

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

7 May 2024

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

REPORT TITLE: Financial Forecast for the year ended 31st March 2024 (as at 29th February 2024)

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 29th February 2024.

2. Background

- 2.1. Based on the position as at the end of February 2024, the projected outturn position is now forecast to be an underspend of £1.7 million with a further £0.1 million to be transferred to specific reserves and demonstrates the prudent approach to financial management taken during 2023-24. This represents a £1.3 million reduction in the forecast underspend from the position reported at Quarter 3 (£3.0 million underspend reported, with £0.1 million to be transferred to specific reserves).
- 2.2. 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 continue 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”. The forecast position for 2023-24 will allow the council to shore up its position in advance of the challenges of the next few years.
- 2.3. Table 1 below summarises the projected full year outturn position across the Council’s services including HRA and delegated schools as at 29 February 2024. 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.

Table 1 – Forecast Position

Revenue Budget	£'000
Base Budget	326,622
Cost Pressures	9,772
Cost Underspends	(12,346)
Cost Reductions Shortfall	810
Sub Total	324,858
General Surplus before Reserves	1,764
Funded by:	
Agreed Use of Specific Reserve	21
Net General Surplus	1,743
Agreed transfer to Specific Reserve	131
Underspend	1,612

- 2.4. Children's Services continue to face unavoidable pressures in relation to an increased demand for placements for children with complex needs amid a national shortage of placements. Alongside this, there continues to be increasing demand due to the number of unaccompanied asylum-seeking children (UASC). These pressures have impacted on the service's ability to deliver the cost reductions identified for 2023-24 in full. Cumulatively, these issues would have resulted in a forecast overspend position of £1.4 million, however it has been agreed that £0.8m of the risk budget would be applied to mitigate some of these pressures. The service is continuing to work on measures that will address the remaining forecast overspend (£0.6m) in order to minimise budget pressures for the next financial year, although time is limited for delivery of this.
- 2.5. The reduction of £1.8 million in the underspend on Corporate Activities primarily relates to the Risk budget being released. The remaining Risk budget will be released to services as costs materialise through the final month of the financial year, as required.
- 2.6. 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 Council's budget for 2023-24 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 77% or £13.4 million has been delivered as at 29 February 2024, with a further 16% (£2.7 million) assured of delivery by services. £1.3 million (8%) are unachieved and are unlikely to be delivered in this financial 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	4,635	13	-	100%
Childrens Services	3,013	1,931	582	500	64%
Commissioning - Adults & Children	97	97	-	-	100%
Economy and Digital Services	24	-	24	-	-
Education	830	825	5	-	99%
Schools Delegated	864	864	-	-	100%
Finance	73	73	-	-	100%
Central Activities	3,003	3,003	-	-	100%
Highways Transport & Recycling	3,594	1,202	1,766	626	33%
Housing & Community Development	379	191	187	-	51%
Legal Services	8	8	0	-	98%
Transformation and Communications	8	8	-	-	100%
Property, Planning & Public Protection	848	510	137	201	60%
Workforce & OD	20	3	17	-	14%
Total	17,409	13,350	2,732	1,327	77%
		77%	16%	8%	

- 3.3. The budget savings for 2022-23 amounted to £10.9 million in total and at the end of February point, 74% had been achieved and only 3% of the remainder were assured. By year end, we were unable to deliver 22% (£2.4 million). Comparing that performance against this year's projections suggests services are making better progress in delivering savings put forward through budget setting for 2023-24.
- 3.4. The efficiency saving proposal from the 2024-25 FRM relating to a reduction of £100,000 in the Insurance Excess budget has been delivered in 2023-24.
- 3.5. As part of 2024-25 budget setting HTR had £0.4 million written off for undeliverable savings, all other undelivered savings will be rolled forward into next year.
- 3.6. Those services that show unachieved savings 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, opportunities to reduce spend and bring the targets back on track are diminishing.

4. Reserves

- 4.1. The Reserves position at Table 3 sets out the forecast movement in reserves for the whole financial year as at 29th February 2024. The general reserve balance is now £10.0 million, representing 4.1% of total net revenue budget (excluding Schools Delegated Budget and the HRA). The Council's 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	686	0	10,019
Budget Management Reserve	3,584	0	0	3,584
Specific Reserves	35,329	(7,278)	474	28,525
Transport & Equipment Funding Reserve	9,460	372	0	9,832
Total Useable Reserves	57,706	(6,220)	474	51,960
Schools Delegated Reserves	6,666	(6,201)	143	608
School Loans & Other Items	(371)	7	0	(364)
Housing Revenue Account	3,967	287	(248)	4,006
Total Reserves	67,968	(12,127)	369	56,210

- 4.2. The budgeted use of specific reserves relates to the use of grants received in 2022/23 for use in 2023/34, £5.6 million, £1.0 million relates to levelling up match funding and £0.9m relates to the closure of specific reserves and transfer into general fund reserves as agreed in the quarter 1 revenue report.
- 4.3. Schools set their original budgets, as approved by governing bodies with an expected call on reserves of £6.0 million as shown in the right hand column in Table 4. That budgeted draw on reserves has now increased to £6.2 million, but the current forecast shows that schools are now forecasting to draw £6.0 million from reserves in the financial year. This would result in a forecast school reserve balance of £0.6 million by 31 March 2024, with a balance of £0.3 million deficit on the closed schools reserve.

Table 4 – Schools reserve forecasts

School Sector	Opening Balance 31/3/23	Budgeted Contribution (from) / to Reserves in 2023/24 as at 31/3/24	Forecasted Variance to Budgeted Contribution (from) / to Reserves in 2023/24 as at 30/11/23	Forecasted Closing Balance 31/3/24	Governing Body submitted Budget Contribution (from)/to reserves as at 1/5/23
	£'000	£'000	£'000	£'000	£'000
Primary	6,654	(3,409)	(17)	3,228	(3,479)
Special	1,047	(620)	164	591	(817)
Secondary	(1,908)	(1,695)	19	(3,584)	(1,291)
All Through	830	(477)	50	403	(424)
Sub Total	6,623	(6,201)	216	638	(6,011)
Loans	(7)	0	0	(7)	0
Closed Schools	(321)	0	0	(321)	0
Total	6,295	(6,201)	216	310	(6,011)

- 4.4. Schools projecting deficit budget plans are being supported to implement recovery plans to realign their budgets and deficit agreements are being put in place where needed.

5. Grants and Virements

- 5.1. There are some additional grant allocations that need to be reflected within the budget and some budget virements required based on the current financial position which are listed below. These are included to comply with financial regulations in relation to budget virements and grants.

5.2. Additional Grant Income

- 5.2.1. Bus Services Support Grant has been confirmed at £1,184,300 for 2023/24 which is to be used to support expenditure incurred in supporting and maintaining the core strategic bus network in Powys to improve connectivity. This funding is considered in the February outturn position.
- 5.2.2. Traws Cymru Grant has been confirmed at £867,945, of which £650,000 is to be used to support the T4 bus service (April to March 2024) and £217,000 to support the T6 bus service (April to July 2023). In addition, a further £66,820 has been agreed to fund the one month extension of the T6 contract in August 2023. This funding is considered in the February outturn position.
- 5.2.3. Bus Transition Funding grant of £900,000 has been received from Transport for Wales in 2023/24 to support the resilience of the local bus service in Powys.
- 5.2.4. Regional Integrated Fund (RIF) £2,927,260, the second year of a five-year Welsh Government programme to help integrate health and care services. The aim is to develop new models of care to support priority groups. This has been included in the forecast for the year and fully spent.
- 5.2.5. Welsh Government grant Implementation of the Performance and Improvement Framework of £40,000, to be used to increase the capacity required to deliver the framework and other statutory data collections. Funding considered in February outturn.
- 5.2.6. Welsh Government grant Loneliness and Social isolation/Connected Communities of £22,727 fully utilised and in forecast outturn. for Local Authorities to work with their CVC partner, distribute it to grass root organisations within their communities in tackling loneliness and social isolation. To build the capability and sustainability of front-line grass roots voluntary and community organisations that bring people of all ages together and help them build social connections.
- 5.2.7. Welsh Government Age Friendly Communities grant of £50,000. Fully utilised and included in forecast outturn. To fund a post or, where a post is already in place, to fund activity to take forward work to make Wales an age friendly nation, in line with the information at Annex 1 and your agreed work plan with the intention for local authorities to work towards membership of the WHO's Global Network of Age Friendly Cities and Communities.
- 5.2.8. Integrated Capital Regional Fund (ICRF) of £41,720 to fund a Community Liaison Officer to develop community/Third Sector interface activities to include room utilisation, community gardens linked to health and care. Considered in the February forecast.

5.3. Virements requiring Cabinet approval

- 5.3.1. To the end of February 2024 Fleet Management Services generated £187,410 (net of auction fees) of income from the sale of vehicles/equipment and it is requested that this be transferred to the vehicle replacement reserve to be used to fund the purchase of future vehicles and/or equipment, where possible this funding will be used to purchase “green” vehicles. This transfer has been considered in the February outturn position.
- 5.3.2. Schools Service are presently holding £150,000 of Transformation funding for post-16 transport requirements, the virement proposes that this funding is transferred to Highways, Transport and Recycling services to support post-16 transport costs for 2023/24.
- 5.3.3. Capital Oversight Board considered a business case which requested additional capital funding for works at the 12 Powys Owned Care homes in line with the new contract with the provider. £0.62 million is requested over two years (£0.31 million per year). This will be met by reallocating £0.39 million from the ‘Robotics’ budget already in the capital programme. Cabinet is asked to approve the allocation of the remaining £0.23 million which will be funded from Adult Social Care revenue and is affordable within their overall revenue budget.
- 5.3.4. The ongoing work resulting from establishing a Corporate Landlord project has established that there is a significant backlog of fire door remedial works, work is ongoing to establish the programme of works required. £300k is requested to transfer from the Risk budget to the existing reserve that that has been funding backlog remedials to enable the works to commence.
- 5.3.5. A virement is requested to set up a feasibility reserve that can be drawn against by services, when they need access to short term resource/expertise to help develop project bids that are aligned to both Sustainable Powys and other change programmes that will generate efficiencies and new ways of working. A reserve of £150,000 will be established using the corporately held risk budget.

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. This risk remains.
- 6.2. The greatest financial risk remains in our ability to deliver a balanced budget over the medium and longer term. A fully funded budget for 2024-25 has been agreed, but within it there are substantial risks in-year, including £8.0 million of potential costs that are held at “risk” against the £3.0 million budget. In future years the Medium Term Financial Strategy (MTFS) shows a funding gap of £17.5 million in 2025/26 rising to £61.7 million over the next five years. The MTFS and the assumptions on which the Financial Resource Model is based continue to be reviewed and we continue to plan in a challenging and uncertain time. We will continue to update on our projections as more information becomes available and aim to provide an updated position in the summer.
- 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 longer 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 section 2 the council is managing its in-year position in 2023/24.
- 7.2. The delivery of savings is progressing well with assurance provided by Heads of Service and Directors that a further £2.7 million can be achieved by year end. £1.3 million 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, otherwise any shortfall will be rolled into next year for delivery then, alongside any further reductions agreed as part of the budget setting for 2024/25.
- 7.3. The pressure is equally felt across School budgets. Collectively schools continue to project a draw from their specific reserves of £6.0 million. Local authority officer support to schools will ensure that Governing Bodies take appropriate and timely action to manage their individual budget positions which will be essential to help them manage the ongoing financial pressures.
- 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 to this, but may take several years to be fully realised, meaning that alternative strategies have also been considered as part of developing the budget plan for 2024/25. Local authorities across Wales will face unpalatable 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

12.1. 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 virements set out in section 5.3 are approved, this is to comply with the virement rules for budget movements as set out in the financial regulations.

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Appendix A – Forecast to year end as at 29th February 2024

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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)/ transfer to	Use of Risk Funding to cover unfunded Pressures	Outturn Position 2023/24	Forecast as at Feb Variance	Forecast as at December Variance
Adult Services	82,490	856	(106)	13	83,253	(13)	(84)	(714)	82,442	48	10
Children's Services	29,968	2,672	(1,268)	582	31,954	(582)	0	(810)	30,562	(594)	(427)
Commissioning	2,188		(177)	0	2,011	0	0	0	2,011	177	31
Education	19,061	942	(929)		19,074		(13)	0	19,061	0	6
Highways Transport & Recycling + Director	34,069	1,721	(1,496)	2,392	36,686	(1,766)	0	(900)	34,020	49	109
Property, Planning & Public Protection	7,032	553	(707)	338	7,216	(137)	0	0	7,079	(47)	(190)
Housing & Community Development	7,667	1,301	(1,806)	187	7,349	(187)	0	(251)	6,911	756	578
Economy and Digital Services	7,597		(705)	24	6,916	(24)	(25)	0	6,867	730	579
Transformation & Democratic Services	4,057	68	(144)	0	3,981	0	0	0	3,981	76	50
Workforce & OD	2,667	11	(159)	0	2,519	(17)	0	0	2,502	165	161
Legal	1,533	153	(211)	0	1,475	(0)	0	(25)	1,450	83	66
Finance & Insurance	7,079	148	(450)	0	6,777	0	0	0	6,777	302	32
Corporate Activites	36,721	1,099	(4,045)	0	33,775	0	0	2,700	36,475	246	2,094
Total	242,129	9,524	(12,203)	3,537	242,987	(2,727)	(122)	(0)	240,138	1,991	3,099
Housing Revenue Account	0	248	0	0	248	0	0	0	248	(248)	
Schools Delegated	84,493		(143)	0	84,350	0	143	0	84,493	0	0
Total	84,493	248	(143)	0	84,598	0	143	0	84,741	(248)	
Total	326,622	9,772	(12,346)	3,537	327,585	(2,727)	21	(0)	324,879	1,743	3,099
					(963)				1,743		

* The £143k cost underspend / reduction in agreed use of specific reserves for Schools Delegated is the movement since Quarter 3. Overall, schools are currently forecasting that they will draw £6.0 million from their reserves in 2023/24.

Appendix B Head of Service Commentary

Adult Social Care Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Adult Services	82,490	856	(106)	13	83,253	(13)	(84)	(714)	82,442	48	10

Adult Social Care Overview

The forecast outturn at the end of quarter 4, 31st March 2023, is an overspend of £0.763 million. When the cost reductions are delivered and £0.714m funding from reserves in regard to additional review and assessment capacity, trailing a Mental Health Hub and Domiciliary agency cover, then there would be a forecast underspend of £48k.

Cost Pressures

(a) Current Pressures - Current pressures are being managed within the current budget allocation approved.

(b) Future pressures

- Full year effect of 'Winter pressures' and potential demand on home-based care and interim bed options.
- 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 £1.543 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 and 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, £4.635 million has been achieved to date and included in the forecast outturn. There is assurance of delivery of the remaining outstanding balance of £13,000.

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.

Children's Services Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Children's Services	29,968	2,672	(1,268)	582	31,954	(582)	0	(810)	30,562	(594)	(427)

Children's Services Overview

Children's Services continue to face unavoidable pressures in relation to an increased demand for placements for children with complex needs amid a national shortage of placements. This financial year has seen an increase in demand due to the number of unaccompanied asylum-seeking children (UASC). These pressures have impacted on the service's ability to deliver the cost reductions identified for 2023-24 in full.

1.1 The 2023/24 Children's Services forecast outturn position as of 29th February 2024 exceeds the baseline budget set by £1.986 million which equates to 6.6% expenditure over budget, however if the assured cost reductions of £0.582 million are delivered and £0.810 million is funded from the 'Risk Reserve' to cover unfunded pressures, then the forecast overspend will be £0.594million which equates to 1.98% expenditure over budget. This is a reduction of £143,000 since the quarter 3 forecast.

1.2 Cost pressures £2.672 million

The unfunded pressures within the service are due to

- £2.020 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. This is in the context of a national shortage of placements for looked after children across the UK. This is an increase of £144,000 from quarter 3. All funding that was earmarked as part of the 2023/24 budget setting process for growth in CLA placements in 2023/24 has already been fully utilised. All new or step up in provisions going forward will be a pressure.
- £278,000 additional overspend to placement pressures for CLA support, an increase of £61,000 from quarter 3.
- £148,000 total pressure forecasted for the four 'In House' Residential homes, a decrease of £442,000 from quarter 3, due to Regional Accommodation for Children with Complex Needs grant of £641,000, service decision to transfer employees to meet need in homes not their base, and reduce dependency on agency. Overspend due to relief staff over and 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.

- £132,000 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 of £17,000 from quarter 3.
- £93,000 due to increased demand for short breaks due to the pressures on families as an indirect result of the pandemic, a decrease of £20,000 from quarter 3 due to addressing procurement over commitments and ledger miscoding's.

1.3 All budget underspends £1.268 million baseline budgets are currently being utilised to mitigate the overall budget forecast overspend. The majority of this is around posts and associated costs.

- £146,000 due to underutilisation of the Market supplement. Currently not all qualifying posts are occupied or been occupied for the relevant time frame.
- £600,000 Staffing overspend based on current vacancies qualified and non-qualified positions.
- £93,000 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.
- £181,000 various small underspends across all service subjective headings.
- £121,000 Legal underspend, although this is difficult to predict as Legal services do not use commitment accounting.

There is a risk if these underspends are utilised in the future, then the overspend forecast will increase.

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.
- Continue to review our own Residential homes
- Our Closer to home strategy will continue

- | | |
|--|--|
| | <ul style="list-style-type: none">• The purchase card expenditure will be tightened particularly with our residential homes.• The use of agency staff is reducing per day, and this has gradually reduced this year. This will continue for the remainder of this year and into 2024/2025 |
| | |

Commissioning Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Commissioning	2,188		(177)	0	2,011	0	0	0	2,011	177	31

Commissioning Overview

Underspend due to staff slippage due to recruitment.

Education overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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	12	Forecast as at Feb Variance	Forecast as at December Variance
Education	19,061	942	(929)		19,074		(13)	0	19,061		0	6

Education overview

Throughout the financial year the service has continued to make financial savings without compromising service delivery. The effective use of grants has enabled us to alleviate pressures within the service and come in on budget. The Schools Service (excluding Schools Delegated Budgets) has maintained the forecasted outturn underspend at the year-end of £19k.

All managers within the service continue to be robustly challenged regarding financial decisions to ensure they deliver value for money but also align to the service priorities. All significant financial decisions are discussed at a strategic level and are regular agenda items at SSMT and through 121 discussions. All financial decisions support the realisation of the vision for the service. The aftermath of the Covid-19 pandemic continues to place additional pressures on the service in respect of ALN needs and the behaviour challenges being seen in schools. Through self-evaluation processes we have implemented changes to support schools further and the recent changes to the funding formula now ensure equitable distribution of funding for our eFSM and ALN learners.

Cost pressures:

Cost pressures have been effectively managed within the financial year. The two areas causing the pressure are in relation to essential buildings works and early retirement pension costs. Ongoing work is taking place in these areas to review the costs and plan for future financial management.

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. These underspends have been considered and identified as part of the budget setting to identify permanent reductions in the next financial year.

Cost reductions:

We continue to identify savings and have reduced costs by the end of the financial year. Savings made are outlined below:

- * Targeted use of Curriculum for Wales 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
- * ALN and PRU review
- * Reduction in third party spend
- * 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 they can generate income through working for Estyn. However, Estyn inspections are a significant time commitment, so we need to ensure we balance service pressures with income generation.

We have also facilitated external support for an ALN and behaviour review in response to our internal evaluation of the Powys ALN Strategy, the strategy was written pre-pandemic, and we need to ensure the priorities align to current ALN and behaviour pressures within Powys. This work is beginning at the start of the next financial year.

Highways Transport & Recycling Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Highways Transport & Recycling + Director	34,069	1,721	(1,496)	2,392	36,686	(1,766)	0	(900)	34,020	49	109

Highways Transport & Recycling Overview

Forecast underspend for Qtr.4 is £49k

The main reason for the change of £111k since reporting in December, where the service reported an underspend of £160k, principally arises from the provision of £50k funding for Ecology for Planning services and Health and Safety capacity for schools.

The main reasons for the forecast underspend of £49k include:

- There is an under spend of £304k reported because of vacant management/supervision posts and reduced private contractor spend in Highways Operations.
- £249k underspend on street lighting energy costs and maintenance.
- £50k 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 £115k.

- · An under spend of £161k on disposal of residual waste.
- · An underspend of £67k against bring sites and other waste services.
- · A forecast over-achievement of £238k against street works resulting from increased income against budget, which is mitigating the unachieved saving of £130k on Winter Maintenance.
- · A forecast underspend of £85k on land drainage.
- · A forecast underspend on dual base transport costs of £100k
- · A forecast underspend on Assisted Learning Needs Transport for £106k

Offset by:

Unachieved savings totalling £575k. Total savings target for 2023/24 is £3.594m, of which £1.202m has been achieved to date, £1.817m assured to be achieved by year end and the remaining £575k is reported as unachieved, of which £130k unachieved Winter maintenance savings are being mitigated by an over-recovery of Street Works income, and £353k of unachieved Transport savings are being mitigated by an over-recovery of car park income.

- · £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.
- · £470k forecast overspend on highways routine & structural maintenance works.
- · £165k under-recovery of the budgeted profit target for Trade Waste collection services

- · £498k overspend on home to school transport expenditure arising from changes to mileage, contracts and/or bigger bus capacity requirements and unfunded inflation.

Other mitigating actions to deliver a balanced budget.

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

Property, Planning & Public Protection (PPPP) Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Property, Planning & Public Protection	7,032	553	(707)	338	7,216	(137)	0	0	7,079	11	(47)	(190)

PPPP Overview

The forecast overspend in Q4 is £47K.

Statutory compliance inspections have costed more than budgeted as they have had to be commissioned rather than undertaken internally due to several trade positions being vacated within the Strategic Property team. The statutory compliance work due to its nature (legislative requirement) cannot be stopped to ensure compliance with the allocated budget without placing the authority at unacceptable risk. Successful recruitment campaigns will hopefully address this issue going forward.

Higher than expected surplus property costs have contributed to the reported overspend. The planned disposal of buildings in the short term will ensure that budgets are complied with going forward but will not address the overspend by the end of Q4.

Income levels to be secured from a 10 percent increase in fees (£42k overspend) and reduction in Strategic Property staffing levels (£42k overspend) are not going to be achieved in this financial year but have been offset by underspends found in other areas of PPPP. The service area is confident that subject to adjustments, the income targets will be achieved moving forward into the next financial year.

Housing & Community Development Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Housing & Community Development	7,667	1,050	(1,806)	187	7,098	(187)	0	0	6,911	756	578

Community Development Overview

All areas are forecast to underspend except Cleaning. Community Development is reporting a forecast outturn underspend of £1,616k. The forecast assumes the assured savings of £187k will be achieved. The forecast position of £1,575k has increased since December, underspends have increased across all areas as a result of spend not reaching the previous forecast.

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

'Leisure Services' are reporting an outturn under spend of £1,533k against a budget of £4,265k, compared to an underspend of £1,433k at the end of December. There have been improvements in the forecast across all services due to further slippage in non-staffing costs and utilities, but the main reason for the underspend is the £1,100k set aside for utility support in Freedom Leisure not currently forecast to be required.

Libraries are reporting an under spend of £176k against an annual working budget of £1,251k. An improvement compared to the £129k underspend reported at the end of December. The improvement is mainly due to non-staffing base budgets not being spent in full and further underspends expected in utility costs i.e. vacancies/slippage in staffing costs and increased grant income that is funding base budget funded costs as well as underspends on utility costs, where costs have not increased to the levels estimated in the budget particularly on gas.

Archives are reporting an outturn underspend of £18k against to a working budget of £137k, compared to an underspend of £8k at the end of December. This is due to slippage in staffing costs and increased income for storage of records and records management. The improvement from December's forecast is due to a forecast underspend of £9k on other services.

The Policy Unit covers the central team and is forecasting an underspend of £64k against a working budget of £478k, compared to a £57k underspend reported in December. The main reasons for the forecast underspend are an underspend against staffing resulting from vacant posts, staff training and a forecast underspend of £21k on other services.

Leisure and Sports Centres are reporting an underspend of £1,10k against a working budget of £1,606k. The main reason for the forecast underspend is the £1,100k set aside to support increased utility costs in Freedom not forecast to be required in this financial year. The position reported is in line with the position reported in December. SPF grant has been secured to fund the cost of condition surveys being undertaken as part of the Leisure review.

Sports Development is reporting an underspend of £20k against a working budget of £67k. The position similar position as that reported in December. The underspend is due to receiving grant income in arrears, income about budgeted income and a small underspend expected on other services.

Arts and Cultural Services are reporting an underspend of £43K against a budget of £95K, an improvement compared to the breakeven position reported in December. This is due to underspends of £10K on grants for service contract and £33k on other services. 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 £32k compared to a working budget of £49k, compared to an underspend of £17K at the end of December. The underspend is mainly a result of forecast underspends against utility costs. The improvement since December is mainly due to an underspend of £7k general office expenses and £6K other services and further slippages in utility costs.

Y Gaer is reporting an outturn underspend of £131k compared to a working budget of £636k. The forecast underspend has increased since December by £27k. The underspend is due to forecast underspends against utility costs and there is also increased income resulting from service charges levied as part of the lease for NPTC. The improvement is due to further slippages expected in utility costs and general office expenses and increased income above budgeted income.

Catering is reporting an outturn underspend of £226k against a budget of £2,047k this includes assured savings of £187k. If the saving is not achieved the position will not be as positive. The roll out of the universal provision of free school meals continues, the uptake of meals has

increased as a direct result of this initiative and therefore income is increased. Welsh Government have now increased the grant funding per meal for the delivery of UPFSM from £2.90 to £3.20.

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 has been estimated in the forecast but needs to be confirmed by the service. The forecast has improved since the December forecast of an underspend of £122k, this is mainly because of the payment from WG to recognise the shortfall in the payment for the majority of the year prior to the increase to £3.20.

Cleaning is reporting a forecast overspend of £65k, against a budget of £591k, this is because of income being lower than predicted for the year – and not being entirely accounted for until end of year. This is the reason for the change in position from the £20k underspend reported in December. The forecast considers the saving required (and achieved = £60k) for the reduction in cleaning of offices.

Matters affecting the forecast

- The catering forecast is based on several estimates, due to the continuing roll out of UPFSM. The final year groups will be rolled out in April 2024, it won't be known until May or June the final staffing and supplies costs and grant income received because of this program.
- 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, if this situation was to change the forecast outturn would be affected.
- Payment of invoices on time is not always on target and needs to be addressed.

Housing Services Overview

Cost Pressures

Predicted Year End (31.03.24) Overspend: £914,000.

Primary Cause: Homelessness

The predicted overspend takes account of all Welsh Government (WG) homelessness grants payable for 2023-2024. These grants are:

- No One Left Out (NLO): Overspent due to increasing use of Temporary Accommodation (TA) to meet continued strong demand arising from increased duties and responsibilities placed by WG on local authorities in respect of homeless households.
- Discretionary Homeless Prevention Fund (DHPF)
- Strategic Co-ordinator Grant (SCG)

Homelessness services will exceed the budget set for 2023-2024. This is an unavoidable consequence of the continued high demand for these statutory services, exacerbated by the additional obligations in respect of homelessness services, placed on local authorities by the Welsh Government. This means that there is an increased need for temporary accommodation, not all of which can be provided using existing social housing owned by the Council and housing associations without disadvantaging other households in housing need and putting at risk the stability and long-term sustainability of social housing estates. The Council is therefore compelled to use high cost privately provided temporary accommodation provision. A levelling out in the rate of increase in demand for homeless services, experienced at the start of 2024, appears to have ended with demand increasing again. In addition, the nature of the demand remains challenging (for example drug and substance abuse, mental health challenges), with increasingly high service needs, increasing the resource which needs to be devoted to managing and resolving each case.

Cost Underspends

There are no anticipated underspends.

Cost Mitigation

Reducing and Managing Use of TA...

Action: B&B to be used for one night 'reason to believe' accommodation duty with the following day a robust follow up assessment with client to see what - if any - further duties may be owed the client.

Action: Use B&B for investigation period activity before considering move to TA in social housing.

Action: Consider more robust application of the duty of clients to reasonably co-operate and where that is not the case, consider duty to be discharged.

Action: Place homeless clients for S.68 and S75 duties where there is TA available, even if that means 'out-of-area/locality' placements.

The Council is driving forward the 'Fair Shares' initiative to make more equitable use of all social housing in the county, regardless of landlord. However, the use of social housing for temporary accommodation has reached the limit commensurate with balancing the needs of homeless households and those registered with 'Homes in Powys' whose housing situations are in many cases no less acute. This will mean that until the Council's Enhanced Homeless Services project is complete (Instant Access 24/7 Triage Centres and Interim 24/7 Supported Accommodation) and sites have been identified for Interim Modular Accommodation, there will remain a need for the continued use of privately provided temporary accommodation.

Encouraging greater support from housing associations...

Action: Meet with Jason Jones (CEO designate for Barcud) to discuss greater support for homeless clients (Andy - Charles to arrange meeting).

Developing Enhanced Homeless Services...

Action: Look now for suitable buildings/sites for Enhanced Homeless Services (2 x Instant Access 24/7 Triage - 12 units, one north and one south; 2 x Interim 24/7 Supported Accommodation - 12 units, one north and one south) and begin viability and scoping exercises.

Action: Consider applicability of Town Centre Grants/Loans for Enhanced Homeless premises.

Action: Revenue funding for Enhanced Homeless service to go to CLT and Cabinet after purdah finishes in May.

Revenue support from 2025-2026 onwards will be needed for the Enhanced Homeless Services project. This 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. The funding pressure for 2025-2026 onwards will be considered as part of the FRM/IBP process for 2024-2025 onwards. Work has now started on identifying opportunities, by new build or 'acquisition and works', to provide premises needed for the Instant Access 24/7 Triage Centres and Interim 24/7 Supported Accommodation schemes.

Policy and practice across Wales...

Action: WLGA and WG to be advised of the challenges facing councils in being able to manage demand for housing equitably across various needs groups in the face of WG prioritisation of homelessness and reduced parameters for assessing need (for example intentionality, priority need, duty to cooperate).

Housing Revenue Account (HRA)

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Housing Revenue Account	0	248	0	0	248	0	0	0	248	(248)	

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 with an overspend of £247,527 (as of mid-March 2024). The overspend will be funded from the HRA Reserves, currently standing at £3,900,000.

Cost Pressures

- Unforeseen additional use of private contractors due to void teams being deployed to complete Red Dragon (two teams, for five months).
- Continued investment to reduce the long backlog of voids down (from 240 at this time last year to 172 now and continuing to fall).
- Increasing costs of works to void properties, with particular regard to health and safety related external works (for example retaining walls) arising from the aging stock profile.
- Void rent loss exacerbated by long term voids including properties intended for demolition but unable to progress due to lack of contractors in initial tender exercise for the Ystradgynlais Regeneration project (now being retendered) and completion of long-term major works voids in Gwaelod-y-bryn, Llanidloes (now complete and let).

Cost Underspends

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

Cost Mitigation

Spending on external contractors has now been reduced as internal resources are now in place with contractor use being limited to specialist work the in-houses teams cannot undertake or to cope with unforeseen peaks in the number of voids. The cost of external contractors has been much higher than anticipated at the time of internalisation of repairs and maintenance, due to continued inflationary pressures on materials and labour costs impacting adversely on the construction sector.

Housing and Commercial Services will secure higher trade discounts from locally operating material and component suppliers, through a procurement framework, already being used by other social landlords in Wales, to 'go-live' for Powys in Q1 2024-2025.

Heating servicing contract has been mobilisation during March 2024 which will reduce spending on agency workers and external contractors.

Void times continue to be reduced, although the number of properties requiring extensive works – which require longer works times – is increasing due to the age of our properties. Performance management of voids is one of the three Top Priorities for Housing Services in 2024 to reduce rent loss due to void properties that are to be retained for letting. Further progress will be made on reducing void times now that the void repairs teams which had been deployed to complete the new housing scheme at Red Dragon, Newtown, following the collapse of the external construction contractor, have been able return to void works.

Actions for 2024-2025 to avoid any further overspends in the HRA include:

Action: Every effort will be made to replenish the reserve by a commensurate amount of the 2023-2024 overspend (£247,527) in 2024-2025.

Action: Review Quality of Accommodation Standard for 2024-2025 to focus on the high visibility elements that mean the most to new tenants (for example decoration), repairing rather than renewing where practicable, changes to be discussed with the Tenant Scrutiny Panel.

Action: Reduced use of HRA stock for temporary accommodation and where possible, to reduce Change of Tenancy/Occupancy costs.

Action: Enhanced, consistent and robust approach to recharges (to recover money due to the Council arising from avoidable neglect and damage to properties).

Action: Whole service approach to meet void key-to-key targets set out in 'At Home in Powys' (please see below).

Key-to-key Time for Letting Properties					
Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Calendar Days - Average	42 days	39 days	36 days	33days	30 days

- *Excludes properties scheduled for demolition, disposal, major capital works and renovation and held for use by Social and Childrens' Services*

Action: Proactive asset management policy to begin April 2024 in which high-cost voids in locations where housing demand can be met through other properties, to be considered for disposal, the proceeds to be used for the acquisition and development of properties that are better suited to maintaining a viable, maintainable social housing portfolio.

Economy & Digital Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Economy and Digital Services	7,597		(705)	24	6,916	(24)	(25)	0	6,867	730	579

Economy & Digital Overview

The Digital and Customer Services forecast outturn underspend is £730k compared to the working budget of £6,357k.

There are £24k of cost reductions not yet delivered but assured, relating to Careline activities of £24k, and use of a specific reserve of £25k set aside for the increased capacity of hearing loops in the chamber, the final outturn variation underspend from budget is £730k.

The forecast underspend of £730k compares to the forecast underspend of £579k previously reported in December 2023; an increased underspend of £151k. There was an increased underspend in Digital Operations of £41k, increased underspend of £27k in Digital Services, and increased underspend in Customer Services & Information Compliance of £107k.

This underspend mainly is a result of staff costing, including the need to retain vacancies within the service to effectively manage the separation on the Joint ICT Section 33 agreement, slippages, and staff funded by transformation and Shared prosperity grant funding. There is also a specific reserve of £25k set aside for the increased capacity of hearing loops in the chamber. Other reasons for staff underspends include 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.

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 in line with other priorities.

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

Other mitigating actions to deliver a balanced budget.

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.

Transformation and Democratic Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Transformation & Democratic Services	4,057	68	(144)	0	3,981	0	0	0	3,981	76	50

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 £76k. This is due to extra income from Powys teaching Health Board, as well as underspends in staff vacancies and additional income through the Ukraine grant.

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 December is a £76k underspend (compared with an underspend of £50k at the end of September).

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 and are exploring the use of Artificial Intelligence to support the translation of some documents.

Workforce and Organisational Development Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Workforce & OD	2,667	11	(159)	0	2,519	(17)	0	0	2,502	165	161

Workforce and OD Overview

We are forecasting an annual underspend of £165k, which mainly arises from underspends against staffing budgets due largely to delays in recruiting to 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 our ongoing forecasting. The service will deliver the cost reductions of £17k approved.

Legal Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Legal	1,533	153	(211)	0	1,475	(0)	0	(25)	1,450	83	66

Legal Overview

We are forecasting an outturn underspend of £83k and no issues to report.

Finance Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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 Feb Variance	Forecast as at December Variance
Finance & Insurance	7,079	148	(450)	0	6,777	0	0	0	6,777	302	32

Finance Overview

The financial forecast across Financial Services has improved from the £32k underspend 2023/2024 Qtr3 position reported to Cabinet on the 27th February 2024 to £302k as at the end of Period 11 (29th February 2024).

The reason for the improved position is primarily in relation to the Insurance budget where forecasted spend in relation to Insurance Excess has decreased since the Qtr3 position following more accurate and timely information that is now available. There is inherent uncertainty around this budget head, and others within Financial Services due to the demand led nature of expenditure in this area. The final level of underspend will be transferred into specific reserve at year end and ring fenced for insurance costs.

The FRM for 2024/25 included an efficiency saving of a reduction of £100,000 in the Insurance Excess budget which has been delivered in 2023/24.

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.

Corporate Overview

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2024 AS PER CP/LEDGER FEBRUARY 2024				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)/ transfer to	Use of Risk Funding to cover unfunded Pressures	Outturn Position 2023/24	Forecast as at Feb Variance	Forecast as at December Variance
Corporate Activities	36,721	1,099	(4,045)	0	33,775	0	0	2,700	36,475	246	2,094

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. This is in part mitigated by an underspend on the Council Tax Reduction Scheme.

Cost Underspends

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.

This budget line is also where the Risk budget is held before being released to service areas as required.

