

CYNGOR SIR POWYS COUNTY COUNCIL.

Full Council
7th December 2023

REPORT AUTHOR: County Councillor David Thomas, Cabinet Member for Finance and Corporate Transformation

REPORT TITLE: Revenue Virement

REPORT FOR: Decision

1. Purpose

- 1.1 This report sets out a Cabinet recommendation to Council for a revenue virement that was approved on the 21st November 2023.

2. Advice

- 2.1 The Revenue Outturn Forecast as at 30th September 2023 was reported to Cabinet on the 21st November 2023. The report included a budget virement which Cabinet approved for consideration and approval by Council.

- 2.2 A Virement is the process of amending a budget during the financial year from the amount which was originally agreed when the budget was approved. Virement authorisation limits over £500k require sign off by the Head of Service, the Section 151 Officer and Full Council.

- 2.3 Revenue virements have been requested for the following items:

2.3.1 **Pay Awards -**

- 2.3.2 2022-23 - Last years pay award included an additional day annual leave for National Joint Council (NJC) staff which was implemented in April 2023. There is a financial consequence of this for those services that will need to provide staff cover on that days' leave, the areas that require cover include Social Care carers, Waste Collection, teaching assistants, Catering and Cleaning staff. The annual cost of providing this cover is £200,000 with an amount to be vired from the centrally held cost of borrowing budget.

- 2.3.3 2023-24 - The approved budget in March 2023 assumed a 5% pay increase for NJC. National negotiations have now concluded for NJC staff with the approved pay award exceeding our budget, creating a recurrent unbudgeted cost pressure. The pay award has now been calculated and paid to staff in their November pay and we have more accurately costed up the budget requirement, using the £1,925 per employee plus on-cost, we have excluded all grant funded and income generated posts from the calculation.

- 2.3.4 The full year effect of this year's teachers pay award will need to be funded in 2024-25, this year it has been funded by a one off Welsh Government grant, this is about £0.8 million, and covers the period April to August 2024.

- 2.3.5 The overall recurrent budget required to fully fund the pay awards is £1.1 million and is less than originally forecast due to the pay profile of employees.
- 2.3.6 In 2023-24 the virement required is only for the NJC pay award and the additional days leave totalling £0.5 million.
- 2.3.7 The budget will be transferred from the centrally held borrowing budget held corporately that funds the financing costs for the Capital Programme. This budget is underspent due to borrowing costs being lower than projected with capital schemes being re-profiled into future years. The virement is affordable recurrently as we are able to delay borrowing needed into future years as capital schemes are not incurring outlay in line with original plans. We can confirm borrowing requirements for the next two years will not increase beyond the revised budget. We plan to use 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.

4. Resource Implications

- 4.1 The funding of the additional £1.3 million recurrent pay award cost pressure will be made from the centrally held cost of borrowing budget. This realigns budgets on a permanent basis and removes a significant pressure from next year's budget plan, reducing the budget gap projected.
- 4.3 The Head of Finance (Section 151 Officer) supports the recommendation.

4. Legal implications

- 4.1 Legal acknowledge this report and have nothing further to add.

5. Data Protection

- 5.1 The proposal does not involve the processing of personal data.

6. Comment from local member(s)

- 6.1 N/a

7. Integrated Impact Assessment

- 7.1 No impact assessment is required

8. Recommendation

- 8.1 That Council approve the virement set out in section 2.3.

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