

Finance Panel

Meeting Venue
By Zoom

Meeting Date
Friday, 29 July 2022

Meeting Time
2.00 pm

For further information please contact
Wyn Richards
Scrutiny Manager and Head of
Democratic Services
wyn.richards@powys.gov.uk



County Hall
Llandrindod Wells
Powys
LD1 5LG

21-07-2022

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

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	ELECTION OF CHAIR
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To elect a Chair for the ensuing year.

3.	ELECTION OF VICE-CHAIR
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To elect a Vice-Chair for the ensuing year.

4.	MINUTES
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To receive the minutes of the meeting held on 14th February, 2022.
(Pages 3 - 4)

5.	REVENUE REPORT - QUARTER 1
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To receive and consider the report of the Cabinet Member for Finance and Corporate Transformation.
(Pages 5 - 32)

6.	CAPITAL REPORT FOR JUNE 2022
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To receive and consider the report of the Cabinet Member for Finance and Corporate Transformation.

(Pages 33 - 42)

MINUTES OF A MEETING OF THE FINANCE PANEL HELD AT ON MONDAY, 14 FEBRUARY 2022

PRESENT: County Councillor JG Morris (Chair)
County Councillors M J Dorrance, K Laurie-Parry, J Pugh, P Roberts, E Vaughan,
D A Thomas and R G Thomas
Co-Opted Member: Mr J Brautigam

Cabinet Portfolio Holders In Attendance: County Councillor A W Davies (Portfolio Holder for Finance and Transport)

Officers: Nigel Brinn, Executive Director, Economy and Environment, Jane Thomas, Head of Finance, Clive Pinney, Head of Legal and Democratic Services and Caroline Turner, Chief Executive

1. APOLOGIES

An apology for absence was received from County Councillor J Gibson-Watt.

2. MINUTES

Documents:

- Notes of meetings held on 21 January and 2 February 2022

Outcomes:

- The notes were received

3. ACCESS TO INFORMATION

RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

4. GLOBAL CENTRE FOR RAIL EXCELLENCE

Documents:

- Report of the Head of Finance

Discussion:

- The Head of Finance, Monitoring Officer and Executive Director, Economy and Environment provided an update on the proposals to be considered by Cabinet regarding inward investment for the Global Centre for Rail Excellence.

Outcomes:

- The Finance Panel recommended that the Cabinet confirms the proposals outlined in the report on the understanding the Finance Panel have not seen the Heads of Terms for the Funding Structure for the GCRE project and draft Revised Repayable Funding Offer

- **That the funding for the project be clearly differentiated within the Authority's financial statements to ensure that the implications regarding the Minimum Revenue Policy and Capital Programme are separated from other projects and do not distort the Authority's financial statements**

County Councillor JG Morris (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

26th July 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 June 2022)

REPORT FOR: Decision

1. Purpose

1.1 To provide Cabinet with the forecast revenue budget outturn for the 2022-23 financial year.

2. Background

2.1 Table 1 below summarises the projected full year outturn position across the Council's services including HRA and delegated schools, a £1.014 million deficit is forecast.

Table 1 – Forecast Position

Revenue Budget	£'000
Base Budget	301,901
Cost Pressures	7,892
Cost Underspends	(6,479)
Cost Reductions Shortfall	3,428
Use of Specific Reserves	(3,827)
Forecast Outturn	302,916
Deficit	(1,014)

2.2 Appendix A provides detail of the financial position for each service, broken down into categories covering cost pressures, cost underspends, cost reductions and use of reserves.

2.3 The use of reserves requirement falls into two categories:

- The call on specific reserves that have previously been approved as part of agreed roll forward underspends, £2.161 million will be called upon at the end of year when final requirement confirmed.
- Pressures identified as "risk" through the budget setting process likely to arise due to Covid cost, the Ukraine crisis, and the impact of inflation, £1.666 million. £2.8 million was identified as the likely requirement this year and will be funded in part through the £2 million Risk Budget, and if needed a call on the budget management reserve will take place at year end.

- 2.4 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. This includes their activities being undertaken to deliver cost reductions and mitigate shortfalls, the level of pressures and if any that are being managed “at risk” are likely to materialise significantly.
- 2.5 The projected deficit of £1.014 million would require funding from the Councils revenue reserves if it materialises.

3. Cost Reductions

- 3.1 Cost reductions of £8.072 million were approved as part of the Councils budget for this year and the delivery of these is required to achieve a balanced budget in year. 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 27% or £2.886 million have been delivered and a further 42% £4.541 million are assured of delivery by Services. £3.428 million, 32% are unachieved and are at risk of delivery in year. Services are being challenged as to why the position for some proposals has changed and will be required to consider mitigating action to ensure that they can deliver within the budget allocated.

Table 2 – Cost Reductions

£'000	To Be Achieved	Actually Achieved	Assured	Un-achieved	% Achieved
Adult Services	3,429	1,067	2,362	-	31%
Childrens Services	3,640	286	1,679	1,676	8%
Economy and Digital Services	282	41	2	238	15%
Education	55	50	5	-	91%
Finance	39	24	15	-	61%
Central Activities	1,045	1,045	-	-	100%
Highways Transport & Recycling	1,612	1	294	1,317	0%
Housing & Community Development	172	164	-	8	95%
Legal & Democratic Services	203	149	28	26	74%
Transformation and Communications	51	50	1	-	99%
Property, Planning & Public Protection	189	8	17	164	4%
Workforce & OD	138	-	138	-	-
Total	10,855	2,886	4,541	3,428	27%
		27%	42%	32%	

- 3.3 Those services that show unachieved targets must consider what remedial action they take to mitigate the impact on the overall performance within their service, as their budget forecast must come back to a balanced position. At this point in the year there are opportunities to reduce spend and bring the targets back on track.

4. Reserves

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

Table 3 – Reserves Table

Summary	Opening Balance (1st April 22) Surplus / (Deficit)	Forecast Addition / (Use) of Reserves	Projected Balance (31st March 23) Surplus/ (Deficit)
General Fund	9,333	0	9,333
Budget Management Reserve	3,584	0	3,584
Specific Reserves	29,167	(5,722)	23,445
Transport & Equipment Funding Reserve	8,843	0	8,843
Total Usable Reserves	50,927	(5,722)	45,205
Schools Delegated Reserves	8,982	(92)	8,890
School Loans & Other Items	(371)	7	(364)
Housing Revenue Account	4,244	2	4,246
Total Reserves	63,782	(5,805)	57,977

- 4.2 The specific reserve forecast use partly relates to the use of grants that were rolled forward last year for use this year totalling £3.342 million in addition £2.161 usage for services as set out in Appendix C.
- 4.3 The £1.666 million risk pressures that are impacting on services will be funded from the Risk Budget but may require a call on the budget management reserve if demand exceeds £2 million. These pressures relate to both covid and inflation demands.

5. Virements and Grants

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

5.1.1 Education:

- £157,627 increasing the budget to £6,585,466. Regional Consortia School Improvement Grant to improve educational outcomes for all learners in Wales and deliver substantial educational reform.
- £174,795 – National Music Service funding to be used to support the implementation of the priorities set out in Welsh Government’s National Plan for Music Education.
- £1,004,040 increasing the budget to £3,350,310. Pupil Development Grant is crucial to delivering the future success of learners living in low-income households. The funding made available through the PDG and its use by schools will be a key enabler in tackling the impact of poverty on attainment
- £210,754 – supports the Adult Community Learning agenda.
- £3,306,514 - Local Authority Education Grant to support home educated children; to support Foundation Phase Nursery and Welsh Government funded childcare as part of the Childcare Offer. Also, to help schools meet the demands of the COVID-19 pandemic through the Recruit, Recover, Raise Standards programme; to support the delivery of quality Foundation Phase Nursery provision and to support Minority Ethnic and Gypsy, Roma and Traveller learners. Finally, to prepare for the phased commencement and full implementation of the ALN Act; to support the emotional and mental wellbeing of learners and school staff as part of a whole school/whole system approach to wellbeing.
- £77,000 - Food and Fun Welsh Local Government Association (WLGA) Grant Food and Fun is a school-based education programme that provides food and

nutrition education, physical activity, enrichment sessions and healthy meals to children in areas of social deprivation during the school summer holidays

5.1.2 Children's Services:

- £39,767 - All Wales Play Opportunities Grant – Welsh Government Playworks Holiday Project Grant. To be used to meet some of the actions within 2022-23 Play Sufficiency Assessment (PSA) Action Plan.
- £218,721 - Children and Young People Wellbeing Activities Programme (CYPWAP) Summer of Fun 22-23 Welsh government Grant. The Purpose of the Funding is to enable you to meet some of the actions within your 2022 – 2023 Play Sufficiency Assessment (PSA) Action Plan, which relate to staffed playwork provision.
- £28,561 - Support for Foster Care Fund Welsh Government Grant. As part of the Welsh Government 2022-23 Cost of Living package the support for foster care fund provides local authorities with a fund to support families who are caring for some of our most vulnerable children. These could include both kinship and mainstream foster carers, Special Guardians, children placed with parents, and adoptive families, who are experiencing difficulties due to the cost of living increases.

5.2 Several virement requests are requested for approval:

5.2.1 A virement request has been made to transfer budget from Childrens to Adults Social Care for the Out of Hours Service that is now going to be line managed by officers within Adults and recharged back to Childrens. The overall budget that will transfer is £380,350, as well as cost centre changes there will be changes to account codes to accommodate the recharge between Adults and Childrens.

5.2.2 A virement is also requested to transfer budgets within Education Service as there are management changes that require budgets to be allocated differently within the management structure. The actual movement is between the Schools Central budget to School Improvement, the overall budget that will transferred is £427,110.

5.2.3 A virement to remove the expenditure and income budget previously set for Bailiffs invoices under Income and Awards. There is £120,000 under each account code, leaving a net position of £0. The Bailiff invoices were previously processed where the expense and recovered costs were coded in the revenue account. Now, this no longer occurs as the expenditure on the invoice is shown as already recovered, and therefore it is only the VAT amount that passes through ledger and is coded direct to the VAT account and consequently recovered. The £120,000 budgets on both the expenditure and income account codes are therefore no longer required.

5.2.4 The service maintained a reserve of £189,196 at 31st March 2022 for County Council Elections and planned to increase this reserve by £35,800 in 2022/23 to bring the total reserve to £224,996. The county elections carried out in May 2022 are estimated to have cost £192,916, the service therefore seeks approval to draw down £192,916 from the County Council Election reserve to finance the costs of delivering the county elections in May 2022. The remaining reserve will total £32,080 should approval be granted.

6. Financial Risks

- 6.1 The Council was able to achieve an underspend in last year's outturn due to the additional funding received from Welsh Government. That level of additional funding will not be forthcoming in the last quarter of this year, and the current forecast deficit is not likely to have fortuitous support. With additional pressures arising from Covid, the Ukrainian crisis and inflation the call on reserves is likely to increase through the year.
- 6.2 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 9.1% (May) we must ensure that we take every opportunity to set aside funding to limit this impact.
- 6.3 The greatest financial risk remains in our ability to deliver a balanced budget over the medium and longer term. On current modelling we project a £14 million budget gap up to 2027. But this gap is likely to be significantly higher as we identify the key pressures affecting future budgets. The Medium Term Financial Strategy and the assumptions on which the Financial Resource Model is based is being reviewed and will be considered by Cabinet and Council in September. We continue to plan in a challenging and uncertain time and will update our projections as more information becomes available.
- 6.4 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

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

- 7.1 The outturn for 2021/22 was extremely welcome and we used the funding opportunities provided to set up several specific reserves to support service pressures and additional demand, we are already utilising these funds.
- 7.2 Our planning must now focus on the medium and longer term as we develop the budget over the coming months, bridging the budget gap, transforming our services and building on the opportunities shown over the last year, whilst also maintaining an appropriate level of reserves will improve our financial resilience.

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 Service heads are required to develop their commentary at Appendix B to ensure that they set out how they will bring their budgets back in line and identify any mitigating actions that need to be agreed.

12.3 The grants set out in section 5.1 are noted

12.4 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 Email: jane.thomas@powys.gov.uk Head of Service: Jane Thomas

Appendix A – Forecast to year end as at 30th June 2022

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Adult Services	73,938	2,302	(34)	2,362	78,568	(2,362)	(1,202)	(1,100)	73,904	34
Children's Services	27,897	1,773	(400)	3,355	32,625	(1,679)	(563)	(480)	29,903	(2,006)
Commissioning	3,647	0	(1)	0	3,646	0	0	0	3,646	1
Education	17,340	544	(281)	5	17,608	(5)	(21)		17,582	(242)
Highways Transport & Recycling + Director	29,669	2,085	(2,905)	1,611	30,459	(294)	(150)	(86)	29,929	(260)
Property, Planning & Public Protection	5,913	313	(102)	181	6,305	(17)	(150)	0	6,138	(225)
Housing & Community Development	5,417	244	(59)	8	5,610	0	0	0	5,610	(193)
Economy and Digital Services	6,312	0	(199)	240	6,353	(2)	0	0	6,351	(39)
Transformation & Communication	1,466	110	(35)	1	1,542	(1)	(75)		1,466	0
Workforce & OD	2,399		(79)	138	2,458	(138)	0	0	2,320	79
Legal & Democratic Services	3,585	0	(75)	53	3,564	(28)	0	0	3,536	49
Finance & Insurance	6,258	0	(41)	15	6,232	(15)	0	0	6,217	41
Corporate Activites	38,580	437	(2,268)	0	36,749	0	0	0	36,749	1,831
Total	222,421	7,807	(6,479)	7,969	231,718	(4,541)	(2,161)	(1,666)	223,351	(930)
Housing Revenue Account	0	0	0	0	0	0	0	0	0	0
Schools Delegated	79,480	85	0	0	79,565	0	0	0	79,565	(85)
Total	79,480	85	0	0	79,565	0		0	79,565	(85)
Total	301,901	7,892	(6,479)	7,969	311,283	(4,541)	(2,161)	(1,666)	302,916	(1,014)
					(9,382)				(1,014)	

Appendix B Head of Service Commentary

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Adult Services	73,938	2,302	(34)	2,362	78,568	(2,362)	(1,202)	(1,100)	73,904	34

Adult Social Care Overview

The forecast outturn at the end of quarter 1, 30th June 2022 is a small underspend of £34k, assuming that the full growth allocation of £2.3 million will be utilised to fund services in regard to the Real Living Wage as directed by Welsh Government and remain within this financial envelope. Currently the Local Authority is still in negotiation with some providers.

Cost Pressures

(a) **Current Pressures** - Included in the forecast outturn at quarter 1

- £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 to 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

- £1.100 million in year Covid pressures considered as part of the budget setting process in the Financial Resources Model (FRM) which are to be funded from the Risk Reserve, as below

Service	Key	Detail	£'000 2022-23
	Covid / Inflation / Ukraine /		
Adult Social Care	Covid	Additional x2 AMHP SW - to manage the increased MH referrals/assessments aligned to the lock downs and Covid 19 pandemic. (Note - 75% of the current Homelessness identified in Powys, have a MH need)	100
Adult Social Care	Covid	Risk Reward contractual obligation	500
Adult Social Care	Covid	Loss of Income (ODC Meals, LD O of C & Fairer Charging) - Nett of costs	200
Adult Social Care	Covid	x3 Additional Social Worker capacity in the Older Social Worker Teams due to increased referrals and lack of Health provision during the pandemic increasing frailty of service users	150
Adult Social Care	Covid	x3 Additional Social Worker capacity to bolster the Hospital Team in line with Welsh Government directive re D2RA and hospital DToC	150
Adult Social Care	Covid	Delivery of PPE, provided by NHS Wales/WG	
		TOTAL	1100

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

- Unknown future impact of Covid 19 on services and Welsh Government (WG) Hardship funding ceased on 31st March 2022. This will be in relation to support to the local authorities to maintain their commissioned and in-house adult social care placements.
- 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 unit cost of running the centre remaining but at a much higher cost.
- 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
- 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.

Cost Underspends

- Many small underspends across all 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 £1.067 million (31.1%) of the original target to date achieved and included in the forecast outturn. Currently, there is assurance of delivery of a further £2.362 million.

- **Undeliverable**

A risk on delivery if Covid continues and referrals continue at the current levels.

Other mitigating actions to deliver a balanced budget.

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- 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.

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Children's Services	27,897	1,773	(400)	3,355	32,625	(1,679)	(563)	(480)	29,903	(2,006)

Children's Services Overview

Cost Pressures

- £399K Placements for children who are in LA care
- £140K Agency workers covering Bannau which provides in county CLA placements. We are currently actively recruiting.
- £105K Agency workers covering shifts within Children's residential home. We are currently actively recruiting.
- £80K Social Services Emergency Duty Team

Cost Underspends

- £345K We have a number of vacancies within the service. We are currently recruiting to these positions.
- £56K We have an underspend in adoption placements.

Cost Reductions

- £380K Shared costs with PTHB for CLA (as per 20/21 Savings remaining to achieve) Discussions are ongoing with PTHB to clarify and agree pathway.
- £256K Change in leaving care Provision (16 plus supported Accommodation), provision has been commissioned and is currently partly operational with other placements due to be live by end of July.
- £1,500,000 Placements - Closer to Home (step down in provision), Closer home project in ongoing and we continue to work to bring CLA back to Powys.
- £800K Continuing Care Contribution, Discussions are ongoing with PTHB to clarify and agree pathway.
- £150K Agency - Convert 5 agency SW's to Permanent Social Worker positions. We continue with our recruitment campaign to recruit permanent Social workers.

- £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.
- £10K Reduction in staffing expenses/family time expenses due to "closer to home". We continue with our closer to home project so that children can access support and services within County.
- £5K Foster Panel Costs (Team managers to cover) – This work is underway.
- £50K Special Guardianship Order (SGO) Project - 1 FTE Social Worker in first two years. There has been a delay in this project starting however this is now planned for Summer 2022.
- £30K Special Guardianship Order (SGO) Project - 0.5 FTE Independent Reviewing Officer (IRO). There has been a delay in this project starting however this is now planned for Summer 2022.
- £90K Special Guardianship Order (SGO) Project - Conversion of Independent Fostering Agency (IFA) placement to SGO placement. There has been a delay in this project starting however this is now planned for Summer 2022.

Use of Reserves

To implement a managed social work team to hold predominantly child protection cases. 120 cases to be held and managed by this managed team to enable manageable caseloads for social work teams and to ensure £499k has been approved for use to support this

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. We are engaged with the Commissioning of a Agency Matrix Framework which we anticipate will enable effective recruitment and management of agency worker and reduce agency costs.

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Commissioning	3,647	0	(1)	0	3,646	0	0	0	3,646	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 MARCH				ADJUSTMENTS OUTSIDE THE LEDGER				
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Education	17,340	544	(281)	5	17,608	(5)	(21)		17,582	(242)

Education overview

The School Service budget is forecasting an overspend position, with some significant overspends in some areas such as schools' property, ALN and Sports Facilities. These factors will continue to affect the overall position.

Efficiencies are yet to be achieved regarding the costs of maintaining our school buildings. Efficiencies are yet to be achieved regarding the ALN strategy because of the Covid-19 pandemic and consideration needs to be given regarding the long-term challenges this could bring.

The service is working hard on mitigating this issue and have managed to alleviate pressures through the effective use of grants this year. Further work is needed to achieve the efficiencies on a permanent basis.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspend	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
Schools Delegated	79,480	85	0	0	79,565	0	0	0	79,565
									June Variance
									(85)

Schools Delegated Overview

Schools submitted their approved budgets to the Authority on 1st May 22, which were reviewed by the Head of Education and the Head of Finance / Section 151 officer. All schools have now received a response to the submittals outlining any actions they need to take.

A report for information will also go to Cabinet on 26 July 2022 detailing the balances and advising what action is being taken.

Officers continue to work with Schools in deficit to bring budget plans back to a balanced in year position, recovery plans will also need to be submitted to the Authority by the end of September 2022 if a school is in an unlicensed position.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Highways Transport & Recycling + Director	29,669	2,085	(2,905)	1,611	30,459	(294)	(150)	(86)	29,929	(260)

Highways Transport & Recycling Overview

Cost Pressures

Page 20

- £550k overspend on highways routine maintenance works, however this is mitigated by an under spend of £327k reported because of vacant management/supervision posts and reduced private contractor spend in Highways Operations.
- £205k 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.
- £87k overspend on green waste collections
- £72k overspend on domestic waste collections resulting in the main from increased fuel costs
- £223k overspend on Household Recycling Centre management fee for July to March 2023 whilst the contract retender takes place.
- £420k overspend on home to school transport expenditure

Cost Underspends

- A forecast over-recovery of recyclate income against budget of £540k
- An over-achievement of £705k against street works resulting from increased income against budget.
- An over-achievement of profit associated with highways design of £209k.
- An over-achievement of income on traffic management works of £100k

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

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Property, Planning & Public Protection	5,913	313	(102)	181	6,305	(17)	(150)	0	6,138	(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.

Further controls relating to the of funding 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.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Housing & Community Development	5,417	244	(59)	8	5,610	0	0	0	5,610	(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.

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		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Housing Revenue Account	0	0	0	0	0	0	0	0	0	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 MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Economy and Digital Services	6,312	0	(199)	240	6,353	(2)	0	0	6,351	(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.

Cost Underspends

Staffing costs are currently underspent as the restructure of service has been finalised in Q1 which has covered underachievement in cost reductions.

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.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Transformation & Communication	1,466	110	(34)	1	1,543	0	(76)		1,467	(1)

Transformation and Communication Overview

Cost Pressures

- Communications staffing structure not fully funded by the annual working budget
- Fixed term positions - not funded by the annual working budget:-
 - 1x Systems Business Intelligence Officer within the team on a fixed term contract – 2-year fixed term position
 - 1x Data Quality Officer – 1-year fixed term position
 - 1x Communications and Engagement Officer
 - 1x Multimedia Assistant

Cost Underspends

There is a small underspend in the service, this is due to some staff vacancies, particularly in the Welsh Language / Translation areas, and due to some staff not being at the top of their scale that is budgeted for.

Posts in Translation services have been recruited to and are pending the appropriate checks.

Cost Reductions

The £1000 cost reductions not delivered can be removed from the Transformation and Communications budget, this amount was allocated to travel expenses, and is not required going forward given the limited travel staff undertake due the New Ways of Working practices.

Use of Reserves

£76k use of reserves.

£63k 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.

£12k 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 due to the end of Track, Trace and Protect, and some projects that were funded by Welsh Government Integrated Care Fund (ICF). We have monies in reserves and are using these to support our current workforce delivery model. The forecast outturn is greater than the annual working budget, which has been the case for many years.

This 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 MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Workforce & OD	2,399		(79)	138	2,458	(138)	0	0	2,320	79

Workforce and OD Overview

We are forecasting an annual underspend of £79k 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 OD and Employment Services of £35k.

Cost Pressures

None to report this quarter.

Cost Underspends

We are forecasting an annual underspend of £79k against budget, mainly arising from staffing underspends due to vacancies and the over-achievement of income within OD and Employment Services of £35k.

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 are forecasting an underspend at year end.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Legal & Democratic Services	3,585	0	(75)	53	3,564	(28)	0	0	3,536	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

Other mitigating actions to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Finance & Insurance	6,258	0	(41)	15	6,232	(15)	0	0	6,217	41

Finance Overview

The service is expected to deliver a balanced budget this year

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 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	June Variance
Corporate Activities	38,580	437	(2,268)	0	36,749	0	0	0	36,749	1,831

Corporate Overview

Cost Pressures

There is an £82k shortfall on the levies budget for both the Fire and Brecon Beacons National Park, budgets were agreed before the final inflation uplifts were provided by these organisations

Cost Underspends

£1,396k relates to an underspend on interest on borrowing and MRP. This is linked to the revised capital programme expectations which has reduced and requires less borrowing.

£810k overachievement of council tax is forecast in part relating to the premiums we have in place. This figure may change depending on how successfully we are able to maintain collection rates.

Appendix C

In Year Pressures that require use of Reserves			
Service	KEY - Covid/ Inflation/ Ukraine	Detail	2022-23 £'000
Adult Social Care	Covid	2 Additional mental health (MH) social workers to manage the increased MH referrals/assessments aligned to the lock downs and Covid 19 pandemic. (Note - 75% of the current Homelessness identified in Powys, have a MH need)	100
Adult Social Care	Covid	Risk Reward contractual obligation arising from the voids in the care homes	500
Adult Social Care	Covid	Loss of Income from day centre meals, and other social care charging due to service changes and inability to charge above threshold - Net of costs	200
Adult Social Care	Covid	3 Additional social worker capacity in the Older Social Worker Teams due to increased referrals and lack of Health provision during the pandemic increasing fraility of service users	150
Adult Social Care	Covid	3 Additional social worker capacity to bolster the Hospital Team in line with Welsh Government directive re D2RA and hospital Delayed Transfers of Care	150
Adult Social Care	Covid	Delivery of PPE, provided by NHS Wales/WG	TBC
Children's Social Care	Covid	Increased staffing/agency due demand at front door, early help and assessment.	480
Highways, Transport & Recycling	Inflation	ALN Transport - The budget assumed a 2.4% rise in transport contract costs from September, however transport providers are seeking a minimum of 3%, an additional 0.6% inflation from that considered at budget setting. It also includes the impact of retendering a small number of ALN routes	86
Total Quarter 1			1,666
Agreed use of Specific Reserves			
Service		Detail	2022-23 £'000
Adult Social Care		Managed service 'Zyla' to reduce the number of outstanding reviews, in part due to the pandemic and due to the increased presentations due to lack of Health Care provision	497
Adult Social Care		Fund additional running costs of Older Day Centres and restricted numbers of service users	100
Adult Social Care		Additional cost of the Agency Domiciliary Care during period of recruitment and on boarding new council staff, following the return of hours from the external providers	385
Adult Social Care		Additional capacity within the Occupation Therapist teams to meet the increased number of outstanding assessments due to increase in referrals during the pandemic	220
Children's Social Care		Interim team currently holding 120 cases within Children's Services but was due to end at the end of August. Extended to the end of December this will enable the Service to meet the current demand	499
Children's Social Care		Satellite residential care home set up with a registered provider who can meet the needs of this young person	64
Education		One-off targeted interventions of bespoke support packages for schools causing significant concern	21
PPPP		Loss of planning fee income due to limited applications being submitted	150
T & C		Funding to cover the costs of posts that do not have baseline funding and therefore reduces the risk to the organisation for 12 months.	75
HTR		Budget to fund the delayed repair works to the Bailer at Brecon Transfer Station	28
HTR		Ash die back activities	100
HTR		Purchase of 2 x mist & odour repression systems for Rhayader and Abermule, required to satisfy the regulators	22
Total Quarter 1			2,161

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CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
26th July 2022

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

REPORT TITLE: Capital Forecast 2022-23, as at 30th June 2022

REPORT FOR: Decision / Information

1. Purpose

1.1 This report provides an update on the financial position of the Council's capital programme for 2022/23 as at 30th June 2022.

2. Background

2.1 The 2022/23 Capital Programme was approved by Council on the 3rd March 2022. It included capital schemes totalling £133.88 million, of which £25.55 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects from 2021/22 (outlined in the March 2022 capital report) and additional grants received from Welsh Government.

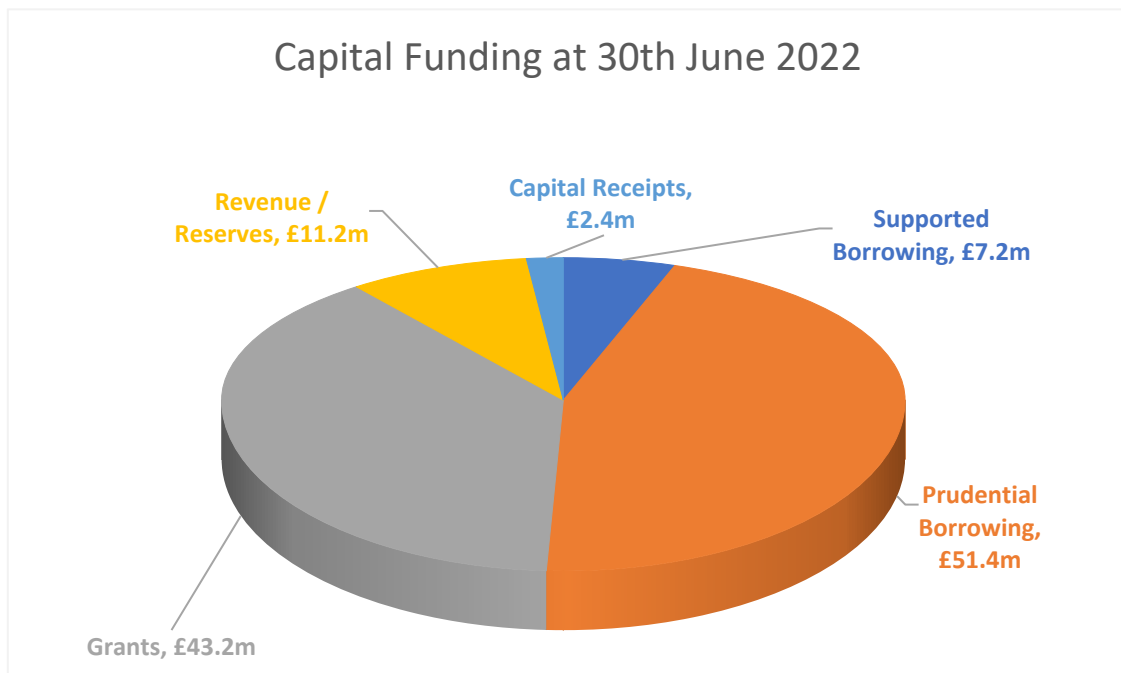
2.2 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	712	139	851	(13)	864	102%
Childrens Services	0	1,111	1,111	283	828	75%
Education	27,868	3,641	31,509	1,256	30,253	96%
Highways Transport & Recycling	14,163	7,268	21,431	4,470	16,961	79%
Property, Planning & Public Protection	100	2,158	2,258	620	1,638	73%
Housing & Community Development	2,462	2,696	5,158	(887)	6,045	117%
Economy & Digital Services	9,974	4,236	14,210	806	13,404	94%
Finance	53,047	(45,525)	7,522	29	7,493	100%
Total Capital	108,326	(24,276)	84,050	6,564	77,486	92%
Housing Revenue Account	25,550	5,708	31,258	4,651	26,607	85%
TOTAL	133,876	(18,568)	115,308	11,215	104,093	90%

2.3 The revised programme at the 30th June 2022 is budgeted at £115.31 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £11.22 million, representing 10% of the total budget. The £45.00 million that was included in the original programme for the Global Centre of Rail Excellence (GCRE) has at this stage been removed and will be reinstated when it is required.

2.4 51%, £58.6 million, of the capital programme will be supported through borrowing, the interest cost for this is charged to the revenue account. Finance will be working with the services to ensure the profiling of budgets is accurate to effectively manage the borrowing.

2.5 Chart 1 – Capital Programme funding



2.6 Inflation is having a significant impact on the cost of schemes due to rising material and construction costs. It is unclear at this stage how this will impact the programme over the coming years. Services are aware of this impact and are mitigating increases as far as possible, some schemes may be reduced or paused. Any additional funding required is likely to increase borrowing, this will increase costs on the revenue budget. The funding for any additional borrowing will need to be identified and approved with regard given to affordability against a positive cost benefit analysis.

3. Grants Received.

3.1 The following grants have been received since the start of the financial year. These are for additional schemes and have been included in the Capital Programme.

3.2 **Highways, Transport & Recycling** - £0.68 million Welsh Government Grant to support the roll out of a 20mph default speed limit on restricted roads.

3.3 £0.12 million from Welsh Government has been awarded under the Road Safety Grant scheme to support schemes and projects that contribute to reduce casualties on Welsh roads

3.4 £2.36 million has been awarded from the Welsh government for the Active Travel Scheme to help increase levels of active travel, improve health & well-being, improve air quality, reduce carbon emissions, connect communities and improve active travel access to employment, education and key services, destinations and public transport.

3.5 Local Places for Nature Capital Funding received from Wales Council for Voluntary Action, £0.15 million for Nature on your doorstep and £0.08 million for Greening the public service estate.

3.6 £0.29 million has been awarded from the Welsh Government for the Local Transport Fund to enable us to develop integrated, effective, accessible, affordable and

sustainable transport systems. £0.08 million for the Resilient Roads fund to enable us to support transport projects that mitigate and adapt to the effects of climate change, including addressing disruptions caused on the highway network by severe weather.

- 3.7 £0.35 million from the Welsh Government has been awarded for Safe Routes in Communities to improve accessibility and safety and encourage walking and cycling in communities. There is particular emphasis on improving routes to and from schools. The aim is to change how people travel, resulting in greater social inclusion and improved community safety.
- 3.8 £0.28 Million grant has been awarded from the Welsh government for FCERM Small Scale works and £0.16 million for Flood Alleviation Schemes for the purpose of supporting the National Strategy for Flood and Coastal Erosion Risk Management in Wales which aims to ensure the risks to people and communities from flooding and coastal erosion are effectively managed
- 3.9 **Regeneration** – Welsh Government have awarded £0.20 million funding in relation to the Brilliant Basics Fund for the purpose of delivering basic small scale tourism infrastructure improvements across all of Wales in order to ensure that all visitors to Wales have a positive and memorable experience throughout all aspects of their stay.
- 3.10 **Education** – Welsh Government have allocated £0.88 million Community Focused schools grant to safely adapt and effectively open schools outside traditional hours through a number of targeted small and medium scale capital investment, thus enabling community use of the existing facilities.
- 3.11 **Housing Revenue Account** – Welsh Government have confirmed this year's allocation of the Major Repairs Allowance (MRA) grant, it remains the same as last financial year at £3.72 million. This is used towards the capital works to the councils existing housing stock.

4. Virements

- 4.1 An additional £0.14 million is required for vehicles for the operative and staff transferred back from HOWPS. The additional costs are for the 'fitting out' of the vans and this increase is attributed to a more detailed specification to meet Health and Safety standards and the general cost of materials going up. This virement has been approved by the Chief Executive and Head of Service in line with the delegation of powers over the election period and the works have been carried out. This is included for ratification by Cabinet.
- 4.2 A virement of £0.5 million is requested to fund the renewal of the Catering Management and Cashless System to ensure there is continuity of service to learners, families and schools, enhancements to the back-office support that the system provides to schools and the central Catering team will reduce administration. The business case to proceed to procure the system was considered and supported by the Capital Oversight Board . The introduction of the original system made savings and if the system is not renewed manual processes would have to be reintroduced with additional staffing and other associated costs. At this stage, no specific funding has been identified so additional borrowing will be required to fund this scheme. Based on the cost and a life expectancy of 5 years for this type of equipment/software, this will increase the costs of borrowing in the revenue budget by £104,000 per year, payable for 5 years.
- 4.3 During the procurement and construction periods of the Abermule Business Park there have been significant material and resource price increases, especially steelwork and concrete, which are a significant element of the project, and these have impacted on the original scheme budget. Value engineering has been undertaken to minimise the

effect of the cost increases, however, this has not fully mitigated the impact. The additional budget of £0.14 million will assist in contributing towards these increases. This increase will be funded from the unallocated amount already included in the capital programme so there is no impact on the revenue budget.

5. Reprofiling Budgets Across Financial Years

- 5.1 In order to align with the timetable of other works at Kirkhamsfield Depot, Newtown, the planned construction of the Strategic Salt Reserve has been postponed by a year. £0.03 million budget will be rolled forward from 2022/23 into 2023/24 and the construction budget of £750,000 will be rolled forward from 2023/24 into 2024/25. The project budget will be reviewed to ensure it remains adequate given recent rises in material costs.
- 5.2 Small works in the Glasbury bridge replacement programme are being brought forward and require £0.05 million of budget to be reprofiled from future years into 2022/23.

6. Capital Receipts

- 6.1 There are currently sales agreed to the value of £1.36 million (including £0.39 million for the HRA), these are at the legal stage of the process and will generate future capital receipts. At this stage it is expected that sales totalling £2.00 million will be achieved this financial year.

7. Resource Implications

- 7.1 The Head of Finance (Section 151 Officer) notes the content of the report and can support the recommendation to approve the virements. The re-profiling of schemes is essential to enable us to more accurately project expenditure, the consequential need to borrow and the impact on the revenue budget. Expenditure on the Capital Programme continues to be monitored carefully through the year, the impact of rising costs, supply chain issues and additional borrowing costs will have to be carefully considered. Prioritisation of resources at a corporate level ensures that the council can effectively meet its objectives whilst maintaining an affordable level of investment.

8. Legal implications

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

9. Recommendation

- 9.1 That the contents of this report are noted.
- 9.2 That Cabinet approves the virements proposed in section 4, this is to comply with the virement rules for budget movements between £100,000 and £500,000 set out in the financial regulations

Contact Officer: Jane Thomas Email: jane.thomas@powys.gov.uk Head of Service: Jane Thomas

Appendix A:

Chart 2 - Capital Programme as at 30th June 2022

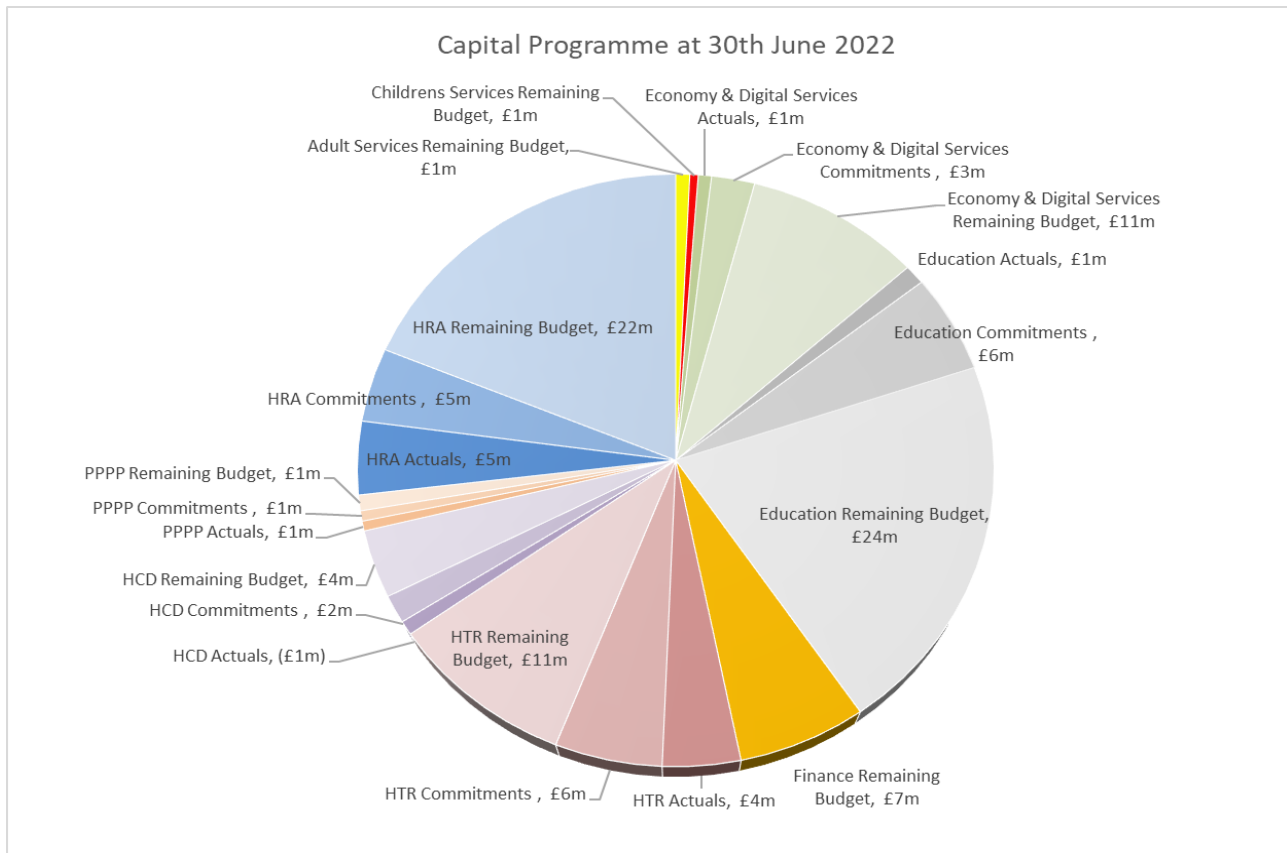


Table 2 - Capital Programme funding as at 30th June 2022

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Contribution	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Capital	7,211	32,835	37,273	4,347	2,385	84,051
HRA	0	18,526	5,886	6,846	0	31,258
Total	7,211	51,361	43,159	11,193	2,385	115,309

Head of Service Commentary

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Adult Services	851	(13)	864	102

HOS Comment

The budget above does not currently include the £200k for the care homes, this will be corrected for future reports. The care home capital funds will be fully utilised.

The capital amounts available include monies used for purchasing TEC and robotics to a value of half a million pounds. These monies will either be spent or carried forward.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	1,111	283	828	75

HOS Comment

Children's Services capital budgets for this year are for redeveloping residential provision including developing safe accommodation for children and young people, and to develop a childcare venue in south Powys and an integrated family centre in Welshpool. The work is progressing as planned with full expenditure expected at end of year.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	31,509	1,256	30,253	96

HOS Comment

Sustainable Communities for Learning Programme (previously known as 21st C Schools Programme)

Approved projects

- Cedewain – WG approved increase in budget and contract now signed. Start on site in July.
- Brynllwarch – contract awarded to ISG 18/05/22. Discussions have taken place about the timescale with a suggested alternative way of agreeing the contract sum in order to speed up the programme.

- Ysgol Gymraeg y Trallwng – construction on schedule. Scrutiny of additional costs for some work packages continues and this was presented to Welsh Government, as they are jointly-monitoring the costs. Welsh Government approved additional costs.
- Ysgol Calon y Dderwen – work has focused on refining the scope of the school in order to bring size and costs to within the agreed funding envelope.
- Sennybridge – OBC has been developed.
- Bro Hyddgen – Cost modelling has taken place, engagement with key stakeholders, and energy report has been received to understand whether the project can become carbon zero in operation.

New projects

- Ysgol Calon Cymru – option appraisal for Llandrindod campus prepared, high-level feasibility undertaken on the Builth campus, and informal engagement report prepared.
- Brecon Primary School – process of establishing temporary governing body started, awaiting task plan for first stage feasibility from PDS for the new build.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	21,431	4,470	16,961	79

HOS Comment

The Highways Capital programme has been significantly affected by the sharp rise in construction costs. To mitigate this rising of costs, several schemes have had to be removed from the programme. This adjustment to the programme has been based upon the schemes ranking and priority. Without further funding to mitigate the increased costs (should costs remain at current levels into the future), then this will significantly limit the outcomes that can be achieved within the Highways Capital budget and in time this will affect the rate at which the network deteriorates.

Brecon HWRC - Consultations with stakeholders is on-going.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Property, Planning and Public Protection	2,258	620	1,638	73

HOS Comment

The Property, Planning and Public Protection capital programme has been impacted by the rise in construction costs, especially steel and concrete costs. The construction of the commercial units has been adversely impacted and is likely to exceed allocated budget. Alternative funding options are being explored.

Delays are being experienced with the construction of the proposed Machynlleth cemetery. Solutions to the contractual issues are being sort and the budgetary implications are under review.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing and Community Development	5,158	(887)	6,045	117
Housing Revenue Account	31,258	4,651	26,607	85

HOS Comment

The Housing Revenue Account is experiencing some slight delays in completing new housing build schemes due to availability of labour and materials. The Welsh Housing Quality Standards programme has been delayed, twelve lots or packages of works have been tendered, with only eighteen tenders received. Two lots or packages of work did not receive any bidders. This has delayed the start for these packages of work.

It has been noted that costs have increased, with material costs an area which will be monitored. No anticipated significant delays to planned capital works at this point in the financial year but this will be kept under review.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Digital Services	14,210	806	13,404	94

HOS Comment

Economy

Transforming Towns Programme have applied for £5,080,000 for Placemaking Grant – this grant is managed through an application process with Private Sector, Town Council and, in some cases, Third Sector organisations – We provide support to applicants, they must follow the appropriate procurement procedures in line with PCC policy and they are advised to include a contingency in the application to cover such occasions as material prices increases. This creates very low risk to the Council and is not likely to affect PCC capital funds.

Levelling-up Capital Projects - Current demand for materials and labour is high which in turn could impact on our ability to secure them for our construction projects. To mitigate these actions, contingency costs and inflation have been included in cost estimates. The local authority has through its procurement procedures an approved suppliers list for the provision of goods and services and will be able to secure contractors and materials for the construction elements of the project within budget. Given the short term nature of the construction projects our exposure to this risk is low to moderate. We are also working with our partners to mitigate through similar actions.

Digital Services Capital

The majority of the Digital/ICT Capital budget was not expected to be spent in the first Quarter of 2022/23. It is anticipated that this will be spent throughout the following quarters and will be closely monitored.

Due to the increase of costs and historic supply issues; ICT will need to closely monitor the budget and expected spend – particularly for hardware related purchase e.g., Staff Laptops.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Corporate	7,522	29	7,493	100

HOS Comment

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

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