

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

7th February 2023

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

REPORT TITLE: Financial Forecast for the year ended 31st March 2023
(as at 31st December 2022)

REPORT FOR: Decision

1. Purpose

1.1 To provide Cabinet with the forecast revenue budget outturn for the 2022-23 financial year based on the position at 31st December 2022 and explain any changes since the last report at quarter two.

2. Background

2.1 A report considered by Cabinet in the autumn set out the current challenging economic context and how it is impacting on the council's finances. The impact of rising inflation is increasing the financial pressure on the Council's budget as costs for fuel, food, and energy increase.

2.2 The cost-of-living challenge is also impacting on our local businesses and residents, and this creates additional pressure on the Council as demand for our services increases.

2.3 The rising costs are also impacting on our capital schemes as materials and contractor costs increase and the cost of borrowing becomes more expensive.

2.4 Pay awards for the year, as agreed nationally, have been actioned totalling £7.9m. This is more than what was budgeted, as budgets approved last year did not envisage the inflationary rises we are now managing. The underfunded element equates to a budget shortfall of £3.8m, which is mitigated in part by a call on reserve of £1.2 million. Schools have to fund the in-year shortfall of £0.6 million non recurrently. Budgets in 2023-24 have accounted for the budget gap this year.

2.5 At quarter two the projected position reported a deficit of £7.1 million, of which £5.3 million was forecast to be funded through the drawdown of previously approved specific reserves and the risk budget. Leaving a further £1.7 million deficit to be funded from general reserves.

2.7 At quarter three the revised projected position has reduced the deficit to £2.4 million, but this is after the drawdown of the payroll reserve of £1.2 million, but before use of £3.3 million of specific reserves. The overall underspend of £1 million will be transferred to the specific capital financing reserve.

2.8 Table 1 below summarises the projected outturn position across the Council's services including HRA and delegated schools. Appendix A provides the financial position for each service, broken down into categories covering cost pressures, cost underspends, cost reductions and use of specific reserves.

Table 1 – Forecast Position

Revenue Budget	£'000
Base Budget	301,870
Cost Pressures	16,430
Cost Underspends	(16,366)
Cost Reductions Shortfall	2,353
Sub Total	304,287
Overspend before Reserves	(2,417)
Funded by:	
Agreed Specific Reserve Use	(3,327)
Contribution from Risk Reserve	(163)
Net Underspend	1,074

- 2.9 Services have continued to manage their expenditure by reducing costs and maximising the use of alternative funding sources to support the improvement in the forecast by £2.7 million over the remainder of the financial year. The largest improvement relates to Childrens Services at £0.8 million, and Social Care Commissioning £0.7 million both relate to cost savings delivered by use of grants. In addition, corporate budget assumptions have moved by £0.6 million due to borrowing costs as some capital schemes are profiled into next year.
- 2.10 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.

3. Cost Reductions

- 3.1 Cost reductions of £8.1 million were approved as part of the Councils budget for 2022/23 and the delivery of these is required to achieve a balanced budget. In addition, undelivered savings from 2021-22 have been rolled forward totalling £2.8 million, these also need to be delivered.
- 3.2 The summary at Table 2 shows that 67% or £7.3 million have been delivered and a further 11% £1.2 million are assured of delivery by Services. £2.4 million, 22% are unachieved and are at risk of delivery in year, this has improved from the £3 million reported as unachieved last quarter. Services continue to review these and are required to consider mitigating action to ensure that they can deliver within the budget allocated.
- 3.3 As part of the budget setting process for 2023-24 a number of undeliverable savings have been agreed to be written off totalling £1.6 million for next year.

Table 2 – Savings Summary

£'000	To Be Achieved	Actually Achieved	Assured	Un-achieved	% Achieved
Adult Services	3,429	2,832	597	-	83%
Childrens Services	3,640	2,073	290	1,278	57%
Economy and Digital Services	282	67	-	214	24%
Education	55	50	5	-	91%
Finance	39	39	-	-	100%
Central Activities	1,045	1,045	-	-	100%
Highways Transport & Recycling	1,612	622	290	701	39%
Housing & Community Development	172	172	-	-	100%
Legal & Democratic Services	24	-	18	6	-
Transformation and Communications	230	230	-	-	100%
Property, Planning & Public Protection	189	25	9	155	13%
Workforce & OD	138	101	37	-	73%
Total	10,855	7,256	1,245	2,353	67%
		67%	11%	22%	

4. Reserves

4.1 The Reserves position at Table 3 sets out the reserve forecast as at 31st December 2022. The opening reserves stood at £63.8 million, with the general fund reserve of £9.3 million representing 4.3% of total net revenue budget (excluding Schools and the HRA).

Table 3 – Reserves

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	(7,424)	21,743
Transport & Equipment Funding Reserve	8,843	(1,914)	6,929
Total Usable Reserves	50,927	(9,338)	41,589
Schools Delegated Reserves	8,982	(5,231)	3,751
School Loans & Other Items	(371)	7	(364)
Housing Revenue Account	4,244	(164)	4,080
Total Ring Fenced Reserve	12,855	(5,388)	7,467
Total	63,782	(14,726)	49,056

4.2 The specific reserve forecast of £7.4 million requirement is attributed to:

- Drawing down from the Grants Unapplied Reserve totalling £3.3 million (monies rolled forward at year end) which will fund grant scheme costs in 22-23.
- £1.2 million has been used to support the pay award.
- £2.4 million from service specific reserves that were set up to fund in year demand.

- £1.1 million underspend as set out in Table 1, is transferred to the specific Capital Financing Reserve to be set aside to support the future capital programme.
- The other main budgeted reserve use is for funding costs as part of the Levelling Up programme £765,185 and £310,000 from the Spend to Save reserve for exit costs as part of the joint venture closure, which will be fully refunded by services.

4.3 The delegated schools forecast has been updated and the forecast outturn now requires a £1 million call on their reserves to support the pay award and utilities. In addition to the £4.1 million that was forecast by governing bodies as part of their budget forecast submissions in December. School reserves increased by £5.7m at the end of last year as they benefitted from additional funding provided by Welsh Government in the last quarter of the year. They will need to draw on these to support the increasing costs.

5. Grants and Virements

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

5.1.1 Children's Services:

- Early Years Integration Transformation Programme – Pathfinder Co-production, Welsh Government Grant of £225,000. The Purpose of the Funding is to support the work of the Pathfinders who have joined the Early Years Integration Transformation Programme. The work of the programme will be two-fold: To test the core components for a single integrated early years' service and to consider what it will take to develop a fully integrated and responsive early years' service in their area, focused on the coordination of services locally, their planning and commissioning and how best to identify and address needs.
- Eliminate Profit from Care, Welsh Government Grant of £150,000. The Purpose of the funding is to support the Programme for Government commitments to eliminate profit from the care of looked after children and explore radical reform of current services for looked after children and care leavers.
- Parenting Support, Welsh Government Grant of £60,000. The purpose of the grant is to enhance parenting support in respect to increasing workforce capacity and their skills and knowledge. Supporting innovative community-based provision, develop innovative training tools for parenting practitioners, and further the support available for interparental conflict and parental relationships.
- Turnaround Programme, Ministry of Justice Grant of £27,000. The purpose of the funding is to enable earlier intervention and improve outcomes for children on the cusp of entering the Youth Justice System. This additional funding will enable consistent support to a cohort of children not currently on their statutory caseload.

5.1.2 Education

- £127,588 – Post-16 Education Provision. Additional funding is being provided from Welsh Government to 6th Form and Adult Community Learning by increasing the unite rate of funding by 5%.
- £5,489 – Variation 2 of the Regional Consortia School Improvement grant. Additional funding for National support for curriculum reform..

5.1.3 Housing

£153,824 – Homelessness – No One Left out Approach, additional funding received from Welsh Government to support the homelessness costs that were historically funded via the Local Authority Hardship Fund.

5.2 Several virement requests are requested for approval:

5.2.1 Highways Transport & Recycling

The Fleet service are seeking to fit CCTV equipment on vehicles in Highways, Transport and Recycling services and to install driver identification devices in each vehicle with aim of providing visibility on driver moments in conducting vehicle checks, which will send a defect alert to Fleet Management who can determine if the vehicle is roadworthy for use. The CCTV camera will facilitate a mobile option for fitters checking defects remotely. The cost of this proposal totals £150,000, currently the service spends £49,853 on tracking equipment which will cease should this option be approved. The £150,000 will be financed by the £49,853 reduction on trackers and a reduction in 2 x HGV fitters in the workshops totalling £83,000, a further reduction of £8,000k on the driver handbooks budget and the balance of circa £11,000 reduction on disposal costs within fleet workshops

5.2.2 Council Wide Reimagining Review

Use of the Covid Recovery Reserve is requested to fund additional staff resources that will be required to deliver a council wide review to address the budgetary shortfalls as set out in the Medium Term Financial Plan. The need for the review is to work in advance of the next budget round and ensure a medium term budget is put in place. The funding settlement for 2023/24 was positive but recent fiscal analysis suggests from 2025/26 it is anticipated that public sector funding will dramatically reduce beyond anything anyone has experienced previously. It is the forward planning for this challenge that requires a completely different approach, and we must prepare now to deliver sustainable change by 2025. Up to £300,000 will fund 3 members of staff for a maximum of two years. The Review will reimagine Powys County Council in 2025 and establish the type and volume of services that we can offer to put the organisation on a more sustainable footing moving away from annual service cuts. The organisation will be smaller and more efficient using technology where appropriate to improve service delivery. It will hold less assets and will provide accessible services across 7 community areas. The review will ensure that the Stronger, Fairer, Greener Corporate Plan is delivered successfully.

6. Financial Risks

6.1 The current collection rates for Council tax (April – December) are 80.75% which is 1.05% lower than the December 2019 collection rate, this equates to a risk of up to £1.1 million being uncollected by year end. Powys are the 7th highest collector of council tax across Wales at this point in the year. At the moment we are able to mitigate this by collecting additional premiums from second home and long term empty schemes.

6.2 Demand for some services could change through the winter period when pressure on services are at their highest, this will impact on the figures currently being projected.

6.3 In previous years additional funding has been provided by Welsh Government towards the end of the year, this is likely to be minimal this year so we must plan and manage our budget without that level of expectation. The indicative funding allocations for the next 2 years provided by Welsh Government are well below the level of inflation and will represent a real term cut in funding for the Council.

- 6.4 The Medium-Term Financial Strategy and the assumptions on which the Financial Resource Model are now finalised and awaiting approval. We continue to plan in a challenging and uncertain time and will update the forecast as more information becomes available.
- 6.5 Inflation and in particular fuel and energy costs continue to impact on the Council, with contractors approaching the Council to raise their concerns and start discussions. With CPI inflation at 10.5% in December we are anticipating that it has now tapered and must ensure that we take every opportunity to limit this impact.
- 6.5 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

- 7.1 The Head of Finance (Section 151 Officer) has provided the following comment:
- 7.2 The council continues to face a considerable challenge to balance its budget this year. The action taken to date is already reducing the deficit and we must continue to reduce costs and limit the draw on our reserves.
- 7.3 Reserves are held to mitigate unexpected risks and the use of reserves this year will ensure that we meet our statutory responsibility to deliver a balanced budget, however, the challenging environment is not going to end at the end of this financial year, we must ensure that we deliver council services within the resources we are allocated on an annual basis. Holding sufficient reserves to manage the ongoing risk as we move into future years is key to maintain our financial sustainability.
- 7.4 The current volatile situation dictates that we will keep the position under constant review, and we will continue to update our assumptions and their impact on the budget both for the current year and as we develop our financial plans for the next five years.
- 7.5 The Medium-Term Financial Strategy has been reviewed and updated and it together with the budget proposal will be recommended to Council for approval on the 23rd February, Powys were awarded a better than anticipated above average settlement of 8.7% and this together with the savings proposed and an increase in Council Tax has enabled the Cabinet to propose a balanced budget for 2023/24. A budget gap remains for the future years of our plan which needs to be bridged.
- 7.6 There will be difficult decisions ahead as we consider the implications of our financial position on our ability to deliver appropriate Council services to our residents.

8. Legal implications

- 8.1 The Head of Legal & Democratic Services (Monitoring Officer) has 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 The grants received in this quarter as set out in section 5.1 are noted.

12.3 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.

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Appendix A

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Adult Services		74,814	2,780	(311)	597	77,880	(597)	(1,372)	(1,065)	74,846	(32)	(5)
Children's Services		28,490	5,357	(3,007)	1,567	32,407	(290)	(499)	(1,009)	30,610	(2,120)	(2,956)
Commissioning		3,769	0	(691)	0	3,078	0	0	0	3,078	691	11
Education		17,652	571	(1,216)	5	17,012	(5)	0	0	17,007	645	442
Highways Transport & Recycling + Director		30,600	2,157	(2,412)	990	31,336	(290)	(151)	(35)	30,860	(260)	(259)
Property, Planning & Public Protection		6,170	393	(825)	164	5,902	(9)	(150)	0	5,743	427	198
Housing & Community Development		5,779	579	(297)	0	6,061	0	(100)	0	5,961	(182)	(350)
Economy and Digital Services		6,369	54	(267)	214	6,370	0	0	(54)	6,316	53	66
Transformation & Democratic Services		3,735	160	(82)	0	3,813	0	(114)		3,699	36	45
Workforce & OD		2,511	0	(310)	37	2,238	(37)	0	0	2,201	310	174
Legal		1,434	86	(93)	24	1,451	(18)	0	0	1,433	1	30
Finance & Insurance		6,258	37	(17)	0	6,278	0	0	0	6,278	(20)	(13)
Corporate Activites		34,251	3,221	(6,745)	0	30,727	0	0	2,000	32,727	1,524	971
Total		221,832	15,396	(16,273)	3,599	224,553	(1,245)	(2,386)	(163)	220,759	1,074	(1,646)
Housing Revenue Account		0		(93)	0	(93)	0	93	0	0	0	(2)
Schools Delegated		80,038	1,034	0	0	81,072	0	(1,034)	0	80,038	0	(100)
Total		80,038	1,034	(93)	0	80,979	0	(941)	0	80,038	0	(102)
Total		301,870	16,430	(16,366)	3,599	305,532	(1,245)	(3,327)	(163)	300,797	1,074	(1,748)
						(3,662)				1,074		

Appendix B Head of Service Commentary

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Adult Services	74,814	2,780	(311)	597	77,880	(597)	(1,372)	(1,065)	74,846	(32)	(5)

Adult Social Care Overview

The forecast outturn at the end of quarter 3, 31st December 2022, is an overspend of £3.066m of which £1.372m is to be funded from agreed 'Specific Adult Social Care' reserves and £1.065m from the 'Councils Risk/Management' budget, £0.597m of efficiencies/savings still to be delivered but achievable, which leaves an overall small overspend of £32k. It assumes that the full growth allocation of £2.3 million will be utilised to fund external services in regard to the Real Living Wage as directed by Welsh Government and expenditure remain within this financial envelope. Currently, the Local Authority is still in negotiation with some providers. The outturn forecast has deteriorated by £27k from Quarter 2.

Cost Pressures

(a) Current Pressures - Included in the forecast outturn at quarter 3

- £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 the reduction in hospital surgery and increase in falls and trips and due to 'lock down' the lack of mobility.	£220,000	£220,000
TOTAL	£1,436,000	£1,202,000

- Additionally, £170k of the £400k allocated at year end by Welsh Government (WG) in the Revenue Support Grant (RSG) to be utilised to fund 'electric cars and driving lessons' in Domiciliary Care and rolled forward to 2022/23, is now going to be utilised to fund the increase in mileage rate for external domiciliary care providers from 35p per mile to 45p per mile as part of the UKHCA funding formula, as per WG redirection notification.
- A total of £1.065 million is to be funded from the Councils 'Risk/Management' reserve: £735k in year Covid pressures and £170k Demography to be managed at risk as considered and agreed as part of the budget setting process in the Financial Resources Model (FRM), £100k contract inflation as a result of Ukraine etc., £60k in respect of the cost of the two additional bank holidays for frontline services, not previously budgeted for.

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

- Unknown future impact of Covid 19 on services/providers as WG Hardship funding ceased on 31st March 2022. This was in relation to support to local authorities to maintain their commissioned and in-house adult social care placements. Additionally, increase in service needs due to frailty/deterioration in health and mobility as a result of lack of Health appointments and delays in treatment and operations.
- 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 are currently a number of providers who may be at risk of failure.
- Future demography, which was agreed to be funded from the risk reserve as part of the FRM budget setting process. This temporary allocation will only support these costs during 2022/23 and the full year impact will need to be considered in the FRM and Service's Integrated Business Plan (IBP) for future years.
- 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

- £311k are across various service areas in the main 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 £2.822 million (82.58%) of the original target to date achieved and included in the forecast outturn. Currently, there is assurance of delivery of the further £0.597 million outstanding.
- **Undeliverable**
A risk on delivery as the service is in business continuity and if Covid 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.

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Children's Services	28,490	5,357	(3,007)	1,567	32,407	(290)	(499)	(1,009)	30,610	(2,120)	(2,956)

Children's Services Overview

The pressures from quarter 1 and 2 have continued into quarter 3 with a trajectory of an overspend of £2.120 million at the end of this financial year. We are continuing to review all expenditure, which has included going back to basics and looking into every penny that is being spent. We are aware of the continued high-cost placements and are monitoring children and young people's care plans more closely within our closer to home strategy. We are building our inhouse foster carer provision to assist with bringing children and young people back closer to home in Powys. The recruitment strategy for foster carers is line with foster Wales where we have seen an increase in enquires. We are continually monitoring the use of agency social workers and non-qualified staff to ensure that we are getting value for money. The agreed managed agency social work team ended their contract earlier than planned in December. Recruitment and retention of staff remains a Powys and national challenge, we have reviewed our agency pay rates and committed to not increasing these rates in line with ADSS Cymru recommendations. We are continuing to build a permanent and supported workforce where our grow our own investment continues. The challenge is to maintain the existing workforce, build our grow our own strategy whilst work on hard to recruit to social work posts. We have had the benefit of 5 permanent social workers into the service during Quarter 3. This will continue to build over 2023/24.

Cost Pressures

- £2.018 million cost in placements for children who are children looked after. There is an increase in Residential provision out of Powys due to a lack of in house foster carers, Independent Foster Carers and Residential provision.
- The two In House Residential homes and the two current un-regulated homes are forecasting a total pressure of £1.011 million (£415,000 funded from the risk reserve). These homes provide in county children looked after placements for children with complex and disability needs. This position is due to the high level of agency workers, we are continuing to actively recruit, and recently held successful recruitment events.
- £80,000 Social Services Emergency Duty Team- this figure is owed to Adult Services to cover the costs since the service moved to them.
- £265,000 Leaving Care- These children remain in high-cost placements at 18 years of age and have not stepped down due to need but who are still subject to Pathway plans and entitlements as care leavers.
- £246,000 Section 21 support- additional monies being used to support families who are in crisis.
- £179,000 Short breaks for children with complex needs- and increase in short break provision based on need. £109,000 pressure with an offset from covid reserve of £70,000
- £38,000 budget pressure in Legal services.
- The Managed Agency Teams is being fully funded from the Children's Service Specific Reserve of £499,000, rolled forward from 2021/22 with the remaining £497,000 being funded from the Welsh Government Social Care Workforce Grant.
- £524,000 around additional staffing/agency due to increase in demand in the front door, early help and assessment teams due to Covid-19, agreed to be funded from 'Corporate Risk reserve', previously funded via Welsh Government Covid Hardship.

Cost Underspends

- £157,000 due to under utilisation of the Market supplement. Currently not all qualifying posts are occupied or been occupied for the relevant time frame.
- £129,000 due to service decision not to backfill student social workers whilst on placement in Children's services.
- £227,000 of targeted posts being held vacant (part of 23/24 FRM Savings towards service Transformation).
- £120,000 due to a delay to the Special Guardianship project (one year saving only).
- £120,000 forecasted underspend on Adoption due to reviewing the service. (part of 23/24 FRM Savings).
- various small underspends on service subjective headings.
- Welsh Government grants mitigating baseline funded costs, in line with grant terms and conditions.
- Since Q2 £462,000 of additional new grants have been received – detail is provided in virement section.

Cost Reductions

- £380,000 Target. This was set as a target 20/21 for shared costs with PTHB however these savings remain to be consistently saved. To date £136,000 achieved with a remaining £244,000 not yet achieved. No other children eligible, so this cost is not likely to be saved.
- £256,000 Target- This is all achieved. There was a change in leaving care Provision (16 plus supported Accommodation), which has been commissioned.
- £1.500 million Placements Target- Achieved £1.270 million - Left to achieve £230,000. The Closer to Home (step down in provision) has been established with objectives set around continuing to bring children who are looked after back to Powys. We are looking at higher cost placements and considering what could be done differently e.g., moving a young person from a high-cost residential placement to live in her own flat supported by us through the 16+ accommodation strategy.
- £800,000 Continuing Care Contribution. This was set as a saving target in 2021/2022 but there are no care plans where this money has been identified. This has been highlighted as a complicating factor.
- £150,000 Agency – This saving was identified within 2021/2022 with an expected conversation of 5 agency social workers to permanent social worker positions. Due to the high level of staff leaving the council this was not achievable. We continue with our recruitment campaign to recruit permanent social workers. Whilst we have recruited some agency staff to permanent workers, staff have still left so the gap has not reduced.
- £84,000 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. Whilst we have recruited these staff, the deficit remains in key statutory service areas such as the Front Door- Information, Advice and Assistance function and impact in demand within the Assessment teams.
- £10,000 Reduction in staffing expenses/family time expenses due to "closer to home". Delivered £10,000
- £5,000 Foster Panel Costs (Team managers to cover)- Delivered £5,000.
- £50,000 Special Guardianship Order (SGO) Project - 1 FTE Social Worker in first two years. The project plan is being implemented. This saving has been achieved in 2022/23 as part of the project.
- £30,000 Special Guardianship Order (SGO) Project - 0.5 FTE Independent Reviewing Officer (IRO). The project plan is being implemented. This saving has been achieved in 2022/23 as part of the project.
- £90,000 Special Guardianship Order (SGO) Project - Conversion of Independent Fostering Agency (IFA) placement to SGO placement. Delivered £30,000 to date.

Use of Reserves

£499,000 - An agency managed team was brought in to support the service during a difficult period of recruitment, retention coupled with capacity and demand. The team currently support up to 120 families who have been subject to child protection processes. This has assisted in the safety planning of these children and their families and assisted with the increased workloads within the service. £415,000 was agreed to support the children's residential home due to additional staffing required which was ordered by the court care plan.

Covid risk reserve- £524,000 contact officers, front door and early help pressure due to demand and capacity.

Plus £70,000 for additional short breaks provision for children with complex needs.

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.
- are engaged with the Commissioning of an Agency Matrix Framework which we anticipate will enable effective recruitment and management of agency worker and reduce agency costs.
- have re launched the Closer to home strategy to bring children who are looked after closer to their homes. We are developing a recruitment strategy for supported lodging hosts and foster carers so that there is more flexibility within placements within Powys.
- are continuing to invest in our Grow our own project with up to 7 potential students qualifying as social workers in November 2023.
- are reviewing our expenditure around our section 21 monies and establishing if we can do things differently.
- are reviewing our offer around short break provision.
- are reviewing our high-cost residential placements and establishing if we can source an alternative within Powys.
- are reviewing our staffing structure and considering what could we do differently?
- are looking at ways in which we can continue to reduce the number of children who are looked after and also the number of children subject to child protection registration.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Commissioning		3,769	0	(691)	0	3,078	0	0	0	3,078	691	11

Commissioning Overview

The underspend has increased by £650k due to a reallocation of baseline costs to a government grant, this however will be required in 2023/24.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Education	17,652	571	(1,216)	5	17,012	(5)	0	0	17,007	645	442

Education overview

Through effective ongoing joint working and collaboration between the finance team and officers across the service area we continue to make considerable savings to ease the internal financial pressures. Further efficiencies in specific service areas continue to be reviewed through ongoing collaboration and solution focused decision making. The overspend has been reduced further and is helping the current financial expectation.

Covid-19 pandemic continues to place additional pressures on the service and consideration needs to be given regarding the long-term challenges this could bring in certain areas such as Additional Learning Needs and attendance. The service continues to work hard on mitigating financial issues as they arise through the effective use of grants and have managed to alleviate pressures.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Schools Delegated	80,038	1,034	0	0	81,072	0	(1,034)	0	80,038	0	(100)

Schools Delegated Overview

Through ongoing effective working relationships between, the PCC finance team, School Improvement Advisers, Senior Managers, Headteachers and Chairs of Governors we continue to identify potential savings for schools from reviewing spending plans and continue to support schools with the development of their financial planning. We continue to work closely with other Local Authorities to share practice and identify joint working which can support our schools further. We also continue to work with schools to support the effective deployment of grants.

The Covid-19 pandemic continues to place additional pressures on schools and consideration needs to be given regarding the long-term challenges this could bring.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Highways Transport & Recycling + Director	30,600	2,157	(2,412)	990	31,336	(290)	(151)	(35)	30,860	(260)	(259)

Highways Transport & Recycling Overview

Cost Pressures

- £294k overspend on highways routine maintenance works, which is an improvement since June 2022
- £250k 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.
- £128k overspend on green waste collections
- £164k overspend on domestic waste collections resulting in the main from increased fuel costs
- £198k overspend on Household Recycling Centre management fee for July to March 2023 whilst the contract retender takes place.
- £456k overspend on home to school transport expenditure

Cost Underspends

- A forecast over-recovery of recyclate income against budget of £232k
- An over-achievement of £353k against street works resulting from increased income against budget.
- An over-achievement of profit associated with highways design of £143k.
- An over-achievement of income on traffic management works of £85k
- Use of vacant management/supervision posts £205k

Use of Reserves

- £549k expected WG 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
- Increase Trade Waste charges to ensure full cost recovery.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Property, Planning & Public Protection	6,170	393	(825)	164	5,902	(9)	(150)	0	5,743	427	198

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. The 2021 savings proposal of an additional £75,000, which was carried forward to 2022, is not going to be achieved considering the above.

Further controls relating to the funding of 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.

Trading Standards are unable to achieve an income target of £44,000 from Proceeds of Crime Act 2002. The service area is looking into alternative options to secure £44,000 as this income target is not considered to be achievable moving forward.

Strategic Property are forecast an underspend compared with an overspend in the previous quarter. This underspend relates to the release of a significant budget allocated to remedial works, as the service area does not have the staff resource to appropriately manage the remedial spend.

Income targets for a small number of investment properties are not considered to be achievable. Strategic Property are reviewing this situation and moving into the next financial year, believe that these income targets can be offset using income receipt from alternative commercial properties.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Housing & Community Development		5,779	579	(297)	0	6,061	0	(100)	0	5,961	(182)	(350)

Housing and Community Development Overview

Spend is on track across most budget areas within Housing & Community Development. Managers and officers were asked to monitor and reduce spending where possible during this quarter to help support the Council's budget position.

Housing & Community Development is reporting a forecast outturn over spend of £182k compared to £352k at the end of September. The main reason for the reduction in the overspend is an improved position reported on Catering, this is offset by an over spend position reported in General Fund Housing. The HRA is reporting a forecast outturn under spend of £93k compared to an underspend of £3k at the end of September.

The service has savings to achieve of £172k in 2022-23 with all savings being achieved.

Catering income is being carefully monitored and appears to be increasing, although increased costs of goods, services and salaries are hindering this. Free school meals for the youngest primary children came into operation from September and a first term of data has been collected. It is still unclear what impact this will have on income and more work is being undertaken to give us a clearer indication of future trends.

The housing services funded by the General Fund are primarily statutory in nature and include the provision of services related to homelessness. High and increasing demand for homelessness services will likely result in a year end overspend of circa £180,900. This change in demand arises from changes introduced by the Welsh Government (WG) which have expanded the client groups entitled to homelessness-related help and assistance and tightened the criteria covering intentionality and the widening gap between the cost and availability of homes of all tenures in Powys when set against housing market need and demand. The predicted overspend has been estimated after allowing for the additional funding announced by WG in January for homelessness activity in 2022-2023 and money set aside in 2021-2022 for potential overspends in 2022-2023. Proposals are being prepared for 24/7 Triage Accommodation and Modular Temporary Interim Accommodation initiatives to reduce the need to use high-cost bed-and-breakfast accommodation for homeless households. Both initiatives will require 'invest to save' by the Council to come into effect and then deliver long term savings and achieve compliance with WG requirements to bring the use of bed-and-breakfast accommodation to an end. Now that experience has been gained of the new approaches introduced during the Covid pandemic has been gained, a more rigorous approach to assessing and managing homelessness has been introduced in January 2023, to better manage the number of applications for assistance and the time those entitled to help are housed in temporary accommodation.

Pressures

Due to country-wide/global issues regarding increasing energy costs and the uncertainty around continuing UK government support, Powys continue discussions with Freedom Leisure with regards to the significant cost forecast of utilities into 2023-24. The Council agreed to support the projected deficit position during the remainder of 2022-23 and into the next financial year – which will be closely monitored using an open book arrangement. This could have a considerable impact on the leisure and sport centres in the future and a review of the service will be undertaken to determine long-term sustainability of the provision.

The demand for statutory homelessness related services is unlikely to fall, until such time as the overall housing supply in Powys has been increased to meet the demand and need for secure, affordable homes. A total of 4,700 plus households are registered with ‘Homes in Powys’ for such accommodation – just over 7% of all households in Powys. The Council has a strong development pipeline for council homes (funded through the Housing Revenue Account) but this, due to phosphate management restrictions, for the next few years is now primarily limited to the north of the county. An acquisitions programme (funded through the Housing Revenue Account) is starting to take advantage of market opportunities to increase the municipal housing stock, to provide additional secure, affordable housing for homeless and other households in need of decent homes.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Housing Revenue Account	0		(93)	0	(93)	0	93	0	0	0	(2)

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. The HRA is expected to conclude 2022-2023 with a small underspend, which will remain within the account for future use.

Pressures

Rising construction inflation and lack of labour and available contractors are imposing additional cost pressures on the HRA. These will be managed by prioritising works that are most needed to keep homes safe, warm and dry and prevent future high-cost works being required due to a lack of routine maintenance. Voids works times are now being reduced since the internalisation of repairs and maintenance in July 2022. Enhancing internal capacity and capability to increase efficiency is being progressed in Q4 of 2022-2023 and Q1 of 2023-2024 (for example decoration of voids).

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Economy and Digital Services	6,369	54	(267)	214	6,370	0	0	(54)	6,316	53	66

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. Discussions are taking place with all current ICT suppliers to understand annual pricing and impact on budgets.

Cost Underspends

Staffing costs are currently underspent as the restructure of service has been finalised in Q1 which has covered underachievement in cost reductions. Vacant posts across the service are being held where possible and do not impact critical delivery of the service.

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 which has had an impact on our ability in 2022/23 to achieve savings outlined of £214k although work continues to progress opportunities wherever possible.

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. Maximising opportunities to align current staff to grant income has contributed to the balanced budget with use of specific reserves to balance the following years.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Transformation & Democratic Services	3,735	160	(82)	0	3,813	0	(114)		3,699	36	45

Transformation and Democratic Services Overview

Cost Pressures

Some areas of the service such as communications and the corporate insight centre (data analytics), are not fully funded by the annual working budget in terms of staffing costs. This means that there are several posts that are fixed term and funded by generating income through other means (external grants/carrying out work for other organisations). This has been a cost pressure for the service for several years and is highlighted in more detail in the mitigating actions below.

Cost Underspends

The current forecast outturn position for the Transformation and Democratic Service at the end of December, is an under spend of £36k compared to a £45k under spend reported at the end of September. This assumes that £114k will be drawn down from the specific reserve. The underspend of £36k is reported in Democratic Services (and is relating to salaries and an underspend in member travel).

Cost Reductions

Savings in this area amounted to £229k, all in year savings have been achieved: -

- Restructure of several teams - £113,510
- Reduction in travel - £11,000
- Five fewer Councillors - £105,000

Use of Reserves

£114k use of reserves.

£98k to support the Communications staffing structure, as the permanent structure is not fully funded by the base budget.

£16k 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 Democratic 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 and this funding enables us to balance our budget. We know that funding for this year is greatly reduced, however we have monies in reserves and are using these to support our current workforce delivery model as highlighted above. However, the £114k use of reserves is likely to be improved as a Service Level Agreement is being negotiated between Communications and the Regeneration team and it is expected that this will bring in an additional £40k income. Income is also expected from the Health and Care Academy. As these funding streams are not confirmed they have not been included in the forecast, we are looking to finalise the service level agreements we have in place to ensure that they are confirmed imminently. The service will have a balanced budget at the end of the year; however, the additional income will improve the forecast and reduce the requirement from reserves.

The forecast outturn is greater than the annual working budget, which has been the case for many years and is being closely monitored and some fixed-term positions may need to cease if income generation is not maintained or increased in future years.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Workforce & OD	2,511	0	(310)	37	2,238	(37)	0	0	2,201	310	174

Workforce and OD Overview

We are forecasting an annual underspend of £310k against budget, which assumes that the final balance of costs savings of £37k will be achieved by year end. The underspend arises from two key reasons, firstly due to an underspend on staffing costs arising from challenges in recruiting to vacancies, and secondly due to a healthy over-achievement of income within the service. Pleasingly progress has been made in recruiting to key vacancies during the year, albeit from Q3 onwards and a small number are presently being recruited to.

Cost Pressures

None to report this quarter.

Cost Underspends

We are forecasting an annual underspend of £310k against budget, mainly arising from staffing underspends due to vacancies and the over-achievement of income within the service.

Cost Reductions

73.2% of the planned cost reductions have already been achieved and the final balance of £37k is assured. This final balance falls due in the final months / quarter of the year and is largely charged out as actual cost for services received and cannot therefore be charged until that work has been completed.

Use of Reserves

We are not planning to call upon reserves.

Other mitigating actions to deliver a balanced budget.

We continue to forecast a significant underspend at year end and will continue steps to recruit to the small number of vacancies that remain.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Legal	1,434	86	(93)	24	1,451	(18)	0	0	1,433	1	30

Legal Overview

We are forecasting an outturn on track to balance

Cost Pressures – Zero

Cost Underspends

Corporate Legal & Democratic Services are forecasting an outturn underspend arising from temporary slippage on Member's wages budget and general overhead expenditure, 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, £179k has been achieved to date, £18k is assured to be achieved and £24k is reported yet to be achieved

Use of Reserves

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Finance & Insurance	6,258	37	(17)	0	6,278	0	0	0	6,278	(20)	(13)

Finance Overview

The service is expected to deliver a balanced budget this year. The current overspend position is due to staffing costs in pensions that will be funded from the specific ring fenced reserve.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2023 AS PER CP/LEDGER Dec 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 Funding to cover unfunded Pressures	Outturn Position 2022/23	Dec Variance	Sept Variance
Corporate Activities	34,251	3,221	(6,745)	0	30,727	0	0	2,000	32,727	1,524	971

Corporate Overview

Cost Pressures

There is £3.2 million cost pressure which relates to the unfunded pay award of £2 million, shortfall on the levies budget for both the Fire and Brecon Beacons National Park of £82k, budgets were agreed before the final inflation uplifts were provided by these organisations. An overspend against Housing Benefit budgets that is being reviewed of £0.9 million.

Cost Underspends

£2.1 million relates to an underspend on interest on borrowing and MRP. It has improved against the previous forecast due to removing a number of pipeline schemes and delaying other projects to reduce the need for borrowing this year. £0.9 million overachievement of council tax is forecast in part relating to the premiums we have in place, our collection rate has fallen and this may impact this forecast if they remain below plan until year end. The under requirement of Council Tax Reduction Scheme £0.9 million will be used to offset the overspend on Housing Benefit. £2 million relates to pulling through the Risk Budget that is held to fund unforeseen pressures such as the expected pay award. £0.5 million over collection of pension contributions which will be used to support the pay award.

