

CYNGOR SIR POWYS COUNTY COUNCIL.

**Council
15th July 2021**

**REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance**

REPORT TITLE: Revenue and Capital Virements

REPORT FOR: Decision

1. Purpose

1.1 This report seeks Council approval for the virement of reserves transferred at the 2020/21 year end to address specific additional pressures facing the Council in the new financial year.

2. Advice

2.1 In response to the Revenue Outturn Position reported at the 31st March 2021, the surplus reported was transferred into the councils General Fund Reserve. There were several virements proposed in the revenue outturn report that was presented at Cabinet on 22nd June and following Cabinet approval these are now recommended to Council for approval:

a) Revenue virements are requested to set up three new specific reserves, utilising the year end outturn underspend of £4.241 million, which has been transferred into the General Reserve. The specific reserves are set out below:

- **£1 million is set aside to assist council services with Covid recovery.** This is in addition to the £1.8 million already agreed through the Covid Recovery Fund. Additional 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. Services will draw upon this support through the submission and approval of a business case clearly demonstrating need and the benefits to our residents.
- **£1m set aside for match funding for large economic growth/recovery capital schemes.** 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.
- **The remaining balance of the surplus, £2.241 million, be transferred into a specific Capital Financing Reserve.** This reserve will support the Council's Capital Programme, reducing the Councils borrowing requirements and easing the pressure on the revenue budget.

b) Carry Forward of Underspends, there are two recommendations 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. The Councils' Virement Rules require Council to agree carry forward of underspends that are above £500,000 on the advice of the Section 151 Officer and Cabinet recommendation.

- **Transport fund £730,000** - 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.
- **Flood Recovery Reserve £950,000**, The Highways Road Maintenance Budget reported an underspend due to the receipt of additional funding from Welsh Government which released previously committed service revenue budgets. The setting up of this reserve is to fund storm expenditure in 2021/22 and will provide a contingency in the event that Welsh Government grant for floods is not made available.

3. Resource Implications

- 3.1 The new specific reserves will ensure funding is set aside to fund essential expenditure that is not allocated within the base budget. The activity being delivered not only underpins the recovery stage of the pandemic as we support our residents but will also meet additional pressures not otherwise funded which will improve the financial resilience of the council over the short and medium term.
- 3.2 The Head of Finance (Section 151 Officer) supports the recommendation. All reserves are monitored and reviewed annually. The Councils reserves policy requires that reserves balances should be reasonable for the purpose held and must be used for the item for which they have been set aside, if circumstances arise to which the reserve is no longer required for its original purpose they will transfer to the General Fund Reserve. 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.

5. Legal implications

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

6. Data Protection

- 6.1 The proposal does not involve the processing of personal data.

7. Comment from local member(s)

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

8. Integrated Impact Assessment

- 8.1 No impact assessment is required

9. Recommendation

9.1 To approve the virements set out in section 2 transferring the amounts from the General Fund Reserve into the appropriate specific reserves.

Contact Officer:	Jane Thomas, Head of Financial Services
Tel:	01597 827789
Email:	jane.thomas@powys.gov.uk