

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET EXECUTIVE**

**26<sup>th</sup> July 2022**

**REPORT AUTHOR: County Councillor Cllr David Thomas  
Portfolio Holder for Finance**

**REPORT TITLE: Financial Forecast for the year ended 31st March 2023  
(as at 30<sup>th</sup> June 2022)**

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**REPORT FOR: Decision**

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**1. Purpose**

1.1 To provide Cabinet with the forecast revenue budget outturn for the 2022-23 financial year.

**2. Background**

2.1 Table 1 below summarises the projected full year outturn position across the Council's services including HRA and delegated schools, a £1.014 million deficit is forecast.

**Table 1 – Forecast Position**

<b>Revenue Budget</b>	<b>£'000</b>
Base Budget	301,901
Cost Pressures	7,892
Cost Underspends	(6,479)
Cost Reductions Shortfall	3,428
Use of Specific Reserves	(3,827)
Forecast Outturn	302,916
<b>Deficit</b>	<b>(1,014)</b>

2.2 Appendix A provides detail of the financial position for each service, broken down into categories covering cost pressures, cost underspends, cost reductions and use of reserves.

2.3 The use of reserves requirement falls into two categories:

- The call on specific reserves that have previously been approved as part of agreed roll forward underspends, £2.161 million will be called upon at the end of year when final requirement confirmed.
- Pressures identified as “risk” through the budget setting process likely to arise due to Covid cost, the Ukraine crisis, and the impact of inflation, £1.666 million. £2.8 million was identified as the likely requirement this year and will be funded in part through the £2 million Risk Budget, and if needed a call on the budget management reserve will take place at year end.

- 2.4 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.
- 2.5 The projected deficit of £1.014 million would require funding from the Councils revenue reserves if it materialises.

### 3. Cost Reductions

- 3.1 Cost reductions of £8.072 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. In addition, undelivered savings from 2021-22 have been rolled forward totalling £2.783 million, these also need to be delivered.
- 3.2 The summary at Table 2 shows that 27% or £2.886 million have been delivered and a further 42% £4.541 million are assured of delivery by Services. £3.428 million, 32% are unachieved and are at risk of delivery in 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.

**Table 2 – Cost Reductions**

£'000	To Be Achieved	Actually Achieved	Assured	Un-achieved	% Achieved
Adult Services	3,429	1,067	2,362	-	31%
Childrens Services	3,640	286	1,679	1,676	8%
Economy and Digital Services	282	41	2	238	15%
Education	55	50	5	-	91%
Finance	39	24	15	-	61%
Central Activities	1,045	1,045	-	-	100%
Highways Transport & Recycling	1,612	1	294	1,317	0%
Housing & Community Development	172	164	-	8	95%
Legal & Democratic Services	203	149	28	26	74%
Transformation and Communications	51	50	1	-	99%
Property, Planning & Public Protection	189	8	17	164	4%
Workforce & OD	138	-	138	-	-
<b>Total</b>	<b>10,855</b>	<b>2,886</b>	<b>4,541</b>	<b>3,428</b>	<b>27%</b>
		27%	42%	32%	

- 3.3 Those services that show unachieved targets must consider what remedial action they take to mitigate the impact on the overall performance within their service, as their budget forecast must come back to a balanced position. At this point in the year there are opportunities to reduce spend and bring the targets back on track.

### 4. Reserves

- 4.1 The Reserves position at Table 3 sets out the reserve forecast as at 30<sup>th</sup> June 2022. The opening reserves stand at £63.782 million, with the general reserve £9.333 million representing 4.2% of total net revenue budget (excluding Schools and the HRA).

**Table 3 – Reserves Table**

Summary	Opening Balance (1st April 22) Surplus / (Deficit)	Forecast Addition / (Use) of Reserves	Projected Balance (31st March 23) Surplus/ (Deficit)
General Fund	9,333	0	9,333
Budget Management Reserve	3,584	0	3,584
Specific Reserves	29,167	(5,722)	23,445
Transport & Equipment Funding Reserve	8,843	0	8,843
<b>Total Usable Reserves</b>	<b>50,927</b>	<b>(5,722)</b>	<b>45,205</b>
Schools Delegated Reserves	8,982	(92)	8,890
School Loans & Other Items	(371)	7	(364)
Housing Revenue Account	4,244	2	4,246
<b>Total Reserves</b>	<b>63,782</b>	<b>(5,805)</b>	<b>57,977</b>

- 4.2 The specific reserve forecast use partly relates to the use of grants that were rolled forward last year for use this year totalling £3.342 million in addition £2.161 usage for services as set out in Appendix C.
- 4.3 The £1.666 million risk pressures that are impacting on services will be funded from the Risk Budget but may require a call on the budget management reserve if demand exceeds £2 million. These pressures relate to both covid and inflation demands.

## 5. Virements and Grants

- 5.1 There have been additional grants received this quarter and are included to comply with financial regulations:

### 5.1.1 Education:

- £157,627 increasing the budget to £6,585,466. Regional Consortia School Improvement Grant to improve educational outcomes for all learners in Wales and deliver substantial educational reform.
- £174,795 – National Music Service funding to be used to support the implementation of the priorities set out in Welsh Government’s National Plan for Music Education.
- £1,004,040 increasing the budget to £3,350,310. Pupil Development Grant is crucial to delivering the future success of learners living in low-income households. The funding made available through the PDG and its use by schools will be a key enabler in tackling the impact of poverty on attainment
- £210,754 – supports the Adult Community Learning agenda.
- £3,306,514 - Local Authority Education Grant to support home educated children; to support Foundation Phase Nursery and Welsh Government funded childcare as part of the Childcare Offer. Also, to help schools meet the demands of the COVID-19 pandemic through the Recruit, Recover, Raise Standards programme; to support the delivery of quality Foundation Phase Nursery provision and to support Minority Ethnic and Gypsy, Roma and Traveller learners. Finally, to prepare for the phased commencement and full implementation of the ALN Act; to support the emotional and mental wellbeing of learners and school staff as part of a whole school/whole system approach to wellbeing.
- £77,000 - Food and Fun Welsh Local Government Association (WLGA) Grant Food and Fun is a school-based education programme that provides food and

nutrition education, physical activity, enrichment sessions and healthy meals to children in areas of social deprivation during the school summer holidays

#### 5.1.2 Children's Services:

- £39,767 - All Wales Play Opportunities Grant – Welsh Government Playworks Holiday Project Grant. To be used to meet some of the actions within 2022-23 Play Sufficiency Assessment (PSA) Action Plan.
- £218,721 - Children and Young People Wellbeing Activities Programme (CYPWAP) Summer of Fun 22-23 Welsh government Grant. The Purpose of the Funding is to enable you to meet some of the actions within your 2022 – 2023 Play Sufficiency Assessment (PSA) Action Plan, which relate to staffed playwork provision.
- £28,561 - Support for Foster Care Fund Welsh Government Grant. As part of the Welsh Government 2022-23 Cost of Living package the support for foster care fund provides local authorities with a fund to support families who are caring for some of our most vulnerable children. These could include both kinship and mainstream foster carers, Special Guardians, children placed with parents, and adoptive families, who are experiencing difficulties due to the cost of living increases.

#### 5.2 Several virement requests are requested for approval:

- 5.2.1 A virement request has been made to transfer budget from Childrens to Adults Social Care for the Out of Hours Service that is now going to be line managed by officers within Adults and recharged back to Childrens. The overall budget that will transfer is £380,350, as well as cost centre changes there will be changes to account codes to accommodate the recharge between Adults and Childrens.
- 5.2.2 A virement is also requested to transfer budgets within Education Service as there are management changes that require budgets to be allocated differently within the management structure. The actual movement is between the Schools Central budget to School Improvement, the overall budget that will transferred is £427,110.
- 5.2.3 A virement to remove the expenditure and income budget previously set for Bailiffs invoices under Income and Awards. There is £120,000 under each account code, leaving a net position of £0. The Bailiff invoices were previously processed where the expense and recovered costs were coded in the revenue account. Now, this no longer occurs as the expenditure on the invoice is shown as already recovered, and therefore it is only the VAT amount that passes through ledger and is coded direct to the VAT account and consequently recovered. The £120,000 budgets on both the expenditure and income account codes are therefore no longer required.
- 5.2.4 The service maintained a reserve of £189,196 at 31<sup>st</sup> March 2022 for County Council Elections and planned to increase this reserve by £35,800 in 2022/23 to bring the total reserve to £224,996. The county elections carried out in May 2022 are estimated to have cost £192,916, the service therefore seeks approval to draw down £192,916 from the County Council Election reserve to finance the costs of delivering the county elections in May 2022. The remaining reserve will total £32,080 should approval be granted.

## **6. Financial Risks**

- 6.1 The Council was able to achieve an underspend in last year's outturn due to the additional funding received from Welsh Government. That level of additional funding will not be forthcoming in the last quarter of this year, and the current forecast deficit is not likely to have fortuitous support. With additional pressures arising from Covid, the Ukrainian crisis and inflation the call on reserves is likely to increase through the year.
- 6.2 Rising inflation and in particular fuel and energy costs are now impacting on the Council, with 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 9.1% (May) we must ensure that we take every opportunity to set aside funding to limit this impact.
- 6.3 The greatest financial risk remains in our ability to deliver a balanced budget over the medium and longer term. On current modelling we project a £14 million budget gap up to 2027. But this gap is likely to be significantly higher as we identify the key pressures affecting future budgets. The Medium Term Financial Strategy and the assumptions on which the Financial Resource Model is based is being reviewed and will be considered by Cabinet and Council in September. We continue to plan in a challenging and uncertain time and will update our projections as more information becomes available.
- 6.4 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, but the cost of borrowing has risen due to the changes in bank rate, our approach is regularly updated and explained as part of the Treasury Management update to Audit Committee.

## **7. Resource Implications**

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

- 7.1 The outturn for 2021/22 was extremely welcome and we used the funding opportunities provided to set up several specific reserves to support service pressures and additional demand, we are already utilising these funds.
- 7.2 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 will improve our financial resilience.

## **8. Legal implications**

- 8.1 The Head of Legal & Democratic Services ( Monitoring Officer) as no comment with this report.

## **9. Data Protection**

- 9.1 There are no data protection issues within this report.

## **10. Comment from local member(s)**

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

## **11. Impact Assessment**

11.1 No impact assessment required.

## **12. Recommendation**

12.1 That Cabinet note the current budget position and the projected full year forecast to the end of March 2023.

12.2 Service heads are required to develop their commentary at Appendix B to ensure that they set out how they will bring their budgets back in line and identify any mitigating actions that need to be agreed.

12.3 The grants set out in section 5.1 are noted

12.4 The virements set out in section 5.2 are approved, this is to comply with the virement rules for budget movements between £100,000 and £500,000 as set out in the financial regulations

Contact Officer: Jane Thomas Email: jane.thomas@powys.gov.uk Head of Service: Jane Thomas
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Appendix A – Forecast to year end as at 30<sup>th</sup> June 2022

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Adult Services	73,938	2,302	(34)	2,362	78,568	(2,362)	(1,202)	(1,100)	73,904	34
Children's Services	27,897	1,773	(400)	3,355	32,625	(1,679)	(563)	(480)	29,903	(2,006)
Commissioning	3,647	0	(1)	0	3,646	0	0	0	3,646	1
Education	17,340	544	(281)	5	17,608	(5)	(21)		17,582	(242)
Highways Transport & Recycling + Director	29,669	2,085	(2,905)	1,611	30,459	(294)	(150)	(86)	29,929	(260)
Property, Planning & Public Protection	5,913	313	(102)	181	6,305	(17)	(150)	0	6,138	(225)
Housing & Community Development	5,417	244	(59)	8	5,610	0	0	0	5,610	(193)
Economy and Digital Services	6,312	0	(199)	240	6,353	(2)	0	0	6,351	(39)
Transformation & Communication	1,466	110	(35)	1	1,542	(1)	(75)		1,466	0
Workforce & OD	2,399		(79)	138	2,458	(138)	0	0	2,320	79
Legal & Democratic Services	3,585	0	(75)	53	3,564	(28)	0	0	3,536	49
Finance & Insurance	6,258	0	(41)	15	6,232	(15)	0	0	6,217	41
Corporate Activites	38,580	437	(2,268)	0	36,749	0	0	0	36,749	1,831
<b>Total</b>	<b>222,421</b>	<b>7,807</b>	<b>(6,479)</b>	<b>7,969</b>	<b>231,718</b>	<b>(4,541)</b>	<b>(2,161)</b>	<b>(1,666)</b>	<b>223,351</b>	<b>(930)</b>
Housing Revenue Account	0	0	0	0	0	0	0	0	0	0
Schools Delegated	79,480	85	0	0	79,565	0	0	0	79,565	(85)
<b>Total</b>	<b>79,480</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>79,565</b>	<b>0</b>		<b>0</b>	<b>79,565</b>	<b>(85)</b>
<b>Total</b>	<b>301,901</b>	<b>7,892</b>	<b>(6,479)</b>	<b>7,969</b>	<b>311,283</b>	<b>(4,541)</b>	<b>(2,161)</b>	<b>(1,666)</b>	<b>302,916</b>	<b>(1,014)</b>
					<b>(9,382)</b>				<b>(1,014)</b>	

## Appendix B Head of Service Commentary

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Adult Services	73,938	2,302	(34)	2,362	78,568	(2,362)	(1,202)	(1,100)	73,904	34

### Adult Social Care Overview

The forecast outturn at the end of quarter 1, 30<sup>th</sup> June 2022 is a small underspend of £34k, assuming that the full growth allocation of £2.3 million will be utilised to fund services in regard to the Real Living Wage as directed by Welsh Government and remain within this financial envelope. Currently the Local Authority is still in negotiation with some providers.

### Cost Pressures

#### (a) Current Pressures - Included in the forecast outturn at quarter 1

- £1.202 million of the £1.436 million Specific Reserves carried forward from 2021/22 year end, as below

Explanation to Support Request	£	Included in Outturn Q3 Forecast
Roll over into a specific reserve the underspend due to one off income raised from back dated fees. This reserve will specifically fund a managed service 'Zyla' to reduce the number of outstanding reviews, in part due to the pandemic and also due to the increased presentations due to lack of Health Care provision, unfortunately the resource was sourced in 2021/22 but have been unable to commence until 2022/23.	£497,000	£497,000
Roll forward reserve due to mini PPNO2/20's with providers to fund additional running costs of Older Day Centres and restricted numbers of service users, which is currently and unknown unit cost	£100,000	£100,000
Roll forward to cover the additional cost of the Agency Domiciliary Care v Powys County Council employed, during period of recruitment and on boarding, following return of hours from the external providers. Due to the lateness of a grant received 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, the service offset existing costs to utilise a portion of the additional funding, this enabled the service to have an underspend against base funding which we request to roll forward.	£385,000	£385,000
Roll forward reserve due to mini PPNO2/20's with providers to fund additional placements costs, possibly out of county, which will not have been budgeted for, due to the financial stability of commissioned providers, particularly the care home sector following the cessation of the Welsh Government Covid 19 Hardship and capacity following the pandemic. This will enable swift transfer of clients.	£234,000	
Roll over into a specific reserve due to the one off over achievement of 'Direct Payment' refunds, as clients have been unable to utilise fully due to the pandemic the one off additional capacity within the Occupation Therapist teams to meet the XXXX number of outstanding assessments due to increase in referrals during the pandemic, in part due to the reduction in hospital surgery and increase in falls and trips and due to 'lock down' the lack of mobility.	£220,000	£220,000
<b>TOTAL</b>	<b>£1,436,000</b>	<b>£1,202,000</b>



- £1.100 million in year Covid pressures considered as part of the budget setting process in the Financial Resources Model (FRM) which are to be funded from the Risk Reserve, as below

Service	Key	Detail	£'000 2022-23
	Covid / Inflation / Ukraine /		
Adult Social Care	Covid	Additional x2 AMHP SW - to manage the increased MH referrals/assessments aligned to the lock downs and Covid 19 pandemic. (Note - 75% of the current Homelessness identified in Powys, have a MH need)	100
Adult Social Care	Covid	Risk Reward contractual obligation	500
Adult Social Care	Covid	Loss of Income ( ODC Meals, LD O of C & Fairer Charging) - Nett of costs	200
Adult Social Care	Covid	x3 Additional Social Worker capacity in the Older Social Worker Teams due to increased referrals and lack of Health provision during the pandemic increasing frailty of service users	150
Adult Social Care	Covid	x3 Additional Social Worker capacity to bolster the Hospital Team in line with Welsh Government directive re D2RA and hospital DToC	150
Adult Social Care	Covid	Delivery of PPE, provided by NHS Wales/WG	
		<b>TOTAL</b>	<b>1100</b>

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

- Unknown future impact of Covid 19 on services and Welsh Government (WG) Hardship funding ceased on 31<sup>st</sup> March 2022. This will be in relation to support to the 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.
- Older People & Disability centres and services have remained closed during the pandemic but will reopen one by one, operating within safe working and social distancing rules. This may result in additional costs or double running, where some clients choose to remain to continue to receive having services delivered in the current format in the community following the 'what matters conversation' and the unit cost of running the centre remaining but at a much higher cost.
- Stability of commissioned providers, particularly the care home sector. There is currently 2+ providers who may be at risk of failure.
- Future demography, which was agreed to be funded from the risk reserve as part of the Financial Resources Model (FRM) budget setting process
- 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

- Many small underspends across all service areas in relation to staff slippage and travel, as less face to face meetings occurring currently

### Cost Reductions

- **Assured**  
The original target of £3.429 million is currently on target to achieve delivery, of which £1.067 million (31.1%) of the original target to date achieved and included in the forecast outturn. Currently, there is assurance of delivery of a further £2.362 million.
- **Undeliverable**  
A risk on delivery if Covid continues and referrals continue at the current levels.

### 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 and care and support planning to mitigate pressures.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Children's Services	27,897	1,773	(400)	3,355	32,625	(1,679)	(563)	(480)	29,903	(2,006)

### Children's Services Overview

#### Cost Pressures

- £399K Placements for children who are in LA care
- £140K Agency workers covering Bannau which provides in county CLA placements. We are currently actively recruiting.
- £105K Agency workers covering shifts within Children's residential home. We are currently actively recruiting.
- £80K Social Services Emergency Duty Team

#### Cost Underspends

- £345K We have a number of vacancies within the service. We are currently recruiting to these positions.
- £56K We have an underspend in adoption placements.

#### Cost Reductions

- £380K Shared costs with PTHB for CLA (as per 20/21 Savings remaining to achieve) Discussions are ongoing with PTHB to clarify and agree pathway.
- £256K Change in leaving care Provision (16 plus supported Accommodation), provision has been commissioned and is currently partly operational with other placements due to be live by end of July.
- £1,500,000 Placements - Closer to Home (step down in provision), Closer home project in ongoing and we continue to work to bring CLA back to Powys.
- £800K Continuing Care Contribution, Discussions are ongoing with PTHB to clarify and agree pathway.
- £150K Agency - Convert 5 agency SW's to Permanent Social Worker positions. We continue with our recruitment campaign to recruit permanent Social workers.

- £84K Cost Saving from using permanent Social Workers once qualified instead of Agency (based on "grow your own" project - Masters Students and 50% Open University Students) plus Market Supplement. 5 grow our own students qualify this Summer and have been matched to Permanent posts within the structure.
- £10K Reduction in staffing expenses/family time expenses due to "closer to home". We continue with our closer to home project so that children can access support and services within County.
- £5K Foster Panel Costs (Team managers to cover) – This work is underway.
- £50K Special Guardianship Order (SGO) Project - 1 FTE Social Worker in first two years. There has been a delay in this project starting however this is now planned for Summer 2022.
- £30K Special Guardianship Order (SGO) Project - 0.5 FTE Independent Reviewing Officer (IRO). There has been a delay in this project starting however this is now planned for Summer 2022.
- £90K Special Guardianship Order (SGO) Project - Conversion of Independent Fostering Agency (IFA) placement to SGO placement. There has been a delay in this project starting however this is now planned for Summer 2022.

#### Use of Reserves

To implement a managed social work team to hold predominantly child protection cases. 120 cases to be held and managed by this managed team to enable manageable caseloads for social work teams and to ensure £499k has been approved for use to support this

#### Other mitigating actions to deliver a balanced budget.

We will fully utilise grants across the service as in previous years to mitigate the financial position. We are engaged with the Commissioning of a Agency Matrix Framework which we anticipate will enable effective recruitment and management of agency worker and reduce agency costs.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Commissioning	3,647	0	(1)	0	3,646	0	0	0	3,646	1

### Commissioning Overview

Although the projections point towards a balanced budget, it is anticipated, but not assured, that there will be further adjustments throughout the year with national government grants being made available to support the work of the service

		FORECAST FOR THE YEAR ENDED 31ST MARCH				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Education	17,340	544	(281)	5	17,608	(5)	(21)		17,582	(242)

### **Education overview**

The School Service budget is forecasting an overspend position, with some significant overspends in some areas such as schools' property, ALN and Sports Facilities. These factors will continue to affect the overall position.

Efficiencies are yet to be achieved regarding the costs of maintaining our school buildings. Efficiencies are yet to be achieved regarding the ALN Strategy because of the Covid-19 pandemic and consideration needs to be given regarding the long-term challenges this could bring.

The service is working hard on mitigating this issue and have managed to alleviate pressures through the effective use of grants this year. Further work is needed to achieve the efficiencies on a permanent basis.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23
Schools Delegated	79,480	85	0	0	79,565	0	0	0	79,565
									June Variance
									(85)

### **Schools Delegated Overview**

Schools submitted their approved budgets to the Authority on 1st May 22, which were reviewed by the Head of Education and the Head of Finance / Section 151 officer. All schools have now received a response to the submittals outlining any actions they need to take.

A report for information will also go to Cabinet on 26 July 2022 detailing the balances and advising what action is being taken.

Officers continue to work with Schools in deficit to bring budget plans back to a balanced in year position, recovery plans will also need to be submitted to the Authority by the end of September 2022 if a school is in an unlicensed position.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Highways Transport & Recycling + Director	29,669	2,085	(2,905)	1,611	30,459	(294)	(150)	(86)	29,929	(260)

### Highways Transport & Recycling Overview

#### **Cost Pressures**

- £550k overspend on highways routine maintenance works, however this is mitigated by an under spend of £327k reported because of vacant management/supervision posts and reduced private contractor spend in Highways Operations.
- £205k under-recovery of the budgeted profit target from Trade Waste collection services which is used to support corporate support costs in delivering the Trade Waste Service.
- £87k overspend on green waste collections
- £72k overspend on domestic waste collections resulting in the main from increased fuel costs
- £223k overspend on Household Recycling Centre management fee for July to March 2023 whilst the contract retender takes place.
- £420k overspend on home to school transport expenditure

#### **Cost Underspends**

- A forecast over-recovery of recyclate income against budget of £540k
- An over-achievement of £705k against street works resulting from increased income against budget.
- An over-achievement of profit associated with highways design of £209k.
- An over-achievement of income on traffic management works of £100k

#### **Use of Reserves**

- £549k expected BES grant reserve to support the £549k savings target within transport services.



**Other mitigating actions to deliver a balanced budget.**

- Promote the green waste service to increase income.
- Seasonal working is starting to reduce overtime on highway and verge maintenance
- Start reducing non-critical highway maintenance works

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Property, Planning & Public Protection	5,913	313	(102)	181	6,305	(17)	(150)	0	6,138	(225)

### PPPP Overview

A harder environmental policy stance on intensive agricultural units and the phosphates issue in general is impacting on planning application income generation. The Planning Service is attempting to mitigate the impact by not recruiting to some vacant positions, but this mitigation is not going to be sufficient to stop the Planning Service having a significant overspend.

Further controls relating to the of funding public protection investigations are being put in place to secured greater budget certainty. Methods to further manage risk are being considered by the service area.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Housing & Community Development	5,417	244	(59)	8	5,610	0	0	0	5,610	(193)

### Housing and Community Development Overview

Spend is on track across most budget areas within Housing & Community Development, with all but one area forecast to be on budget or returning a minor underspend. As forecast, the one area of concern is Schools Catering, with a £244,000 overspend. Catering income is being carefully monitored and appears to be increasing as covid restrictions easing in schools has allowed a return to more normal provision. Free school meals for the youngest primary children comes into operation from September. At this point it is unclear what impact this will have on income. It is still early in the financial year and the autumn term will give us a clearer indication of income trends.

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£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Housing Revenue Account	0	0	0	0	0	0	0	0	0	0

**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.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Economy and Digital Services	6,312	0	(199)	240	6,353	(2)	0	0	6,351	(39)

## **Economy & Digital Overview**

### **Cost Pressures**

The service is managing current price increases within budget but inflationary costs are increasing in ICT and Economy capital investment projects.

### **Cost Underspends**

Staffing costs are currently underspent as the restructure of service has been finalised in Q1 which has covered underachievement in cost reductions.

### **Cost Reductions**

ICT hold cost reductions opportunities from the opportunities to modernise and reduce legacy systems on behalf of other services. This work has been delayed over previous years but will now be managed again through 2022/23 to achieve savings outlined.

### **Use of Reserves**

No current use of reserves

### **Other mitigating actions to deliver a balanced budget.**

Economy budgets have been set on a 3 year basis following WG grant allocations giving more stability to the budgets in this area than had been seen in previous years.

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		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Transformation & Communication	1,466	110	(34)	1	1,543	0	(76)		1,467	(1)

## **Transformation and Communication Overview**

### **Cost Pressures**

- Communications staffing structure not fully funded by the annual working budget
- Fixed term positions - not funded by the annual working budget:-
  - 1x Systems Business Intelligence Officer within the team on a fixed term contract – 2-year fixed term position
  - 1x Data Quality Officer – 1-year fixed term position
  - 1x Communications and Engagement Officer
  - 1x Multimedia Assistant

### **Cost Underspends**

There is a small underspend in the service, this is due to some staff vacancies, particularly in the Welsh Language / Translation areas, and due to some staff not being at the top of their scale that is budgeted for.

Posts in Translation services have been recruited to and are pending the appropriate checks.

### **Cost Reductions**

The £1000 cost reductions not delivered can be removed from the Transformation and Communications budget, this amount was allocated to travel expenses, and is not required going forward given the limited travel staff undertake due the New Ways of Working practices.

### **Use of Reserves**

£76k use of reserves.

£63k to support the Communications staffing structure, as the permanent structure is not fully funded by the base budget and there are also two additional staff in fixed term posts.

£12k part funds the additional Business Intelligence Officer (fixed term post) within the Business Intelligence Systems team (SQL developer).

**Other mitigating actions to deliver a balanced budget.**

The Transformation and Communication service is reliant on income, any reduction or increase in income will affect the forecast.

We have been fortunate to obtain external funding from other sources over the past few years, this funding enables us to balance our budget, however we know that funding for this year is greatly reduced due to the end of Track, Trace and Protect, and some projects that were funded by Welsh Government Integrated Care Fund (ICF). We have monies in reserves and are using these to support our current workforce delivery model. The forecast outturn is greater than the annual working budget, which has been the case for many years.

This is being closely monitored and some fixed-term positions may need to cease if income generation is not maintained or increased in future years.

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		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Workforce & OD	2,399		(79)	138	2,458	(138)	0	0	2,320	79

### **Workforce and OD Overview**

We are forecasting an annual underspend of £79k against budget, which assumes assured savings of £138k will be achieved. The main reason for the underspend relates to staffing underspends arising from vacancies and the over-achievement of income within OD and Employment Services of £35k.

### **Cost Pressures**

None to report this quarter.

### **Cost Underspends**

We are forecasting an annual underspend of £79k against budget, mainly arising from staffing underspends due to vacancies and the over-achievement of income within OD and Employment Services of £35k.

### **Cost Reductions**

Our costs reductions are assured.

### **Use of Reserves**

We are not planning to call upon reserves.

### **Other mitigating actions to deliver a balanced budget.**

We are forecasting an underspend at year end.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Legal & Democratic Services	3,585	0	(75)	53	3,564	(28)	0	0	3,536	49

### **Legal Overview**

We are forecasting an outturn underspend of £49k against budget in June 2022.

### **Cost Pressures – Zero**

### **Cost Underspends**

Corporate Legal & Democratic Services are forecasting an outturn underspend of £49k against budget in June 2022 arising from temporary slippage on Member's wages budget and general overhead expenditure, an underspend on Democratic Services arising from a pension saving and an underspend on Solicitors due to slippage against the staffing budget.

### **Cost Reductions**

The service has a £203k savings target to achieve in 2022/23, £149k has been achieved to date, £28k is assured to be achieved and £26k is reported yet to be achieved

### **Use of Reserves**

An estimated £193k from the £224k Elections Reserve will be used to Finance the May 2022 Local Elections . An annual budgeted contribution of £36k pa is made to the Elections reserve to pay the Local Elections every 5 years

### **Other mitigating actions to deliver a balanced budget.**



		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Finance & Insurance	6,258	0	(41)	15	6,232	(15)	0	0	6,217	41

**Finance Overview**

The service is expected to deliver a balanced budget this year

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 AS PER CP/LEDGER JUNE 2022				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2022/23 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves with Agreed use	Use of Risk Reserve to cover unfunded Pressures	Outturn Position 2022/23	June Variance
Corporate Activities	38,580	437	(2,268)	0	36,749	0	0	0	36,749	1,831

### Corporate Overview

#### Cost Pressures

There is an £82k shortfall on the levies budget for both the Fire and Brecon Beacons National Park, budgets were agreed before the final inflation uplifts were provided by these organisations

#### Cost Underspends

£1,396k relates to an underspend on interest on borrowing and MRP. This is linked to the revised capital programme expectations which has reduced and requires less borrowing.

£810k overachievement of council tax is forecast in part relating to the premiums we have in place. This figure may change depending on how successfully we are able to maintain collection rates.

## Appendix C

<b>In Year Pressures that require use of Reserves</b>			
<b>Service</b>	<b>KEY - Covid/ Inflation/ Ukraine</b>	<b>Detail</b>	<b>2022-23 £'000</b>
Adult Social Care	Covid	2 Additional mental health (MH) social workers to manage the increased MH referrals/assessments aligned to the lock downs and Covid 19 pandemic. (Note - 75% of the current Homelessness identified in Powys, have a MH need)	100
Adult Social Care	Covid	Risk Reward contractual obligation arising from the voids in the care homes	500
Adult Social Care	Covid	Loss of Income from day centre meals, and other social care charging due to service changes and inability to charge above threshold - Net of costs	200
Adult Social Care	Covid	3 Additional social worker capacity in the Older Social Worker Teams due to increased referrals and lack of Health provision during the pandemic increasing fraility of service users	150
Adult Social Care	Covid	3 Additional social worker capacity to bolster the Hospital Team in line with Welsh Government directive re D2RA and hospital Delayed Transfers of Care	150
Adult Social Care	Covid	Delivery of PPE, provided by NHS Wales/WG	TBC
Children's Social Care	Covid	Increased staffing/agency due demand at front door, early help and assessment.	480
Highways, Transport & Recycling	Inflation	ALN Transport - The budget assumed a 2.4% rise in transport contract costs from September, however transport providers are seeking a minimum of 3%, an additional 0.6% inflation from that considered at budget setting. It also includes the impact of retendering a small number of ALN routes	86
<b>Total Quarter 1</b>			<b>1,666</b>
<b>Agreed use of Specific Reserves</b>			
<b>Service</b>		<b>Detail</b>	<b>2022-23 £'000</b>
Adult Social Care		Managed service 'Zyla' to reduce the number of outstanding reviews, in part due to the pandemic and due to the increased presentations due to lack of Health Care provision	497
Adult Social Care		Fund additional running costs of Older Day Centres and restricted numbers of service users	100
Adult Social Care		Additional cost of the Agency Domiciliary Care during period of recruitment and on boarding new council staff, following the return of hours from the external providers	385
Adult Social Care		Additional capacity within the Occupation Therapist teams to meet the increased number of outstanding assessments due to increase in referrals during the pandemic	220
Children's Social Care		Interim team currently holding 120 cases within Children's Services but was due to end at the end of August. Extended to the end of December this will enable the Service to meet the current demand	499
Children's Social Care		Satellite residential care home set up with a registered provider who can meet the needs of this young person	64
Education		One-off targeted interventions of bespoke support packages for schools causing significant concern	21
PPPP		Loss of planning fee income due to limited applications being submitted	150
T & C		Funding to cover the costs of posts that do not have baseline funding and therefore reduces the risk to the organisation for 12 months.	75
HTR		Budget to fund the delayed repair works to the Bailer at Brecon Transfer Station	28
HTR		Ash die back activities	100
HTR		Purchase of 2 x mist & odour repression systems for Rhayader and Abermule, required to satisfy the regulators	22
<b>Total Quarter 1</b>			<b>2,161</b>