

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
21st November 2023**

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

REPORT TITLE: Financial Forecast for the year ended 31st March 2024 (as
at 30th September 2023)

REPORT FOR: Decision

1. Purpose

1.1 To provide Cabinet with the forecast revenue budget outturn for the 2023-24 financial year, based on the full year forecasts as at 30th September 2023.

2. Background

2.1 Based on the position as at the end of September 2023 the projected outturn position has deteriorated to a position of £2.85 million surplus, a reduction of £0.88 million from the position reported at Quarter 1 (£3.73 million as at Quarter 1).

2.2 Employee Costs are set to increase significantly. Welsh Government have agreed the pay award offer for teachers and headteachers with 5% uplift applied from September 2023. National Employers for local government services (NJC) pay award, which equates to c7% increase this financial year, was agreed on the 1st November 2023. The budget set by council back in March is not sufficient to meet our actual salary costs with the Councils forecasted surplus position reported in September 2023 now being eroded as a consequence.

2.3 Whilst the council is managing its budget position this year, we cannot underestimate the challenge the council faces in maintaining a balanced budget next year and over the medium term. Inflation and increased demand continues to create pressure on our finances and with the outlook for public finances nationally the situation across local government is described by the Welsh Local Government Association as “extremely bleak and the options for many local services will be unpalatable”.

2.4 Table 1 below summarises the projected full year outturn position across the Council’s services including HRA and delegated schools.

Table 1 – Forecast Position

Revenue Budget	£'000
Base Budget	326,620
Cost Pressures	8,760
Cost Underspends	(10,643)
Cost Reductions Shortfall	886
Costs Funded from Risk	(234)
Sub Total	325,390
Underspend before Reserves	1,230
Funded by:	
Agreed Specific Reserve Use	(1,623)
Net Underspend	2,853

- 2.5 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.
- 2.6 The largest change since quarter one has been the unavoidable pressures for Childrens Service's with an overspend rising to £853,000, this is due to the increase in demand for placements for children with complex needs, where there is a current national shortage, also we have received an increase in the number of children who are unaccompanied asylum-seeking children (UASC). The service is addressing its current position in year to identify mitigations wherever possible to reduce any impact of increased budget pressures for next year.
- 2.7 Corporate budgets are projecting a £2.1 million underspend, this is after funding the likely pay award of £1.8 million. The underspend is largely attributable to borrowing costs being lower than projection due to some capital schemes being re-profiled into future years, and it is this underspend that is proposed to fund the pay award. £1.5 million of the Risk Budget has been profiled into the forecast here, with the balance planned to be released to services should costs materialise through winter period. This becomes more likely as the year progresses.
- 2.8 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 approved cost reductions, the pressures facing the service and how they are managing their budget to mitigate any shortfalls.

3. Cost Reductions

- 3.1 Cost reductions of £16.5 million were approved as part of the Councils budget for this year and the delivery of these is required to achieve a balanced budget this year. In addition, undelivered savings from 2022-23 have been rolled forward totalling £0.9 million, these also need to be delivered.
- 3.2 The summary at Table 2 shows that 62% or £10.8 million have been delivered and a further 33% £5.7 million are assured of delivery by Services. £0.9 million, 5% 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	4,648	2,744	1,904	-	59%
Childrens Services	3,013	1,458	1,555	-	48%
Commissioning - Adults & Children	97	97	-	-	100%
Economy and Digital Services	24	-	-	24	-
Education	830	810	19	-	98%
Schools Delegated	864	864	-	-	100%
Finance	73	73	-	-	100%
Central Activities	3,003	3,003	-	-	100%
Highways Transport & Recycling	3,594	1,202	1,817	575	33%
Housing & Community Development	379	191	187	-	51%
Legal Services	8	7	1	(0)	89%
Transformation and Communications	8	8	-	-	100%
Property, Planning & Public Protection	848	332	229	287	39%
Workforce & OD	20	2	18	-	8%
Total	17,409	10,792	5,731	886	62%
		62%	33%	5%	

3.3 Last years' savings were £10.9 million and at the quarter two point the performance was only 44% achieved and 28% assured. By year end we were unable to deliver 22% (£2.4 million). Comparing that performance against this years' predictions suggest far more robust savings were put forward through budget setting and are already making strong inroads into delivery.

3.4 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 30th September 2023. The General Fund Reserve now stands at £10.3 million representing 4.2% of total net revenue budget (excluding Schools and the HRA). The Councils Reserves policy requires the General Fund Reserve to be maintained at a minimum of 4% of net revenue budget.

Table 3 – Reserves Table

Summary	Opening Balance (1st April 23) Surplus / (Deficit)	Budgeted (Use) of Reserves	Forecast (Over) / Under Spend	Projected Balance (31st March 24) Surplus/ (Deficit)
General Fund	9,333	0	935	10,268
Budget Management Reserve	3,584	0	0	3,584
Specific Reserves	35,329	(6,990)	(813)	27,526
Transport & Equipment Funding Reserve	9,460	(1,043)	0	8,417
Total Useable Reserves	57,706	(8,033)	122	49,795
Schools Delegated Reserves	6,666	(5,082)	(1,438)	146
School Loans & Other Items	(371)	7	0	(364)
Housing Revenue Account	3,967	0	0	3,967
Total Reserves	67,968	(13,108)	(1,316)	53,544

4.2 Schools set their budgets with an expected call on reserve of £5.1 million. This figure has worsened by £1.4 million based on updated forecasts, leaving a likely deficit reserve balance at year end. The split of reserves usage between the schools sector is shown in Table 4 below.

Table 4 – Schools reserve forecasts

School Sector	Opening Balance 31/3/23	Budgeted Contribution (from)/to Reserves as @ 30 th Sept 23	Forecasted Variance to Budgeted Contribution / (use) in 2023/24 as @ 30 th Sept 23	Forecasted Closing Balance 31/3/24
	£'000	£'000	£'000	£'000
Primary	6,654	(3,806)	(68)	2,780
Special	1,047	(374)	(86)	587
Secondary	(1,908)	(732)	(1,020)	(3,660)
All Through	830	(170)	(264)	396
Sub Total	6,623	(5,082)	(1,438)	103
Loans	(7)	7	0	0
Closed Schools	(321)	0	0	(321)
Total	6,295	(5,075)	(1,438)	(218)

4.3 Schools projecting deficit budget plans are being supported to implement recovery plans to realign their budgets.

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 Highways, Transport and Recycling:

- WRAP, a Welsh Government initiative have provided £15,000 of funding to support Powys County Council with the cost of procuring supplemental communications to increase recycling rates, using the Be Mighty. Recycle. Creative assets for eligible communications materials/cost
- Welsh Government have confirmed the Sustainable Waste Management Grant (SWMG) allocation for 2023-24 as £1,148,877. The SWMG is provided to support local authorities in continuing to improve performance and put in place infrastructure for the collection and treatment of recycling and waste whilst continuing to increase public awareness and participation in recycling and re-use.

5.1.2 Social Care

- £30,000 from The Health Foundation charity which is part of the Tech for Better Care programme, where teams are exploring opportunities and ideas for new, proactive and/or relational approaches to care closer to home and in the community. This team will develop and enhance Powys County Council's Home Support Services, which provides support and practical assistance for adults over

50 as and when they need it. The team will explore the design of an IOT solution utilising the LoRaWAN network to provide bespoke packages of technology around the service user.

- £123,440 Welsh Government grant to support work to address the Deprivation of Liberty Safeguards (DoLS) backlog, to deliver Mental Capacity act training, to improve monitoring and reporting on DoLS, including the collection and quality of DoLS data and supporting systems and processes, to embed the principles of the Mental Capacity Act across care, support and treatment planning and to take forward any other work necessary to improve the application of DoLS as we await a future UK Government decision to implement the Liberty Protection Safeguards.
- £1,851,603 Welsh Government Social Care Workforce grant to support uplift in salaries, mitigate current workforce pressures, address recruitment and retention, take forward measures that support fair work in the sector and the Welsh Language. Facilitate greater integration, innovation in roles and meet increasingly complex care and support needs.

5.1.3 Education

- £294,166 increasing the budget to £5,629,273 for Post 16 provision. Funding is being provided from Welsh Government to Sixth form provision in mainstream schools (“6th Form Provision”) and Adult Learning (“AL Provision”).
- £7,500 - Variation 1 of the Regional Consortia School Improvement Grant. Additional funding for National support for Curriculum Reform.
- £71,900 – Variation 1 of the Local Authority Education Grant, broken down as:
 - Wellbeing Interventions and Training - £41,170
 - Allocation changes to RRRS non-maintained funding (Additional Funding - £8,637) new total £72,847 for April to August
 - Allocation changes to RRRS non-maintained funding (Additional Funding £12,092) new total £101,985 for September to March
 - Allocation changes to School Essentials Grant — £10,000

5.2 Virement requests for approval are as follows:

- 5.2.1 Due to a change in service provision, contract payments associated with providing the T12 public transport route are to be increased by £249,000 between 31st August 2023 to 31st August 2025. The service requests a virement to fund this additional cost from the Transport Replacement reserve, where the service will generate a capital sales receipt by selling 3 vehicles which will be used to fund the increase in the cost of the T12 public transport route.
- 5.2.2 Highways operations have a savings target of £130,000 for the reduction of winter maintenance operations. Due to delays in consultation the saving will not be achieved in 2023-24 but is expected to be in place for 2024/25. To mitigate the unachieved saving reported in 2023-24 the service requests that the £130,000 savings target is temporarily transferred to street works, who are reporting a forecast over-achievement of income of £148,000.
- 5.2.3 Transport have a savings target of £549,000 for efficiencies within school and public transport provisions. The service has delivered a saving of £196,220, with the remaining £352,780 reported as unachieved. To mitigate the unachieved saving reported in 2023-24 the service requests that the £352,780 savings target

is temporarily transferred to car parks, who are reporting a forecasted over-achievement of income of £394,000.

- 5.3 The following virement require Cabinet approval and recommendation to Council:
- 5.3.1 The approved budget in March assumed a 5/5.5% pay increase for National Joint Council (NJC) and Teaching staff. Negotiations in relation to NJC staff have now concluded with pay award exceeding our budget, creating a recurrent unbudgeted cost pressure of at least £1,800,000 in the current financial year. A base budget virement request is sought to increase service area staffing budgets by £1,800,000 in order to offset pay award pressures. This will be funded by the underspend in the cost of borrowing in the capital programme. This approach is affordable recurrently as we are able to delay borrowing needed into future years because capital schemes are not incurring outlay in line with original plans. We will also consider use of other funding sources such as capital receipts before borrowing. Although a reserve has been set aside for the pay award, we do not plan to draw on this, instead realigning budgets in year to address the funding gap. This approach reduces the budget gap in next financial year and allows us to retain this reserve for the likely pressures that may need supporting in future years.

6. Financial Risks

- 6.1 The Council holds a £3.0m revenue risk budget centrally to manage the cost of potential additional pressures identified through budget setting but not funded at a service level, especially inflation and demographic pressures. Although CPI levels are now starting to fall, they remain higher than our budgeted allocations. Risk remains as the year progresses.
- 6.2 The greatest financial risk remains in our ability to deliver a balanced budget over the medium and longer term. Our MTFs reported to Cabinet on the 19th September 2023 projected a £16.3 million budget gap next year rising to £43.4 million cumulative in 2028-29. The Medium-Term Financial Strategy and the assumptions on which the Financial Resource Model is based continues to be reviewed and we continue to plan in a challenging and uncertain time and will continue to update on our projections as more information becomes available.
- 6.3 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 Governance and Audit Committee.

7. Resource Implications

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

- 7.1 As outlined in paragraph 2.3 the council is managing its in year position and the virement proposed to realign pay budgets strengthens that position and removes an element of additional pressure recognised in next years plan, going some way to reduce the budget gap projected.
- 7.2 The delivery of savings is progressing well with assurance provided by Heads of Service that a further £5.7 million can be achieved by year end. £886,000 remains

at risk of delivery and it is essential that those services consider what remedial action they take to mitigate the impact and deliver a balanced position.

- 7.3 The pressure is equally felt across School budgets, collectively schools are projecting a further draw from their specific reserves in addition to that originally planned. Local Authority support to schools will ensure that Governing bodies take appropriate and timely action to manage their individual budget positions.
- 7.4 We continue to develop proposals to reduce the budget gap projected over the medium term, the Sustainable Powys programme is fundamental to our approach but may take several years to be fully realised, alternative strategies are also being considered as the budget plan develops. Local authorities across Wales will face impossible decisions as they set their budgets for the coming years.
- 7.5 Financial Resilience and sustainability can only be achieved by delivering a lower cost Council, effectively managing our collective resources, robust and transparent decision making, and actively managing risk supported by an appropriate level of reserves.

8. Legal implications

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

9. Climate Change & Nature Implications

- 9.1 Not applicable.

10. Data Protection

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

11. Comment from local member(s)

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

12. Impact Assessment

- 13.1 No impact assessment required.

13. Recommendation

- 13.1 That Cabinet note the current budget position and the projected full year forecast to the end of March 2024.
- 13.2 The grants set out in section 5.1 are noted.
- 13.3 The virements set out in section 5.2 are approved, this is to comply with the virement rules for budget movements as set out in the financial regulations.
- 13.4 The virement set out in section 5.3 is agreed and recommended to Council for approval to comply with the virement rules in the financial regulations for requests over £500,000.

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Appendix A – Forecast to year end as at 30th September 2023

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER					
	£'000	Add	Less	Add	Revised	Less	Less	Less	Final	Forecast as at Sept Variance	Forecast as at June Variance
	2023/24 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 2023/24		
Adult Services	80,632	61	(92)	1,904	82,505	(1,904)	0	0	80,601	31	45
Children's Services	29,482	2,587	(1,500)	1,555	32,124	(1,555)	0	(234)	30,335	(853)	(173)
Commissioning	3,039	0	(8)	0	3,031	0	0	0	3,031	8	18
Education	18,448	261	(364)	19	18,364	(19)	(134)	0	18,211	237	82
Highways Transport & Recycling + Director	33,320	289	(949)	2,392	35,053	(1,817)	(23)	0	33,212	108	(14)
Property, Planning & Public Protection	6,741	239	(345)	516	7,151	(229)	0	0	6,922	(181)	(201)
Housing & Community Development	7,374	773	(1,472)	187	6,862	(187)	0	0	6,675	699	(155)
Economy and Digital Services	7,462	0	(389)	24	7,097	0	0	0	7,097	365	282
Transformation & Democratic Services	4,014	45	(96)	0	3,963	0	0	0	3,963	51	27
Workforce & OD	2,544	0	(189)	18	2,373	(18)	0	0	2,355	189	174
Legal	1,494	146	(196)	1	1,445	(1)	(28)	0	1,416	78	33
Finance & Insurance	6,918	0	(47)	0	6,871	0	0	0	6,871	47	23
Corporate Activites	41,325	2,921	(4,995)	0	39,251	0	0	0	39,251	2,074	3,593
Total	242,793	7,322	(10,643)	6,617	246,089	(5,730)	(185)	(234)	239,940	2,853	3,734
Housing Revenue Account	0	0	0	0	0	0	0	0	0	0	0
Schools Delegated	83,827	1,438	0	0	85,265	0	(1,438)	0	83,827	0	0
Total	83,827	1,438	0	0	85,265	0	(1,438)	0	83,827	0	0
Total	326,620	8,760	(10,643)	6,617	331,354	(5,730)	(1,623)	(234)	323,767	2,853	3,734
					(4,734)				2,853		

Appendix B Head of Service Commentary

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER JUNE 2023				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2023/24 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 2023/24	Forecast as at September Variance	Forecast as at June Variance
Adult Services	80,656	61	- 92	1,904	82,529	- 1,904	-	-	80,625	31	45

Adult Social Care Overview

The forecast outturn at the end of quarter 2, 30th September 2023 is an overspend of £1.873 million. When the cost reductions are delivered then there would be a forecast underspend of £31k.

Cost Pressures

(a) Current Pressures - Included in the forecast outturn at quarter 2. Current pressures are being managed within the current budget allocation approved.

(b) Future pressures

The forecast outturn does not account for any future costs that may materialise in relation to:

- Winter pressures and potential demand on home-based care and interim bed options, as future demand is unknown. To date Welsh Government have not indicated that there will be an additional funding.
- Stability of commissioned providers, particularly the care home sector. There are currently a number of providers who may be at risk of failure.
- The unmet need in regard to community services sitting on the CROFT following assessment but lack of provision, estimated annual cost of £1.795 million.
- Future demography, which was agreed to be funded from the risk reserve as part of the Financial Resources Model (FRM) budget setting process. This temporary allocation will only support these costs during 2023/24 and the full year impact will need to be considered in the FRM and Service's Integrated Business Plan (IBP) for future years.

Cost Underspends

The very small underspend in the main is due to staff slippage as a result of recruitment turnover and a reclaim in relation to 2022/23 for non service delivery on a contract.

Cost Reductions

- **Assured**

Of the original target of £4.648 million, £2.744 million (59%) has been achieved to date and included in the forecast outturn. There is assurance of delivery of the remaining outstanding balance of £1.904 million (41%).

- **Undeliverable**

A risk on delivery, if hospital pressures and referrals continue at the current levels.

Other mitigating actions to deliver a balanced budget.

- The service will take every opportunity to maximise/utilise any grant underspends, if applicable within the Terms & Conditions of the grant.
- To ensure we maximise every opportunity to avoid costs the service is prioritising the development of preventative and early intervention measures, such as Technology Enabled Care, Reablement and Local Area Coordination. We are supporting citizens to support themselves, remain independent and build resilient communities reducing admissions into residential care and hospital.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 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 2023/24
Children's Services	29,482	2,587	(1,500)	1,555	32,124	(1,555)	0	(234)	30,335

Forecast as at Sept Variance	Forecast as at June Variance
(853)	(173)

Children's Services Overview

The forecast outturn position is an overspend of £853k provided the outstanding savings target of £1.555 million is delivered.

Cost Pressures £2.587 million

The unavoidable cost pressures continue in terms of the demand for high-cost residential placements often outside of Powys. The cost of placements for children which are unregulated, due to the lack of placements nationally, continues to be a financial challenge. We have a further increase in our Unaccompanied Asylum-seeking children (UASC) which is likely to rise further, and which continues to have an impact on the financial position. The 2023/24 forecast for these placements is £0.933 million. We receive grant income of £143 per night pre 18 years of age and £270 per week post 18 off the Home Office. The forecasted income in relation to the above is £644,000. So, the net expenditure position is £234,000.

We are continuing to work collaboratively with colleagues in Housing and across the council to strengthen ways of working with this group of young people. The plan is to develop further local housing opportunities for our 16+ provision and our UASC.

Our own inhouse residential homes continue to be a challenge due to the ongoing costs of operating these homes with agency social care workers to meet the ongoing complex demands of children.

The current cost of agency social workers is £8,277 per day which is not sustainable. This cost has been reducing since Autumn 2022 and is continuing to reduce slowly. At the end of quarter 2 we had 24 agency staff. Through the Grow our Own programme, we are continuing to train social work staff and be able to reduce this number of agency staff year on year.

We are reviewing our offer around short breaks as the demand for families has risen and analysing if this could be provided in different and more creative ways rather than external residential short breaks.

The unfunded pressures within the service are due to

- £1.426 million Children Looked After (CLA) placements - new, step up in provision and increasing costs in relation to meeting the complexity of the need of the current cohort. These costs are unavoidable in the context of a national shortage of placements for looked after children across the U and an increase of £892,000 from quarter 1. All funding that was earmarked as part of the 2023/24 budget setting process for growth in Children looked after placements in 2023/24 has already been fully utilised. All new or step up in provisions going forward will be a pressure.
- £112,000 Additional to placement pressures for CLA support, an increase of £49,000 from Quarter 1.
- £679,000 total pressure forecasted for the four Residential home. An additional pressure of £547,000 from quarter 1 due to relief staff over an above base budget to cover rotas and the use of agency staff due to recruitment and escalating needs of the children, over and above that included in the original business cases.
- £86,000 budget pressure in regard to Section 21, for families in need of care and support, in the main due to post lockdown and trying to keep children with their families wherever it is safe and in their best interests to do so. This is an increase in costs of £34,000 from quarter 1.
- £44,000 Out of Hours (EDT) due to unfunded structure following a Management of Change and use of agency staffing, an increase from quarter 1 of £13,000.
- £240,000 due to increased demand for short breaks due to the pressures on families as an indirect result of the pandemic, an additional £154,000 from quarter 1.

Cost Underspends - £1.500 million

The cost underspends continue to offset the cost pressures.

- £140,000 due to underutilisation of the Market supplement. Currently not all qualifying posts are occupied or been occupied for the relevant time frame.
- £1,094,000 Staffing underspend based on current vacancies qualified and non-qualified positions forecast to year end.
- £33,000 due to a delay to the Special Guardianship project.
- £127,000 Welsh Government grants mitigating baseline funded costs, in line with grant terms and conditions.
- £55,000 various small underspends on service subjective headings.
- £51,000 Legal, although this is difficult to predict as Legal services do not use commitment accounting.

Cost Reductions

£1.55m still to be achieved at the end of Quarter 2. Cost reductions continue and we are making positive progress on our Closer to Home strategy. Returning children home, reducing agency social workers all adds to the cost reductions.

Other mitigating actions to deliver a balanced budget.

We will

- fully utilise grants across the service as in 2022/23. We will continue to scrutinise the pressures and savings targets to identify matters with potential solutions. Our current predicted savings are on track to be met during this financial year.
- continue to monitor our high-cost residential placements and look to reduce these wherever is possible.
- continue to build our 16+ provision and homes for our UASC.

Our work with our closer to home strategy will continue.

The purchase card expenditure will be tightened particularly with our residential homes.

The use of agency staff will more monitored in terms of requirements.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 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 2023/24
Commissioning	3,039	0	(8)	0	3,031	0	0	0	3,031

Forecast as at Sept Variance	Forecast as at June Variance
8	18

Commissioning Overview

Although the projections point towards a balanced budget, it is anticipated, but not assured

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER				
		Add	Less	Add	Revised	Less	Less	Less	Final	
£'000	2023/24 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 2023/24	
Education	18,448	261	(364)	19	18,364	(19)	(134)	0	18,211	
									12	
									Forecast as at Sept Variance	Forecast as at June Variance
									237	82

Education overview

The service has worked effectively throughout the last financial year to make significant financial savings within the service, and we are continuing to build on these considerable savings without compromising the service we provide. We continue to use our grants effectively to support the forecast outturn position of the service where possible and to alleviate pressure within the service. The Schools Service (excluding Schools Delegated Budgets) had forecasted outturn underspend at the year-end of £82k at Quarter 1.

All managers within the service are robustly challenged regarding financial decisions to ensure they deliver value for money but also align to the service priorities. Senior managers ensure all significant financial decisions are discussed at a strategic level and fit with the realisation of the vision for the service. The aftermath of the Covid-19 pandemic continues to place additional pressures on the service and through self-evaluation processes we are identifying key areas that could impact on service delivery such as ALN, attendance and behaviour.

Cost pressures:

Cost pressures at present are being managed within the overall forecast outturn position of the service. The two areas causing the pressure are in relation to buildings (essential works) and early retirement pensionable costs. Further work is taking place in both of these areas to review the costs.

Cost underspends:

Cost underspends in the service in the main are in relation to any vacant posts, slippage in relation to actual costs vs budgeted costs of staff, travel and supplies and services. Further review will take place during budget setting to identify if any permanent slippage can be found in order to mitigate cost pressures.

Cost reductions:

We continue to identify savings and projected a reduction in costs of £828K, £19k has not yet been delivered, but is assured to be delivered by year end.

- Targeted use of CfW grant to offset base budget
- Removal of unfilled posts that have not impacted on service delivery
- Post 16 transition managed within service by newly appointed 14+ Lead
- Review of PRUs
- Reduction in third sector spend but further work is to be undertaken
- Internal delivery of VAWDSW
- Use of grant funds to manage staff pay inflation
- Realignment of costs to delegated budget e.g. union costs
- Restructure in areas of the service
- Significant reduction in the use of consultants

Other mitigating actions to deliver a balanced budget:

We are reviewing income generation and another member of the service has become an RI so can generate income through working for Estyn.

We will also need to complete an ALN review alongside the Powys ALN Strategy including the potential delegation of more ALN funding to schools in line with other Local Authorities.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves Movements Agreed	Use of Risk Funding to cover unfunded Pressures	Outturn Position 2023/24
Schools Delegated	83,826	1,438	0	0	85,264	0	(1,438)	0	83,826

Forecast as at September Variance	Forecast as at June Variance
0	

Schools Delegated Overview

Schools submitted their approved budgets to the Authority on 1st May 23, which were reviewed by the Head of Education and the Head of Finance (Section 151 officer). All schools have now received a response to their submittals.

Through ongoing effective communication and collaborative working, the PCC finance team, School Improvement Advisers, Senior Managers, Headteachers and Chairs of Governors continue to identify potential savings for schools from reviewing spending plans and continuing to support schools with the development of their financial planning. We have recently completed another two in depth secondary school financial reviews at their request. This more detailed look at their finances has identified potential savings which could be implemented over time and bring their budgets to an in year balanced position and in turn reducing their overall carry forward deficits. We have also received review requests from other secondary schools which will be carried out in the Autumn Term. We continue to use the benchmarking tool and finance toolkit to direct discussions during finance surgeries to identify further potential savings.

We have also recently identified additional financial pressures on specific schools which are linked to deprivation and significant ALN needs so we are working closely with other LAs to capture and review different ALN and deprivation funding approaches which may support us further in helping these schools to manage their budget pressures. This review is forming part of the Formula review for 2023.

The Covid-19 pandemic and rising energy costs continue to place additional pressures on schools, and we are reviewing the impact the pandemic is still having on ALN, attendance and behaviour.

The in-year position that was submitted by governing bodies in May 2023 showed that there was an expected draw on reserves of £6,011k, overall, this position has decreased to a forecasted £4,573k draw on reserves, a reduction of £1,438k in 6 months. Updated projections including the updated estimates for pay awards and inflation will be reported in Qtr 3 closedown.

Recovery plans are due to be submitted by 30th September for schools that did not meet the requirements of the scheme for financing schools. There are also a number of schools that will work with officers to put a deficit agreement in place. Considerable staffing reductions are projected across all schools over the next 3 years and officers will support schools through these difficult times. A number of VSS applications have been approved for August 23 reductions of teachers and non-teaching staff.

We currently have 6 schools identified as having either received a financial Warning Notice or a Notice of concern, 4 of these are secondary schools, 1 special school and 1 primary school. 10 schools have been identified with escalating issues, 3 are secondary schools and 7 are primary schools. These school will be supported by officers and any issues will be escalated in line with the scheme for financing schools and schools causing concern guidance. Some schools have also been identified to receive targeted financial training where financial management issues have been identified by officers.

In terms of Delegated central any underspend on this area is allocated out to schools with a % done in January 24 and the remainder at year end. The formula review 2023 may have an impact on the funds held in this area.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves Movements Agreed	Use of Risk Funding to cover unfunded Pressures	Outturn Position 2023/24
Highways Transport & Recycling + Director	33,348	289	(949)	2,392	35,081	(1,817)	(23)	0	33,240

Forecast as at September Variance	Forecast as at June Variance
108	(14)

Highways Transport & Recycling Overview

Forecast underspend for Qtr.2 is £108k - the main reasons are highlighted below:

Cost Pressures

- Unachieved savings totalling £575k. Total savings target for 2023/24 is £3.594m, of which £1.201m has been achieved to date, £1.816m assured to be achieved by year end and the remaining £575k is reported as unachieved. However, we have been able to carry out temporary in year virements to offset the bulk of the £575k
- £65k expenditure on 2 x project officer posts, where the service has been unsuccessful in securing transformation budget in 2023/24 to support these costs.
- £377k overspend on highways routine & structural maintenance works.
- £233k overspend on county winter maintenance works.
- £129k under-recovery of the budgeted profit target for Trade Waste collection services
- £401k overspend on home to school transport expenditure arising from changes to mileage, contracts and/or bigger bus capacity requirements and unfunded inflation.

Many of the above pressures is causing us to cut back on highway maintenance and there are elements that are out of our control around weather conditions, which can increase revenue costs particularly around flooding and winter maintenance. Furthermore, there are long standing pressures within the Transport service, which are due to a number of reasons, particularly around additional bus capacity and bus contract changes. As outlined above, we are using in year virements to offset some of the pressures because of the cost underspends, which are highlighted below:

Cost Underspends

- There is an under spend of £280k reported because of vacant management/supervision posts and reduced private contractor spend in Highways Operations.
- £308k underspend on street lighting energy costs and maintenance.
- £197k under spend on domestic waste collections, resulting in the main from an underspend against the staffing/agency budget and additional grant funding.
- An over-recovery of recycle income against budget of £141k.
- An under spend of £88k on disposal of residual waste.
- An under-spend of £49k against bring sites and other waste services.
- A forecast over-achievement of £148k against street works resulting from increased income against budget.
- A forecast over-achievement of £394k against car parks resulting from increased income against budget.
- An underspend on dual base transport costs of £100k
- An underspend on ALN for £227k

Other mitigating actions to deliver a balanced budget.

- Promote the green waste and Trade Waste Service.
- Reduce spend on highway Operations.

Undelivered savings - £575k

- £130,000 Reduction in Winter Maintenance - It was envisaged that this would be achieved for 23/24, but due to the summer consultation on the new Matrix and the need to review at September's Scrutiny, this saving will not be achieved for Winter season 23/24, but will be in place for 24/25. In order to mitigate this, the service will be doing an in year virement to offset this
- £352,782 – Efficiencies within Public Transport (We've given assurance of £167k based on service reductions in January 23. Further work to be undertaken to make routes more efficient). In year virement from the underspends will be used to offset this.
- £52,500 – Route Optimisation (This is in its final stages, but in order to clear this saving it is proposed we do a permanent virement from Recycling income, which is currently in a surplus position to clear this target)
- £40,000 – Use of Abermule to transfer recyclable material (We expect to make around £58k of savings and the proposal is to offset the remaining £40k by doing a virement from Recycling Income, which is currently in a surplus position to clear this target)

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 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 2023/24
Property, Planning & Public Protection	6,741	239	(345)	516	7,151	(229)	0	0	6,922

Forecast as at Sept Variance	Forecast as at June Variance
(181)	(201)

PPPP Overview

PPPP are currently predicted an overspend of £181K. This overspend is likely to reduce as the year progresses and service areas secure more information to provide full assurance that savings proposals listed below are going to be delivered in full. This relates to the following savings proposals:

- Energy efficiency measures – offices,
- Staffing reduction – Strategic Property,
- Reduce maintenance budgets – offices and depots,
- Income from fire marshal and fire risk assessments,
- Rent Park Office, Newtown,
- Reduce cleaning budget,
- Staff reduction - Building Control,
- Income from 10 increase in income lines.

Moving forward, more robust evidence should become available to enable greater assurance to be provided. This is likely to reduce the overspend. In the meantime, steps are being taken to ensure that service areas are aware of the revenue budgets and the fact that overspends will not be tolerated.

Strategic Property are currently dealing with some uncertainty relating to factors outside of Strategic Properties control (i.e., energy use and electric & gas costs). In quarter 2, Strategic Property should have more certainty on some of these variables to enable budget predictions to be more robust. In the meantime, contingency plans are being developed to ensure a balanced budget is achieved by the end of the financial year.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 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 2023/24
Housing & Community Development	7,374	773	(1,472)	187	6,862	(187)	0	0	6,675

Forecast as at Sept Variance	Forecast as at June Variance
699	(155)

Community Development Overview

Spend is on track across most budget areas. The forecast position has improved since June mainly because of an improvement in Leisure services. The £1.1m that was included in the budget to fund any increased costs in utilities in Leisure centres is not currently forecast to be required, resulting in a £1,100k forecast underspend. This will be monitored over coming months as we move into the winter period.

Savings

The service has savings to achieve of £379k in 2023-24, £191k of savings have been achieved, with all the savings forecast as assured by the end of the financial year.

Cost Underspends

Libraries are reporting an under spend of £121k against an annual working budget of £1,217k. An improvement compared to the £17k underspend reported at the end of June. The improvement is mainly as a result of staff slippage and some redundancy costs that will be financed centrally. The underspend is also attributed to increased grant income that is funding base budget funded costs in this financial year. There are also a number of staff 'backfilling' and 'acting up' into other posts which has contributed to the underspend. This is not a usual position for the service.

Archives are reporting an outturn underspend of £9k compared to a working budget of £132k, a similar position to that reported in June. This is due to slippage in staffing costs and increased income for storage of records and records management.

The Policy Unit covers the central team and is forecasting an underspend of £40k, compared to a breakeven position at the end of June. The main reason for the forecast underspend is an underspend against staffing resulting from vacant posts.

Leisure and Sports Centres are reporting an underspend of £1,100k against a working budget of £1,606k, this is an improvement on the June forecast outturn overspend of £62k. The position has improved because it has been agreed that the condition surveys being undertaken as part

of the Leisure review will be funded by SPF grant and the £1,100k set aside for supporting the increased costs of utilities in the Leisure Centres is not currently forecast to be required.

Sports Development is reporting an underspend of £13k compared to the working budget of £66k, a similar position as that reported in June.

Arts and Cultural Services are reporting a breakeven position against a budget of £95k, compared to an overspend of £4k at the end of June. There was a saving put forward relating to a reduction in staffing and this has been achieved.

Museums are reporting a forecast outturn underspend of £14k compared to a working budget of £116k, the underspend is mainly a result of forecast underspends against utility costs.

Y Gaer is reporting an outturn underspend of £96k compared to a working budget of £622k. The forecast underspend has increased since June by £85k, this results from more certainty around utility costs as some bills have been received and some actual costs are now known. There is also increased income resulting from service charges levied. The underspend of £96k results from increased income and forecast underspends against utility costs, offset by a forecast overspend on staffing.

Catering is reporting an outturn breakeven position against a budget of £1,883k this includes assured savings of £187k. If the saving is not achieved an outturn overspend of £187k will be reported. An underspend of £187k was reported at the end of June, however the service has seen increased costs since quarter one in both staffing and food which have negated this underspend.

The roll out of the universal provision of free school meals continues with the uptake of meals increasing as a direct result of this initiative and therefore income is increased. Welsh Government will provide grant for delivery of UPFSM at £2.90 per meal.

BAC's and vouchers to FSM children during holidays have been provided up until the summer holidays, this was funded by WG up until the end of the financial year and by the council for the summer holidays. The cost of this provision have been estimated in the forecast but needs to be confirmed by the service.

Cleaning is reporting a forecast underspend of £36k, against a budget of £483k, this is because of increased income. The forecast does not include a proposed saving that is being discussed regarding office accommodation.

Matters affecting the forecast

- The swings in the catering forecast are being continuously monitored with a review of the way food is ordered needed to understand if there have been any changes which may be affecting the assumptions in arriving at the forecast spend for the year.

- Growth was identified to fund the increased utility costs in the leisure centres of £1.1m. It is assumed in this forecast that that money will not be required but if this situation was to change the forecast outturn would be affected.
- A reduction in cleaning of corporate buildings is required to achieve a saving in office accommodation and discussion is still ongoing around this which has not been built into the forecast.
- It is assumed in the forecast that all the Arts budget will be spent. This service is under review. The service will provide an updated forecast outturn when known.
- An estimated cost of utilities has been built into the forecast outturn position for all services, however this is based on a quarter's worth of actual costs with assumptions for increased costs over the winter period, this may be subject to change.
- Payment of invoices on time needs to be more closely addressed.

Housing Services Overview

Cost Pressures

Homelessness services are likely to exceed budget, an unavoidable consequence of the continued high demand for these statutory services, in particular temporary accommodation not all of which can be provided using existing social housing owned by the Council and housing associations. The Council is starting to experience a levelling out in the rate of increase in demand for homeless services, but demand remains high compared to historic trends. It is unclear what the impact of increased interest rates will have on home buyers.

Cost Underspends

There are no anticipated underspends.

Cost Mitigation

The Council increasing the number of Council and housing association owned homes used for temporary accommodation, to reduce the spend with private providers. However, this means that fewer homes will be available to let as permanent accommodation, meaning that people may need to spend longer in temporary housing. Revenue support in 2024-2025 will be needed for Instant Access 24/7 Triage Centres and Interim 24/7 Supported Accommodation, for which capital funding has been allocated and which will reduce the need for external private sector homeless accommodation and allow for some of homes being used for this purpose to be let as permanent accommodation will be considered as part of the FRM/IBP process for 2024-2025 onwards.

£'000	2023/24 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 2023/24	Forecast as at Sept Variance	Forecast as at June Variance
Housing Revenue Account	0	0	0	0	0	0	0	0	0	0	0

HRA

Summary

The HRA is ring fenced and forms part of its own trading account, any surpluses and deficits are contained within a ring-fenced reserve. Overall, the HRA is predicted to end the financial year 2023-2024 in balance (as of October 2023). However, there are actions being taken to achieve greater efficiency in the repairs and maintenance service to underpin this prediction and to allow for additional investment to be made in homes owned by the Council and maintain a strong HRA reserve.

Cost Pressures

Repairs and maintenance costs are ahead of profile, due to the age of the properties owned by the Council which is driving up the overall demand for repairs and maintenance and reliance in the first and second quarter of the year on external contractors to undertake works to void properties. Mitigation continues to be undertaken (please see below) which will to bring spending back in line, which if left unchecked, may result as of end of October 2023 in a year end deficit on repairs and maintenance.

Cost Underspends

There are anticipated underspends in salaries and other management and supervision costs within the HRA.

Cost Mitigation

Spending on external contractors is to be reduced as internal resources continue to be introduced and on-boarded, with the full impact of this now being, felt from October onwards (the final two quarters of 2023-2024). From thereon, external contractor use will be limited to specialist work the in-houses teams cannot undertake or to cope with an unexpected influx of voids. The cost of external contractors has been much higher than anticipated at the time of internalisation of repairs and maintenance, due to the over-reliance by the private provider of these services up until July 2022 on outsourcing work, which had weakened the ability for works to be directly provided.

Housing and Commercial Services continues to work to secure higher trade discounts from locally operating material and component suppliers, pending formal procurement of a locally sensitive (to dovetail with the locality-based approach to housing management and maintenance) framework to 'go-live' in April 2024.

Heating servicing contract remains due for mobilisation 01.11.23 which will reduce spending on agency workers and external contractors.

Income recovery is as of the end of October running at 92.18% of rent due; for the same period last year this was 93.65%. Rent collection is becoming increasingly challenging. This is a consequence of the high cost of living coupled with the levels of additional support provided in the previously financial year from UKGov/Welsh Government being steadily withdrawn, which is impacting on our most financially vulnerable tenants. Should additional financial support be made available by UKGov/Welsh Government, we have the structure and officers in place to maximize the take up by our tenants.

Void times continue to be reduced, although the number of properties required extensive works – which require longer works times – is increasing due to the age of our properties. Performance management of voids is a top priority for the Housing Senior Management Team to reduce rent loss due to void properties that are to be retained for letting. Further progress will be made on reducing void times when the void repairs teams, who have been deployed to complete the new housing scheme at red Dragon, Newtown, following the collapse of the external construction contractor, complete this project and return to void works.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 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 2023/24
Economy and Digital Services	7,462	0	(389)	24	7,097	0	0	0	7,097

Forecast as at Sept Variance	Forecast as at June Variance
365	282

Economy & Digital Overview

Cost Pressures

The service is managing current cost pressures from within service budgets. The service also identified activity that we were able to delay at low risk, meaning that we are able to manage current pressures inline with other priorities.

Cost Underspends

Staffing costs are currently underspent due to a variety of reasons such as short-term funding meaning that it is hard to attract people to our positions, leaving them vacant for periods of time. Also, the recruitment of staff has become increasing difficult with many job adverts having no applicants and needing to go out multiple times. This is causing delays with the implementation of some projects, which is seeing impact on other services ability to deliver change.

Cost Reductions

The cost reduction in the budget for 2023/24 includes the need to review the Careline Alarm service and to make the service cost neutral for private clients. Whilst starting this work other services using the same service are also conducting their own reviews due to the cessation of copper telephone lines. The team are now working in partnership with other services to review the entire provision and options for an approved way forward. This will take some time and it is unlikely the savings will be met until later in the year. Any shortfall will be covered by underspends from staffing as set out above. Also, due to ongoing negotiation joint working arrangements with PTHB, some posts have not been replaced like for like and have resulted in underspends. However, it has been agreed by both PCC and PTHB that these underspends will be held in reserves, which will be used to fund and transition costs for any changes to the current working arrangements.

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 staffing resource and ability to deliver longer term initiatives with improved outcomes.

ICT continually challenge their contracts, scaling from "are they needed at all", to "can they be reduced" or "can the price be negotiated". This is assisting to limit the impact of some price increases.

FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023					ADJUSTMENTS OUTSIDE THE LEDGER			
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		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves Movements Agreed	Use of Risk Funding to cover unfunded Pressures	Outturn Position 2023/24
Transformation & Democratic Services	3,876	45	(96)	0	3,825	0	0		3,825

Forecast as at September Variance	Forecast as at June Variance
51	27

Transformation and Democratic Overview

Cost Pressures

The service is not fully funded by the permanent base budget, in particular, the Communications team are not fully funded. The current forecast outturn position for the service is an underspend of £51k, staff vacancies (in Welsh translation and Strategic Policy and Performance) and additional income through the Ukraine scheme and National Trading Standards Agency are the main reasons for the increased forecast underspend. Savings to be found in this area amounted to £8k and all savings have been achieved.

Cost Underspends

The forecast position at the end of September is a £51k underspend (compared with an underspend of £27k at the end of June).

Cost Reductions

Use of Reserves

If the forecast outturn is realised, then there is no requirement to draw down money from the specific reserve we hold (funded by income generation in other years).

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 are fortunate to have been able to access external funding from other sources to generate income to support the staffing structure we have, however there is a risk whether this will always be available. We have recently successfully recruited 1 FTE Welsh Translation to ensure we can keep up with demand and statutory functions around Welsh Language.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2023/24 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 2023/24	Forecast as at Sept Variance	Forecast as at June Variance
Workforce & OD	2,544	0	(189)	18	2,373	(18)	0	0	2,355	189	174

Workforce and OD Overview

We are forecasting an annual underspend of £189k, which mainly arises from underspends against staffing budgets due mainly to delays in recruiting to newly created vacancies in Health and Safety and 2 OD posts established to help support the delivery of key initiatives relating to Objective 2. These posts are now filled and the initiatives progressing. An overachievement of additional income / profit has to a lesser extent also contributed to the forecasted figure, however additional staffing will be needed to undertake the extra work involved, which will impact on future forecasting. The service will deliver the cost reductions of £19k approved.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023					ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final	
	£'000	2023/24 Base Budget	Cost Pressures	Cost Underspends	Cost Reductions not delivered	Outturn	Cost Reductions not yet delivered but assured	Specific Reserves Movements Agreed	Use of Risk Funding to cover unfunded Pressures	Outturn Position 2023/24
Legal		1,494	146	(196)	1	1,445	(1)	(28)	0	1,416

Forecast as at September Variance	Forecast as at June Variance
78	33

Legal Overview

We are forecasting an outturn underspend of £78k and no issues to report

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER					
		Add	Less	Add	Revised	Less	Less	Less	Final		
£'000	2023/24 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 2023/24	Forecast as at Sept Variance	Forecast as at June Variance
Finance & Insurance	6,918	0	(47)	0	6,871	0	0	0	6,871	47	23

Finance Overview

Expenditure across Financial services is in line with the budgets approved and the service is expected to deliver a balanced budget this year.

The service has funded additional posts through additional income streams to support Money Advice, Procurement, Financial training and Transformation work. Our transformation work continues to deliver efficiencies enabling us to redirect resource to areas of pressure as well as releasing the savings we expected.

		FORECAST FOR THE YEAR ENDED 31ST MAR 2024 AS PER CP/LEDGER SEPT 2023				ADJUSTMENTS OUTSIDE THE LEDGER			
		Add	Less	Add	Revised	Less	Less	Less	Final
£'000	2023/24 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 2023/24
Corporate Activities	41,325	2,921	(4,995)	0	39,251	0	0	0	39,251

Forecast as at Sept Variance	Forecast as at June Variance
2,074	3,593

Corporate Overview

Cost Pressures

The Housing Benefit budget forecast is overspending mainly due to the increased cost of homelessness in Powys and the differential between what is paid out to providers and what can be claimed back from the Department of Work and Pensions. The likely pay award estimated at £1.8 million has been forecast here and will be addressed with the virement of budget from Corporate budgets (Cost of Borrowing) to service pay budgets.

Cost Underspends

Interest payments on borrowing and Minimum Revenue Provision are lower than budgeted due to the current levels of low expenditure against the capital programme and the reprofiling of some projects. This has been a consistent position for a number of years and a virement is now being requested for it to fund the pay award gap when finalised with the unions. In addition there is an overachievement of council tax projected this year due to the increase in the level of premiums charged, this is based on current premiums being raised and may change as the impact of the additional charge reduces the number of empty properties or second homes. It is also reliant on the council tax collection rate achieved. £1.5 million relates to pulling through the corporate risk budget that is held to fund unforeseen pressures, whilst the balance will be factored in later to support exceptional increased demand across social care during the winter months

