels of seasonal employment in Wales.
- Over the past ten years, growth in the number of businesses in the region has remained relatively static at 2% and has lagged significantly behind Wales and the UK.
- Survival rates for new businesses after 5 years are however significantly better in Mid Wales than for England & Wales.
- The large geographic area and rural nature of Mid Wales means that business density is also significantly lower than in Wales and the UK.

However, Mid Wales has particularly important sectoral strengths in high-value manufacturing, tourism, agriculture, food and drink.



KEY CHALLENGES

The key challenges facing the local economy are to attract new businesses and grow existing businesses, create more and higher paid job opportunities, provide opportunities for younger people to remain in the region, and increase average earnings in the region in comparison to Wales as a whole.

There is also the need to continue to support businesses recovering from the pandemic.

By tackling these challenges, we will also increase the historically low levels of productivity and GVA. Particularly Powys which has the lowest GVA per hour worked in the UK since 2008 (ONS, 2021).

Other challenges include the hidden nature of a rural economy - relatively strong employment and low unemployment data masks low pay and underemployment.

The high self-employment and home working data combined with low incomes are masking rural poverty which is a real cause for concern amongst local authorities and policy makers.

The region also has a narrow and vulnerable economic base, which leads to employment and productivity imbalances.

The largest GVA contributors are manufacturing, real estate and wholesale and retail – whilst agriculture employs the most, it contributes comparatively less GVA.

Support and grow existing businesses

Just 0.8% of businesses across Mid Wales are classed as medium or large (50+ employees).

If we are to realise economic growth and increase productivity, there is a need to focus on supporting these businesses to upscale to fill the 'missing middle' gap and provide quality job opportunities, complementing existing provision delivered/planned by the pan-Wales Business Wales programme.



KEY CHALLENGES

Creating an attractive business environment

Ensuring the right supply and location of employment land and premises to meet business needs is a vital component of supporting the competitiveness of the economy.



Page 97

The employment sites and premises market in Mid Wales differs from adjacent regions. Most of the demand is from businesses already established in the region.

There is a recognised lack of availability and investment in modern and technical employment premises across the region with low levels of speculative development and issues of commercial viability in provision.

Market failure drives an estimated viability gap of ~ 60%, with further detailed work ongoing to establish a case for regional investment.

These infrastructure investments need to be complimented and supported by a supportive business ecosystem.

Create better paid job opportunities and increase earnings

- Underemployment, low earnings and seasonal employment remain key challenges in Mid Wales.
- Average full-time weekly earnings for example were 93% of the UK average in 2016 and 94% of the Wales average in 2019.
- In a wider context, average earnings for Mid Wales residents fall 5.5% below the Wales average in Powys and 12.2% below the Wales average in Ceredigion, exacerbating the impact of issues such as fuel poverty.

It is therefore vital to create quality job opportunities in high-paying sectors in order to increase average earnings.

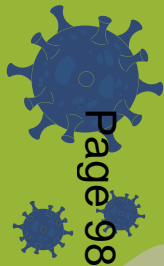
KEY CHALLENGES

Support recovery from the pandemic

Due to the unprecedented impact of Covid-19 on businesses across Mid Wales, there is a continued need to support businesses to recover from the pandemic.

While all industries have been adversely impacted, the seasonal accommodation and food services that make up a large proportion of the Mid Wales economy were hit hardest by the coronavirus pandemic.

Many businesses have also taken on more debt in order to survive the pandemic, and now need to further adapt their business models and increase productivity in order to avoid becoming 'zombie businesses' incapable of further growth.



Page 98

Due to the lag in reporting data, and the impact of other factors such as Brexit and the Ukrainian war, it is difficult to both predict and attribute any medium and longer-term effect the pandemic will have on other economic indicators such as employment.

The data paints a mixed picture. A Covid-impact report undertaken by the Mid Wales Regional Skills Partnership (RSP) states unemployment levels in Mid Wales have increased by 0.7% since the year ending 31st March 2021.

However, at the same time Claimant levels in Mid Wales have decreased by 1.5% to 3.1% between September 2020 and September 2021.

It will be vital for provisions funded under the SPF to be able to flex to suit local and regional needs.



Mid Wales has particularly important sectoral strengths in high value manufacturing, tourism, agriculture, food and drink.

There are also various structures and mechanisms in place in order for the region to engage with businesses and ensure appropriate business support provision, such as the employer-led Mid Wales Regional Skills Partnership and the Growing Mid Wales Partnership.

KEY OPPORTUNITIES

Making Mid Wales the place to start a business

Over the past ten years, growth in the number of businesses in the region has remained relatively static at 2% and has lagged significantly behind Wales (15%) and the UK (27%).

Survival rates for new businesses after 5 years are however significantly better in Mid Wales than for England & Wales, suggesting a level of business confidence and resilience that could be capitalised on. An opportunity exists in this regard to provide targeted and local level support to individuals looking to start a business, complementing the national offer.

Green skills and decarbonisation

Decarbonisation and renewable energy production is an important part of the green economy in the region.

A net zero society, if delivered successfully, offers enormous opportunities to create a vibrant and socially-just economy. However, decarbonising Wales will be a huge challenge.

The regional Applied R&I study identified several distinctive strengths with regards to the low carbon and energy sector in Mid Wales, notably the research capacity and expertise in energy and environment, the presence of key assets and innovative companies and the underpinning regional landscape and natural environment. It also identifies the need to develop relevant skills for innovation in this sector in order to fully exploit these opportunities.

There is currently a reported lack of expertise in the region to implement renewable energy projects and exploit new innovations (e.g., in the construction sector); this is further exacerbated by a national skills deficit in the circular/sustainable economy.

Page 99

KEY OPPORTUNITIES

Developing a sustainable tourism sector

The tourism sector employs over 18,500 people in Mid Wales and has grown significantly over the past ten years. It was worth an estimated £1.41 billion in 2019. There are major opportunities within the regions' natural, cultural and heritage assets to add value to the region's tourism sector.

When compared to other regions of the UK, Mid Wales has a lower occupancy rate in tourism accommodation, being around 6% lower than Scotland and 40% lower than England. In addition, productivity and wages in the Mid Wales tourism sector remain lower than the overall average for the economy in Wales. This results in reduced revenue for the sector in Mid Wales. In order for the industry to capitalise on its potential, it is vital that Mid Wales is able to strengthen the shoulder season occupancy and maximise visitor spend.

Throughout the region, the tourism offer needs investment to generate higher value returns for the economy that is delivered in partnership and aligned with Government and key stakeholders to develop Mid Wales' distinctive offer through addressing seasonality, spend and spread.

Capitalising on opportunities to strengthen our tourism offer will also spur wider economic growth potential.

A stronger focus will be given to showcasing what Mid Wales has to offer, this will, in turn, provide a boost for the food and drink sector and help home-grown businesses to flourish.

Increasing Applied R&I activity

Mid Wales has several strengths in terms of Applied R&I, including well established strengths in food manufacturing, animal health, Agri-Tech and biosciences.

There are also recognised growth opportunities in terms of sustainable construction, renewable energy and power electronics.

However, the regional Applied R&I study also identified several issues that needed to be addressed in order to fully exploit the opportunities available to the region. These included increased co-ordination and networking; addressing funding, infrastructure and information gaps; increasing innovation skills and capabilities; and general awareness and promotion.



KEY OPPORTUNITIES

Encouraging SME growth and expansion

Combining the strong start-up and micro business base in Mid Wales, with the consistent business survival rates, the opportunity emerges to support businesses to transition from their early phase of growth towards becoming sustainable medium-sized businesses.

Increasing these businesses in the coming decades will be one of the main ways in which new and higher-paid employment opportunities can be provided, along with greater career opportunities.

This approach will help develop companies that are rooted in their communities in Mid Wales.



Welsh Language

The Welsh language is particularly important in Mid Wales, with a number of initiatives and support provided to businesses to help trade and engage with the language.

As across Wales, there is a recognition that more can be done to further improve the support for businesses in this space, to help develop their presence and offer, not only to serve the Welsh-speaking population of Mid and further afield in Wales but also to generate new products and opportunities.

(c) PEOPLE AND SKILLS

There are some 95,400 people in employment in Mid Wales, with economic activity rates in line with Welsh and UK averages, driven by high levels of self-employment.

Levels of unemployment in the region are comparatively low, almost half that of Wales and the UK, and the region has seen a bigger improvement in unemployment numbers compared to Wales since 2001.

Despite this under-employment, low earnings and seasonal employment remain key challenges. The labour market is also facing new challenges after the Covid pandemic. Employers across several sectors are reporting recruitment difficulties.

Mid Wales has a highly qualified and skilled workforce. School-age attainment in Mid Wales exceeds the Welsh average. A higher proportion of the working age population are qualified to degree-level compared to the national average while unemployment is at historically low levels.

Current provision is set against the backdrop of Welsh Government's 'Stronger, fairer, greener Wales: a plan for employability and skills', the forthcoming Mid Wales three-year Regional Skills Partnership skills plan, community employability programmes such as Communities for Work and Parents, Childcare and Employment (PaCE) and other national employability support provision such as Restart and the Jobs Growth Wales Plus offer for 16-18-year-olds.

This context and these strengths provide Mid Wales with the right foundations for enabling growth.



KEY CHALLENGES

A declining and ageing population

This indicates reducing population figures and a changing demographic, demonstrating the 'pinched middle' of a relatively high older population and a proportionately low working age population.

The demographic profile of the region presents both challenges and opportunities.

At an overall population of 205,000, Mid Wales is characterised by an ageing population and a net out-migration of young people. Since 2008, the region has seen an overall decline in its population of around 1.2%.

The working age population is less than the Welsh and UK average and is predominantly characterised by higher proportions of 50-64 and 65+ year-olds. There is a relatively small share of working age people due to the higher proportions of 50-64 and 65+ year-olds. Comparatively, Mid Wales has proportionally fewer people below the working age – though the figures are partly skewed due to the student population in key locations in Ceredigion.

Population projections for Mid Wales currently estimate a 16% decline in the working age population and 37% increase in the 65+ age group to 2039. Unless addressed, this predicted trend is likely to reduce the region's workforce over the next 15 years.

Projected employment decline

Forecasts show the Welsh economy growing by 1.7% during the period 2018-2040 (+ 24,000 jobs) while the Mid Wales economy is forecasted to decline 3.45% (reduction of 3,352 jobs) – whilst the UK looks set to grow by 7.4% over the same period.

Static and weakening labour market

Gaps in skills provision and infrastructure to adequately meet industry demands are amplified by a lack of focus on the issue in Mid Wales.

Weaknesses in regional skills infrastructure exacerbate the lack of employment and educational opportunities – leading to a reducing equality of opportunity and labour mobility whilst reinforcing out-migration. Powys' commuting outflows of -3,495 especially highlight the need to improve employment opportunities.



KEY CHALLENGES

Skills delivery

Mid Wales performs well in educational attainment with levels of achievement at GCSE level exceeding the Welsh average.

Whilst the proportion of young people Not in Employment, Education and Training (NEET) is comparatively low compared to the Welsh average, Mid Wales has particular support requirements for NEETs to ensure a safety net for our young people to get back on track.

Demand has also increased post-pandemic, with more young people disengaging with education, employment or training – increasing in emotional dysregulated behaviours leading to exclusions. While the qualifications profile of Mid Wales performs better than the Welsh average however, we have lower rates of older people upskilling.

Despite these strengths, skills gaps and recruitment difficulties are commonplace amongst Mid Wales employers. The market suffers a skills mismatch (such as, over- or under- qualification, skill gap or skill shortages). Engagement with private sector representatives highlighted that one of the key issues is the absence of skilled workers in certain sectors, such as the Hospitality Sector which is experiencing a significant shortage of skills and labour.

Apprenticeships and further education delivery are challenged by the rural nature of the region. Employer investment in training is currently relatively low, possibly reflecting the high proportion of small and medium sized enterprises (SMEs).

KEY OPPORTUNITIES

Ensuring all young people are given the opportunity to reach their potential

There were 54,000 people below the age of 25 in Mid Wales in 2020, with 22,000 of these young people of working age (16 to 24 yrs) – of these 22,000, 90% are either in employment or full-time education.

There are around 2,200 young people who are NEET. They face specific issues with regards to accessing skills provision and support in a rural context that need to be addressed in order to ensure they become and remain economically active and contribute to the regional economy.

High levels of educational attainment

47.5% of residents (18–64-year-olds) have a NQF level 4 or above (equivalent to the first year of a Bachelor's degree programme) in Mid Wales, resulting in its regional workforce being the most qualified in Wales. There is a need to create better quality job opportunities in order to retain these people within the region.

Digital Skills

Ensuring access to good quality digital connectivity and supporting digital skills will help bridge the 'digital divide' and give people the freedom to live and work more flexibly while making the region a more attractive place to live. It will also remove constraints on business growth.

Continued development of digital working skills is critical to helping support businesses and residents to get online.

In addition, as more and more vital public services are being delivered online, people are at risk of being left behind and digitally excluded. The level of digital exclusion in Wales is higher than in the UK, with as many as 10% of the population, or 255,000 people, not using the internet.

Research suggests that people in rural areas are more likely to be digitally excluded due to poor digital infrastructure. Older adults, people with disabilities or long-term health conditions, those with lower educational attainment and those on low-income are all more likely to be digitally excluded.

KEY OPPORTUNITIES

Green Skills

Given the wealth of relevant assets in the region, Mid Wales is well placed to capitalise on training and skills development to attract young graduates and fuel innovation in the field of carbon reduction and renewable energy.

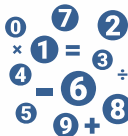


Multi-skilled workforce

As people remain in work longer, there will need to be a number of opportunities for life-long learning to ensure individuals remain employable and skilled.

There is also an opportunity to ensure older residents use their skills, knowledge and experience to help others in the community and remain actively engaged in the economy.

As rural areas tend to have smaller workforces due to a lower population density, it is vital to ensure that all cohorts of the economically active population are skilled appropriately, including basic literacy, numeracy and digital skills.



(d) Multiply

The Multiply programme is currently being scoped and discussed with UK Government with close engagement and input of the Welsh Government.

More information on this programme will be published in due course.

INVESTMENT PRIORITIES AND TARGETED OUTCOMES

Strategic Alignment

Our Regional Investment Plan is aligned to and will support the implementation of existing local and regional strategies, including:

- [A Vision for Growing Mid Wales](#) Strategic Economic Plan (including its relevant substrategies such as the Energy Strategy and associated research pieces)
- [Ceredigion Corporate Strategy 2022-27](#)
- [Boosting Ceredigion's Economy: A Strategy for Action 2020-35](#)
- [Ceredigion Public Service Board Assessment of Local Wellbeing 2022](#)
- [Ceredigion Through Age and Wellbeing Strategy](#)
- [The Health and Care Strategy for Powys: A Vision for 2027 and Beyond](#) (Currently being reviewed)
- [Presentation of Our Vision for Powys - Powys County Council](#)
- [Powys Public Service Board Assessment of Local Wellbeing 2022](#)

For each of the three investment priorities: Communities and Place, Supporting Local Business and People and Skills, a number of interventions outlined in the Government's guidance have been selected based on evidence and extensive consultation.

The prioritised interventions in this plan have been selected in order to have a framework of investment opportunities, that will align to the strategic level objectives of the Mid Wales region, but also to allow for local flexibility and opportunities to be supported.

The following pages summarise the Investment Priorities, as well as the expected outcomes and outputs for each.

Investment Priority - Communities and Place

Investment Priority*	Expected Outputs	Expected Outcomes
<p>W1: Improvements to town centres & high streets</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 108</p>	<ul style="list-style-type: none"> • Number of commercial buildings developed or improved • Amount of commercial buildings developed or improved • Number of rehabilitated premises • Amount of public realm created or improved • Number of low or zero carbon energy infrastructure installed • Square metres of land made wheelchair accessible/step free 	<ul style="list-style-type: none"> • Increased footfall Increased visitor numbers
<p>W2: New or existing community & neighbourhood infrastructure projects</p>	<ul style="list-style-type: none"> • Number of low or zero carbon energy infrastructure installed • Number of organisations receiving non-financial support • Number of neighbourhood improvements undertaken 	<ul style="list-style-type: none"> • Increased number of properties protected from flooding and/or coastal erosion
<p>W3: Creation & improvement to local green spaces</p>	<ul style="list-style-type: none"> • Amount of rehabilitated land • Square metres of land made wheelchair accessible/step free • Number of neighbourhood improvements undertaken • Amount of green or blue space created or improved • Number of new or improved cycleways or paths • Number of trees planted 	<ul style="list-style-type: none"> • Increased footfall • Increased visitor numbers • Increased users of facilities/amenities • Increased use of cycleways or paths

*Investment Priority - these are selected investment priorities put forward in the Mid Wales plan. Not all investment priorities from UK SPF Prospectus have been taken forward.

Investment Priority - Communities and Place

Investment Priority*	Expected Outputs	Expected Outcomes
<p>W6: Support for local arts, cultural, heritage & creative activities</p>	<ul style="list-style-type: none"> • Number of organisations receiving non-financial support • Number of local events or activities supported • Number of volunteering opportunities supported 	<ul style="list-style-type: none"> • Jobs created • Jobs safeguarded • Increased footfall • Increased visitor numbers • Improved engagement numbers • Improved perception of events • Number of community-led arts, cultural, heritage and creative programmes as a result of support
<p>W7: Active travel enhancements & other small scale green transport projects</p>	<ul style="list-style-type: none"> • Number of new or improved cycleways or paths • Amount of new or improved cycleways or paths 	<ul style="list-style-type: none"> • Increased use of cycleways or paths
<p>W9: Impactful volunteering and/or social action projects</p>	<ul style="list-style-type: none"> • Number of organisations receiving non-financial support • Number of local events or activities supported • Number of volunteering opportunities supported • Number of projects 	<ul style="list-style-type: none"> • Improved engagement numbers • Volunteering numbers as a result of support

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Investment Priority - Communities and Place

Investment Priority	Expected Outputs	Expected Outcomes
W10: Funding for local sports facilities, teams & leagues	<ul style="list-style-type: none"> • Number of facilities supported/created 	<ul style="list-style-type: none"> • Increased users of facilities/amenities • Improved perception of events
W11: Capacity building & infrastructure support local groups	<ul style="list-style-type: none"> • Number of organisations receiving non-financial support • Number of facilities supported/created • Amount of green or blue space created or improved 	<ul style="list-style-type: none"> • Improved engagement numbers • Number of new or improved community facilities as a result of support
W13: Community measures to reduce the cost of living etc.	<ul style="list-style-type: none"> • Number of organisations receiving non-financial support • Number of households receiving support • Number of household supported to take up energy efficiency measures 	<ul style="list-style-type: none"> • Greenhouse gas reductions • Increased take up of energy efficiency measures
W14: Relevant feasibility studies	<ul style="list-style-type: none"> • Number of feasibility studies supported 	<ul style="list-style-type: none"> • Increased number of projects arising from funded feasibility studies
W15: Investment & support for digital infrastructure for local facilities	<ul style="list-style-type: none"> • Number of organisations receiving non-financial support • Number of facilities supported/created 	<ul style="list-style-type: none"> • Number of new or improved community facilities as a result of support • Number of premises with improved digital connectivity

Investment Priority - Supporting Local Business

Investment Priority*	Expected Outputs	Expected Outcomes
W16: Open markets & town centre retail & service sector	<ul style="list-style-type: none"> • Number of local markets supported 	<ul style="list-style-type: none"> • Increase footfall • Increased visitor numbers • Improved perception of markets • Increased number of businesses supported
W17: Development & promotion of visitor economy	<ul style="list-style-type: none"> • Number of local events or activities supported 	<ul style="list-style-type: none"> • Increased footfall • Increased visitor numbers
W18: Supporting the Made Smarter Adoption programme	<ul style="list-style-type: none"> • Number of businesses receiving grants • Number of people attending training sessions 	<ul style="list-style-type: none"> • Increased amount of investment • Number of businesses introducing new products to the firm • Number of organisations engaged in new knowledge transfer activity • Number of businesses adopting new to the firm technology or processes

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Investment Priority - Supporting Local Business

Investment Priority*	Expected Outputs	Expected Outcomes
<p>W19: Increasing investment in research & development at the local level</p>	<ul style="list-style-type: none"> Number of potential entrepreneurs provided assistance to be business ready 	<ul style="list-style-type: none"> Number of new businesses created Number of businesses introducing new products to the firm Number of organisations engaged in new knowledge transfer activity Number of businesses adopting new to the firm technology or processes
<p>W21: Development of innovation infrastructure at a local level</p>	<ul style="list-style-type: none"> Number of businesses receiving financial support other than grants 	<ul style="list-style-type: none"> Number of businesses with improved productivity
<p>W22: Enterprise infrastructure & employment / innovation site projects</p>	<ul style="list-style-type: none"> Number of commercial buildings developed or improved Number of rehabilitated premises 	<ul style="list-style-type: none"> Increased amount of investment Number of premises with improved connectivity

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Investment Priority - Supporting Local Business

Investment Priority*	Expected Outputs	Expected Outcomes
W23: Strengthening local entrepreneurial ecosystems	<ul style="list-style-type: none"> Number of potential entrepreneurs provided assistance to be business ready 	<ul style="list-style-type: none"> Jobs created Jobs safeguarded Number of new businesses created
W26: Growing the local social economy	<ul style="list-style-type: none"> Number of potential entrepreneurs provided assistance to be business ready 	<ul style="list-style-type: none"> Jobs created Jobs safeguarded
W28: Export grants to grow overseas trading etc.	<ul style="list-style-type: none"> Number of businesses receiving grants Number of businesses engaged in new markets 	<ul style="list-style-type: none"> Jobs created Jobs safeguarded
W29: Supporting decarbonisation whilst growing local economy	<ul style="list-style-type: none"> Number of low or zero carbon energy infrastructure installed 	<ul style="list-style-type: none"> Jobs created Jobs safeguarded Greenhouse gas reductions

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Investment Priority - Supporting Local Business

Investment Priority*	Expected Outputs	Expected Outcomes
W31: Support relevant feasibility studies	<ul style="list-style-type: none"> • Number of feasibility studies supported 	<ul style="list-style-type: none"> • Increased number of projects arising from funded feasibility studies
W32: Progression of small business into productive medium sized firms	<ul style="list-style-type: none"> • Number of business receiving financial support other than grants 	<ul style="list-style-type: none"> • Number of organisations engaged in new knowledge transfer activity
W33: Investment to protect from natural hazards, flooding and coastal erosion	<ul style="list-style-type: none"> • Number of businesses receiving grants • Number of businesses engaged in new markets 	<ul style="list-style-type: none"> • Jobs created • Jobs safeguarded

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Investment Priority - People and Skills

Investment Priority*	Expected Outputs	Expected Outcomes
W35: Courses including basic & life skills for people not economically inactive	<ul style="list-style-type: none"> • Number of people supported to engage in life skills • Number of people supported onto a course through providing financial support • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Number of people in employment, including self employment, following support • Number of people in education/training • Number of people experiencing reduced structural barriers into employment and into skills provision
W37: Increase levels of digital inclusion with focus on essential digital skills	<ul style="list-style-type: none"> • Number of people supported to access basic skills • Number of people supported to engage in life skills • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Number of people gaining a qualification or completing a course following support
W39: Local areas to fund local skills needs	<ul style="list-style-type: none"> • Number of people receiving support to gain a vocational licence • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Number of people in employment, including self employment, following support • Number of people in education/training • Number of economically active individuals engaged in mainstream skills education and training

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Investment Priority - People and Skills

Investment Priority*	Expected Outputs	Expected Outcomes
W40: Green skills courses	<ul style="list-style-type: none"> • Number of people receiving support to gain employment • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Number of people in employment, including self employment, following support • Number of people gaining a qualification or completing a course following support
W41: Retraining and upskilling support for those in high carbon sectors	<ul style="list-style-type: none"> • Number of people retraining • Number of people attending training sessions • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Number of people gaining a qualification or completing a course following support
W42: Funding to support local digital skills	<ul style="list-style-type: none"> • Number of people supported to engage in life skills • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Number of people gaining a qualification or completing a course following support

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Investment Priority - People and Skills

Investment Priority*	Expected Outputs	Expected Outcomes
<p>W43: Support engagement & softer skills development for young people</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 117</p>	<ul style="list-style-type: none"> • Number of people supported to access basic skills • Number of people supported to engage in life skills • Number of people supported onto a course through providing financial support • Number of people supported to gain a qualification or complete a course 	<ul style="list-style-type: none"> • Increased number of people gaining qualifications, licences and skills • Increased number of people engaging in life skills support following interventions

NOTE: Interventions W34 and W36 have been included in the submitted plan to UK Government, however at this stage there are no financial allocations or outputs attached to them. There needs to be further scoping conversations around potential activity under these interventions to understand possible duplication and additionality.

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Investment Priority – Multiply

Investment Priority*	Expected Outputs	Expected Outcomes
W47: Courses aimed at encouraging people to upskill to access jobs/careers	<ul style="list-style-type: none"> • Number of adult numeracy courses run in a local area through Multiply (numerical value) • Number of people participating in Multiply funded courses (numerical value) • Number of people achieving a qualification (numerical value) • Number of courses developed in collaboration with employers (numerical value) • Number of people referred from partners onto upskill courses (numerical value) • Number of different cohorts participating in numeracy courses (e.g., learners in prison, parents etc.) (numerical value) 	<ul style="list-style-type: none"> • Number of adults achieving maths qualifications up to, and including, Level 2 (numerical value) • Number of adults participating in maths qualifications and courses up to, and including, Level 2 (numerical value)
W51: Courses designed to help with numeracy for managing money		
W53: Provision developed in partnership with community organisations		

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NOTE: The Multiply allocation has been under profiled and is highly indicative at this stage. At the time of publishing this document, dialogue is ongoing with UK Government on the scope and scale of the Multiply programme.

Budget allocation between investment priorities

The funding allocated to the investment priorities are currently highly indicative, and as such should be used as a guide only.

They represent what we feel to be an appropriate distribution of funds to respond to the challenges and opportunities in each area.

Mid Wales has a significant productivity challenge, but it is also not immune to global factors pertaining to the economy and the environment.

Climate change and the cost-of-living crisis will be a dominant force in shaping our economy and society; the UKSPF should have a strong role to play in both mitigating and proactive long-term change.

The funding allocations will likely change as we enter year 1 delivery in the autumn of 2022, and as the programme moves to future years. The allocations will be re-profiled regularly with UK Government as we monitor the fund's performance.

Budget allocation between investment priorities

UKSPF Investment Priority	2022-23			2023-24			2024-25			Total 2022-25		
	Ceredigion	Powys	Total	Ceredigion	Powys	Total	Ceredigion	Powys	Total	Capital	Revenue	Total
Communities and Place	£0.61m	£1.1m	£1.7m	£1.2m	£2.2m	£3.4m	£3.15m	£5.78m	£8.9m	£7.2m	£6.8m	£14m
Supporting Local Business	£0.61m	£1.1m	£1.7m	£0.61m	£2.2m	£3.4m	£3.15m	£5.78m	£8.9m	£1.7m	£12.3m	£14m
People and Skills	£0.3m	£0.55m	£0.85m	£0.6m	£1.1m	£1.7m	£1.57m	£2.89m	£4.46m	£0m	£7m	£7m
UKSPF Total (excl. Multiply)	£1.5m	£2.76m	£4.26m	£3m	£5.51m	£8.5m	£7.87m	£14.44m	£22.31m	£8.9m	£26.1m	£35m
Multiply	£0.78m	£1.43m	£2.21m	£0.9m	£1.65m	£2.55m	£0.9m	£1.65m	£2.55m	£0m	£7.32m	£7.32m
UKSPF and Multiply TOTAL	£2.28m	£4.19m	£6.47m	£3.9m	£7.16m	£11.05m	£8.77m	£16.09m	£24.86m	£8.9m	£33.42m	£42.32m

NOTES:

- Rounded gross figures.
- Does not account for 4% top slice – which is the maximum amount that will pay for fund management/administration costs.
- Multiply – Profile of expenditure may be different from the allocation due to ongoing conversations with UK Government.

IMPLEMENTATION AND DELIVERY PRINCIPLES

Programming principles

Annual Commissioning Plans will be developed for each of the three financial years to articulate how the activity will be commissioned and delivered under each of the investment priorities and the Multiply programme.

These plans will be the key tool that we use to communicate timeframes for project calls. This approach will also allow for organisations and services to forward plan development activity.

There are a number of considerations that will influence the allocation of spend across the different budget years and investment priorities, which will be further articulated in the annual Commissioning Plans.

Whilst work remains in progress, we anticipate the strategy to develop along these lines:

Year 1 (2022-23):

Given that the budget profile ramps up significantly over the three-year spending period, year 1 will need to have a strong focus on deliverability. Short lead-in times and development capacity will require Local Authorities and their local partners to cast a realistic eye on existing/committed expenditure that can be supported retrospectively in addition to commissioning any new activity.

At the same time, consideration will be given to complementing UKSPF activity with activity continuing to be delivered within existing EU programmes to avoid any duplication of activity.

It is therefore anticipated that year 1 spend will focus primarily on feasibility work, seed funding and capacity building to enable more substantial activity to be carried out in years 2 and 3.

Taking regard of timescales, this is likely to see a limited, targeted opportunity towards the end of the financial year.

2

Year 2 (2023-24):

Building on the first year, year 2 of UKSPF will see the delivery of more significant projects. Larger calls for funding will be issued and projects that span years 2 and 3 will be considered.

As activity delivered within existing EU programmes starts to tail off during 2023 there will be a clear focus on a managed transition to UKSPF with a strategic approach to provision that needs to be retained, reshaped and decommissioned, all the while bearing in mind the landscape of Welsh Government Strategic funding and delivery.

3

Year 3 (2024-25):

Year 3 will see the bulk of delivery. There will no longer be any EU funding available, so year 3 will therefore see a core UKSPF offer in terms of the investment priorities across the local economy. Year 3 will also be critical in terms of planning for the period beyond March 2025, and mapping future opportunities and needs.

Page 122

Commissioning Principles

The UKSPF in Mid Wales has a number of possible commissioning routes to support project delivery, from in-house Local Authority delivery, open invitations/calls, procurement and strategic commissioning.

The [guidance from UK Government](#) states clearly that all of these options can be used, with a stated preference on undertaking open invitations to submit applications.

The two Local Authorities will be reviewing the commissioning strategy soon, and will likely be looking at a range of options, particularly in year 1, to ensure that we consider a range of factors to ensure deliverability (e.g. mobilisation time-frames, capacity, strategic fit, duplication).

The proposed route to market will be set out in the annual commissioning plans.

Governance

Whilst Ceredigion Council will serve as the Lead Local Authority for the administration of UKSPF, decision-making will predominantly sit at a local level.

Project proposals will need to be taken to local Regeneration Partnerships or equivalent (made up of public, private and third-sector representatives) in each LA for approval.

Overall strategic fund management and co-ordination will be undertaken at a regional level, taking due regard of existing regional governance structures.

This model will ensure local decision-making to allow for proposals to support the needs of places within Mid Wales, while working within an overall strategic framework to ensure alignment and complementarity with other funding and initiatives (e.g., Growth Deal, Regional Skills Partnership and other regional or national delivery).

Management and Delivery

Across the three-year delivery period, Growing Mid Wales (GMW) will be able to spend up to 4% of the allocated budget for managing the UKSPF programme. This funding will be used to ensure the appropriate capacity to deliver the UKSPF programme.

In order to draw down the full UKSPF allocation, Ceredigion Council will take on the responsibility of being the lead Local Authority for UKSPF and Multiplier across the GMW region.

A programme management office (PMO) function will be set up to ensure delivery of UKSPF can commence from Autumn 2022 onwards. Ceredigion Council will work with Powys County Council to take on the responsibility for the delivery of the fund and the overall programme management of the Mid Wales budget allocation over the three fiscal years.

WHAT SHOULD BE DONE NOW?

Significant work is being undertaken throughout the autumn of 2022 to mobilise resources, processes and systems to support the delivery of the UKSPF in Mid Wales.

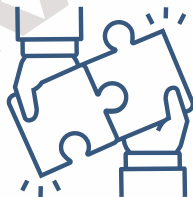
The team is working with UK Government to help shape the strategy and finer detail to support fund delivery. This process will take time, and the commissioning strategy and principles outlined above reflect that.

Next Steps

In advance of any call or application form being published, we would set out the following key tips in terms of thinking about a UKSPF project proposal:

- Review the UKSPF prospectus and the detailed guidance on the UK Government website and the priorities in this document, to familiarise ourselves with funding expectations.
- Review and reflect on the relevant regional and local plans and strategies and consider the project proposal's role in supporting local needs and priorities.
- Take stock of existing activity supported in the region and ensure there is no duplication/overlap with similar organisations/funded programmes (projects that duplicate/overlap will not be funded).
- Carefully consider the proposed funding allocations and expected outcomes and outputs.

- Review and build up the evidence of need of a project proposal. Be clear on why the project is needed, and what evidence is in place to support it.
- Develop early and active conversations with key strategic and delivery partners to ensure there is no duplication or cross-over of proposals with others.
- Stakeholders are encouraged to continue to have active conversations with the Local Authorities and local partners, to help shape early thinking.



Mid Wales Regional Investment Plan

UK Shared Prosperity Fund 2022-25

Page 125

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County Council



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