

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

22nd June 2021

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

REPORT TITLE: Financial Outturn for the year ended 31st March 2021

REPORT FOR: Information and Decision

1. Purpose

- 1.1. To provide Cabinet with the revenue budget outturn for the 2020/21 financial year. This includes information on the additional funding streams received from Welsh Government since the last report and how this impacted on the outturn position.

2. Background

- 2.1. The Council has encountered unprecedented challenges since the COVID crisis began, business critical activity was prioritised for most of the year and directed resource away from normal activities. Despite the additional pressures the Council has completed the closure of its accounts and produced the year end management accounts to report the financial position.
- 2.2. The Councils budget was closely monitored and controlled during the year with regular reports presented to Cabinet. The final outturn produced a net underspend, after contributions to specific reserves, of £4.24 million against the £187.7 million budget a 2.3% variance (excluding Schools and the Housing Revenue Account).
- 2.3. Appendix A provides a breakdown of the financial position for each service, broken down into categories covering cost pressures, cost underspends, grants received, service reductions and loss of income.
- 2.4. The Council's financial position has been greatly helped by the support provided by Welsh Government to fund a substantial element of Covid related expenditure, without which the outturn would be a significant overspend. The pandemic and the restrictions imposed continue to impact on the delivery of services across the Council, which resulted in additional costs and loss of income throughout this year and into 2021-22. Funding claimed and received through the Welsh Government Hardship Fund during 2020/21 is just over £18 million.

3. Revenue Outturn

- 3.1. Table 1 below summarises the outturn position across Council services excluding HRA and delegated schools, a £4.24 million underspend after agreed specific reserve movements have been completed.
- 3.2. Schools underspent against their approved budgets by £5.27 million and these will be carried forward within their delegated reserves.
- 3.3. The HRA outturn was a £1.92 million underspend which is carried forward into its specific reserve.

Table 1 – Revenue Outturn 2021/21

| Service Area | Working Budget | Actual Spend | Variance (Over) / Under Spend | Variance (Over) / Under Spend % |
|--|----------------|----------------|-------------------------------|---------------------------------|
| Adult Services | 63,369 | 62,401 | 968 | 1.5 |
| Childrens Services | 26,021 | 25,077 | 944 | 3.6 |
| Commissioning | 3,193 | 2,823 | 370 | 11.6 |
| Education (see para 3.5 below) | 8,762 | 8,873 | (111) | (1.3) |
| Highways Transport & Recycling | 28,011 | 26,926 | 1,085 | 3.9 |
| Property, Planning & Public Protection | 6,217 | 5,414 | 803 | 12.9 |
| Regeneration | 625 | 588 | 37 | 5.9 |
| Housing & Community Development | 4,004 | 3,822 | 182 | 4.5 |
| Digital Services | 3,938 | 3,630 | 308 | 7.8 |
| Transformation & Communications | 1,527 | 1,370 | 157 | 10.3 |
| Workforce & OD | 1,967 | 1,898 | 69 | 3.5 |
| Legal & Democratic Services | 3,059 | 2,960 | 99 | 3.2 |
| Finance | 5,690 | 5,572 | 118 | 0.2 |
| Corporate Activities | 31,350 | 28,030 | 3,320 | 10.6 |
| Total | 187,733 | 179,384 | 8,349 | 4.4 |
| <i>Contributions to specific reserves</i> | | | | |
| Powys Covid Recovery Fund | | | (1,800) | |
| Remedial Fund | | | (1,500) | |
| Other agreed movements | | | (808) | |
| Movement in General Reserve Balance | | | 4,241 | 2.3 |
| | | | | |
| Housing Revenue Account (HRA) | 0 | (1,942) | 1,942 | |
| Schools Delegated | 81,707 | 76,433 | 5,274 | 6.5 |

- 3.4. Through February and March a number of Welsh Government funding announcements were made with additional grants provided to support council services, some of this funding has to be carried forward and utilised in 2021/22, whilst other funding is now offsetting expenditure in 2020/21 that the Council expected to support. This funding significantly improved the Council's financial position during the final quarter of the year. Council considered this non-recurring improvement, in February 2021, as they finalised and approved the budget for 2021/22 and approved the setting up of some specific reserves to support recovery from the pandemic and to support the Capital Programme and Transformation as a priority.
- 3.5. In light of the improved position, the Schools Service and Section 151 Officer reviewed the central education budget and costs of £496k supporting the Transforming Education strategy programme (including ALN transformation) were funded from the service revenue budget rather than utilising 21st Century schools funding, this will safeguard the funding streams in future years.
- 3.6. Further pressure is falling on services as they move into recovery, with demand for services in some areas increasing beyond the budget allocations approved for 2021/22. The improved outturn position provides additional opportunities for the Council to address this non recurrent demand quickly and it is proposed that a further £1 million is set aside to assist council services with this recovery. Services

will draw upon this support through the submission and approval of a business case clearly demonstrating need and the benefits to our residents.

- 3.7. The council is also able to draw support from other sources of recovery funding, including Levelling up Funding, match funding is required as leverage to draw upon this funding and it is proposed that £1 million is set aside in a specific reserve for this purpose.
- 3.8. It is proposed that the remaining balance of the surplus, £2.241 million, be transferred into a specific Capital Financing Reserve to support the Council Capital Programme, reducing the Councils borrowing requirements and easing the pressure on the revenue budget.
- 3.9. Further detail about the outturn position for each service area is provided in Appendix B, with Heads of Service setting out their narrative that explains the financial position and activities being undertaken.
- 3.10. A summary of the financial movements between February and March are explained in Appendix C.

4. Welsh Government Support

- 4.1. The Welsh Government Local Authority Hardship Fund continues to support additional costs incurred by the Council and its stakeholders due to the Covid Pandemic. It supports the additional cost associated with Social Care, Homelessness, PPE, Free School Meals, general additional expenses, and the Mortuary Facility. The fund also provides support for the loss on income to the Council. In addition Welsh Government has provided unhyponothecated funding to support the Council summarised in Table 2.

Table 2 – Welsh Government Support to the Council

| Welsh Government Support | £'000 |
|---------------------------------|---------------|
| Hardship Fund - Cost | 14,502 |
| Hardship Fund - Income | 3,494 |
| Track and Trace | 1,632 |
| Council Tax Reduction Scheme | 629 |
| Council Tax Collection | 621 |
| Undelivered Savings | 1,093 |
| Digital Services | 1,093 |
| | 23,064 |

- 4.2. The Council has also worked with wider public sector partners across Wales and Welsh Government to provide significant one-off support through numerous funds for support to local businesses, the voluntary sector and a one off £500 payment to carers. The Council acted as an agent for the Welsh Government in reviewing, collating, agreeing, and processing these payments across the schemes, as summarised in Table 3.

Table 3 – Welsh Government Support to Businesses and Carers

| Welsh Government Support | £'000 | Numbers |
|-----------------------------|---------------|---------------|
| Business Grants | 84,358 | 10,302 |
| Business Rate Relief | 11,442 | 1,375 |
| Care Payments £500 External | 1,830 | 3,431 |
| Care payments £500 PCC | 205 | 309 |
| | 97,835 | 15,417 |

4.3. Claims totalling £94,492 were made for 174 staff on furlough from the Governments' Job Retention Scheme for March 2021. This takes the total recovered under the scheme for the year to £866,683.

5. Cost reductions

5.1. In March 2020, the Council approved cost reduction proposals of £10.79 million. In addition, undelivered cost reductions in 2019/20 of £1.60 million have been rolled forward for delivery in the current year. This increases the value of cost reductions required during 2020/21 to £12.394 million.

5.2. The summary at Table 4 shows that 76% or £9.468 million has been delivered in year. £2.926 million, 24% is unachieved. The budget approved by Council in February 2021 removed £1.634 million of the unachieved savings from service budgets which are not considered to be deliverable, thus ensuring a robust and deliverable budget for next year.

Table 4 – Cost Reductions Summary

| | To Be Achieved | Actually Achieved | Un-achieved | % Achieved |
|--|----------------|-------------------|--------------|------------|
| Adult Services | 4,070 | 3,589 | 481 | 88% |
| Childrens Services | 2,496 | 2,027 | 468 | 81% |
| Digital Services | 771 | 501 | 270 | 65% |
| Education | 701 | 701 | - | 100% |
| Finance | 426 | 232 | 193 | 55% |
| Central Activities | 870 | 1,000 | (130) | 115% |
| Highways Transport & Recycling | 1,109 | 500 | 609 | 45% |
| Housing & Community Development | 218 | 143 | 75 | 66% |
| Regeneration | 326 | 135 | 191 | 41% |
| Legal & Democratic Services | 331 | 80 | 251 | 24% |
| Property, Planning & Public Protection | 784 | 442 | 342 | 56% |
| Transformation and Communication | 85 | 85 | - | 100% |
| Workforce & OD | 209 | 33 | 176 | 16% |
| Total | 12,394 | 9,468 | 2,926 | 76% |

6. Reserves

6.1 The reserves position at Table 5 sets out the reserve movements and balances at year end. Budgeted movements from reserve were planned totalling £3.959 million, whilst the actual year end movement is an increase of £19.752 million to £52.255 million, with the general reserve £13.713 million representing 7.3% of total net revenue budget. (excluding Schools and the HRA).

Table 5 – Reserves Table

| Summary | £'000 | Opening Balance (1st April 20) Surplus / (Deficit) | Movement to / (from) Reserves | Balance (31st March 2021) Surplus/ (Deficit) |
|------------------------------------|-------|--|-------------------------------|--|
| General Fund | | 9,472 | 4,241 | 13,713 |
| Budget Management Reserve | | 3,584 | 0 | 3,584 |
| Specific Reserves | | 7,523 | 8,794 | 16,317 |
| Transport & Equipment Fund Reserve | | 9,266 | 2,015 | 11,281 |
| Total Useable | | 29,845 | 15,050 | 44,895 |
| Schools Delegated Reserves | | (910) | 4,133 | 3,223 |
| School Loans & Other Items | | (350) | 7 | (343) |
| Housing Revenue Account | | 3,918 | 562 | 4,480 |
| Total Specific | | 2,658 | 4,702 | 7,360 |
| Total Reserves | | 32,503 | 19,752 | 52,255 |

6.2 Within specific reserves the key movements are:

a) Two specific reserves have been set up, as agreed in the February cabinet report:

- £1.8 million of one-off funding to put in place a Powys Recovery Fund, this fund will support Communities and Council Services and drawn down over the next 2 years.
- £1.5 million of the surplus for remedial works by way of setting up a specific reserve to fund both revenue and capital essential remedial work to minimise the level of risk that the Council would be placed under.

b) Some grants received, mainly late in year, have not been utilised and rolled forward for use in 2021-22 these total £2.5 million and are held in the grants unapplied reserve. In comparison last year we held £0.92 million and the movement is £2 million.

c) A number of specific reserves have established from some service underspends these are requested as virements in section 7 totalling £3.1 million.

6.3 The specific reserves proposed in sections 3.6, 3.7 and 3.8 above, if approved by Council, will reduce the increase in the General Fund reserve and increase the level of Specific reserves.

6.4 The Housing Revenue Account business plan originally planned to utilise £1.379 million of reserves, but this position has now reverted to a contribution of £562,000 to reserves. This is due to less budget required to support repairs and maintenance delivery.

6.5 The breakdown of the school's balances and the transfer to reserve is set out below at Table 6.

Table 6 – School Reserves

| School Sector £'000 | Opening Balance (1st April 20) Surplus / (Deficit) | Planned Budget Contribution/ (Use) | Actual movement to/(from) reserves | Balance (31st March 2021) Surplus/ (Deficit) |
|------------------------|---|---------------------------------------|------------------------------------|--|
| Primary | 2,645 | (730) | 2,350 | 4,995 |
| Special | (124) | 241 | 435 | 311 |
| Secondary | (3,432) | (910) | 1,354 | (2,078) |
| Other | (349) | | 1 | (348) |
| Total | (1,260) | (1,399) | 4,140 | 2,880 |

6.4.1 The year end position for schools has moved significantly since last month's forecast, this is due to the allocation of over £4m grant to support schools core costs, see section 7.2 for further detail.

6.4.2 **Primary** - The outturn position was a contribution to reserves of £2.35 million a swing of over £3 million against the budget plan.

6.4.3 **Secondary** - The Secondary sector had a forecast call on reserves £910,000, which materialised as a contribution to reserves of £1.354 million, a swing of £2.264 million in month.

6.4.4 **Special** - The special sector had a £241,000 forecast contribution to reserves, this increased to £435,000 since last month.

7. Carry Forward Balances and Grants

7.1 Several requests have been made to utilise year end underspends to support specific essential activities and pressures in the new financial year. Specific reserves will hold these balances until drawn down in 2021-22. As per the Councils' Virement Rules, "if appropriate, and on the advice of the Section 151 Officer, the Cabinet may agree the carry forward of departmental underspends of up to £500,000 and Full Council may agree to carry forward departmental underspends of £500,001 and above provided always that there is an overall underspend on the Council's reserve budget."

7.1.1 Social Care - Essential maintenance work totalling £350,000 at the Powys owned care homes. As the work will be incurred in 2021-22 the funding will be held in a specific reserve until work is completed and then drawn down by the provider. Identification and planning for these activities were delayed due to the pandemic limiting visitors to care homes. When surveys were conducted several deficiencies were identified and work required on fire doors, fire compartmentation, and fire alarms. This work has commenced and £220,000 was funded earlier in 2020-21. The outlay is funded within Adult Social Care and is part of their overall outturn.

7.1.2 Transport fund - The fleet service has reported an underspend against depreciation charges of £637,000 (due to delayed replacement of the waste vehicles) and has received sales receipts for vehicles equating to £93,000 in the financial year. The service have asked to utilise this underspend by contributing to the transport fund of £730,000 to assist the financing of the procurement of new waste vehicles in 2021/22 because the service has seen an increase in the cost of replacing the vehicles of £606,000

- 7.1.3 Highways Roads Maintenance – Received £950,000 road maintenance revenue grant, which has released previously committed county revenue budget which the service have requested to be paid into a specific reserve to finance storm expenditure in 21/22 as a contingency in the event that Welsh Government grant for floods is not made available.
- 7.1.4 Actuarial Pension Review - £236,000 of over collected pension contributions are transferred into the specific reserve in readiness for the actuarial pension review,
- 7.1.5 New Ways of Working Reserve – A transfer of £435,000 is made into a specific reserve to enable appropriate equipment for home working.
- 7.1.6 Mid Wales Growth Deal Reserve – A transfer of £100,000 is requested from the underspend in the Regeneration service to the specific Mid Wales Growth Deal reserve to fund the ongoing costs of the growth deal in 2021-22.
- 7.1.7 RDP Town/Community Plan – A transfer of £100,000 is requested into a specific reserve, this will fund the match funding requirement of an EU funding offer and will support COVID recovery.
- 7.1.8 Development Management – Planning fee income of £150,000 received in March is requested to be transferred into a specific reserve to support the costs of additional costs of the planning team relating to this large planning application in 2021-22.
- 7.1.9 Transformation and Communication - £155,640 under spend is rolled forward into 2021-22 for two key activities:
- £73,500 of income received to be rolled forward to support Communications activities, from a three-month campaign to recruit volunteers supporting the Public Service Board's response to Covid; a county-wide Support Powys Local campaign; a marketing campaign to encourage 16/17year-olds to take part in the 2021 Senedd elections; a communications and marketing campaign supporting regeneration activities and support for the Wales Trading Standards team.
 - £82,140 for data visualisation and analytic work to support COVID19 undertaken for Track and Trace. For the update of Population Assessment (includes but not limited to the gathering of datasets and refresh of existing data, connection to gateways and creation of PowerBI reports).using WG funding to undertake Well-being Assessment in 2021/22 – including analytics, graphic design, translation and communications.
- 7.1.10 ICT Refresh Reserve – Two requests are made:
- Payments from services for additional ICT equipment are transferred into a specific reserve for replacement of equipment in future years when equipment needed, £36,570
 - The service also requests to transfer £100,000 of their underspend into a specific reserve for future replacement of equipment rather than utilise capital.
- 7.2 A number of grants received in year have funding conditions that require underspends to be rolled forward into 2021/22, and a specific reserve has been set up that will be fully drawn down next year. As per the Councils' Virement Rules, Cabinet shall be notified where the Authority receives an allocation of funding from another public body for a specified purpose, and the sum shall be incorporated into the revenue budget or capital programme as appropriate.:
- 7.2.1 Land Drainage – Unspent grant £205,942 from Welsh Government that the service have requested to be paid into a specific reserve to fund any shortfall in the statutory fee income target over the next 5 years.
- 7.2.2 Elections - A grant was received to support electoral reform, the remainder of the grant £50,225 is rolled forward into 2021-22.

- 7.2.3 Army Covenant Grant £114,740 – A grant is received specifically to support armed forces personnel; it is requested this is rolled forward into 2021/22.
- 7.2.4 Home to School Transport Grant original allocation of £3,578,859 - To support learner's return to school or college on registered local bus services, to increase frequencies where demand exceeds capacity, to improve access to jobs and support economic recovery. The February forecast assumed that £1,811,284 of this funding would be utilised in 2020/21, actual outturn in March utilised £1,675,107 of the funding awarded, the remaining balance of £1,903,752 is requested to be placed into the grant unapplied reserve and rolled forward into 2021/22.
- 7.2.5 PPE Stock – The grant and costs of PPE that is held as stock of £159,380 is rolled into the 2021-22 financial year to show the actual usage and funding of the cost of the PPE when required by services.
- 7.2.6 ICT Section 33 Reserve – It was agreed by Joint Partnership Board that £81,180 of the ICT Section 33 reserve be used to support the cost in the Councils' ICT department for the additional support required by the Powys Teaching Board due to COVID-19.
- 7.3 A virement request is proposed to set up three new specific reserves and utilise the year end outturn underspend that has been transferred into the general fund:
- 7.3.1 Further pressure is falling on services as they move into recovery, with demand for services in some areas increasing beyond the budget allocations approved for 2021/22. The improved outturn position provides additional opportunities for the Council to address this non recurrent demand quickly and it is proposed that a further £1 million is set aside to assist council services with this recovery. Services will draw upon this support through the submission and approval of a business case clearly demonstrating need and the benefits to our residents.
- 7.3.2 The council is also able to draw support from other sources of recovery funding, including Levelling up Funding, match funding is required as leverage to draw upon this funding and it is proposed that £1 million is set aside in a specific reserve for this purpose.
- 7.3.3 It is proposed that the remaining balance of the surplus, £2.241 million, be transferred into a specific Capital Financing Reserve to support the Council Capital Programme, reducing the Councils borrowing requirements and easing the pressure on the revenue budget
- 7.4 A number of grants were received in March totalling £5.008 million and were used to support activity mainly in this financial year. These are listed below at table 7:

Table 7

| Service | Funding Body | Amount | Use |
|---------|--------------|----------|--|
| Adults | WG | £122,328 | Transformation funding - acceleration projects in respect of the North Powys Project (NPP), funding to return to Powys of 'Out of County' placements to a supported living complex, community equipment, shared lives scoping and LoRaWan Gateways to enhance Digital North Powys. |
| Adults | WG | £116,000 | Social Care – Regional Partnership Board (RPB) Intermediate Care Fund (ICF) – allocation of in year |

| | | | |
|-----------|------|------------|--|
| | | | underspends for allocated projects due to pandemic for accelerated scaling up of D2RA discharge schemes and Carers. |
| Adults | WG | £173,820 | Social Care - RPB, responsible for allocating Welsh Government funding in respect of the Discharge to Recover then Assess Pathways (D2RA), this enables discharge from hospital. Funding for Patient flow, community equipment and Residential/Nursing bed capacity. |
| Adults | WG | £235,000 | Social Care – Regional Partnership Board, responsible for allocating Welsh Government Surge funding, in respect of accelerated scaling up of D2RA discharge schemes and community equipment to support. |
| Education | WG | £138,547 | COVID response Grant – Non Maintained Settings funding to provide to non-maintained nursery settings who have not benefitted from previous allocations of the Recruit, Recover Raise standards – ALP but need to respond to the needs of younger learners. The funding should be focussed around resources, which would support several key developmental areas such as oracy; language development; phonological awareness and outdoor experiential play. |
| Education | WG | £1,035,887 | COVID response Grant – Schools is additional funding for schools to augment the Recruit Recover Raise Standards funding; to support additional costs faced by schools in enhancing their provision to address the impacts of COVID-19, that is not covered by other grant streams or ineligible for funding; and for new costs encountered by schools from return to school activities prior to the end of the current financial year. |
| Education | WLGA | £181,446 | COVID operational Items to support schools in preparing for the return of staff and pupils to schools following the February half-term. |
| Education | WG | £338,054 | ALN COVID-19 Support Grant to assist schools to continue to provide high quality support for learners with ALN linked to pressures arising from the Covid-19 pandemic. |
| Education | WG | £1,812,209 | Revenue Maintenance Grant funding utilised to cover existing caretaking and cleaning costs, and any planned maintenance completed during 2020-21. The intention of this funding package is to alleviate pressures on school budgets in 2020-21 |
| Education | WG | £519,502 | Accelerating Learning Programme including the LA element for Admin enables investment in schools to allow them to recruit and deploy additional human capacity to support and address the needs of learners following the initial COVID-19 crisis and subsequent period of school closure |

| | | | |
|--------------------|----------------------|----------|--|
| Education | WG | £188,857 | Accelerating Learning Programme Recruit, Recover Raise Standards: Post 16 Catch up funding enables investment in schools to allow them to recruit and deploy additional human capacity to support and address the needs of learners following the initial COVID-19 crisis and subsequent period of school closure. |
| Sports Development | Sports Council Wales | £146,778 | £141,090 is required to be rolled forward from a grant received for COVID recovery and 60+ activities. |

8. Transformation

- 8.1 Transformation of the councils' services is critical in providing an appropriate level of service to our residents at a much lower cost ensuring that the councils budget is maintained on a sustainable footing for the future. Transformation activities totalling £2.3 million were funded through revenue rather than using Capital Receipts as previously planned. This will allow us to maintain a greater level of receipts to be used to support the capital programme in future years.
- 8.2 Table 8 below summarises the transformation costs against the budget plan. The underspend in year will be rolled forward and used in 2021/22.

Table 8 Transformation

| Transformation Costs 2020-2021 | Actual Outturn | Budget | Variance |
|----------------------------------|----------------|--------------|------------|
| | £,000 | £,000 | £,000 |
| Transformation Projects | 1,610 | 2,160 | 550 |
| Redundancies plus Pension Strain | 710 | 1,000 | 290 |
| | 2,320 | 3,160 | 840 |

- 8.3 A final report summarising the savings and benefits achieved from utilisation of the transformation funding will be presented in the next finance report.

9. Impact of Capital

- 9.1 Capital investment and the financing of capital activities have a significant impact on the authority's revenue position. In 2020/21 £61.83 million was spent (including HRA) on capital investments versus the revised budget of £72.91 million. This resulted in an underspend of £11.08 million (15%) on the council's Capital Budget.
- 9.2 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 2021/22.
- 9.3 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 £132.872 million. The actual capital spend was 53% less. Grants were maximised to reduce the call on borrowing, with a number received from Welsh Government in the last two months of the year. The actual net cost of borrowing was £15.59 million of

which £10.166 million was chargeable to the general fund generating an underspend of £1.98 million which helped support the wider service revenue budgets.

- 9.4 On 12th March Cabinet approved a revision to the Council Minimum Revenue Provision Policy (MRP). Under both the existing and proposed policy the asset life/annuity method is used to calculate the MRP for the Council's prudential borrowing and the HRA's post settlement debt. The method for the Council's supported borrowing and the HRA historic/settlement debt changes under the new policy.
- 9.5 Within the existing policy (as agreed in 2017 for the previous policy change) the overall movements on MRP included an expected reclaim of £4.5m of the £19.5m overprovision. Because of the benefit drawn from the new revised MRP policy only £2.09 million was charged against MRP. This figure includes £767,000, agreed in February 2021 to make an additional payment into the MRP account, being an advance payment to be utilised in 2021/22 thus negating the requirement to fund this through the budget in 2021-22.
- 9.6 Of the original £19.5m overprovision £5m is still available to be claimed over the next two years.

10 Key Financial Risks

- 10.1 In earlier Cabinet reports we identified the key financial risks that are set out in the Corporate and Covid Specific Risk Registers and continually monitored and assessed.
- 10.2 The greatest risk remains on our ability to deliver a balanced budget in future years, we must continue to limit the possibility of future deficit and the wider impact on our reserves. This is fundamental in supporting our financial resilience over the Medium and Longer Term and our ability to approve and deliver balanced budgets.
- 10.3 Treasury Management, maintaining the Councils cash flow to meet liabilities, is also under scrutiny and continues to be monitored daily. We must ensure that the Council has sufficient liquidity to meet its immediate costs such as salaries and wages, HMRC taxation, and maintaining payment to suppliers and precepting authorities. The current position remains stable.
- 10.4 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, our approach is regularly updated and explained as part of the Treasury Management update to Audit Committee.

11. Resource Implications

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

The virus and the measures imposed continue to have an unprecedented detrimental financial impact on the Council and this is likely to continue throughout 2021-22 and into future years.

The financial support provided by Welsh Government has been significant and has been instrumental in improving the Council's financial position for the current year.

The additional funding received is welcomed but it is important to note that this is not recurring funding and should be utilised to support one off costs that will aid our

recovery, meet short term additional demand but also improve our longer term financial resilience.

The establishment of the Powys Recovery Fund will support communities and council services to recover from the pandemic, in addition the match funding proposed will enable the drawing down of further funding streams to support the Powys economy.

Using revenue funds to support transformation costs this year will release capital receipts back for use in the Capital Programme and this together with the proposed Capital Financing Reserve will reduce the need to borrow and improving our financial sustainability whilst enabling the Council to deliver its objectives. Addressing existing remedial issues across the Councils assets will also ensure our buildings are effectively maintained removing pressure on the Capital Programme in future years. Setting aside funding to meet specific one off costs will ensure that the Councils General Fund is maintained at an appropriate level.

Welsh Government have confirmed continued hardship fund support in 2021/22 but this is currently only available until September and is dependent on how much support is required across all authorities in Wales within the limit of the fund, so risk remains.

Our Medium Term Financial Strategy continues to be extremely challenging with a significant budget gap of £38 million over the next 4 years. 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.

2020/21 has been an extraordinary year and the outturn position reflects the significant support provided to Welsh Councils. We must ensure that we maximise the opportunity this presents to improve our financial resilience as we move into further uncertainty and the continuing challenges ahead.

10 Legal implications

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

11. Comment from local member(s)

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

12. Integrated Impact Assessment

12.1 No impact assessment required.

13. Recommendations

13.1 That Cabinet note the budget position and the full year position to the end of March 2021.

13.2 The requests set out in section 7.1 to utilise year end underspends of £3,343,210, to support activities in the new (2021/22) financial year are approved, and the requests

at 7.1.2 and 7.1.3 are recommended to Council for approval as this complies with the Councils' virement rules being in excess of £500,000.

- 13.3 The requests as set out in section 7.2 are approved, to roll forward the underspends from grants of £2,515,219 received in year, and a specific reserve be set up that will be fully drawn down next year.
- 13.4 The Virement request at 7.3 to establish three new reserves totalling £4.241 million is approved and utilise the year end outturn. The request for new specific reserves are recommended to Council for approval as this complies with the Councils' virement rules being in excess of £500,000.

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Appendix A – Outturn as at 31st March 2021

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|---------------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Adult Services | 63,369 | 1,642 | 270 | 434 | (190) | (2,677) | 481 | (928) | 62,401 | 968 |
| Children's Services | 26,021 | 1,536 | (2) | 0 | | (2,656) | 468 | (290) | 25,077 | 944 |
| Commissioning | 3,193 | 0 | 0 | 0 | | (297) | 0 | (72) | 2,824 | 369 |
| Education | 8,762 | 322 | (26) | 206 | | (252) | 0 | (139) | 8,873 | (111) |
| Highways Transport & Recycling + Director | 28,011 | 966 | (93) | 1,208 | (1,594) | (1,948) | 624 | (248) | 26,926 | 1,085 |
| Property, Planning & Public Protection | 6,217 | 760 | (795) | 2,669 | (1,218) | (2,561) | 342 | | 5,414 | 803 |
| Regeneration | 625 | 29 | (1) | 0 | | (256) | 191 | | 588 | 37 |
| Housing & Community Development | 4,004 | 320 | (222) | 62 | (41) | (290) | 75 | (85) | 3,822 | 182 |
| Digital | 3,938 | | (11) | 107 | | (674) | 270 | | 3,630 | 308 |
| Transformation & Communication | 1,527 | 23 | (46) | 8 | 0 | (142) | 0 | | 1,370 | 157 |
| Workforce & OD | 1,967 | 0 | (78) | 45 | | (212) | 176 | | 1,898 | 69 |
| Legal & Democratic Services | 3,059 | 21 | (64) | 173 | (117) | (363) | 251 | | 2,960 | 99 |
| Finance | 5,690 | 47 | (7) | 40 | (40) | (239) | 193 | (112) | 5,572 | 118 |
| Corporate Activites | 31,350 | 3,184 | 1,077 | | | (4,015) | (130) | (3,436) | 28,030 | 3,320 |
| Total | 187,733 | 8,850 | 0 | 4,952 | (3,200) | (16,581) | 2,941 | (5,309) | 179,385 | 8,348 |
| Housing Revenue Account | 0 | 1,486 | | | | (3,428) | | | (1,942) | 1,942 |
| Schools Delegated | 81,707 | | | 242 | | (1,440) | | (4,076) | 76,433 | 5,274 |
| Total | 81,707 | 1,486 | 0 | 242 | 0 | (4,868) | 0 | (4,076) | 74,491 | 7,216 |
| Total | 269,440 | 10,336 | 0 | 5,194 | (3,200) | (21,449) | 2,941 | (9,385) | 253,876 | 15,564 |
| SURPLUS | | | | | | | | | 15,564 | |

Appendix B

Head of Service Commentary

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | |
|----------------|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 |
| Adult Services | 63,369 | 1,642 | 270 | 434 | (190) | (2,677) | 481 | (928) | 62,401 |
| | | | | | | | | | Variance |
| | | | | | | | | | 968 |

Adult Social Care Overview

Underspend in the main due to:

- £300k deferred charges income raised in March 2021, due to the legal circumstances of these cases we cannot always predict when they will occur
- £100k income raised in March for 2018 activity
- £335k judicial review provision reversed, as had been including as a cost but the outcome of the case meant no further burden on the council
- £150k additional 'new' WG grants to fund previous bottom line expenditure
- £50k utilisation of grants
- £500k combination of delivering cost reduction targets and underspends due to contract reductions from services not being delivered

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Children's Services | 26,021 | 1,536 | (2) | 0 | | (2,656) | 468 | (290) | 25,077 | 944 |

Children's Services Overview

Cost Pressures

Real pressures have emerged in Children's Services due to an increase in demand during the pandemic and the impact of the reduction of services in the community such as education, health, and leisure services. There has been an increase of circa 20% (compared with the same period last year) since May/June time and this is being sustained. This surge is now flowing through the service into an increase in children subject to a child protection plan and children who are looked after.

Increase in decision making and practitioner capacity at the Front Door and in Early Help. Pressure in Early Help has increased further.

Redeployment

All Children's Services redeployment was managed within the service.

Income

N/A

Cost Underspends

All underspends are due to additional one-off Grant Funding, or utilisation of existing grant allocations over a variety of projects. Due to business continuity some projects have not occurred at the planned pace, so eligible base line budget costs have been utilised to ensure funding allocation drawn down if within the grant terms and conditions.

Cost Reductions

Savings were identified of £2.50 million in the 2020/21 budget setting process. To date £2.03 million has been achieved in the main because of step downs due to the closer to home project. With £0.46 million of the original target set being unachievable due to business continuity being invoked.

Other mitigating actions to deliver a balanced budget.

Nothing further to offer at this stage all included above in recovery plans.

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | |
|---------------|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Commissioning | 3,193 | 0 | 0 | 0 | | (297) | 0 | (72) | 2,824 | 369 |

Commissioning Overview

The outturn is a combination of staff slippage from vacancies and mileage underspends, due to home working and face to face meetings/contract monitoring not occurring. Additionally, to maximise grant allocations, due to business continuity and planned expenditure not occurring due to the pandemic, if the grant terms and conditions could be met, then percentages of baseline staff who have contributed to the project have been utilised. This frees up the baseline budget in 2020/21 but will be required in 2021/22. This underspend will mitigate the overspends in Adults & Children's services.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Education | 8,762 | 322 | (26) | 206 | | (252) | 0 | (139) | 8,873 | (111) |

The forecast outturn variance in the February report was £349,000 contribution to the general reserves. This changed to a contribution from reserves of £111,000 – a difference of £460,000. The main reasons for this change is as follows:

Schools Service:

- Schools Service utilised their underspend of £350,000 identified in February to contribute £496,000 towards the wider Transforming Education strategy programme costs (including ALN transformation) to fund this from revenue instead of 21st Century grants to safeguard funding streams in future years.
- School Catering underspend of £83,000 from a reduction in canteen equipment maintenance costs as a result of the school closures due to Covid-19
- Post-16 administration grant £36,000 off-setting existing costs
- Further underspend on Early Years settings following the confirmation of the final payments to settings for the Spring term.

Non-delegated function (specific reserve)

Non-delegated functions include early years settings and after school clubs which were forecasting a contribution to reserves of £315,000 in February which reduced to an actual contribution to reserves was £218,000 resulting in a variance of £97,000.

Supply Insurance (specific reserve)

A £35,000 transfer from reserves resulted from the authority's Supply Insurance scheme where income received from schools that buy into the scheme was less than the actual costs of claims made by schools.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Schools Delegated | 81,707 | | | 242 | | (1,440) | | (4,076) | 76,433 | 5,274 |

Schools Delegated Overview

The table below shows that Schools were originally forecasting a draw on reserves of £1.4 million (May 2020) but instead transferred £4.1 million to reserves resulting in an overall closing surplus position of £2.9 million

| School Sector | Opening Balance 31/3/20 | Cabinet Budget Contribution/ (Use) in 2020-21 | Actual transfer to/(from) reserves | Closing Balance 31/3/21 |
|----------------------------|-------------------------|---|------------------------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Primary | 2,645 | (730) | 2,350 | 4,995 |
| Special | (124) | 241 | 435 | 311 |
| Secondary | (3,432) | (910) | 1,354 | (2,078) |
| Loans | (28) | 0 | 7 | (21) |
| Closed Schools Prior years | (321) | 0 | (6) | (327) |
| Total | (1,260) | (1,399) | 4,140 | 2,880 |

Schools received £4.0 million grants in February and March utilised core costs

The remaining difference is mainly due to schools reducing their projected deficits by working to balance their budgets in year.

A more detailed report on individual school outturns and projected budgets will be brought to Cabinet / Scrutiny in July.

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Highways Transport & Recycling + Director | 28,011 | 966 | (93) | 1,208 | (1,594) | (1,948) | 624 | (248) | 26,926 | 1,085 |

Highways Transport & Recycling Overview

Overview

Highways, Transport and Recycling are reporting a outturn under spend of **£1,085,000** at year end.

Background

Due to the Covid-19 pandemic this has put a lot of pressure on a number of services within HTR, particularly Waste Services, due to the additional waste being collected and the need to keep staff socially distanced, which has led to increased costs.

Furthermore, due to businesses closing temporarily the income for the Trade Waste Service was also negatively impacted. As a result, the service was showing a deficit year end of £446k, but this was offset by underspends in other areas within HTR.

Overall, the position within HTR has improved by £398k between February & March 2021, which is predominantly due to:

1. increased income through Highways Design of £120k.
2. £100k on fleet workshop expenditure
3. Street-works income is £90k better than expected; and
4. a further £110k use of grants which has been set against the base budget.

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | |
|--|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Property, Planning & Public Protection | 6,217 | 760 | (795) | 2,669 | (1,218) | (2,561) | 342 | | 5,414 | 803 |

PPPP Overview

Cost Pressures

- Trading Standards have a large overspend because of experiencing a loss of income and the cost of an ongoing large-scale illegal tobacco investigation.
- Strategic Property have experienced several cost pressures relating to items such as HOWPS, ICT, legal fees, telephones, and other services.
- Catering's ParentPay system is not budgeted for which equates to £95k.

Lost Income

- The occupation of Ladywell House has been impacted by Covid-19. This has contributed to an income loss.
- Covid-19 has impacted on the Environmental Protection ability to generate income.
- Covid-19 has impacted on the Trading Standards ability to generate income.
- Covid-19 has impacted on the Catering Services ability to generate income.

Cost Underspends

Underspends because of work not being able to be commissioned due to covid-19, vacant posts, and increased income for example, have been secured in the following areas:

- Planning Policy.
- Development Management.
- Environmental Health (Commercial).
- Environmental Health (Environmental Protection).
- Corporate Property.
- Catering supplies.

Cost Reductions

Covid-19 has limited the service area's ability to achieve savings/income targets. Management of change processes were recommenced to achieve an element of savings proposals. It is hoped that the relaxation of covid-19 restrictions will enable income generation to recommence at previously identified levels.

Lost income reclaimable from WG (possibly)

Assumptions have been made that lost income experienced by the public protection service will be reclaimable from WG.

Cost Reductions – any further ideas that could take place later in the year?

Voluntary redundancy has been offered to PPPP staff by HoS. Covid-19 has limited the scope of this proposal.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Regeneration | 625 | 29 | (1) | 0 | | (256) | 191 | | 588 | 37 |

Regeneration Overview

Cost Pressures

Community Hall costs remain slightly higher than budgeted due to maintenance costs which is currently being reviewed and can be met through in year savings.

Income

The team is generating income from the administration of external funding programmes and the temporary secondment of core funded staff to support the delivery of the Communities for Work+ programme.

Cost Underspends

Reduction in spend due to focus on Covid activity, reduction in expenditure to support budget savings and underspend in mileage.

Cost Reductions

The service has savings to achieve of £326k in 2020-21 (c.34% of its budget). £135k has been achieved to date leaving an outstanding amount of £191k. The generation of grant income and a reduction in expenditure has given the capacity to achieve a further £160k of in year savings leaving £35k shortfall at this point. The team is underspend at the end of the financial year although this will not achieve the required long term savings target.

Lost income reclaimable from WG (possibly)

Investigating hardship fund reclaim for 1 post.

Cost Reductions – any further ideas that could take place later in the year?

Work is ongoing to assess cost reduction options to achieve the remaining budget savings of £191k required in 2020-21, although this must be balanced against the recent budget announcements and requirements for the team to support funding bids.

Other mitigating actions to deliver a balanced budget

Project management fee/staff time income generated from externally funded projects.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Housing & Community Development | 4,004 | 320 | (222) | 62 | (41) | (375) | 75 | | 3,822 | 182 |

Housing and Community Development Overview

Cost Pressures

Future pressures Jan – March 2020

- Ongoing economic impact of COVID-19 may lead to further increases in homeless presentations. Potential increase in B&B costs and additional pressure on temporary accommodation
- The impact on Housing rental income is being closely monitored.

Redeployment

Current and previous redeployed staff accounted for. Potential for additional future redeployment of staff depending on impact of COVID-19.

Income

Lost income against budget in areas such as libraries and Private Sector Housing.

Cost Underspends

Reductions in cost due to partial or full cessation of some services due to COVID-19. There are underspends from across the service, including reductions in mileage expenditure.

Cost Reductions

The service had savings to achieve of £218k in 2020-21, £143k has been achieved to date leaving an outstanding amount of £75k.

Cost Reductions – any further ideas that could take place later in the year?

Head of Service has emailed all staff inviting expressions of interest in voluntary redundancy or a reduction on hours. There could be the potential for some small additional savings. Unknown at this stage so not included.

Other mitigating actions to deliver a balanced budget

As the Service is underspent, no other mitigating actions are being proposed.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Housing Revenue Account | 0 | 1,486 | | | | (3,428) | | | (1,942) | 1,942 |

HRA

- The impact on Housing rental income is being closely monitored.
- Progress with some works has been delayed due to COVID-19 restrictions.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 |
| Digital | 3,938 | | (11) | 107 | | (674) | 270 | | 3,630 |
| | | | | | | | | | Variance |
| | | | | | | | | | 308 |

Digital Overview

Digital Services continue to be active in delivering efficiency savings and developing transformation to support cost reductions across the organisation. Demand is being managed and clear priority focus to business critical areas have driven our response and ensure resource is used within budgets available.

Cost Pressures

- 40k shortfall at budget setting – looking to resolve within year.

Income

- Lost income against budget of £70k due to roll-over of S33 from previous year is being managed.
- Reprographics and post income based on previous year will give a cost pressure and has improved the position in Q3.

Cost Underspends

- £171k from vacant posts and reduced travel and £200k contract costs reduced bringing forward 21/22 savings.

Cost Reductions

- £270k unachieved savings due to focus of transformation resource to Covid support has delayed some development with delivery rolled over to 21/22.

Other mitigating actions to deliver a balanced budget

Recovery of £70k shortfall from S33 reserves for additional work carried out due to Covid, approved at Joint Partnership Board, WCCIs structure and management of change process is now complete to introduce a sustainable support team going forward with agreed budgets.

Detail of actions to be undertaken to deliver a balanced budget

Introduction of Hybrid mail to reduce expenditure but deliver a more flexible service to support our agile workforce

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | |
|--------------------------------|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
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| Transformation & Communication | 1,527 | 23 | (46) | 8 | 0 | (142) | 0 | | 1,370 | 157 |

Transformation and Communication Overview

Cost Pressures

Cost pressure of £37k for Power BI premium licence - now funded.

Income

N/A

Cost Underspends

£37k additional grant monies from Public Services Board, underspend on Welsh Language Unit, Public Relations and Graphic Design, additional income generation and savings from non-staff costs such as travel due to staff working from home. Over achieved on income considerably particularly in Communications, Research and Analytics.

Cost Reductions

All cost reductions achieved.

Lost income reclaimable from WG (possibly)

N/A

Cost Reductions – any further ideas that could take place later in the year?

None

Other mitigating actions to deliver a balanced budget

Balanced budget achieved.

| | | OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | |
|----------------|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 |
| Workforce & OD | 1,967 | 0 | (78) | 45 | | (212) | 176 | | 1,898 |
| | | | | | | | | | Variance |
| | | | | | | | | | 69 |

Workforce and OD Overview

Cost Pressures

None

Income

The budgeted income from delivering training will be underachieved by £40k. This will be offset against cost underspends.

Cost Underspends

Significant underspends of £174k on training, staffing, non-staffing costs and against the corporate training budget .

Cost Reductions

£10k of the planned £209k savings have been achieved to date, and a further £23k are assured, leaving a balance of £176k.

Lost income reclaimable from WG (possibly)

N/A

Cost Reductions – any further ideas that could take place later in the year ?

No further ideas

Other mitigating actions to deliver a balanced budget

The budget is in balance.

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Legal & Democratic Services | 3,059 | 21 | (64) | 173 | (117) | (363) | 251 | | 2,960 | 99 |

Legal Overview

Cost Pressures

£17k for corona services and £7k for staff registrars.

Income

Total Lost income of £173K includes Land Charges Lost income of £68k plus £37k lost income from Registrars (Loss of income from ceremonies) and £37k from legal fees.

Cost Underspends - is mainly made up of:

- £16k Elections reduced staff and travel costs.
- £47k Man Team reduced staff and travel costs
- £99k Reduced members' travel
- £11k Dem services reduced staff & travel costs.
- £25k Solicitor to Council reduced staff & travel costs
- £57k Saving from restructures.

Lost income reclaimable from WG (possibly)

Assumption that £117k (50%) of lost income will be recovered from Welsh Government in Q4 claim.

Cost Reductions – any further ideas that could take place later in the year ?

£54,460 of additional annual savings

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
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| Finance | 5,690 | 47 | (7) | 40 | (40) | (351) | 193 | | 5,572 | 118 |

Finance Overview

Cost Pressures

General issues around costs not funded by WG

There are some staffing cost pressures due to part time staffing undertaking additional hours to support covid 19 activities, including processing of the business grants and administering the £500 carers grant, Welsh Government have provided additional administration grant funding now to support some of these expenses.

Insurance claims continue to rise, and we have now added a provision of £300k to this cost centre (Employers' liability is an additional £150k almost doubling, Public Liability increased by £150k). In addition, the cost of insurance premiums which were renewed in December have increased by £150k per annum, of which £50k is attributable to this financial year. Additional base budget has been approved to fund the extra cost of premiums in 2021/22.

Redeployment

We have a member of staff working on Track and Trace, but have backfilled his post, and this is being claimed against Welsh Government.

Cost Underspends

Across the service there are non-pay savings such as the travel, vacancies slippage budgets from undertaking service delivery remotely through Teams. Travel to schools, to claimants etc have mainly ceased. We have had administration grant from Welsh Government for the work we have done in delivering the business grants and carers grant schemes.

Cost Reductions

All staff have been under considerable pressure through Covid, buying PPE, administering business grant support, processing, and coordinating Covid Claims and collating financial assumptions to understand the changing forecast outturn. There has not been capacity to develop the £150k transformation activities as expected.

Lost income reclaimable from WG (possibly)

We have claimed loss of income for court costs and loss of commercial income within income and awards.:

| OUTTURN FOR THE YEAR ENDED 31ST MARCH 2021 AS PER CP/LEDGER | | | | | | | | | | |
|---|---------------------|--|--------------------|-----------------------------------|---------------------------|------------------|--|---|--------------------------|----------|
| | | Add | + / - | Add | Less | Less | Add | Less | Final | |
| £'000 | 2020/21 Base Budget | Cost Pressures not covered by Covid funding (excluding redeploy) | Staff Redeployment | Annual lost income against budget | Income loss funded via WG | Cost Underspends | Cost Reductions not delivered (unachieved) | Unplanned grants utilised in last quarter of the year | Outturn Position 2020/21 | Variance |
| Corporate Activities | 31,350 | 3,184 | 1,077 | | | (4,015) | (130) | (3,436) | 28,030 | 3,320 |

Corporate Overview

Cost Pressures

The main increase is due to £2.3m transformation costs and redundancies have been charged here rather than utilise capital receipts and use of the capitalisation direction. This allows the receipts to be rolled forward and used to support the capital programme.

Staff Redeployment

This figure equates to the opposite entry for the redeployed staff undertaking track and trace – shown at Appendix A

Cost Underspends

Corporate underspends have improved by a further £1.913 million since the last report. The main changes relate to:

- £725k better on final MRP/interest on borrowing position because the capital outturn is reduced by £11 million on previous month of which it was assumed 80% would be funded by borrowing - not now needed, in total £1.98 million under
- £400k above the plan has been collected from council tax premiums.
- £236k over collection of pension contributions which will go into specific reserve for the actuarial pension review.

Appendix C Explanation of Movements between February and March 2021

| Service | Movement £'000 | Commentary |
|--|-------------------|--|
| Adult Services | 1,675 | Additional grants received and utilised against core budgets £200k. Income receipted not previously forecast due to prudent approach £400k. Reversing a provision held on the balance sheet not now needed £335k. Recovered provider fees due to services stopping through Covid £100k. |
| Childrens Services | 964 | Additional grants received and utilised against core budgets £140k. Reductions to provider services including rates and length of stay of Children Looked After £700k, reductions to advocacy and complaints provisions, spend did not materialise - £70k |
| Commissioning | 153 | In part due to the allocation and use of grant against base cost |
| Education | (460) | Schools Service utilised their forecast underspend identified in February to contribute £496k towards the wider Transforming Education strategy programme costs (including ALN transformation) to fund this from revenue instead of 21 st Century grants to safeguard funding streams in future years. |
| Highways Transport & Recycling | 398 | Highways Design income £120k better than expected, Streetworks income £90k better than expected. £110k use of grants against base budget. |
| Property, Planning & Public Protection | 548 | £390k of staff costs recoded to Track and Trace (TTP) to show the true reflection of its cost – mainly public protection staff moved. £80k improvement in cleaning, as a result of increased income that had not been forecast. |
| Regeneration | 6 | Minimal change to last month's forecast |
| Housing & Community Development | 112 | Libraries under spend increased by £80k mainly due to the book budget underutilised. £85k use of grants against base Archives and Museums budget. These were offset by an increased overspend in HGF of £100k mainly because of increased costs in Homelessness unclaimable against Hardship fund. |
| Digital Services | 19 | Minimal change to last month's forecast |
| Transformation & Communications | 24 | Minimal change to last month's forecast |
| Workforce & OD | (17) | Minimal change to last month's forecast |
| Legal & Democratic | 37 | Minimal change to last month's forecast |
| Finance | 466 | Income contributing towards insurance claims was received in March £118k, £40k income for court costs received as grant from WG, £72k DWP income and admin grant for business grants |
| Corporate Activities | (1,421) | (£2.3m) transformation/redundancy costs charged here instead of capitalisation direction as previously forecast. £725k better on final MRP/interest on borrowing position because the capital outturn is reduced by 11 million on previous month of which it was assumed 80% would be funded by borrowing - not now needed. £400k above the plan has been collected from council tax premiums. £236k over collection of pension contributions which will go into specific reserve for the actuarial pension review. £(550)k increase in the cost of TTP due to staffing costs transferred in from services, particularly PPPP. |

| | | |
|-------------------------------|--------------|---|
| Total | 2,503 | |
| Housing Revenue Account (HRA) | 546 | Less spend on repairs and maintenance than forecast. |
| Schools Delegated | 4,674 | The grants received February and March are included in March outturn and utilise core costs against the grants in full - £4.0m. |