

Finance Panel

Meeting Venue
By Zoom

Meeting Date
Friday, 30 June 2023

Meeting Time
10.00 am

For further information please contact
Wyn Richards

wyn.richards@powys.gov.uk



County Hall
Llandrindod Wells
Powys
LD1 5LG

26th June 2023

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 AND VICE-CHAIR
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Arising from the Annual Meeting of the Council, to elect a Chair and Vice-Chair for the ensuing year.

3.	MINUTES
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To receive the minutes of meetings held on 28th April 2023.
(Pages 3 - 10)

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

5.	FINANCIAL OUTTURN REVENUE REPORT 2022/23 AS AT 31ST MARCH 2023
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To receive and consider the Financial Outturn Revenue Report 2022/23 as at 31st March 2023

(Pages 11 - 28)

6.	FINANCIAL OUTTURN CAPITAL REPORT 2022/23 AS AT 31ST MARCH 2023
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To receive and consider the Financial Outturn Capital Report 2022/23 as at the 31st March 2023

(Pages 29 - 36)

7.	FORWARD WORK PROGRAMME
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To note that the schedule of meetings is as follows:

(Pages 37 - 38)

8.	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.

9.	UPDATE ON PROGRESS WITH SUSTAINABLE POWYS (RE-IMAGINING) WORK
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To receive and consider an Update on Progress with Sustainable Powys (Re-Imagining) Work.

**MINUTES OF A MEETING OF THE FINANCE PANEL
HELD BY ZOOM
ON
FRIDAY 28TH APRIL 2023**

Present: County Councillor AW Davies (Chair)
County Councillors, E A Jones, J Pugh, E Vaughan, C Walsh, P Lewington.
Co-opted Member: Gareth Hall.

Cabinet portfolio Holders in Attendance: County Councillor D Thomas (Cabinet Member for Finance and Corporate Transformation)

Officers: Jane Thomas (Head of Finance),
James Chappelle (Capital and Financial Planning Accountant)

1.	APOLOGIES
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Apologies for absence were received from:
County Councillor: A Cartwright. Officer: W Richards. Lay Member, L Hamilton – observer

2.	DISCLOSURES OF INTEREST
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There were no Declarations of Interest from Members relating to items to be considered on the agenda.

3.	MINUTES
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Documents Considered:

- 01.02.2023, 13.02.2023, 24.02.2023.

Outcomes:

- Minutes agreed by Panel members present as a true and accurate reflection of the meetings and ratified accordingly by the Chair.

4.	REVIEW THE TERMS OF REFERENCE
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Documents Considered:

- TOR of Finance Panel as written in the Constitution.

Points raised by the Panel:	Responses received from Officers or Cabinet Members.
Whilst details may appear light touch, Chair confirmed that the TOR is kept at a high level to avoid analysis into Service Areas which are covered by other Scrutiny Committees, thus maintaining an overall view of the services provided by the Council.	Possible wording to be suggested and submitted for recommendation via the Chair and Head of Finance.
Are there pathways for Finance Panel to forward outcomes and recommendations.	Formal pathways are in place for recommendations and outcomes of

	scrutiny to be forwarded to Cabinet, as per the Scrutiny Committee Report process under Section 7 of the Constitution. (7.25.1 & 7.25.2)
For Panel to have confidence in the assumptions and predictions made, request for a protocol to be included in the TOR, for the review of the previous 2-3 years financial reports and predictions.	Review past financial performance, understand the variances and reason for those variances, what action is to be taken and lessons learned. (see the Constitution 7.38.2 any other monitoring and performance reports as appropriate). Cabinet Member in agreement with bringing accountability into the process.
Various deep dives are undertaken by the Governance and Audit Committee Working Groups. The Chair confirmed that updates of relevant outcomes should be brought to Finance Panel.	

Actions:

1. Chair/ Vice Chair and Head of Finance to discuss wording of TOR.
2. G&A Working Groups outcomes to be added to Forward Work Programme when appropriate.

Observations:

Panel made the following observations:

- The Panel welcomed:
 1. The opportunity to receive updates from G&A Working Group deep dives on relevant financial matters.
- The Panel requested that:
 2. Wording be recommended to the TOR re: protocols to review past financial performance.
Following the meeting, the Head of Legal and Democratic Services confirmed that proposed amendments to the Finance Panel TOR should be forwarded to him in the first instance, then submitted to Democratic Services Committee, from where a recommendation would be made to Full Council.

5.	UPDATE ON ENERGY EFFICIENCY FUNDING AND CRITERIA FOR SCHOOLS
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Background:

- The Learning and Skills Scrutiny Committee has requested involvement in developing the criteria. Learning and Skills Committee meeting scheduled for the 19th June 2023.
- Once criteria has been developed, it will then be proposed to Cabinet to be taken forward, thereafter Panel will have sight of the outcome.

Points raised by the Panel:	Responses received from Officers or Cabinet Members.
The crucial element is that schools have had to present finalised budgets to Council by the 1 st May. In theory the additional £500k was to support during this financial year (2023-24). There was a significant use of funding reserves going forward, and concern was raised of lateness of the criteria being developed and information forwarded to schools.	
Frustration held by School Governing Bodies that this information has not been disseminated. Schools are setting difficult and challenging budgets, with energy costs amongst other elements adding to those challenges. It is imperative that this information be passed to Schools as soon as possible	

Observations:

Panel made the following observations:

- The Panel requested that:
 1. Criteria information be passed to schools at the earliest opportunity once developed.
- The Panel expressed concern:
 2. Of the lateness of the criteria being developed, particularly as after schools have submitted their finalised budgets for the forthcoming year.

6.	RE-IMAGINING POWYS / PEOPLES' POWYS WORKSHOP FINANCE UPDATE
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Background:

- The report on Re-Imagining Powys has not yet been approved by EMT (Executive Management Team) nor Cabinet.
- Unsure how progress will be managed from a Finance Panel aspect. Members will be briefed on progress regularly, with Service Area's progress monitored via the relevant Scrutiny Committee.
- Cabinet Member wished to identify the specifics that Finance Panel would be requesting oversight of.
- Overarching principles of Re-Imagining Powys and how it would assist the Council's finances bridge gaps in the MTFs.

Points raised by the Panel:	Responses received from Officers:
Concern raised on the overall impact of constraints on the budget of the	This is a whole Council approach, with all County Councillors, the Council,

<p>Council, and the balance between the various services.</p> <p>The rough outlines of the budget have to be in place by the middle of Q2, which creates a tight timeline if there are significant changes to how the budgets are pulled together in that period.</p>	<p>staff, and the wider public engagement being crucial.</p> <p>The feedback from the workshop, of those in attendance, was that they valued the day with 97% in support of the outcome and plan being developed to take the programme forward. The focus of the workshop was to understand what the Council was hoping to achieve, the case for change and the need to implement this programme and look to the future. Once EMT and Cabinet have approved the report and the next steps captured, the report would be scheduled for Finance Panel.</p>
<p>Reassurance sought of behind the scenes work, as to date, little visible progress.</p>	<p>As appreciated, work continues behind the scenes. The role for this Panel, would be to review the process to delivery, the timeframe and understand the overall impact of the work and how it would assist to bridge the gap over the Medium-Term Financial Plan.</p>

Observations:

Panel made the following observations:

- The Panel expressed concern:
 1. That to date no significant evidence of progress on Re-Imagining work.
 2. Budgets outlines should be in place mid Q2, leaving a tight timeline, if any significant changes made for Services to adhere to.

7.	THE REVENUE FINANCIAL FORECAST 2022-23 (AS AT 28TH FEBRUARY 2023)
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Documents Considered: The report of the 2022-2023 revenue financial forecast position as at 28th February 2023

Background:

- Improved position from Q3 £2.4m deficit, as projected outturn reported at a surplus of just over £800k.
- This is reported after drawing down payroll reserve, to meet additional pay pressures of last year.
- Anticipate a further draw down on specific reserves set aside when inflationary impact identified.
- If draw down the £2.5m as expected this would further improve the financial position to a surplus of £3.4m.
- The surplus is already set aside for specific elements.
- Improved position due to the following (see section 2.3)

- Adult Social Care reported an improved position of £1m from additional PTHB funding, in final settlement of an outstanding debt.
- Funds set aside for external partners, in relation to the real living wage, is not fully required, leaving £300k.
- Improvement in borrowing costs – further impact on Capital schemes, some delays and re-profiling into next year
- Within Housing and Community Development, in December the Council agreed to fund, from a draw down on reserves, pressures in Leisure Services of approx. £287k. Due to current position those funds will now be met from the reported underspends.
- Section 3 Cost Reductions Delivery – Target of £10.8m savings, delivering 74% approx. £8m, some still be delivered by year end, but do have £2.5m unachieved. Some are to be delivered in the next financial year; however, some have been written out of the budget plan going forward.
- Section 4 Reserve position, anticipating using £10.2m Councils Revenue Reserves, reducing opening balance of £67.3m to £53.5m. The nationally agreed pay award is the key pressure to meet. School reserves also reported there.
- Latter sections highlight ongoing financial risk and Head of Service commentary.

Points raised by the Panel:	Responses received from Officers & Cabinet Member:
<p>Secondary school reserves show a deficit of £3m, the new funding formula for schools has created additional issues and challenges, concern held that the deficit over the coming years will increase, how would some schools remain sustainable in future.</p> <p>The Chair commented that the Learning and Skills Scrutiny Committee are interested in this and will review.</p> <p>Some of the schools' deficits related to actions out of the schools' control.</p> <p>Brecon High School is 1/3 empty, how can a budget operate effectively with large pupil vacant spaces</p>	<p>Secondary Schools are an area concern, where historical deficits being carried forward, recovery plan work continues with those schools.</p> <p>Updated budget plans due from Schools within the next week, with action where required to support schools through the next financial year. The schools' deficit and lack of reserves is impacting a number of Local Authorities in Wales.</p> <p>Accept there are major challenges within schools and finance officers are working to address issues.</p>
	<p>It was clarified that the £1m improvement for Adult Social Care was reported against the overall budget and was not due to one specific thing.</p>
<p>Section 3 Cost Reduction delivery, the written-out savings, were these anticipated savings, as need Service Areas to have a better understanding on targets and deliverable savings.</p>	<p>The £0.5m was not anticipated from PTHB.</p> <p>Where savings have not been delivered, the reasons would be clarified. As part of the out-turn report, there will be in depth review as to why savings</p>

<p>Chair commented where challenging budgets set, it becomes more difficult year on year to deliver 100% on projected savings, the use of Impact Assessments is imperative to highlight risk.</p>	<p>undelivered, what level of risk was identified, action to be undertaken or lessons to be learned. Delivery on projected savings improved pre-pandemic, given the myriad of uncertainties during and post-pandemic this reduced, disappointing to report further reductions at the end of 2022. It is not acceptable and must improve. Where savings brought forward, the Impact Assessments (IA's) should highlight any issues with savings delivery. Work continues on making IA's more effective.</p> <p>Delivery of the whole Budget carries a level of risk, which is clearly set out at the approval by Council.</p> <p>Savings targets are stretched, to ensure maximisation; however, it is critical to fully understand associated risks.</p>
<p>Council Tax collection rate is anticipated at 98.5%. With the current inflationary pressures impacting on the cost of living, has a possible reduction in collection rate been factored in budget forecasts 2023/24 & 2024/25. Request for the Self -Employed to be included in discussions with CAB.</p>	<p>Potential collection rates of Council Tax are reviewed on an annual basis and amended within tolerances. There are mechanisms to assist eligible residents to claim assistance. The Council has increased staff resource within the Money Advice Service, within the last year approx. 9000 calls were received. National Council Tax Collection Rates report due shortly.</p> <p>The Deputy Leader and Portfolio holder meeting with CEO of CAB to review our guidelines and procedures and will bring outcomes back to Cabinet for discussion.</p>
<p>Was expenditure tempered last year and were some capital projects pushed back as a deliberate financial decision.</p>	<p>The specific reserves set aside will be spent immediately in the new financial year to support ongoing pressures i.e., nationally agreed pay awards, this position will help mitigate those existing pressures.</p> <p>Some Capital projects were pushed back, business cases not progressed, others delayed by the economic challenges. Action to delay projects only taken where appropriate to do so, without creating additional risk to the Council.</p>

Action:

- Head of Service to discuss outside this forum PTHB contract and uplifts.

Observations:

Panel made the following observations:

- The Panel expressed concern that:
 1. The new schools funding formula had created additional challenges, with likelihood of deficits increasing casting doubt on sustainability in future.
 2. Service areas are to have a better understanding of Cost Reduction delivery and tracking risk through the Impact Assessments.

8.	THE CAPITAL FORECAST 2022-23 AS AT 28TH FEBRUARY 2023
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Documents Considered: Capital Forecast 2022-23 Report as at Feb 28th, 2023.

Background:

- Revised budget just over £95m, reduction from £133m at beginning of the year.
- Spend stood at £49m, 38% of the capital programme expected to be funded by borrowing, with 50% funded by capital grants.
- Grants received for Shared Prosperity, Housing - optimised retro fit programme for energy efficiency works. Small grant scheme for schools and the Capital Efficiency Works grant £2.2m
- Virement requests from Planning Property and Public Protection re: fanning system, supported by the Capital Oversight Board to be implemented in 2024, Installation of whiteboards in schools of £100k.
- Capital receipts £1.5m had been received, including £400k for the HRA.
- Sales agreed at £2.6m, financial year reported in dependent on end date.

Points raised by the Panel:	Responses received from Officers or Cabinet Members:
What date was the £2.2m Capital Efficiency works grant awarded previously informed in financial year (2023/24)	Capital Efficiency works grant received in 2 nd February, used to fund works already completed in that financial year as not sufficient time once awarded (6-8weeks) to complete those works. It was noted in the report to carry the displaced funding forward to carry out capital works in future years.
Efficiency Works Grant awarded early February yet did not form part of the Budget debate around the 500k to schools for Energy Efficiency, when clearly it was in the system.	A stipulation of the Grant was to be used on Energy Efficiency works, allowing the flexibility to displace funding already incurred, the spend for this grant is effectively being made in this financial year.
Is the assumption correct that monies have been sent back to WG from Education budget, around adult learning, as not used.	Head of Service did not recall funds being returned, will review, and advise Panel accordingly.

What are the timescales for delivery of the capital project regarding Ysgol Bro Hyddgen	Bro Hyddgen capital project delivery timescales, HoS will request information and forward to Panel.
What was projected final capital spend for 2022/23	Final projected spend at £62-63m.

Actions:

- Grant Advice notes for 2022/23 information to be forwarded to Chair.
- Information on receipt of £2.2m Capital Efficiency works grant to be forwarded to Chair / Panel.
- HoS will review comment in relation to funding returned to WG and advise.
- Bro Hyddgen capital project delivery timescales, HoS will request information and forward to Panel.

9. FORWARD WORK PROGRAMME

Comments:

- Review of previous years Financial Reports to be undertaken
- G&A Working Groups deep dive outcomes to be added when appropriate.

County Councillor A W Davies (Chair)

**CYNGOR SIR POWYS COUNTY COUNCIL.
CABINET EXECUTIVE
20th June 2023**

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

REPORT TITLE: Financial Outturn for the year ended 31st March 2023

REPORT FOR: Information and Decision

1. Purpose

- 1.1. To provide Cabinet with the revenue budget outturn for the 2022/23 financial year. This includes information on the additional funding streams received, delivery of approved cost reductions during the year and an explanation of the variances against the budget.

2. Background

- 2.1. The Council has completed its outturn processes to finalise the accounts for the 2022/23 financial year. This report sets out the position for each service with detailed narrative provided by each Head of Service in appendix A. The statutory financial statements are now being drawn together and the draft will be presented for audit at the end of June 2023.
- 2.2 This year saw the Council managing its budget in an extremely challenging economic environment. Inflation reached a 40-year high and this together with the continued impact of leaving the European Union, the legacy of the Covid-19 pandemic and the war in Ukraine, all created supply chain issues and rising costs particularly for pay, energy, fuel, contractual and borrowing costs, which created additional financial pressure across the council's services. The council responded quickly and reviewed its plans to manage the budget which were closely monitored and controlled throughout the year with quarterly reports presented to Cabinet.
- 2.3 The final outturn reports a net underspend, after contributions to specific reserves, of £6.7 million against the £221.9 million budget a 3.0% variance (excluding Schools and the Housing Revenue Account).
- 2.4 The Council's financial position has improved by £3.3 million against the published February underspend forecast of £3.4 million, supported by additional grant funding provided by Welsh Government and the UK Governments Shared Prosperity Fund.
- 2.5 This position will release one off funding to support the increasing pressure already facing the 2023/24 revenue budget particularly that relating to teachers and staff pay as pay award negotiations create unfunded pressure in next financial year. This goes some way to de-risk the Councils financial position in the short term but does not reduce the ongoing base budget pressure that continues to create a gap in our budget plans for next year and future years.

3. Revenue Outturn

- 3.1. Table 1 below summarises the outturn position across Council services, a £6.7 million underspend (excluding HRA and delegated schools) after agreed specific reserve movements have been completed.

Table 1 – Revenue Outturn 2022/3

Service Area	£'000	Working Budget	Actual Spend	Variance (Over) / Under Spend	Variance (Over) / Under Spend %
Adult Services		74,716	73,930	786	1.1
Childrens Services		28,587	30,594	(2,007)	(7.0)
Commissioning		3,773	3,036	737	19.5
Workforce & OD		2,521	2,063	458	18.2
Education		17,647	16,356	1,291	7.3
Highways Transport & Recycling		30,833	31,047	(214)	(0.7)
Property, Planning & Public Protectio		5,983	5,228	755	12.6
Housing & Community Development		5,878	5,949	(71)	(1.2)
Economy and Digital Services		6,373	6,070	303	4.8
Transformation & Communications		3,786	3,611	175	4.6
Legal & Democratic Services		1,434	1,296	138	9.6
Finance		6,419	6,302	117	1.8
Corporate Activities		34,035	29,785	4,250	12.5
Total		221,985	215,267	6,718	3.0
Use of Surplus:					
- Capital reserve to support borrowing				(2,345)	
- 2023-24 Pay Award				(3,831)	
- Transformation roll forward				(468)	
- Other Agreed Reserve Movements				(74)	
Housing Revenue Account (HRA)		0	(106)	106	
Schools Delegated		79,886	77,237	2,649	3.3
Total		301,871	292,398	2,755	

- 3.2. School Budget plans at the start of the year had planned a call on reserve of £5.4 million, the final outturn position only required £2.3 million from schools reserves and £0.3 million from corporate for agreed contribution.
- 3.3. Services have continued to manage their expenditure by reducing costs and maximising the use of alternative funding sources to support the improvement in the outturn position.
- 3.4. In April Cabinet agreed that underspends achieved in 2022/23 would be set aside to support future capital schemes and to fund the likely shortfall in the council's pay budgets as nationally agreed pay awards for 2023/24 exceed the budgeted costs. It is therefore confirmed that:
- £2,344,733 of the underspend achieved through lower borrowing and Minimum Revenue Provision is transferred into the Capital Financing reserve.
 - And that £3,831,331 be transferred into the Pay Award Reserve to fund teachers and other staff pay awards. Every 1% above the pay award estimate will require a further £1.5 million. We have currently funded:

- NJC pay at 5% next year, negotiations are ongoing with unions and indications suggest that the percentage is likely to be higher.
- Teachers' pay at 5% from April to August 2023 and at 3.5% from September 2023 onwards. Teachers' pay negotiations for September 2022 are still ongoing, but the pay award has already been uplifted to 6.5% plus a lump sum equivalent to 1.5% for the academic year.
- When pay awards are finally agreed funding will be considered from this specific reserve during 2023/24, however, the recurrent element for future years creates an additional pressure and will be included in our Finance Resource Model (FRM) from 2024-25.

- Other small movements to specific reserves for transfers to ICT Section 33.

3.5. An explanation about the change in the forecast position in February to the outturn position in March for each service area is provided in Appendix A by Heads of Service.

4. **Cost reductions**

4.1. Cost reductions of £8.1 million were approved as part of the Councils budget for 2022/23. In addition, undelivered savings of £2.8 million from 2021-22 were rolled forward bringing the overall total to be delivered this year to £10.9 million.

4.2. The summary at Table 2 shows that 78% or £8.4 million have been delivered with £2.4 million, 22% unachieved. Some services have mitigated the non-delivery of these reductions within their service budget this year and are still required to make the reductions on a recurrent basis in future years.

4.3. As part of the budget setting process for 2023-24 consideration was given to the savings that remain unachieved and it was agreed that £1.6 million that are now deemed undeliverable are written out of the budget, this mainly relates to Childrens savings. The remaining £0.8 million of the unachieved savings will be rolled forward to 2023-24 for delivery next year, further detail about these savings and why they were undelivered is set out at Appendix B.

Table 2 – Cost Reductions Summary

£'000	To Be Achieved	Actually Achieved	Un-achieved	% Achieved
Adult Services	3,429	3,429	-	100%
Childrens Services	3,640	2,146	1,494	59%
Economy and Digital Services	282	116	166	41%
Education	55	55	-	100%
Finance	39	39	-	100%
Central Activities	1,045	1,045	-	100%
Highways Transport & Recycling	1,612	1,006	606	62%
Housing & Community Development	172	172	-	100%
Legal & Democratic Services	24	18	6	73%
Transformation and Communications	230	230	-	100%
Property, Planning & Public Protection	189	59	130	31%
Workforce & OD	138	130	8	94%
Total	10,855	8,444	2,411	78%
		78%	22%	

5. **Reserves**

5.1 The reserves position at Table 3 sets out the reserve movements and balances at year end. Year-end movements resulted in an increase to reserves of £3.9 million, and the closing balance now stands at £67.8 million, with the general reserve

remaining at £9.3 million, representing 4.2% of total net revenue budget. (Excluding Schools and the HRA).

Table 3 – Reserves Table

Summary £'000	Opening Balance Surplus / (Deficit)	Forecast Addition / (Use) of Reserves	Closing Balance
General Fund	9,333	0	9,333
Budget Management Reserve	3,584	0	3,584
Specific Reserves	29,167	5,949	35,116
Transport & Equipment Funding Reserve	8,843	617	9,460
Useable Reserves	50,927	6,566	57,493
Schools Delegated Reserves	8,982	(2,316)	6,666
School Loans & Other Items	(371)	0	(371)
Housing Revenue Account	4,244	(277)	3,967
Total Reserves	63,782	3,973	67,755

- 5.2 Appendix C list the service requests to set aside unspent funds as specific reserves to help support budget demands next year, these total £2,686,217. It is also proposed to transfer the £906,707 underspend against the insurance budget to the specific insurance reserve. The reserve has reduced as claim excesses have been met in recent years and this transfer will replenish the reserve to meet future liabilities.
- 5.3 At the end of last year a number of specific reserves totalling £4,079,642 were set up to help support budget demands during 2022-23. These reserves have been reviewed, £1,966,670 has been utilised as intended in year, with £1,361,073 being rolled forward into 2023-24 (for one further year only). £751,899 has not been required and can be released and the reserves closed, this balance will also be transferred to the specific Pay Award reserve.
- 5.4 The Housing Revenue Account business plan originally planned to utilise £382,670 of reserves, but this was reduced by £106,000 to £276,670.
- 5.5 The breakdown of the school's balances and the transfer to reserve is set out below at Table 4.

Table 4 – School Reserves

School Sector	Opening Balance 31-Mar-22 £'000	Actual Transfer to / (from) 2022-23 £'000	Closed School Write Offs 31-Mar-23 £'000	Closing Balance 31-Mar-23 £'000	Original budgeted Cont. to / (from) reserves 01-May-22 £'000	Forecast Cont. to / (from) reserves Feb-23 £'000
Primary	7,924	(1,027)	(243)	6,654	(3,204)	(2,729)
Secondary	(847)	(1,109)	48	(1,908)	(1,147)	(2,168)
All Through	864	(34)	0	830	(287)	(293)
Special	1,006	41	0	1,047	(259)	(291)
Sub Total	8,947	(2,129)	(195)	6,623	(4,897)	(5,481)
Loans	(14)	7	0	(7)	0	7
Closed Schools	(322)	(194)	195	(321)	0	42
Total	8,611	(2,316)	0	6,295	(4,897)	(5,432)

5.6 Schools drew £2.3 million from their ring fenced reserves for the financial year, this was less than the original budgeted use and the predicted use in February of £5.4 million, the improvement is partly supported due to the distribution of the remaining central delegated contingency budget of £1.4 million at year end.

6. Transformation

6.1 Transformation of the councils' services continues to change the way we deliver services to our residents, this work supports the Council's financial plans reducing the costs of delivery to move the council to a more sustainable footing for the future.

6.2 Table 5 below summarises the transformation costs against the budget plan.

Table 5 Transformation Outturn

Transformation Costs	Budget £'000	Outturn £'000	Variance £'000
Transformation projects	1,829	1,547	282
Transformational redundancy	500	314	186
	2,329	1,861	468

6.3 Transforming our services remains a priority for the Council and it is proposed to roll forward the balance of £468,000 into the new financial year to provide additional budget to support transformation costs in the delivery of the Sustainable Powys Project.

6.4 A final report summarising the use of the funding, the savings delivered and the benefits achieved will be presented to the Transformation Board in July and will also be presented to other Committees for scrutiny.

7. Virement and Grants

7.1 As set out in Appendix C a number of requests have been considered to set up specific reserves to support identified service pressures during 2023-24, these have been considered and approved by the Chief Executive in consultation with the Head of Finance (Section 151 Officer) and are now retrospectively proposed to Cabinet for approval. The pressures that have been identified are not funded within the budget approved for 2023-24 and supporting these will ease the additional pressure being faced at individual service level limiting some of the risk in the budget next year.

7.2 The Section 151 Officer will release these reserves as appropriate spend is evidenced. Appendix C sets out these requests totalling £2,686,217. The largest of these requests is transferring unused Insurance budget of £906,707 to be transferred into the specific insurance reserve. The reserve has reduced as claim excesses have been met in recent years and this transfer will replenish the reserve to meet future liabilities. All of these reserves will be reviewed on an annual basis and if not required will be transferred back into the general fund.

7.3 At the end of last year (2022-23), a number of specific reserves totalling £4,079,642 were approved to help support budget demands during the year. These reserves have been reviewed as set out in paragraph 5.3 above. £751,899 has not been required and this balance is proposed to be transferred to the specific Pay Award reserve.

- 7.4 At budget setting Cabinet agreed to support the Urdd which is taking place near Meifod in 2024, the funding is required during 2023/24 therefore a virement is proposed to release £150,000 from reserves to support this.
- 7.5 Five other virement requests have been made:
- 7.5.1 Transport fund - The Fleet Management Services has reported an underspend against depreciation charges of £685,455 (due to delayed replacement of vehicles). The service have asked to utilise this underspend with an additional contribution to the vehicle replacement reserve to support the purchase of vehicles through 2023-24.
- 7.5.2 During the year Fleet Management Services generated £139,244 of income from the sale of vehicles/equipment and it is requested that this be transferred to the vehicle replacement reserve to be used to fund the purchase of future vehicles and/or equipment, where possible this funding will be used to purchase “green” vehicles
- 7.5.3 The Elections service intended to draw down £192,916 from the established Elections reserve to fund the cost of County Council Elections. The actual outturn for 2022/23 only required the service to draw down funding of £176,302, a reduction of £16,614 on the request made in June.
- 7.5.4 The Education budget included a £182,000 transfer from general reserve, this was to support the ALN strategy that had been put in place. The service have supported these costs from an underspend within the Youth and Inclusion area. A virement is required to remove the need to action the draw on reserves. This has been addressed in the 2023/24 budget on an ongoing basis.
- 7.6 There have been additional grants received this month from Welsh Government and these are included in the financial outturn:
- Childrens
 - £99,500 additional Welsh Government, Childrens and Communities Grant. The purpose of the funding is to seek to address the support needs of the most vulnerable children and adults in our communities through a range of early intervention, prevention, and support mechanisms. It will seek to mitigate or remove disadvantage to vulnerable people to enable them to have the same life chances as others, and therefore contribute to a more equal Wales. The addition funding was specifically for 3 areas, Home Start, Counselling and Childcare Sustainability.
 - Education
 - £1,256,167 Local Authority Education Grant Variation - £62,349.26 Additional Learning Need Implementation additional funding, £1,193,818 Teachers Pay for teachers in Maintained schools up to year 11.
 - £122,400 Local Authority Education Grant Variation – Universal Primary Free School Meals Funding
 - £18,500 Welsh-medium Late Immersion Grant Variation.

8. Impact of Capital

- 8.1 Capital investment and the financing of capital activities have a significant impact on the authority’s revenue position. In 2022-23 £65.5 million was spent (including HRA) on capital investments representing 69% of the revised budget.

- 8.2 The majority of the underspend can be attributed to delays in the delivery of the capital programme. The budgets associated with these projects will, where necessary, be rolled forward into 2023-24.
- 8.3 The revenue budget supports the cost of borrowing for capital purposes and recognises the future need to borrow through the minimum revenue provision budget. The revenue budgets were approved to support the original capital programme of £133.9 million. The actual capital spend was 52% less. Grants were maximised to reduce the call on borrowing, with a number received from Welsh Government in the last three months of the year.
- 8.4 The actual net cost of borrowing was £13.2 million of which £8.2 million was chargeable to the general fund, this resulted in a £2.34 million underspend on the borrowing budgets, and this has been used to shore up the Capital Reserve to replace future years borrowing and reduces the impact on the revenue account.

9. Key Financial Risks

- 9.1 The budget approved for 2023/24 recognised the ongoing impact of the current economic situation but significant risk remains and although the rate of inflation has now reduced it still presents a challenge to our assumptions. The budget includes pay award levels of 5% to 5.5% but the current negotiations suggest that higher pay awards may be awarded. The Council will need to find an additional £1.5 million for every extra 1% agreed.
- 9.2 Setting aside the specific reserves as proposed in this report enables the council to take every opportunity to limit this impact. But these funds will only support costs for one year and are not recurring. If inflation continues to impact at current levels through 2023/24 without the decline expected, our costs will continue to rise beyond the expectations built into our plans.
- 9.3 The Council remains under borrowed as we continue to utilise our cash reserves to underpin our cashflow. We have taken out additional borrowing and can continue to do so over the short, medium or longer term, but the cost of borrowing is driven by changes in bank rate, and our approach is regularly updated and explained as part of the Treasury Management update to Audit Committee.

10. Resource Implications

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

- 10.1 The revenue outturn reported provides some opportunity to further mitigate the ongoing impact of inflation and increased costs through the next financial year. But the Council faces further challenge as we develop our plans for future years. Our Medium Term Financial Strategy continues to be extremely challenging with a significant budget gap of at least £25 million over the next 4 years as the financial pressure we continue to face is likely to outweigh the funding available. The financial plans will be subject to ongoing review, funding assumptions will be revisited as more information becomes available, revised budget gaps calculated and clear plans of how we can bridge the gaps will be developed. The Council must continue to take every opportunity to reduce costs and limit the financial impact on its budget, reducing the financial pressure on future years and ensure the financial sustainability of the Council.

10.2 We must progress at pace to develop our plans to achieve a Sustainable Powys for the future. This is critical to ensure that the Council can remain financially stable and provide sustainable services in the long-term.

11 Legal implications

11.1 The Monitoring Officer has no specific concerns with this report.

12. Comment from local member(s)

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

13. Integrated Impact Assessment

13.1 No impact assessment required.

14. Recommendations

14.1 That Cabinet note the full year outturn position to the end of March 2023 and the variances reported against the approved budget.

14.2 That the virement to transfer the £468,000 balance on the Transformation budget, as set out in section 6.3, is rolled forward to support transformation costs in 2023/24.

14.3 The virements proposed as set out in section 7 are approved

14.4 The virements at 7.2 relating to Insurance and at 7.5.1 relating to the Transport Fund are recommended to council for approval in order to comply with Financial Regulations, being requests for over £500,000.

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

Appendix A – Service Narrative to Explain the Change from February to March Outturn

February Variance	£'000	Base Budget	Outturn	March Variance
1,001	Adult Services	74,716	73,930	786

The underspend has reduced from Period 11 by £0.3 million due to the roll forward of an unapplied grant.

One off income from Direct Payment refunds following audits, which were put on hold during the pandemic and unpredicted Deferred Charges, along with utilisation of other Council service area grant underspends where allowable under the terms and conditions, has resulted in not requiring the transfer from risk/management reserve of £1million.

February Variance	£'000	Base Budget	Outturn	March Variance
(2,049)	Children's Services	28,587	30,594	(2,007)

Maximisation of grants where allowable to fund baseline budget expenditure to ensure the outturn position remained as planned, and use of grants mean we did not require the £1m from risk/management reserve as originally planned.

The improved position at the end of the year, however, does not necessarily mitigate against financial challenges within 2023/24. The focus on every part of the expenditure reduced the overall deficit during the financial year. The financial challenges remained around high-cost residential provision outside of Wales and the high cost of agency social workers required.

February Variance	£'000	Base Budget	Outturn	March Variance
699	Commissioning	3,773	3,037	736

Maximisation of grants where allowable to support the service this includes using grants within the wider social care budgets.

February Variance	£'000	Base Budget	Outturn	March Variance
907	Education	17,647	16,356	1,291

Through effective ongoing joint working and collaboration between the finance team and officers across the service area we made considerable savings to ease the internal financial pressures and ended the year with a significant saving. Our grants have played a significant factor within

the outturn position of the service where possible and has offset base budget, and alleviated pressures within the service. This will have to be reviewed ongoing as fluctuations happen on grants. Part of the savings put forward in 2023/24 were by using grants instead of base council budget.

As a service we continue to robustly challenge financial decisions as senior leaders to ensure funds are having the necessary impact against our service priorities as well as providing value for money. The aftermath of the 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 and behaviour.

February Variance	£'000	Base Budget	Outturn	March Variance
(261)	Highways Transport & Recycling + Director	30,833	31,045	(212)

£367k increased spend on highways operations arising from increased spend in routine and winter maintenance activities offset by a £249k improvement on Waste Collection costs arising from firmed up agency staff expenditure and reductions in spend on bin replacement costs and £110k improvement on Property Consultancy Services due to improved income recovery levels.

February Variance	£'000	Base Budget	Outturn	March Variance
891	Property, Planning & Public Protection	5,983	5,228	755

The PPPP service area has worked hard to ensure that it operated within the allocated financial envelop. The underspend is principally the result of the release of £400k of remedial works (Strategic Property) budget, due to the corporate request to reduce expenditure in June 2022 and the service area being able to utilise grants (Shared Prosperity Funding) to fund baseline costs.

February Variance	£'000	Base Budget	Outturn	March Variance
(526)	Housing & Community Development	5,878	5,949	(71)

Housing General Fund better by £50k more costs claimable under grant than forecast.

Cleaning better by £113k more income achieved than forecast.

Catering improved by £300k, grant received in March for Free School Meals (FSM) £122k and £58k grant from Education, income slightly improved to what was forecast on FSM.

Leisure improved by £88k extra grant received to fund base funded staffing costs (SPF AND others) and underspend on library books.

February Variance	£'000	Base Budget	Outturn	March Variance
105	Economy and Digital Services	6,373	6,070	303

Customer Services and Information Compliance - £121k greater underspend - due to a rebate on a Local Authority contract and additional income from grants and sales plus greater underspend on training and other costs than forecast.

ICT Digital Services - £138k greater underspend - due to greater underspends in software contract costs and strategy and additional SPF Grant income.

February Variance	£'000	Base Budget	Outturn	March Variance
85	Transformation & Communication	3,786	3,611	175

£30k greater underspend on members than forecast general office/training/staff expenses.

More income generated for external translation in Welsh Language Unit £15k. More staff costs funded by grant and more income into Communications.

February Variance	£'000	Base Budget	Outturn	March Variance
384	Workforce & OD	2,521	2,063	458

During the final month there was an improvement of £31k on Organisation Development due to improvement on training income / costs and on general overheads. £24k improvement on the surplus of DBS income after admin costs and overheads and £11k improvement on Health and Safety staffing costs due to ongoing delays in recruitment to new roles.

The main reasons for the overall underspend of £458k for 2022/23, related to £140k underspend on Health & Safety (mainly staffing related), an underspend of £60k on Trade Union officers and their travel costs, and an underspend of £92k on Organisational Development, comprising mainly staffing costs, overheads and spend against the training budget. In addition, there was an underspend of £92k in Employment Services, largely due to an overachievement of income and to a lesser degree an underspend of £14k on staff.

February Variance	£'000	Base Budget	Outturn	March Variance
(22)	Legal & Democratic Services	1,434	1,296	138

£37k improvement on land charge income, £17k improvement on Coroner's expenditure following confirmed spend for the year. £22k confirmed income from Community Council Elections now reported,

Legal Services underspend relates to £22k improvement on Registrar's income recovery and £61k improvement on Solicitor's agency staff spend due to delays in recruitment and agency hours charged less than expected.

February Variance	£'000	Base Budget	Outturn	March Variance
33	Finance & Insurance	6,419	6,302	117

Increased contributions from grants to staffing costs (including SPF) and some budget transferred for HOWPS staff not yet appointed to.

February Variance	£'000	Base Budget	Outturn	March Variance
2,186	Corporate Activities (Borrowing, Risk Budget, Benefits etc)	34,035	30,002	4,033

£2,000k not required to fund the spend identified at risk mainly in social care.

Appendix B – Cost Reductions to be Delivered in 2023-24

Service	Requirement	Amount - £	Explanation as to why undelivered and rolled forward
PPPP	Increased rental income from properties, Ladywell House, Business unit portfolio, County Farms	55,480	The target has been delivered in part and the balance rolled forward from 2020-21 and it may be sensible now to align it to more deliverable proposals as income and rental potential has changed post Covid, at the point the saving was offered it did not suggest there would be any risk in delivering this target
HTR	The Winter Service primary routes have not been reviewed for over 15 years, and many criteria for identifying routes have changed (schools, surgeries, housing, and bus routes) which will probably require changes to the winter hierarchy. The hierarchy needs a fundamental review in light of the current financial austerity. It is considered that the existing treatment network has certain anomalies and there is potential (subject to Council agreement) to reducing the primary treated network by approx.. 10% to 15%. For context, the current length of primaries is circa 1000km; therefore a 10% reduction would mean approximately 100/150km would no longer be gritted as part of the primary network.	130,000	This target has been rolled forward from 2020-21 and no risk identified other than a reduction in gritting on some roads where the winter road hierarchy changes the priority of roads to be gritted. The Service has concluded its consultation with the public on the new matrix. Report to be scheduled for Cabinet on the new routes in the summer.
HTR	School transport is a statutory requirement, whereas Public Transport is a non-statutory provision. In such a sparse rural county such as Powys, commercially run routes are not viable and so for any service to continue there is a need for it to be heavily subsidised. An indicative percentage saving has been applied crudely at present to both budgets based on improved efficiencies, set against existing and future budget pressures.	452,162	This target has been rolled forward from 2021-22. Work has been undertaken to reduce the number of school buses, and savings will be realised for 2023/24
HTR	£32,250 to be met by overachievement of street work and recycle income. Public Conveniences have been successfully transferred to Town & Community Councils and community groups. Only two toilets now remain being maintained by PCC (Ystradgynlais and Brecon Bus Stations), and the proposal is now to also transfer these assets. Transferring these assets will create a saving, however it must be noted that if an operator cannot be found then they will need to be closed in order to make the proposed saving.	10,750	This target has been rolled forward from 2021-22. In the impact assessment it was stated <i>“It should be noted that failure to transfer the two remaining assets will result in closure and they will be declared surplus to requirements for disposal. Failure to dispose of assets will require budget to make safe / demolish asset. It should also be noted that ending the transition service grant increases the risk that some operators may end arrangements and increases the likelihood of some further closures in the future.”</i>
HTR	Remove bring banks for glass and paper	12,660	£17,430 of the initial target of £30,000 has been delivered
Childrens	Placements - Closer to Home (step down in provision)	156,750	This target is the balance of £1.5m, mainly now delivered based on knowledge of current care plans for children and young people. The impact suggested there may be a risk based on achieving in house foster carers, and the ability to recruit staff
Childrens	Special Guardianship Order (SGO) Project - Conversion of Independent Fostering Agency (IFA) placement to SGO placement	60,030	This target has been partially delivered and delivers a new approach around permanency for children and young people. Delivering the saving was predicated on additional staff to implement the changes, converting IFAs to SGOs.

Workforce & OD	DBS fees	8,212	The impact assessment did not suggest any concerns with delivering this target
	TOTAL	886,044	

Appendix C –Service Underspend- Reserve Request

Service	Allowed £	What the funding is needed for next year (only essential bids will be considered)	How it will help next years budget forecasts
Corporate Legal	27,750	The solicitor's team are presently forecasting to spend £27,750 on a new Civica legal system for the legal team in the current financial year 2022/23, so this cost is considered within their forecasted underspend of £72k in 2022/23. The £72k forecast underspend principally arises from underspends on staff wages, where the service has a number of vacant posts they are endeavouring to recruit to. There are now likely to be delays in completing the installation of the new Civica legal system, and the service is therefore requesting to pay £28k into a specific carry forward reserve at the end of 2022/23 to allow the funds to be drawn out of reserves in 2023/24 to pay for the completion of the Civica legal system installation.	Civica system replacement existing pressure expected in 2022/23 resource set aside to cover by service so ringfence to meet cost
Adult Services/ Commissioning	380,000	Roll forward to cover the additional cost of the Agency Domiciliary Care during period of recruitment and on boarding new council staff due to vacancies and to try to resolve the unmet need of 3000 plus hours on the CROFT.	Core changes in FRM but use of agency staff over and above not included, so will be an additional pressure
Adult Services/ Commissioning	100,000	x2 Approved Mental Health Practitioner agency social workers to trial a Mental Health hub in order to meet our statutory duties in regard to the Mental Health Act assessments. This is in part to mitigate the risk on the Corporate Register	Will fund the budget pressure not present at budget setting, so not included in FRM and will ensure stability of the team and the out of hours service and ensure Council meets its statutory duty
Economy & Digital	25,000	Late costs received for the increased capacity of hearing loops in the chamber	Un-budgeted cost that had not been identified before budget setting process
Economy & Digital	300,000	Levelling Up Funding (LUF) - matched funding requirement	Current budgets identify a funding gap for PCC commitment to match fund LUF capital funded projects
Economy & Digital	426,000	Roll forward of economy reserves to underpin 3 year funding model and to smooth out grant funding gaps for a permanent team as per structure business case approved in 2022	This funding will have most impact on the budget for 2023-26 for a three year funded staffing structure
HGF	49,760	Empty Property Assistant (Grade 6) to support the new Empty Property Officer (scale 12 which we are currently recruiting to commence from April this year this post is funded from Council Tax) . Fund assistant fixed term for 12 months. Also Empty property enforcement fund £15k	Aims to bring more empty properties back into use - to support the housing market
Education	173,000	Mutual Insurance Deficit reserve , this would clear the deficit reserve that is held on the balance sheet of the authority	The deficit reserve arose due to a yearly administrative cost that was unfunded previously when the scheme was set up, the main reason for the deficit has been addressed through the budget process with the service having undertaken steps to ensure that the administrative cost is pro rata across the premiums. Further review will also take place in respect of the premiums and the need to adjust the premiums to schools dependant on the claims.

Education	100,000	Schools Property costs - The outturn for the service was more positive than expected due to in part effective utilisation of grants. The property plus scheme has been on stop for all but emergency works for multiple years , this funding would enable us to target some urgent outstanding backlog maintenance.	There is increasing pressure on this area with backlog maintenance on school buildings and urgent compliance works. This will mitigate the financial forecast in part.
PPPP	200,000	Transfer to capital replacement fund to repay loan for the purchase of the vehicles on HOWPS transfer back in house. This would complete the repayment of the purchases	Contribution to existing reserve to meet existing liability
Insurance	904,707	Underspends on insurance - due to excess and claims provision being lower - request to use for insurance reserve top up	Principle already agreed and essential to reinstate the specific insurance reserve
	2,686,217	TOTAL	

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CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

20th June 2023

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

REPORT TITLE: Capital Outturn 2022-23, as at 31st March 2023

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 31st March 2023.

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 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	482	1,194	301	893	75%
Childrens Services	0	1,491	1,491	1,184	307	21%
Education	27,868	399	28,267	19,135	9,132	32%
Highways Transport & Recycling	14,163	6,165	20,328	20,137	191	1%
Property, Planning & Public Protection	100	2,284	2,384	2,123	261	11%
Community Development	714	1,812	2,526	1,644	882	35%
Housing General Fund	1,748	1,159	2,907	1,010	1,897	65%
Economy & Digital Services	9,974	5,019	14,993	4,689	10,304	69%
Finance	53,047	(53,001)	46	0	46	100%
Total Capital	108,326	(34,190)	74,136	50,223	23,913	32%
Housing Revenue Account	25,550	(4,682)	20,868	15,320	5,548	27%
TOTAL	133,876	(38,872)	95,004	65,543	29,461	31%

2.3 The revised programme at the 31st March 2023 is budgeted at £95.00 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £65.54 million, representing 69% of the total budget.

2.4 33%, £21.48 million, of the capital expenditure has been financed by borrowing, the interest cost for this is charged to the revenue account.

2.5 Table 2 – Capital Programme funding

Funding	2022/23	
	£'000	%
Grants	35,154	54%
Revenue	8,797	13%
Borrowing	21,484	33%
Capital Receipts	109	0%
Total	65,543	

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 **Housing** - £0.11 million has been awarded from Welsh Government's (WG) Transitional Accommodation Capital grant towards the purchase of a council housing.

3.3 **Leisure** - £0.15 million has been awarded from Athletics Wales for the resurfacing of the athletics track at Brecon Leisure Centre.

4. Reprofiling Budgets Across Financial Years

4.1 There were several schemes in the 2022/23 capital programme which are continuing into 2023/24. The budget carried forward to reprofile these schemes is shown in the Table 3.

4.2 Table 3 - Funding carried forward from 2022/23

Service Area	2022/23
	£'000
Schools	9,518
Adults Services	877
Childrens Services	379
Highways, Transport & Recycling	474
Housing & Community Development (excl HRA)	1,826
Property, Planning and Public Protection	710
Finance	46
Economy & Digital	10,228
Housing Revenue Account (HRA)	5,165
Total	29,223

5. Virements

5.1 **Small Capital Bids 2023/24** - The Capital Strategy approved for 2023/24 contains £0.50m funding for small projects from £0.01m to £0.10m. Bids were prioritised using preset criteria and funding was distributed to the following schemes.

- £85k – New lift and medical room at Ladywell House, Newtown.

- £100k – Four new highway weather stations in relation to gritting.
- £50k – Upgrade pay and display machines to 4G.
- £70k – New wall at Knighton Cemetery.
- £60k – Replacement filters in leisure centre pools.
- £25k – Structural improvements at Lakeside Restaurant and Boathouse, Llandrindod Wells.
- £45k – Replace asbestos roofs on county farm buildings.
- £35k – New noise meters for Environmental Protection.
- £30k – Sewerage works at Brecon Boathouse.

5.2 **Community Equipment Store** - A business case was presented to the Capital Oversight Board (COB) setting out the case for funding to carry out urgent capital works on the Community Equipment Store in Newtown. This was supported by the COB and cabinet are requested to approve an allocation £0.22 million for these works, it will be funded by from existing capital budgets that are not required at this stage.

6. Capital Receipts

6.1 A total of £2.93 million was received in 2022/23 (including £0.39 million for the HRA). There are a further £1.14 million of sales agreed, these are at the legal stage of the process and will generate future capital receipts.

7. Resource Implications

7.1 The Head of Finance (Section 151 Officer) notes the content of the report. 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 the virements in section 5 are approved.

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

Appendix A:

Head of Service Commentary

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Adult Services	1,194	301	893	75
<u>HOS Comment</u>				
<p>£100k Welsh Government Funding for 'Specialist Equipment' and £43k for Substance Misuse Building Works were fully utilised. The remaining expenditure was for improvements in the Powys Leased Care Homes.</p>				

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	1,491	1,184	307	21
<u>HOS Comment</u>				
<p>Residential development – works to refurbish and improve a range of properties for childrens residential care have been completed in order to meet Care Inspectorate Wales (CIW) requirements.</p> <p>Work to meet CIW requirements at the Safe Accommodation residential property have commenced and a small proportion of works will now be completed 23/24. Funding has been secured in 23/24 to complete the work.</p> <p>The Oldford Family Centre in Welshpool has been completed and was opened by Deputy Minister in March 2023. This is a multi-agency hub providing support to children, young people and their families in the Welshpool area. Scoping for possible funding underway to replicate in the South of the County.</p> <p>Works on the Flying Start Childcare hub in Brecon is nearing completion and WG agreed for capital funds to be moved to 23/24 to support this.</p>				

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	28,267	19,135	9,132	32

HOS Comment

Transforming Education Programme

The Council's Transforming Education Programme has continued to make steady progress this year. The latest status of each project is outlined below:

- **Ysgol Gymraeg y Trallwng**, a 150 place Welsh-medium school in Welshpool opened to pupils in May 2023.
- **Cedewain Special School, Newtown** – construction is underway, with the new building expected to open to pupils in the autumn term 2023.
- **Brynlllywarch Hall School, Kerry** – a contractor was previously appointed for this scheme, which is to construct a new behavioural, emotional and social difficulties (BESD) school for pupils with complex behavioural needs. However, the Council is still awaiting final cost information. This is due to be received from the contractor by the end of June 2023. Once this is received, consideration will need to be given to how to proceed.
- **Sennybridge C.P. School** – the tender package for constructing a new build 150 place school to replace the current poor condition buildings has been published. Tenders are to be submitted by the 7th July.
- **Ysgol Bro Hyddgen, Machynlleth** – a decision has been made to reduce the scope of the planned new building. This will no longer include leisure and library facilities. Royal Institute of British Architects (RIBA) stage 2 has now been completed based on the revised scope.
- **Ysgol Calon y Dderwen, Newtown** – work on plans to provide a replacement primary school for Ysgol Calon y Dderwen continued, with the designs progressed to RIBA 2 stage. However, further discussions have taken place regarding the size of the new building, which may result in revising the current designs. This project forms part of the North Powys Well-being Campus development, which is planned for Newtown. Linkages with the North Powys Well-being Programme are a key feature of this project. The Council will continue to work closely with colleagues within Powys teaching Health Board (PtHB) as discussions around changing the scope of the project develop.

Cost uncertainty, market fluctuations and material availability have continued to be issues for the Programme in the last financial year and will continue to need robust management and scrutiny of costs as projects develop this year.

Major Improvement Programme

The Council's annual capital programme has made very good progress, in this financial year, there are 150 projects with:

- 2 projects on hold
- 10 schemes to commission
- 6 schemes commissioned.

- 17 at the design stage
- 13 at the tender stage
- 14 at the construction stage
- 88 schemes are practically completed on site.

The overall programme budget is £5,269,753 for 2022/23 with expenditure of £4,712,191 to end of March 2023. There were several project's in this programme part funded by Welsh Government Community Focus & Additional Learning Needs Grants.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	20,328	20,137	191	1

HOS Comment

The service has performed well and all major capital schemes on target with spend coming in just under 1% of allocation.

As previously reported, Brecon Household Waste Recycling Centre (HWRC) and Cwrt y Plyffin capital funding has been rolled forward aiding the capital finance borrowing position.

It is noted that to mitigate high inflation we have reduced the scope of works within delivery programmes. This adjustment has been based upon scheme ranking and prioritisation.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Property, Planning and Public Protection	2,384	2,123	261	11

HOS Comment

The Environmental Protection team has been unable to complete the new Machynlleth cemetery within the financial year. Capital funding for the project will need to be taken forward into the next financial year.

A number of small property related schemes have failed to spend their allocations within the financial year. Budgets have been taken forward into the new financial year.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Community Development	2,526	1,644	882	35

HOS Comment

Leisure Centres in Powys have a five-year capital programme that is monitored and reviewed on a regular basis with the authority's delivery partner, Freedom Leisure. Due to the current review of the leisure service, works will be prioritised in order of risk, considering health & safety, compliance and potential future use. Further exploratory works and feasibilities will be carried out ensuring appropriate market value is achieved. It is intended that several projects will be undertaken in this financial year but will be dependent on interest from contractors and the ability to progress following ecological surveys and approval.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing General Fund	2,907	1,010	1,897	65
Housing Revenue Account	20,868	15,320	5,548	27

HOS Comment

Housing Revenue Account

The costs of materials have continued to remain comparatively high and contractor quotes remain higher than anticipated. In addition, not all contractors are able to deliver within the required timelines. Recruitment of additional tradespeople continues to reduce the Council's reliance on external contractors.

The 18-home Red Dragon housing project remains in the control of the administrator for the principal contractor. Handover of the properties is provisionally expected in summer 2023.

The Energy Company Obligation (ECO) 4 / Optimised Retrofit Programme (ORP) 3 Retrofit programme continues, with the completion of works to properties with low E, F, G Energy Performance Certificates (EPC). This programme will continue through 2023-2024 and 2024-2025.

Housing General Fund

Demand for disabled facilities grants (DFGs) remains high with delivery adversely affected by the challenges experienced in securing contractors to undertake work.

Demand for, and cost of, homelessness related services remains high.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Digital Services	14,993	4,689	10,304	69

HOS Comment

Economy

Overall capital budgets are managed from grant funds and profiled until March 2025. This process is managed through quarterly reporting fund management and slippage is being managed in monthly review meetings with partners and contractors. This includes:

Transforming Towns Programme £5,080,000 for Placemaking Grant is managed through an application process. The capital fund is managed through a local and regional panel and the spend profile for 2022/23 is slightly under target spend but with approval for roll forward to 2023/24 being confirmed.

Levelling-up Capital Projects. Project expenditure is currently behind schedule, but this is regularly reviewed with partners to ensure delivery against grant terms and conditions. Council project aspects are being managed carefully and costs are within contingency limits with work slightly behind schedule but within grant agreements. Any required changes will be considered as a one-off Performance Assessment Review (PAR) review during the lifetime of the project.

Digital Services Capital

Again, there has been no significant change since the previous quarters update. The majority of the reprofiled allocation has been spent as planned. Major projects have already been aligned for the following year.

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Finance Panel Forward Work Programme June – December 2023

30-06-23 10.00 – 12.30	AGM <ul style="list-style-type: none"> • Election of Chair • Election of Vice Chair <p>Q4 Financial Reports (Revenue and Capital)</p> <p>Sustainable Powys (Re-Imagining) Work 2024-2025.</p>
28-07-23 14.00 – 16.30	Benchmarking – review against OLA's in Wales/ comparative data
SEPT	Performance and Risk Q1 (between 12/09 & prior to cabinet 19/09) James Langridge – Thomas
28-09-23 14.00 – 16.30	Q1 Financial Reports (Revenue and Capital)
	Confidential Item MTFS / FRM – Budget Plan assumptions
27-10-23 10.00 – 12.30	
24-11-23 14.00 – 16.30	Q2 Financial Reports (Revenue and Capital)
18-12-23 10.00 – 12.30	

Items to be Scheduled:

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