

CYNGOR SIR POWYS COUNTY COUNCIL

Finance Panel

30th September 2021

REPORT AUTHOR: County Councillor Aled Davies

Portfolio Holder for Finance

SUBJECT: Cost Reductions as at 31st March 2021

REPORT FOR: Information

1. Purpose

- 1.1 The 2020/21 budget included cost reductions of £12.394m. This total includes savings carried forward from previous financial years. The delivery of a balanced budget was reliant on the achievement of these cost reductions.
- 1.2 This report provides an overview on the delivery of these reductions during 2020/21, and confirms those that were carried forward for delivery in the new financial year and those that were written out as part of budget setting for 2021/22.

2. Delivery of Cost Reductions

- 2.1 Table 1 provides a summary of the Cost Reductions by Service for 2020/21. 76% of the savings were achieved in year and 24% undelivered. Where cost reduction targets were under achieving Services took mitigating action and alternative means of covering the cost reduction shortfall in 2020/21 were implemented. These were not permanent adjustments and these cost reductions have been rolled forward and are expected to be delivered in the new year.

Table 1

£'000	Planned	Achieved	Unachieved	Written Off	Carry Fwd
Adult Services	4,070	3,589	481	699	
Childrens Services	2,496	2,027	468	572	
Digital	771	501	270	-	270
Education	701	701	-	-	
Finance	426	232	193	150	43
Central Activities	870	1,000	(115)	-	
HTR	1,109	485	609	60	549
HCD	218	143	75	75	
Regeneration	326	135	191	0	191
Legal	331	80	251	52	199
PPPP	784	442	342	-	342
T & C	85	85	-	-	
Workforce & OD	209	33	176	26	150
Total	12,394	9,453	2,941	1,634	1,744
		76%	24%	13%	14%

- 2.2 Appendix A provides a summary of each scheme that has been written out of the budget for 2021/22 as they cannot now be achieved. The budget setting process included a

validation exercise which identified the cost reductions that can no longer be delivered even in future years, and a total of £1.634 million was written out as part of the budget process to ensure next year's budget is robust and deliverable.

- 2.3 The write off figures were agreed at Council in February 2021 and differ slightly from the final outturn position, mainly in Social Care, due to the final position being improved on the forecast. Social Care have developed new cost reductions for delivery in 2021/22.
- 2.4 14% of the Planned Cost Reductions have been rolled forward into 2021/22, as services are able to deliver in the new year, a summary of each scheme is shown at Appendix B.

3. Resource Implications

- 3.1 The resource implications are explained in section 2. The outturn position for 2020/21 has accounted for the cost reductions delivered and the cost reductions written out have been accounted for as part of budget setting 2021/22.
- 3.2 Welsh Government provided additional funding in February 2021 in recognition of the inability to progress all savings during 2020/21 as Local Authorities responded to the pandemic. Powys received £1,093,201. This funding is not recurring and provided welcome support for 2020/21, however the cost reductions are recurrent in the Councils Base budget and the action to remove those that remain unachievable through the budget setting process is appropriate.

4. Legal Implications

- 4.1 N/A

5. Data protection

- 5.1 No applicable

6. Local Member(s)

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

7. Impact Assessment

- 7.1 Is an impact assessment required? Impact Assessments for the cost saving proposals were completed as part of the budget setting process.

Recommendation:	Reason for Recommendation:
The contents of this report are noted	To provide an update on the outturn position for cost reductions for 2020/21
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Appendix A – Undelivered Savings Written Out

Service	2020/21 Undelivered Savings	PROVIDE A DETAILED EXPLANATION AS TO WHY YOU COULD NOT DELIVER THIS SAVING OR ROLL IT FORWARD INTO NEXT YEAR – AND WHY YOU PUT IT FORWARD FOR WRITE OFF	£
HCD	Housing General Fund - management re-structure	Housing redesign activity was delayed and rescheduled into 2021, however, the service was able to deliver its in year target due to an underspend across the area. Due to the increasing demand in terms of homelessness and the changing requirements from WG, the savings target was put forward to be written off and instead in 2021/22 it was replaced with £25,000 saving has been delivered by no longer providing a gypsy site during the annual Royal Welsh Show. Housing redesign is taking place through 2021 alongside the Howps repatriation, at this time the full financial implications have not been finalised	25,000
HCD	Museums Service - Reduction in opening hours	The Museum Service has faced a year of significant disruption due to the pandemic. Future budget savings will be considered as part of the 2022-25 Integrated Business Planning process.	15,602
HCD	Y Gaer - Future operational modelling	Work has been delayed and Y Gaer closed for much of the last 12 months due to the pandemic. Work has been ongoing with two potential partners, which may see partial savings being made within future years. Once the outcome of these potential partnerships has been finalised and embedded, the budget will be reassessed as part of the Integrated Business Planning process.	34,209
HTR	HWRCs	Significant efforts have been made to negotiate the £100k saving with the current contractor. However due to an unstable market situation for recycled materials (principally due to the pandemic) resulting in reduced income for the operator, only £40k in savings are currently achievable. In 2021/22 a £10k saving has been delivered for HWRCs	60,000
ASC	Where people live - support people to live in their own communities	Due to the pandemic, it was not possible for social workers to visit service users in England to undertake the reviews required to move them back to the new Cae Glas scheme. This remains the case while we are in lockdown. This pressure is superseded by a new saving in 2021/22 for £720k and this new target is on track for delivery	250,000

ASC	Double to Single handed care - right sized packages	The pandemic has reduced the OTs ability to undertake face-to-face visits and has made it impossible to undertake this work. The OTs did provide support into care homes for the pandemic with moving and handling advice, but clearly this could not achieve the same level of savings. A new savings target has been proposed in 2021/22 for £400k, which is partially delayed thus far due to the increased demands on assessment that has recently arisen.	270,000
ASC	Funding Review	It was not possible to undertake the planned reviews during the pandemic, both our staff and partner resources had reduced capacity and new funding streams have not been achieved. A new savings target has been proposed for 2021/22 for recommissioning / decommissioning £382k and this is on track to be delivered in full	179,000
Childrens	Agency	Due to the pandemic the increase in placement numbers means the staffing resource cannot reduce and agency support cannot be reduced as planned. A new savings target has been added in for 2021/22 for £408k but with the increased caseload demand this year we continue to need to rely on additional agency staff, the position will continue to be reviewed as we move through 2021/22 but delivery of this reduction remains at risk.	192,431
Childrens	Funding Review	It was not possible to undertake the planned reviews during the pandemic, both our staff and partner resources had reduced capacity and new funding streams have not been achieved. A new savings target has been proposed for 2021/22 for the same value £380k and is on track for delivery	380,000
Finance	Finance Transformation	Saving of £397k proposed for 2020/21, £247k has been delivered but the remaining £150k is now considered unachievable. The delivery of the change programme has been significantly delayed by the impact of the pandemic and additional Covid work undertaken by the teams, removing all capacity to lead or implement the transformation programme. But the issue is wider than this as the expectation on financial services to support the wider the organisation grows year on year. General capacity issues are now affecting the delivery of an appropriate service for the Council. Further reductions will mean that we are not able to deliver all that is being asked of the service. The Section 151 Officer has a statutory duty to make arrangements for the proper administration of the financial affairs of the Council. To deliver this responsibility the finance function has to be resourced to be fit for purpose.	150,000
WOD	Reduction in service delivery through review in staffing	The majority of the service's budget comprises staffing costs, with non-staffing spend generally comprising the fees we pay to the DBS and software licenses/costs, for instance for the HR / Payroll system. The achievement of cost reductions is therefore heavily reliant upon staff reductions. During 2019/20 the service was required to find significant savings, with some savings also being rolled forward from 2018/19. The lion share of the savings were found and 5 posts were deleted to facilitate this, reducing the numbers of HR posts funded by the Council to c 27 FTEs. It was not possible	26,000

		however to reduce posts further without adversely impacting on the workforce support the Council needs in terms of business as usual and importantly in delivering its workforce transformation plans.	
Legal	Legal and Democratic Restructure	Carried forward from 2019/20 and unable to deliver as the restructure was put on hold due to the pandemic and a further review of the structure to ensure that appropriate support is provided for members	52,000
			1,634,242

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Appendix B – Cost Reductions Rolled Forward into 2021/22

Reference	Summary	Service	Brief Description	Carry Forward to 2021/22 £
CS03	Customer Centred Digital Solutions (Digital Powys Programme)	Digital	Our Digital Transformation Programme will drive delivery of digital solutions whilst providing financial reductions. The programme has 7 key work streams, this proposal focusses on: - Customer Centred Digital Solutions Workstream	200,000
IT07	Reduce Corporate Phone Contracts by an estimated £103k	Digital	Due to Bring your phone project, it is estimated that the council can reduce its Mobile Phone cost by approx. £53k in 20/21 and a further £40k in 22/23 Due to System Rationalisation, the council can reduce its contract costs by approx. £50k. These reductions are cross cutting as they are corporate contracts not sitting in ICT Budgets.	69,990
FS01	Finance Transformation	Finance	The Finance Service is working on the delivery of a transformation project that will encompass several workstreams, some of which are cross cutting with other Financial Services colleagues such as Procurement and Income & Awards, and the support element of services. This work will deliver benefits wider than the Finance team alone.	43,360
HT02	Review Fleet Maintenance Resources	HTR	A further rationalisation of the Fleet Maintenance resources, following the implementation of the change in working methods, apprenticeship scheme, and the positive impact of the fleet replacement programme.	38,410
HT10	Review of Waste & Recycling Resources	HTR	This review will be carried out in conjunction with the change on residual collection frequency, and whereas the budget reduction in the change in frequency is gained through increased recycling/reduced landfill costs, the gain from this element of the review will be from efficiencies made in the collection rounds. Alongside this there will be further consideration of working hours and practices. Dependencies are the moves to the North Bulking facility from Newtown and Welshpool existing sites, and from Brecon to Cwrt y Plyffin. There is a risk that any change in working hours requiring a collective agreement with staff may not be achievable. Risks associated with working vehicles for longer hours, are that with a smaller fleet, overall resilience will be weakened and any breakdowns etc will have an immediate and greater impact on collections.	3,315

HT13	Reduction in Winter Service Provision	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 considering 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
	Carried Forward from 18/19	HTR	Commissioning of Services	16,800
	Carried Forward from 18/19	HTR	Parking Charges	26,320
	Carried Forward from 19/20	HTR	Rationalisation of Household Waste Recycling Centres- Share facilities etc	10,000
	Carried Forward from 19/20	HTR	Introduction of chargeable garden waste collection service	91,490
	Carried Forward from 19/20	HTR	Review car parking charges, increase income.	100,000
	Carried Forward from 19/20	HTR	Review streetlight provision (non-statutory) and limit PCC funding to conflict areas only. Encourage Town & Community Councils to support any additional local lighting requirements.	13,820
	Carried Forward from 19/20	HTR	Further efficiencies through better productivity, improved sickness absence management, developing additional income streams, internal cost reduction and reduced 3rd party spend.	118,350
LS01	Review of Registration Service	Legal	Review of Registration Service was put on hold due to the pressures of dealing with the pandemic	22,949
LS01	Restructure of Scrutiny, Democratic Services and	Legal	Restructure of Scrutiny, Democratic Services and Member Services team was put on hold due to the pandemic and a further review of the structure to ensure that appropriate support is provided for members	176,000

	Member Services team			
PP01	Deliver an efficient Strategic Property service.	PPPP	Increase the Strategic Property income target. The renting out of Council building space will help improve income generation.	62,170
PP03	Ensure the effective senior management of Property, Planning and Public Protection.	PPPP	The proposal would involve the redesign of the senior management of Property, Planning and Public Protection.	83,830
Carried Forward from 19/20		PPPP	Exit Neuadd Maldwyn	141,010
Carried Forward from 19/20		PPPP	Increased rental income from properties, Ladywell House, Business unit portfolio, County Farms	55,480
HC07	Economic Development & Regeneration Service	Regeneration	Bid for ESF Priority 5 funding to support development of Mid Wales Growth Deal and regional economic development	190,754
WD01	Introduction of Salary Sacrifice Pension AVCs	Workforce & OD	The payment of additional voluntary contributions to pensions via a salary sacrifice scheme does not attract NI contributions. This provides a reduction to both the employee and employer.	30,000
WD03	Increase the uptake of Apprenticeship positions in the Council	Workforce & OD	We will increase the number of apprentices we appoint to the Council and will place them in substantive vacancies the Council has decided to fill. This will enable apprentices to undertake a recognised relevant qualification under the Welsh Government's Apprenticeship Framework, including classroom based training, develop skills and experience in their chosen role and to be appointed to the role upon their successful completion of the apprenticeship. An apprenticeship placement in these circumstances reduces the employment cost by c £12k per vacancy (this being the difference between the average cost of a suitable post for an apprentice and the cost of employing the apprentice).	120,000
			TOTAL	1,744,048