

Proposed Amendment to the Budget by Cabinet

Following the recent Scrutiny Committee feedback and subsequent discussions with the political group Independents for Powys, Cabinet propose a series of amendments to the revenue budget they approved on 17th January 2023. These changes will be reflected in the Budget proposed to Council on the 23rd February 2023. Both Councillor Jeremy Pugh and Councillor James Gibson-Watt endorse these changes which will now be presented back to Scrutiny.

In proposing these changes, Cabinet have considered further the potential impact on School budgets as they respond to the increase in energy costs, particularly those who are already struggling to balance their budgets. The changes proposed will provide funding to establish a fund to support energy management in schools.

1. **The set up of a one off £500k fund to support energy costs and energy efficiency measures in schools.** The fund will be held in the Schools Delegated contingency budget.

The above will be funded by the following proposals:-

- I. **To reduce the pressure “External providers increase in Travel” by £22k.** This pressure includes provision to fund Adult Social Care providers to move from 45p to 50p a mile allowance for their staff. No agreement has been made to pay more than the 45p so the £22k funding is not required.
 - II. **To remove the provision to replace the general fund reserve by £287k in relation to funding used to support Freedom Leisure in 2022/23.** Cabinet approved the release of reserves in the current financial year to support Freedom Leisure with increasing energy costs. The Quarter 3 budget monitoring report is reporting an improved projected budget outturn position and the funding can be supported by base budget without the need to draw on reserves. The one off provision in 2023/24 is no longer needed and can be removed or redirected.
 - III. **To increase the reduction relating to the voluntary revenue contribution to the Vehicle and Equipment Replacement Reserve for one year only, from £1m to £1,191,000.** This will make available £191k one off funding for 2023/24. An impact assessment has been undertaken to support this change.
2. **To remove the £120k Older day provision review saving.** This estimate is not supported by detailed proposals but is included as a potential savings following a review of the Older Day services review. Until a review has taken place it was felt that this saving was not feasible. The service will manage the removal of this saving within the service and have reduced the estimated pressure relating to demography pressures from new clients in 2022-23 having full year implication in 2023-24 re care costs.

Financial Assessment

The proposals above are summarised in the table below.

The set up of a one off fund to support energy costs and energy efficiency measures in schools	+£500,000
To reduce the pressure “External providers increase in Travel”	-£ 22,000
To remove the provision to replace the general fund reserve by £287k in relation to funding used to support Freedom Leisure in 2022/23	-£287,000
To increase the reduction relating to the voluntary revenue contribution to the Vehicle and Equipment Replacement Reserve for one year only	-£191,000
To remove the Older day provision review saving	+£120,000
Reduce ASC demography pressures from new clients	-£120,000
Overall Impact	Nil

These proposals maintain a balanced budget for 2023-24. It does not change the impact for future years as set out in the FRM, although a number of proposals are amended in 2024-25, but have an overall nil effect. An impact assessment has been provided and considered for the one element which delivers a higher level of saving.

An updated FRM is shown below. The adjustments proposed will be reflected in each of the relevant documents that accompany the budget proposal presented to Council on 23rd February 2023.

The level of change proposed by the amendment does not therefore change the Section 151 Officers’ opinion to that expressed in the original report. The changes proposed within the Adult Social Care budget will increase the risk if the pressures materialise but this is not significant and can be managed within the overall Risk budget. The setting up of the fund to support Schools energy costs does reduce the level of risk for schools, the targeting of this fund to support those in most need will maximise its effectiveness.

The Section 151 Officer concludes the estimates used in the budget proposal for 2023-24 are adequately robust but a heightened level of risk remains. Based on the assessment of reserves, the overall level is adequate but remains at the lower end of acceptability given the ongoing economic challenge and the scale of savings required and the financial uncertainty facing the Council over the medium term.

FINANCE RESOURCE MODEL 2023-2028					
REVENUE EXPENDITURE	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Base Budget (Prior Year)	301,872,000	326,554,301	348,854,157	363,947,626	378,648,466
Pay Award inflation 2022-23 Impact	4,750,475	0	0	0	0
Pay Award inflation 2023-24 onwards	6,134,717	4,151,736	3,797,482	3,873,410	3,950,877
Non pay Inflation	7,547,318	1,103,990	1,130,244	1,157,205	1,184,961
Grant Changes & Transfers into RSG (+)	0	214,000	0	0	0
Total Covid Pressures to be Addressed	958,064	(206,652)	(206,652)	(107,652)	(107,652)
Total Demography	305,913	721,830	734,270	734,270	734,270
Total Corporate Pressures	1,719,904	897,464	922,139	948,048	975,252
Total Service Pressures	21,578,241	15,656,036	9,441,225	8,295,219	8,946,671
Schools Reserves and Movements	(3,345,961)				
Total Cost Reductions	(16,516,570)	(690,467)	(1,358,040)	(576,890)	(579,800)
Undelivered Savings	1,550,200	(549,000)	0	0	0
Total Capital Financing	0	1,000,920	632,800	377,230	214,130
Total FRM Revenue Net Exp	326,554,301	348,854,157	363,947,626	378,648,466	393,967,176
	2023/24	2024/25	2025/26	2026/27	
	£'000	£'000	£'000	£'000	£'000
FRM Net Exp	326,554,301	348,854,157	363,947,626	378,648,466	393,967,176
Current Year Budget	301,872,000	326,554,301	348,854,157	363,947,626	378,648,466
GAP - each year	24,682,301	22,299,856	15,093,469	14,700,840	15,318,710
Additional Funding					
Council Tax increase - 5% and tax base increase	(6,384,285)	(4,897,801)	(5,142,692)	(5,399,826)	(5,669,817)
Settlement (8.7%, 3.1%, 2% then on)	(18,298,015)	(7,080,034)	(4,709,365)	(4,803,552)	(4,899,623)
Funding Shortfall each Year	0	10,322,020	5,241,412	4,497,462	4,749,269
Funding Shortfall Cumulative		10,322,021	15,563,433	20,060,895	24,810,164