

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
11th March 2022

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

REPORT TITLE: Financial Forecast for the year ended 31st March 2022
(as at 28th February 2022)

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 funding streams received from Welsh Government since the last report and how these impacts on the projected position.
- 1.2 To set out the approach and assumptions that are required to support the delivery of the closure of accounts through the pre-election period.

2. Background

- 2.1 Since December 2021 there have been numerous Welsh Government funding announcements with additional grants provided to support council services. Most of this funding has to be utilised to deliver services in this financial year, whilst some can be carried forward and utilised in 2022/23. These grants are a major contributor to an improved financial forecast, further detail is found in section three.
- 2.2 The forecast is now projected at an overall surplus of £6.85 million (December position £1.155 million surplus) including the Housing Revenue Account (HRA) and delegated schools. The surplus excluding delegated schools and the HRA is projected to be £3.79 million as at the 28th February,
- 2.3 The updated forecast remains consistent with information provided to council as the budget was set but further additional funding may still be forthcoming.

3. Grants and Virements – for 2021-22

- 3.1 There have been additional grants received this quarter from Welsh Government (unless otherwise specified) and now form part of the projected financial position, these are set out at Appendix A

4. Approach to Year End

- 4.1 The year end accounts closure takes place between April and May each year and would normally be finalised with discussions and approvals about utilising a surplus position or establishing how we would manage a deficit.
- 4.2 This year due to the pre-election period and the election timescales there will be no further Cabinet meetings so no budgetary decisions can be approved by Cabinet until June 2022, when the new Council and Cabinet are formed. Whilst finance officers will, as always, look to close the accounts in the most appropriate and flexible way

and ensure the use of balances are optimised for council benefit, there is a need to delegate responsibility for decisions about the setting aside of service underspends, potential reserve movements and the setting up of new specific reserves through the year end period, for both revenue and capital.

- 4.3 There continues to be pressure on some services, although the additional funding received from Welsh Government for Social Services has eased the financial position, further virements may also have to be considered in the next few weeks.
- 4.4 It is recommended that delegated authority is given to the Chief Executive to action any approvals required in consultation with the Head of Finance (Section 151 Officer). Any such virements or year-end amendments will be retrospectively reported to Cabinet in June.
- 4.5 The forecast surplus position will be used in a number of ways, firstly to meet the budget requirement as approved by Council last week, but should any further surplus be reported consideration will be given as how best to prioritise support for next years budget and further de risk the Councils financial position. The following adjustments will be considered as the Year end accounts are finalised:-
 - Fund all or part of the transformation costs, estimated at £2.5 million, from any surplus rather than using capital receipts, which can then be used to support the capital programme in future years.
 - Transfer £0.81 million surplus achieved from pension contributions into the pension reserve at year end to support the actuarial valuation in 2023.
 - Transfer the £1.5 million underspend against the MRP budget to replace borrowing in 2022/23 as agreed in the budget approved by Council. Should any additional underspend be reported, this would also be set aside to support the future capital programme by either making a voluntary revenue provision/overpayment for MRP or adding the funds to the specific Capital Reserve.
 - Set aside specific funding to support the impact on services of above inflation costs that are materialising due to the current world situation. This issue was highlighted as a key risk as part of the budget setting process.
 - The Council's approved budget for 2022/23 sets aside funding for a 3% pay award, ongoing national discussions suggest this will not be sufficient and it is likely to be closer to 4%, requiring up to an additional £1.6 million.
 - Set aside further funding to address the risks highlighted as part of budget setting.

5. Financial Risks

- 5.1 Rising inflation and in particular fuel and energy costs are now beginning to impact on the Council, with some contractors approaching the Council to raise their concerns and start discussions. Further impact is now expected arising from the situation in Ukraine. With CPI inflation already hitting 5.5% (January) and set to rise to 7.5% by summer 2022 we have to ensure that we take every opportunity to set aside funding to limit this impact.
- 5.2 This further highlights the risk in our ability to deliver a balanced budget over the medium and longer term. The updated Medium Term Financial Strategy approved by Council continues to show a significant budget gap across the 4 years of the strategy to 2026/27. continue to plan in a challenging and uncertain time and will update our projections as more information becomes available.

5.3 Treasury Management, maintaining the Councils cash flow to meet liabilities, 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 is positive due to the additional funding we have received. We continue to monitor the position and explore investment opportunities alongside our need to borrow over the medium and longer term.

6 Resource Implications

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

6.1 The projected position has improved since that reported for Quarter 3 and this was a key consideration when Council considered and approved the budget for 2022/23. Some services continue to project overspends for the year. Action has already been taken to write out undelivered cost reductions ensuring that services begin the new financial year with appropriate base line budgets. But services must take action as necessary to recover the financial position.

6.2 Maintaining appropriate levels of useable reserves is an important safety net to support financial sustainability and has been a key consideration in setting the budget for 2022/23. Any further opportunities to strengthen our position must be taken as we close the accounts.

7. Legal implications

7.1 Legal: the recommendations can be accepted from a legal point of view

7.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: “ I note the legal comment and have nothing to add to the report”.

8. Data Protection

8.1 There are no data protection issues within this report.

9. Comment from local member(s)

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

10. Impact Assessment

10.1 No impact assessment required.

11. Recommendation

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

11.2 That the grants set out in section 3 and Appendix A of the report are noted.

11.3 The Chief Executive (in consultation with the Head of Finance (Section 151 Officer)) be given delegated authority to approve any virements or adjustments up to £500k during the pre-election period. Any such virements or year-end amendments will be retrospectively reported to Cabinet in June.

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

Appendix A – Grants Received

| Funder | What For | Amount £ | Detail | Service |
|------------------|---|-------------|---|-----------|
| Welsh Government | <i>New Grant:</i> Parenting Support for COVID Recovery | 47,399 | To increase the skills, knowledge and resources of the parenting and wider workforce through identified training; To support innovative community (if Covid restrictions allow) and/or virtual parenting based provision, such as parenting groups; peer support groups and individual parenting support delivery; To develop innovative parenting support packages and training tools for parenting practitioners to either be delivered face-to-face and/or virtually building on the innovative adaptation of parenting programmes by LA's during the pandemic; To support development and evaluation of the online parenting offer so that parenting support is offered either face-to-face or virtually to increase flexibility and accessibility for some parents and to support to reach a greater number of parents than might otherwise be possible. | Childrens |
| Welsh Government | Regional Consortia School Improvement Grant | 561,144 | Adoption UK Membership (£1214) - to support adopted learners in education Learning in Renew & Reform and the curriculum & Assessment reform programme (£281,569) - to support schools to understand and respond to the needs of learners in order to progress and their well-being and embed approaches in learning. Modern Foreign Languages (£6,250) - To support schools in planning for International Languages provision and the new curriculum. Support for Learners in Exam Years (£259,799) - For schools to buy additional resources and support learners taking GCSE English, Welsh and Maths. Scoping/Engagement Work (£7,263) - Support the delivery of a proposal to provide every school in Wales with the potential to significantly raise the standards of teaching and learning for disadvantaged and vulnerable learners. Camau Assessment Toolkit Project (£5,049) - Lead by CAMAU a series of workshops will be held with practitioners to deepen understandings of assessment within Curriculum for Wales | Education |

| | | | | |
|------------------|--|-----------|---|-----------|
| Welsh Government | Flood and Coastal Erosion Risk Management | 95,000 | Additional grant in respect of drainage investigations, surveys and improvements to drainage infrastructure. Scheme: Tollgate Cottage, Newtown - Make safe existing inlet/securing screen and wall fixing arrangements - £15k Scheme: Depot Lane Culvert, Talgarth - Remove tree roots and cleanse culvert system - £5k Scheme: Crickhowell Culvert and surface water drainage investigations - CCTV survey & mapping - £25k Scheme: Cwmphil Road - CCTV survey/jetting/trail holes and mapping - £7.5k Scheme Cwmbelen - improvements to river outlet structure and fitting of flap valve - £3k Scheme Coed Lane - drainage investigations/CCTV - £4.5k Scheme Gurnos drainage Ystrad - Continuation of drainage/culvert survey investigations - £35k | HTR |
| Welsh Government | Road Safety Revenue | 30,325 | The extra £30k has been awarded to assist with the exceptions map work and the 20mph rollout scheme. | HTR |
| Welsh Government | Social Care Pressures | 2,053,544 | The Purpose of the Funding is to support local authorities with social care pressures from overspends and winter pressures | ASC |
| Welsh Government | LA Education grant variation 4 | 1,909,224 | £62k - NQT Induction Placement Scheme – Extension to March 2022 - to deliver the extension of the induction placement scheme between January – 24th April 2022. £1,807k - Revenue Maintenance Grant - to cover school revenue maintenance costs in 2021-22. Eligible expenditure for this grant will cover costs borne in relation to revenue repairs and maintenance £40k - Virtual School Wales - to plan and prepare to implement a Virtual Schools model | Education |
| Welsh Government | POJW006 - Household Support Fund | 15,269 | Award of Funding in relation to Household Support Fund: revenue funding for tackling food poverty | HCD |
| Welsh Government | Funding for recovery activities associated with February 2020 floods - costs incurred between 1st April 2021 - 31st March 2022 | 1,100,827 | 75% of grant to be paid on receipt of signed award letter, remainder to be paid on receipt of year end outturn report (will be requests May 2022). | HTR |
| Welsh Government | Additional funding - Road Safety Revenue | 60,265 | Undertake an inventory of road signs and lines for restricted roads that are impacted by the proposed 20mph default speed limit in 2023. | HTR |

| | | | | |
|------------------|---|---------|--|-----------|
| Welsh Government | SWMG - Additional funding for Waste & Recycling services | 390,479 | Recognising the challenges the COVID pandemic has brought and helping Local Authorities to meet more of its costs this year. | HTR |
| Welsh Government | Adult Community Learning Fund 2021-22 | 20,454 | The Purpose of the Funding is to support collaborative, regional led, strategic and sustainable approaches to mental health for staff and learners and/or for support of professional learning for staff in the sector. It will help to build an evidence base on 'what works' and a bank of approaches and resources to benefit the whole sector | Education |
| WLGA | ASC care and support needs or in an early intervention and prevention | 410,709 | To promote the independence of people with care and support needs or in an early intervention and prevention context to maintain people in their own homes, such as increased use of equipment, small/medium adaptations or most effective way to support people within their own homes. | ASC |
| Welsh Government | Loss of Council tax collection | 573,488 | Funding for the shortfall of council tax collection in 2021-22 | Corp |
| Welsh Government | Funding in relation to Substance Misuse Action Fund Revenue, Complex Needs and Naloxone – Powys Area Planning Board 2021- 2022 | 24,685 | Additional funding for Naloxone and Residential Rehabilitation (Tier 4) placements, as per information submitted to the Welsh Government on 8 February and 24 February respectively. | ASC |
| Welsh Government | Powys RPB received Winter Funding (£433k) for 21/22 as part of a wider Winter Funding Package to support health and social care system until March 22 | 133,000 | To increase capacity of the Powys Integrated Community Equipment and Technology Enabled Care Service to enable hospital discharge by increasing our stock on shelf to minimise any late deliveries of equipment due to product shortage, build stocks so we have a buffer against supply shortages we have experienced due to a number of factors related to the pandemic, raw material shortage and global shippage disruptions. We will be able to meet an increase in demand for priority deliveries (next day and three day). We will expand the service to include weekend working. | ASC |