

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
2nd November 2021**

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

REPORT TITLE: Financial Forecast for the year ended 31st March 2022
(as at 30th September 2021)

REPORT FOR: Decision

1. Purpose

1.1 To provide Cabinet with the revenue budget outturn forecast for the 2021-22 financial year. This includes information on the additional hardship funding received from Welsh Government and the impact on the projected position.

2. Background

2.1 The pandemic continues to have a financial impact upon the Council, and the ongoing support from Welsh Government is fundamental in supporting the Council's financial position. Additional costs and lost income continue to be claimed and this support is in place until 31st March 2022.

2.2 We must continue to monitor our financial position carefully as we progress through this year and ensure that we react quickly if the position changes, redirecting resources as necessary to maintain our priority services for our residents and businesses.

2.3 Table 1 below summarises the projected full year position across the Council's services including HRA and delegated schools a £30,000 deficit is forecast.

Table 1 – Forecast Position

Revenue Budget	£'000
Base Budget	279,806
Cost Pressures	6,251
Cost Underspends	(8,434)
Cost Reductions Shortfall	2,958
WG Future Support	(745)
Forecast Outturn	279,836
Deficit	(30)

- 2.4 Appendix A provides a breakdown of the financial position for each service, broken down into categories covering cost pressures, cost underspends, service reductions and covid hardship funding from Welsh Government expected to date.
- 2.5 Further detail about each service area is provided in Appendix B, with Heads of Service setting out their individual narrative that explains their financial position. This includes their activities being undertaken to deliver cost reductions and mitigate shortfalls, the level of pressures and if any that are being managed “at risk” are likely to materialise significantly.
- 2.6 The projected position for the Councils General Fund (excluding HRA and Schools Delegated) is an overspend of £30,000. If services fail to mitigate the overspends currently being projected this pressure will fall on the General Fund reserve.
- 2.7 Services that are projecting an overspend position must take action now to recover their forecasted position and deliver within budget. If necessary completing and submitting virements for consideration to realign budgets.

3. Cost Reductions

- 3.1 Cost reductions of £13.397 million were approved as part of the Councils budget for this year and the delivery of these is required to achieve a balanced budget in year. These include undelivered reductions from 2020-21 of £1.569 million that have been carried forward.
- 3.2 The summary at Table 2 shows that 45% or £6.041 million have been delivered and a further 33% £4.399 million are assured of delivery by Services. £2.958 million, 22% are unachieved and are at risk of delivery in this year. Services are being challenged as to why the position for some proposals has changed and will be required to consider mitigating action to ensure that they can deliver within the budget allocated.
- 3.3 The budget set by Council included the provision of a risk budget to manage the risk of delivery, together with potential additional service pressures and this will be drawn upon to support the budget gap .

Table 2 – Cost Reductions

	To Be Achieved	Actually Achieved	Assured	Un-achieved	% Achieved
Adult Services	5,091	2,471	2,520	100	49%
Childrens Services	3,184	1,979	1,205	-	62%
Commissioning - Adults & Children	-	-	-	-	-
Economy and Digital Services	1,167	92	114	961	8%
Education	381	210	-	171	55%
Schools Delegated	39	39	-	-	100%
Finance	324	300	24	(0)	93%
Central Activities	(175)	(175)	-	-	100%
Highways Transport & Recycling	1,745	263	300	1,182	15%
Housing & Community Development	310	217	18	75	70%
Legal & Democratic Services	298	108	14	176	36%
Transformation and Communications	57	57	-	-	100%
Property, Planning & Public Protection	818	470	201	147	57%
Transformation and Communication	-	-	-	-	-
Workforce & OD	160	10	5	145	6%
Total	13,397	6,041	4,399	2,958	45%
		45%	33%	22%	

4. Welsh Government Support

- 4.1 The Welsh Government budget confirmed that the Hardship fund will continue until 31st March 2022 but expect the value of claims to reduce as councils bear the cost of new working and custom and practice that become the norm. This fund continues to support additional costs arising from the pandemic associated with Social Care, Homelessness, PPE, Free School Meals, limited general additional expenses, and the Mortuary Facility. The fund also continues to support the net effect of lost income.
- 4.2 Thus far this year the council has submitted cost claims totalling £3.7 million, of which £1.5 million directly supports the adult care providers through temporary fee increases. Lost income for quarter one has been received totalling £551,719, the quarter two claim will be submitted later in October.
- 4.3 Claims totalling £283,503 were made for staff on furlough from the Governments' Job Retention Scheme for the half year. The furlough scheme has now ceased. Recognising that several the staff concerned have health conditions, steps are being taken to support their safe return to work. This involves seeking and considering up to date medical advice from occupational health, risk assessing their return to work in line with current governmental advice and in making adjustments where reasonable. The continued absence of any employees who are unable to return to work at that stage will be managed in line with the Council's normal absence management process.

5. Reserves

- 5.1 The Reserves position at Table 3 sets out the reserve forecast as at 30th September 2021. The opening reserves stand at £52.258 million, with the general reserve £13.634 million representing 6.9% of total net revenue budget (excluding Schools and the HRA).
- 5.2 Council agreed a virement request on the 15th July to set up three specific reserves utilising the 2020/21 outturn underspend, totalling £4.241 million. These specific reserves reduce the general reserve balance, and this now represents 4.7% of total net budget (excluding Schools and the HRA).

Table 3 – Reserves Table

Summary	Opening Balance (1st April 21) Surplus / (Deficit)	Planned Addition / (Use) of Reserves	Forecast (Over) / Under Spend	Projected Balance (31st March 22) Surplus/ (Deficit)
General Fund	13,634	(4,294)	0	9,340
Budget Management Reserve	4,330	0	0	4,330
Specific Reserves	15,651	2,893	(357)	18,187
Transport & Equipment Reserve	11,282	(8,710)	0	2,572
Total Usable	44,897	(10,111)	(357)	34,429
Schools Delegated Reserves	3,251	(52)	207	3,406
School Loans & Other Items	(371)	7	0	(364)

Housing Revenue Account	4,481	(2,404)	641	2,718
Total	52,258	(12,560)	491	40,189

6. Grants

6.1 There have been additional grants received this quarter:

6.1.1 Additional allocation of £306,317 for the Children and Communities Grant. This is an extra one-off increase for childcare sector small scale grants, support for the costs of completing the Childcare Sufficiency Assessments (CSAs) and Covid recovery funding for Early Help and Support Services.

6.1.2 Additional Regional Consortia School Improvement grant received of £1,574,904. This additional funding is to support the following objectives for the 21/22 financial year:

- Curriculum & Assessment - Supporting a national curriculum with equity & excellence at its core that sets high standards for all learners
- Developing a high-quality education profession - improving the teaching & learning in our schools
- Leadership - supporting inspirational leaders working collaboratively to raise standards. Includes future leadership & professional networks
- Supporting a self-improving system - supporting a system in which the education profession has the skills, capacity & agency to continually learn & improve their practice

6.1.3 Mental Capacity Act (MCA) and Deprivation of Liberty Safeguards (DOLs) the purpose of the £277,615.60 funding is to contribute to supporting the ongoing operations of (MCA) and (DOLs) through activities such as increased assessments to support timeliness of applications and training.

6.1.4 £25,000 Age Friendly Communities funding in relation to making Wales an age friendly nation.

6.1.5 £22,727 Connected Communities Loneliness and Social Isolation Fund where everybody has the opportunity to develop meaningful social relationships and where people are supported at those times in their lives when they are most vulnerable to loneliness and social isolation, by friends, family, communities and institutions and organisations within wider society.

6.1.6 £1,642,835 Social Care Recovery. The purpose of the grant is to support appropriate recovery of social care services in local authority areas across Wales, aligning with the priority areas set out in the Social Care Recovery Framework. This funding will replace the current funding provided under the Local Sectoral Support element of the Hardship Fund, which will cease when this fund is available.

6.1.7 £71,874 funding allocation in relation to respite care for unpaid carers this is to enable Local Authorities to meet the spike in demand for respite services caused by the impact of the pandemic on the mental and physical health of carers.

7. Financial Risks

- 7.1 The Council was able to achieve an underspend in last year's outturn, and at this point in the year, the current forecast predicts an overspend position. The course of the pandemic and measures instigated by government will continue to impact on the Council and we must retain flexibility in our budget this year to react to a changing situation.
- 7.2 The greatest financial risk remains in our ability to deliver a balanced budget over the medium and longer term. On current modelling the Medium Term Financial Strategy continues to show a significant budget gap. We continue to plan in a challenging and uncertain time and will update our projections as more information becomes available.
- 7.3 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 but additional borrowing will have to be undertaken during this financial year.
- 7.4 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 report.

8 Resource Implications

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

- 8.1 The outturn for 2020/21 was extremely welcome and we have used the opportunity this provided to support one of costs that will aid recovery, meet short term additional demand and start to provide support for our longer term financial resilience. This funding was not recurring and we cannot assume that we will get the same level of support from Welsh Government this year.
- 8.2 The overspend now being projected, if not resolved, will put pressure on the Council's revenue reserves. Action must be taken now to recover the projected overspends wherever possible. Any service that cannot manage the additional financial pressures within their existing budget be requested to submit a report explaining the situation. Cabinet can then consider the wider action that may need to be taken.
- 8.3 Maintaining healthy levels of useable reserves is an important safety net to support financial sustainability.
- 8.4 Delivery of the financial savings included in the budget is also a key aspect of ensuring ongoing financial sustainability, the council does not currently have assurance that full delivery can be achieved this year. If not achieved this will put an immediate additional pressure on next years budget.
- 8.5 We must consider the continuing implications of the pandemic and how these impact on the Council and embed this into our planning and new ways of working. The additional costs and reductions in our income must be considered and factored into our service budgets on an ongoing basis and we will have to rebalance our resources to maintain a balanced position.

8.6 Our planning must now focus on the medium and longer term as we develop the budget over the coming months, bridging the budget gap, transforming our services and building on the opportunities shown over the last year, whilst also maintaining an appropriate level of reserves.

9. Legal implications

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

10. Data Protection

10.1 There are no data protection issues within this report.

11. Comment from local member(s)

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

12. Impact Assessment

12.1 No impact assessment required.

13. Recommendation

13.1 That Cabinet note the current budget position and the projected full year forecast to the end of March 2022.

13.2 That the grants set out in section 7 of the report are noted.

13.3 That Heads of Service take action now to recover the projected overspends.

13.4 That where additional in year financial pressure cannot be accommodated within existing budget, a detailed report is requested to give clear explanation of projected overspend before action is taken by Cabinet to address the projected deficit.

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Appendix A – Forecast to year end as at 30th September 2021

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2021/22	Sept Variance
Adult Services	67,254	1,184	39	(761)	2,620	70,336	(190)	(2,520)	(420)	67,206	48
Children's Services	25,966	2,520	0	(479)	1,205	29,212		(1,205)	(187)	27,820	(1,854)
Commissioning	3,290		0	(57)	0	3,233		0		3,233	57
Education	9,880	303	0	(649)	171	9,705	0	0		9,705	175
Highways Transport & Recycling + Director	28,079	1,151	(8)	(1,360)	1,481	29,343	(282)	(300)	(20)	28,742	(663)
Property, Planning & Public Protection	4,712	169	(621)	(126)	348	4,482		(201)		4,281	431
Housing & Community Development	5,257	435	(6)	(169)	93	5,610	(261)	(18)	0	5,331	(74)
Economy and Digital Services	4,287	50	(2)	(343)	1,075	5,067		(114)		4,953	(666)
Transformation & Communication	1,508	0	(3)	(37)	0	1,468		0		1,468	40
Workforce & OD	2,031	47	(11)	(179)	150	2,038		(5)		2,033	(2)
Legal & Democratic Services	3,086	104	(28)	(124)	190	3,228	(12)	(14)		3,202	(116)
Finance & Insurance	6,095	307	0	(25)	24	6,401		(24)		6,377	(282)
Corporate Activities	35,739	609	565	(3,203)	0	33,710		0		33,710	2,029
Total	197,184	6,878	(75)	(7,511)	7,357	203,833	(745)	(4,399)	(627)	198,062	(878)
Housing Revenue Account	0			(641)		(641)				(641)	641
Schools Delegated	82,622			(207)		82,415				82,415	207
Total	82,622	0	0	(848)	0	81,774	0	0	0	81,774	848
Total	279,806	6,878	(75)	(8,359)	7,357	285,607	(745)	(4,399)	(627)	279,836	(30)
						(5,801)				(30)	

Appendix B Head of Service Commentary

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2021/22
Adult Services	67,254	1,184	39	(761)	2,620	70,336	(190)	(2,520)	(420)	67,206
										Sept Variance
										48

Adult Social Care Overview

Cost Pressures

(a) Current Pressures - Included in the forecast outturn at quarter 2

- £190k regarding loss of income due to Covid-19 and services not occurring e.g. meals at Older Day Centres, which is anticipated will be reclaimed from the Welsh Government Covid 19 Hardship fund.
- £200k to cover the increase in 'unpaid Carer' breakdown following the lockdown and the need for additional 'Home Based' respite.
- £374k in relation to community based services following the risk assessment to not open Older Day Centres and Day Bases and alternative community based service delivery, in the main due to double running costs e.g. having to run and maintain empty buildings and vehicles/fleet ordinarily utilised for service delivery and fund current reprovision. Additionally, in relation to frontline staff previously furloughed to 30th September who are still shielding and unable to deliver care within a two metre radius.
- £420k due to increase in Domiciliary Care hours in line with the additional 'front door' presentations and service user frailty due in part to the wider impacts of Covid 19, as older adults engage in more physical activity as lockdown restrictions are lifted. Likewise, as a result also of the lack of and reduction in Health preventative services/treatments during the pandemic.
- £39k re staff redeployed from other services within the Council following business continuity being invoked, so there should be corresponding underspends.

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

- Following a revised risk assessment, Older People & Disability centre/services remain closed. Future need will be based on what matters conversations that are currently occurring which may result in increased costs/double running costs in the short term due to potential increase in bespoke 1:1 sessions which will be over and above current budgeted staffing levels.

- Unknown future impact of Covid 19 on services, are not included in the forecast and only clarity from Welsh Government (WG) re Hardship funding to September 2021 in the current format. This relates to support to local authorities to maintain their commissioned and in-house adult social care placements.
- Winter pressures and potential demand on home-based care and interim bed options, future demand is unknown and so further cost pressures may arise.
- Stability of commissioned providers, particularly the care home sector. There is currently 2+ providers who may be at risk of failure.
- Future demography.
- Additional and backdated costs for “Sleep-ins” following the outcome of the judicial review, possibly backdated to November 2011. Awaiting judgement and liability to be calculated by the payroll team for the in-house service and legal direction.

Cost Underspends

- £201k as the service has only been recruiting in respect of frontline services, which has resulted in staff slippage due to vacancies and a reduction in travel as face to face meetings have reduced.
- £560k regarding services not occurring due to Covid 19 restrictions and contract reductions following outcomes of mini-UK Government Policy note PPN02/20 & PPN04/20, undertaken in line with guidelines.

Cost Reductions

- **Assured**
The original target of £5.091 million is currently on target to achieve delivery, of which £2.471 million (49%) of the original target to date achieved and included in the forecast outturn. There is assurance of delivery of a further £2.520 million, but a risk on delivery if Covid continues and referrals continue at the current levels.
- **Undeliverable**
£0.1 million of the original target set is at this point unachievable due to business continuity being invoked and capacity to undertake management of change. The budget pressure will be carried forward to 2022/23 and be part of the Finance Resource model (FRM).

WG Funding not yet claimed

- £190k regarding loss of income which is anticipated will be reclaimed from the Welsh Government Covid 19 Hardship fund.

Other mitigating actions to deliver a balanced budget.

- Maximisation/utilising of any grant underspends, if within the grant terms and conditions for previously budgeted and funded baseline costs.
- Strength based approach to care assessments to mitigate pressures.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2021/22	Sept Variance
Children's Services	25,966	2,520	0	(479)	1,205	29,212		(1,205)	(187)	27,820	(1,854)

Children's Services Overview

Cost Pressures

a) **Current Pressures** - Included in the forecast outturn at quarter 2

- £2.25m relates to the increased expenditure which is a combination of the costs associated with the new children who are becoming looked after and the increasing costs in relation to meeting the complexity of need of the current cohort of Children Looked After (CLA). This is in the context of a national shortage of placements for looked after children across the UK.
- £196k increased demand for short breaks due to the pressures on families as an indirect result of the pandemic.
- £72k budget pressure in regards to Section 21, for families in need of care and support following the lockdown and trying to keep children with their families wherever it is safe and in their best interests to do so.

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

- The situation for families due to the pandemic makes predicting future pressures even more uncertain. We are working hard to keep children with their families wherever it is safe and in their best interests and have so far brought into care fewer children than in the same period last year. The numbers of children in care has reduced this quarter, this may change moving forward.
- The national shortage of placements is making it more difficult to find suitable placements that meet children's needs, this is particularly for children with the most complex needs. There is likely to be a further pressure on placement costs, but it is impossible to forecast at this point.
- The sustained increased demand at Front Door and Early Help means additional staff have been required. This has been covered by the Welsh Government Covid recovery fund to date. If demand continues to grow this will create an ongoing budgetary pressure. It is critical to respond as early as possible to prevent escalating need and avoid the accompanying costs.

Cost Underspends

All budget underspends are currently being utilised to mitigate the overall budget overspend.

Cost Reductions

a) Assured

The original target of £3.2 million is currently on target to achieve delivery, of which £2 million (62%) of the original target to date achieved and included in the forecast outturn. There is assurance of delivery of the £1.2 million balance outstanding.

b) Undeliverable

Work to ensure shared costs for continuing care for children and young people continues with very limited success.

c) Mitigations being delivered

We expect to over-deliver on our 'closer to home' work to mitigate the above.

WG Funding not yet claimed

Other mitigating actions to deliver a balanced budget.

- Maximisation/utilising of any current grant underspends, if within the grant terms and conditions for previously budgeted and funded baseline costs.
- Children's Services usually receives additional grant funding later in the year and we always try to maximise this to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2021/22
Commissioning	3,290		0	(57)	0	3,233		0		3,233
										Sept Variance
										57

Commissioning Overview

It is anticipated that the Commissioning Service for Social Services will return a balanced budget. The service is working with children's services and adults' services to deliver efficiencies within those areas.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Education	9,880	303	0	(649)	171	9,705	0	0		9,705
										Sept Variance
										175

Education overview

Cost Pressures

- a) **Current Pressures** - The Schools Service (excluding Schools Delegated Budgets) has a forecasted outturn overspend at the year-end of £175k. There are five main budget lines within the school service budget with senior managers accountable for each one. At the end of September 2021, most budget lines are on track to the forecast with a reasonable variance. The schools' operational costs budget continues to be an area that is difficult to forecast as well as Out of County placements for pupils with Additional Learning Needs.

The main reasons for this are:

- £250k overspend Property plus - The Property Plus budget is forecasted to be overspent during 2021/22 due to insufficient budget allowance for repairs and maintenance in school budgets. To minimise the overspend, works are prioritised to undertake emergency, urgent, statutory compliance remedial works and environmental health works only. This has been the case since October 2019 and the effects of the spending restriction will have an ongoing detrimental impact on the backlog maintenance costs of the school estate. The forecast is subject to review and may increase if inclement weather is experienced during the winter months. This overspend has increased by £135k to match the risk identified on the risk register.
- £171k overspend on ALN strategy – In this area there were £479k savings identified when the strategy for ALN was initially costed. Due to Covid-19 there is a delay in making these savings and they are not likely to be made in full in in 2021-2022. The service has worked hard on mitigating this issue for this year and have managed to identify £308k of the target saving, with £171k outstanding. The service will continue to work on this issue and implement the savings in full as soon as possible.
- £169k underspend Asset Management – This has reduced by £1k since last month due to plans for temporary fencing to be put in place. The overall underspend is due to rates rebates of £277k. This is due to a reduction in budget allowance in recent years and the discontinuation of funding of the Schools R&M Central budget. This has left a funding gap for larger maintenance works and programmed

maintenance works, and essential surveys and investigation works which do not meet the criteria for capital funding with the following commitments:

- £24.2k electrical remedial works to school buildings which need to be journaled to the critical safety remedial works fund in 2021/22.
- £46.7k asbestos monitoring, new boiler at Welshpool C in W (Oldford Road), Llanfihangel Rhydithon boiler encapsulation works, Rhayader Coach House condition survey, feasibility for new mobile staff accommodation at Franksbridge CP School, various schools BMS controls surveys, electrical remedial works, asbestos management handovers to new Head Teachers.
- £10k flood prevention investigations and works to part of the former Cwmtwrch site.
- £25k of flood prevention works to the school playing field at Buttington CP School

Other mitigating actions to deliver a balanced budget.

The school service budget remains in an underspend position. This is due to current vacant posts and additional grant funding which has helped to offset the pressures that the service is facing. Efficiencies are yet to be achieved regarding the ALN strategy because of Covid, but work is ongoing to achieve this on a permanent basis. This year they have been covered by underspends in the service.

Schools’ transformation programme needs to be delivered to ensure our schools’ estate is fit for purpose for the 21st Century and the National Mission.

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		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21	Sept Variance
Schools Delegated	82,622			(207)		82,415				82,415	207

Schools Delegated Overview

Schools submitted their approved budgets to the Authority on 1st May 21. Budget plans have now been reviewed by the Chief Education officer and the Section 151 officer and actions following that review are in progress and a report went to Cabinet on the 13th July 21. Officers continue to work with Schools in deficit to bring budget plans back to a balanced in year position.

The sector has received considerable additional grant funding in the last few weeks of March of which some could be rolled forward to spend by the 31st August 21. Finance worked with schools during the summer term to ensure all grants were fully utilised by the end of August.

Surgeries are currently being held with all schools.

Four schools were required to submit recovery plans by the 30th September 21, these have been received and will be reviewed by officers. Updated balances will be provided for these schools in the next report.

Primary

The forecast contribution from reserves for the Primary Sector is currently £610k which has increased by £18k since last month, this is mainly to do with the rolled forward grants now being fully allocated.

Secondary

The Secondary sector has a forecast call on reserves currently of £419k. This has decreased by £31k since last month. Officers have been working with the Secondary sector and schools are working hard to reduce the deficit balances.

All Through

The all age sector has a forecast contribution to reserves of £152k which has increased by £58k since last month.

Special

The special sector has a £79k forecast contribution to reserves. This has decreased by £15k since last month.

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		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21	Sept Variance
Highways Transport & Recycling + Director	28,079	1,151	(8)	(1,360)	1,481	29,343	(282)	(300)	(20)	28,742	(663)

Highways Transport & Recycling Overview

Current Pressures

- **Highways Operations**

A forecast over-spend of £90k against budget is reported at end of May, principally due to £130k unachieved savings for the reduction in winter maintenance service, £14k for street lighting and £67k for the transfer of public conveniences.

- **Waste Collection**

Forecasting £765k overspend, predominantly through a lack of income, which is estimated to be around £354k. Domestic waste is forecasting £232k overspend. Savings around reducing agency staff and rationalising rounds to the sum of £200k has proven to be difficult due to the social distancing and only allowing two per cab. Once three in a cab is allowed the department will be able to reduce its agency numbers.

- **Transport**

Home to School Transport is reporting a £455k overspend against budget at the end of May 2021, predominantly arising from the unachieved savings target of £549k for efficiencies within the Public and School Transport provision not yet delivered.

- **Car Parks**

£588k over-spend on Car Parks, £418k resulting from the reduced opportunity to earn income from on/off street parking and enforcement, arising from the impact of COVID-19. Last financial year the service received grant support from Welsh Government to mitigate the loss of income. If the service is successful at securing funding from Welsh Government to support lost income for the period April to September 2021, this forecast position will improve by circa £233k.

Cost Underspends

- **Transport**

Public Transport is reporting an underspend of £57k against budget at the end of May.

- **Highways Technical**

- £15k underspend on Traffic management resulting from underspend contractors.

- £73k underspend on Street Works which results from a £16k underspend on staffing, £49k overachievement of income associated with traffic regulations offset by a reduced income of £7.5k associated with penalties. Thy forecast assumes that £350k income will be generated from traffic management activities, it is noted that last financial year the service generated £683k of income.

Cost Reductions

The impact of the savings target not expected to be achieved for 21/22 is £1.74m, we have achieved £226k to date, and are expecting to achieve a further £394.5k, which results in an unachieved savings target of £1.12m which accounts for most of the reported forecast overspend.

a) Assured

We have achieved £226k to date and are expecting to achieve a further £394.5k.

b) Undeliverable

- £1.12 in undeliverable, predominantly within Transport where a saving target of £549k has been set, alongside £207k in Waste Services, and £200k in Highways Operations.

c) Mitigations being delivered

- All options are being explored to ensure savings targets are maximised. However, further mitigations are being explored in the event the full saving is not achieved.

WG Funding not yet claimed

This position does not consider income support from the Welsh Government Hardship fund for the April to September period (estimated at £543k)

Other mitigating actions to deliver a balanced budget.

Proposed Mitigation	Actions	Value
Q2/Q3 / Q4 support of lost income by WG (or income levels return to normal)	WG continue to support lost income for the rest of the financial year	£543K
Reduce or temporarily postpone the permanent adjustment to highways budget increase for 21/22.	Do not undertake targeted increase in programmed works (sweeping / Street Cleansing) £500,000 for full year.	£250,000 (based on 6 mths)
	Net Total	£793k

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Property, Planning & Public Protection	4,712	169	(621)	(126)	348	4,482		(201)		4,281
										Sept Variance
										431

PPPP Overview

Cost Pressures

a) **Current Pressures:**

Trading Standards are forecasting an overspend of £102K. This is because of unachievable income targets. Work is ongoing to identify ways to address this forecast overspend.

Cost Underspends

Cost Reductions

a) **Assured:**

Savings of £818k are targeted for this financial year with £304k achieved to date and £366k of savings assured.

b) **Undeliverable:**

The full savings identified by PCC exiting building (£141K) is not achievable given the costs of running alternative buildings. This has resulted in a shortfall of £51K.

c) **Mitigations being delivered**

Strategic Property are currently not on target to achieve income targets related to commercial buildings and offices. New tenants are however in the process of signing leases and salary underspends and better than expected results from other Strategic Property savings exercises (Business rate reviews) are likely to offset any shortcomings.

Other mitigating actions to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Housing & Community Development	5,257	435	(6)	(169)	93	5,610	(261)	(18)	0	5,331
										Sept Variance
										(74)

Housing and Community Development Overview

- Assured** - Savings delivered/income generation on track across Arts, the Housing General Fund, Archives and Information Management, Sport Powys and the Cleaning Service.
- Undeliverable** - Officers to meet with Finance Business Partners to discuss the deliverability of part of the savings targets for the Library service. Delays have been caused due to the focus on business-critical work.
- Mitigations being delivered** - Continue to take action to reduce void times to minimise rent lost as a consequence of empty properties.

Other mitigating actions to deliver a balanced budget.

Officers continue to apply for available grants and funding to support the services wherever appropriate. This does have an impact on staff capacity to deliver other work.

WG Funding not yet claimed

The cost of Free School Meal payments in relation to COVID-19 are continuing to be supported by Welsh Government. Until the end of September the expectation is that the income lost because of COVID-19 will still be recovered through the lost income hardship claim. Some furlough income has been received which offsets the lost income. The Service hopes to return to normal meal delivery in High Schools as soon as possible, which would have a significant impact on income. However this will be dependant on covid restrictions and decisions made by individual schools. Income will continue to be monitored carefully by the Service and Finance Business Partners.

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		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21	Sept Variance
Housing Revenue Account	0			(641)		(641)				(641)	641

HRA – The HRA is ring fenced and forms part of its own trading account, any surpluses and deficits are contained within a ring fenced reserve.

- a) **Current Pressures**
- b) **Future pressures** - Not included in the forecast outturn.

Cost Underspends

Cost Reductions

- a) **Assured**
- b) **Undeliverable**
- c) **Mitigations being delivered**

WG Funding not yet claimed

Other mitigating actions to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Economy and Digital Services	4,287	50	(2)	(343)	1,075	5,067		(114)		4,953
										Sept Variance
										(666)

Economy & Digital Overview

a) **Current Pressures** – The service work over the past year has focussed on supporting innovative solutions to aid the Council’s response to Covid including the re-deployment of staff to support business critical services. This has meant delays in delivery of digital transformation savings from last year added to further savings this year. Some savings are also waiting to be confirmed before being moved to other service budgets.

b) **Future pressures** - Not included in the forecast outturn.

Cost Underspends

Current cost underspends due to vacant posts are being used to off-set current undelivered cost reductions.

Cost Reductions

- a) **Assured** - only a small proportion of savings have been assured due to the delays with transformational change and final transformation projects are confirmed for 21/22 a virement request will be considered to seek approval for the deficit.
- b) **Undeliverable** - the savings for Regeneration remain very challenging and have been covered in the previous year by grant income. The service will continue to look for these opportunities in the current year, but this puts a strain on limited resources and effects the organisations' ability to maximise economic recovery a virement request will also be considered for approval for this deficit.
- c) **Mitigations being delivered** - a review of the regeneration service is being undertaken to ensure future establishment is in line with Vision 2025 priorities.

WG Funding not yet claimed

All grant funding for Regeneration is currently unknown as many initiatives are launched throughout the financial year.

Other mitigating actions to deliver a balanced budget.

Recruitment to posts are being carefully considered to help bridge the current gap in funding.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Transformation & Communication	1,508	0	(3)	(37)	0	1,468		0		1,468

Sept Variance
40

Transformation and Communication Overview

a) Current Pressures

b) Future pressures - Not included in the forecast outturn. Future pressures are emerging around the potential cessation of external funding to support Communications. Work to continue with finance and a discussion ensued with Executive Management Team in respect to of the operating model.

Cost Underspends – additional income received rather than a cost underspend and a Director vacancy attributes to the £40k.

Cost Reductions

- a) Assured – 100% of savings for 2021/22 are achieved.
- b) Undeliverable
- c) Mitigations being delivered

WG Funding not yet claimed

Other mitigating actions to deliver a balanced budget.

Budget will be balanced.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Workforce & OD	2,031	47	(11)	(179)	150	2,038		(5)		2,033
										Sept Variance
										(2)

Workforce and OD Overview

- a) **Current Pressures** – minimal cost pressures have been identified which will be more than offset by cost underspends
- b) **Future pressures** - not included in the forecast outturn.

Cost Underspends

The service is underspending £190k against other budgetary lines (mainly staffing costs), which will help to largely mitigate the undeliverable costs reductions identified below.

Cost Reductions

- d) **Assured** - £10k of the cost reductions have been achieved and are therefore assured
- e) **Undeliverable** – the balance of cost reductions of £150k are being reviewed and will not be fully deliverable. This comprises £120k in relation to an apprenticeship programme which are not achievable and £30k in lieu of a salary sacrifice additional voluntary contribution pension arrangement which will be introduced later this year. A recent review confirms that £5k of this will be achieved in the current year and is therefore assured and that the full value will be achieved from 2022-23 onwards.
- f) **Mitigations being delivered** – as can be seen from the above analysis, we are helping to mitigate the costs reductions not achieved, mainly through underspending £190k against other budgetary lines (mainly staffing costs), providing for an overall forecast variance of (£2k).

WG Funding not yet claimed - not applicable

Other mitigating actions to deliver a balanced budget - the net budget is close to balance.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21	Sept Variance
Legal & Democratic Services	3,086	104	(28)	(124)	190	3,228	(12)	(14)		3,202	(116)

Legal Overview

- a) Current Pressures
- b) Future pressures - Not included in the forecast outturn.

Cost Underspends

Cost Reductions

- a) Assured
- b) Undeliverable
- c) Mitigations being delivered

WG Funding not yet claimed

Other mitigating actions to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21	Sept Variance
Finance & Insurance	6,095	307	0	(25)	24	6,401		(24)		6,377	(282)

Finance Overview

- a) **Current Pressures** – £12k relates to procuring expert insurance analysis in readiness for the insurance tender, £265k relates to the likely overspend on cost of insurance claims in year, whilst the balance is from additional resource required to support Pensions work, which gets funded by the pension scheme.
- b) **Future pressures** - Not included in the forecast outturn.

Cost Underspends

There are some savings from unused budgets such as travel

Cost Reductions

- a) **Assured** – all savings are expected to be achieved
- b) **Undeliverable**
- c) **Mitigations being delivered**

WG Funding not yet claimed

Other mitigating actions to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER SEPTEMBER 2021					ADJUSTMENTS FROM HEADS FOR ASSUMPTIONS OUTSIDE LEDGER			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2020/21
Corporate Activities	35,739	609	565	(3,203)	0	33,710		0		33,710
										Sept Variance
										2,029

Corporate Overview

Pressures

- a) **Current Pressures** - it is forecast that we will have increased demand on the need for discretionary housing payments, especially when furlough ceases in addition the benefit received for managing homelessness does not cover the cost, in total we are forecasting £363k overspend. The forecast also includes £56k budgeted for the profit/dividend expected from Howps that is unlikely to be achieved and a shortfall on precepts of £45k due to higher than anticipated inflation uplifts that were not budgeted for.
- b) **Future pressures** - Not included in the forecast outturn. - none

Cost Underspends

- a) There is an underspend on the cost of borrowing budget, forecast at £1.2 million due to the reprofiling of the capital programme, which has reduced the plan for 2021/22, and consequently less borrowing required.
- b) As yet the budget risk reserve of £1,500k has not been fully drawn down, £800k has been set aside to fund the .75% pay award. The budget for 2021/22 was set with services bearing the risk on several activities, and this budget may need to be drawn upon in year.
- c) There is a forecast £700k surplus re over collection of the pension fund contributions which will be transferred to specific reserve at year end and used to reduce the pension fund deficit when the actuarial review takes place, with the aim to mitigate the need to increase future contributions and reduces the call on future budgets.
- d) A £700k surplus on council tax collection is forecast based on the collection of council tax premiums (empty and second homes) in previous years, assuming we will have a similar level this year.

