

# **CYNGOR SIR POWYS COUNTY COUNCIL**

**10<sup>th</sup> October 2019**

**REPORT AUTHOR: County Councillor Aled Davies, Portfolio Holder for Finance**

**SUBJECT: Efficiency Savings Report as at 31<sup>st</sup> August 2019**

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**REPORT FOR: Information**

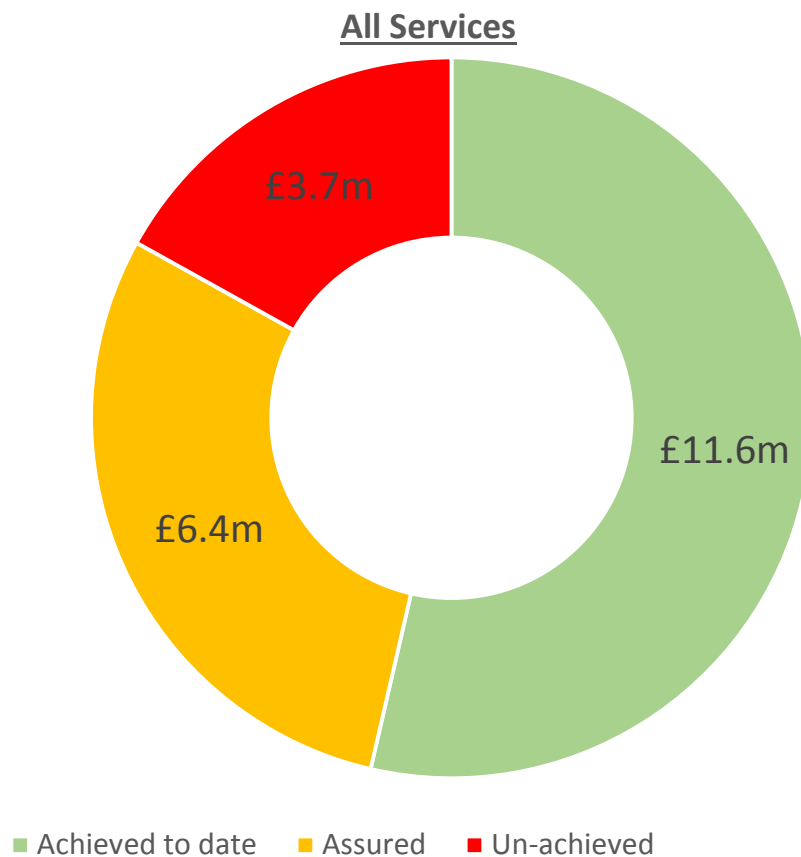
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## **1. Summary**

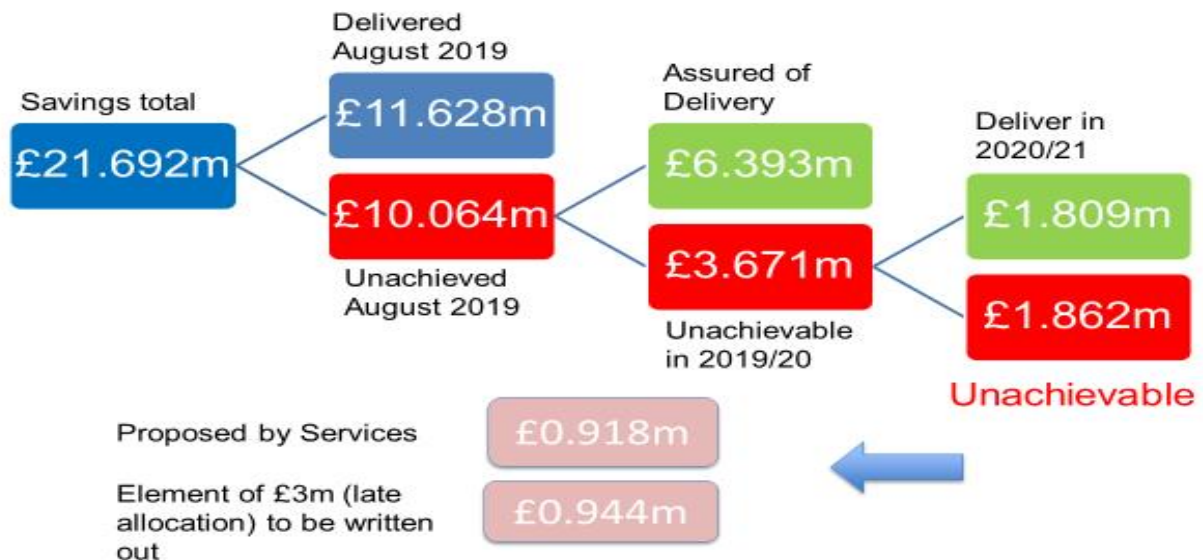
- 1.1 The 2019/20 budget required efficiency savings of £12.989m. This total includes outstanding savings carried forward from previous financial years that need to be delivered in financial year 2019/20.
- 1.2 In addition, both Adults and Children Services had identified savings of £8.703m required to mitigate, in part, the estimated rising cost and demand pressures facing these services in 2019/20.
- 1.3 At the end of August (month 5) the total savings delivered stands at £11.628m, 54% of the full £21.692m required.
- 1.4 This position is reflected in the Revenue Outturn Forecast reported to Cabinet in October 2019.
- 1.5 The delivery of a balanced budget for 2019/20 is reliant on the achievement of these savings. This report provides the detail around the delivery of savings to date, assurance around the further delivery by the year end, identifies any savings that are now considered to be at risk of being unachieved and what action is being taken to manage the shortfall.

## **2. Delivery of Savings and Proposed action**

- 2.1 Savings of £11.628m (54%) have been delivered to date. The delivery of the remaining savings has been challenged with Heads of Service and they have provided assurance that a further £6.393m (29%) can be delivered by year end, there is confidence that these will be achieved as the year progresses. The assured savings have been allocated an Amber RAG status. The remaining £3.672m (17%) are currently considered to be unachievable and are therefore recorded as Red. Appendix A provides a detailed breakdown of the savings by service.
- 2.2 The overall position is summarised in the graph below



- 2.3 Some mitigating action has been taken by services, and alternative means of covering the savings shortfall in the current financial year has been put in place, whilst this resolves the gap for the current financial year it does not remove the requirement to permanently resolve the base budget.
- 2.4 At budget setting last year some savings were targeted late in the process, these were identified corporately without direct input from services. It is now apparent that some of these savings are not sustainable.
- 2.5 Of the £3.672m undelivered savings, £1.809m of these are expected to be achieved in full next year, but there remains a further £2.156m of savings that are considered unachievable on a permanent basis. £944k relate to the late allocation of savings and £918k to service proposals.
- 2.6 The diagram below summarises the position.



2.7 This creates a gap in our budget plan which needs to be resolved. The Senior Leadership Team are collectively developing a recovery plan to identify alternative means of bridging this gap and proposals will be submitted to Cabinet for consideration.

### 3. Options Considered/ Available

3.1 N/A

### 4. Preferred Choice and Reasons

4.1 N/A

### 5. Impact Assessment

5.1 Is an impact assessment required? Impact Assessments were completed as part of the budget setting process for all savings proposals. Any new savings proposals will require an impact assessment before it can be approved.

### 6. Corporate Improvement Plan

6.1 N/A

### 7. Local Member(s)

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

### 8. Other Front Line Services

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

### 9. Communications

9.1 N/A

## **10. Support Services (Legal, Finance, HR, ICT, BPU)**

- 10.1 The Deputy Head of Finance comments: Finance will continue to work closely with each of the service areas to monitor, challenge and support the timely delivery of outstanding savings as they form part of the Council's Benefit Realisation Plan, underpinned by Transformation Funding which provides resources to support the service change.

## **11. Scrutiny**

- 11.1 Has this report been scrutinised? No

## **12. Statutory Officers**

- 12.1 The Head of Finance (Section 151 Officer) comments: The budget plan for the financial year 2019/20 is dependent on the achievement of savings to maintain a balanced budget. Over the last few years delivery of savings remains consistently below 80% with corrective actions taken in year to mitigate this impact. A collective response by the Senior Leadership Team must ensure that the gap in the budget can be bridged. The proposal must be supported by clear delivery plans.
- 12.2 It is important that the projected outturn position reported monthly, includes the savings forecasts and narrative from Service Heads to evidence their commitment to delivering the plan and where necessary remedial and mitigating action is taken.
- 12.3 The Monitoring Officer has no specific concerns with this report.

## **13. Members' Interests**

- 13.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>The contents of this report are noted by Council.</b>	<b>To understand the impact of savings delivery on the 2019/20 Budget and glean assurance that action is being taken to address the shortfall in the 2019/20 budget.</b>

<b>Relevant Policy (ies):</b>		<b>Financial Regulations</b>	
<b>Within Policy:</b>	Yes	<b>Within Budget:</b>	Y
<b>Relevant Local Member(s):</b>			
<b>Person(s) To Implement Decision:</b>		Jane Thomas	
<b>Date By When Decision To Be Implemented:</b>			
<b>Contact Officer Name</b>	<b>Tel</b>	<b>Fax</b>	<b>E mail</b>

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**Appendix A – Table Showing Savings Delivery 2019/20 (as at 31st August 2019)**

<b>Service</b>	<b>Total To Be Achieved £'000</b>	<b>Actually Achieved £'000</b>	<b>Assured £'000</b>	<b>Un-achieved £'000</b>	<b>Achieved %</b>
Education	2,561	2,006	295	260	78%
Highways, Transport & Recycling	2,986	974	1,065	947	33%
Property, Planning & Public Protection	1,421	675	210	537	47%
Housing and Community Development	1,798	1,209	-	589	67%
Digital & Communication Services	530	530	-	-	100%
Strategy, Performance & Transformation	1,302	1,302	-	-	100%
Workforce & OD	473	247	26	200	52%
Legal & Democratic Services	183	131	-	52	72%
Finance	430	307	-	123	71%
Central Activities	1,207	962	-	245	80%
<b>Total</b>	<b>12,989</b>	<b>8,343</b>	<b>1,596</b>	<b>3,050</b>	<b>64%</b>
<b>Memo Items</b>					
Adult Efficiencies	5,052	2,755	2,238	59	55%
Children's Efficiencies	3,651	530	2,559	562	15%
<b>Total</b>	<b>8,703</b>	<b>3,285</b>	<b>4,797</b>	<b>621</b>	<b>38%</b>
<b>Overall Total</b>	<b>21,692</b>	<b>11,628</b>	<b>6,393</b>	<b>3,672</b>	<b>54%</b>

## Appendix A – Summarised Through Graph

