

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**COUNCIL REPORT  
25<sup>th</sup> February 2014**

**REPORT AUTHOR:** County Councillor Dai Davies  
Portfolio Holder for Finance

**SUBJECT:** Budget for 2014-15, Medium Term Financial Plan 2015-2017 and Capital Programme for 2014-2019

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**REPORT FOR:** Decision

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**1. Summary**

- 1.1 This report and the appendices attached set out the Council's proposals for the Revenue Budget and Capital Programme for the financial year commencing 1<sup>st</sup> April 2014 with provisional proposals for the next 2 years to 31<sup>st</sup> March 2017. The Medium Term Financial Plan (MTFP) is attached as Appendix A, with the summary Financial Resource Model attached as Appendix B.
- 1.2 The proposals were accepted by Cabinet at its meeting on the 18<sup>th</sup> February 2014 and these are now recommended to Council for consideration.
- 1.3 The Council is required under the Local Government Act 2003 to set a balanced budget for the forthcoming financial year, the MTFP reports a balanced budget for 2014/15.
- 1.4 The Council has faced an unprecedented financial challenge in this budget round. The settlement from the Welsh Government saw a decrease of 4.6% meaning a reduction in funding of £8.712m. In addition service and other pressures added to the overall level of savings.
- 1.5 The MTFP for 2014/15 includes investment and service pressures of £12.237m, and in order to produce a balanced budget savings of £17.387m have been identified and included in the plan. The updated savings position includes revised funding assumptions (an increase in council tax level has reduced the savings target that had included a lower level of increase) and there is now a temporary use of reserves because at a late stage the profile of savings for a key area has changed.
- 1.6 The MTFP provides an additional £325k for schools, this coupled with the increase in the Pupil Deprivation Grant meets the commitment to

protect funding for schools at 1% above the overall change in the Welsh budget.

- 1.7 The Council has sought to protect the level of capital investment in the County. It is important that the council continues to renew its core infrastructure such as schools and housing in spite of cuts by central government. The council is also aware that much of its capital investment is spent with businesses within Powys or its near neighbours. Maintaining the capital programme has a significant regeneration impact for the economy of Powys alongside the direct effect of better infrastructure to deliver services.
- 1.8 The budget proposals have been equality impact assessed to ensure that the Council understands the potential impact of the proposals on particular segments of the community and that no particular group is directly discriminated against. Those proposals that are deemed to be high or medium risk require Equality Impact Assessments and these will be available for review, a schedule of these areas is attached.
- 1.9 The financial planning process has been developed alongside the 'Statement of Intent' which captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach for the Councils Medium Term Financial Plan, the investment priorities and savings required have been costed and included within the annual budget.

## **2. Proposal**

### **2.1. Revenue Budget 2014-15**

- 2.2 The report includes a three year summary financial model. This allows members to see the overall financial position as the move commences to seek balanced budget for a three year period. The proposed revenue summary Financial Resource Model for 2014/15 is shown in Appendix B.
- 2.3 The proposal includes an increase in Council Tax of 3.95%, however this is not subject to approval as part of this report, as this is a matter for full council determination at the meeting on the 5<sup>th</sup> March 2014.
- 2.4 The budget is underpinned by the revenue settlement received from the Welsh Government (WG). This is significant because WG fund approximately 76% of the Council's net revenue expenditure through the settlement, in addition WG and other Government departments fund activities through specific grants. The remaining net expenditure is funded by Council Tax. The final settlement was received on the 11<sup>th</sup> December 2013. This confirmed that the Council would see a 4.6% reduction in its grant, equivalent to £8.712m. Powys received the second lowest settlement out of the 22 local authorities in Wales with the average being a reduction of 3.4%.

- 2.5 To mitigate the year-on-year impact on any Authority a damping mechanism or 'floor' has been applied within the settlement, this means that no Authority will experience a reduction in funding of more than 4.6%. Powys benefits from this discretionary informal arrangement entered into by all 22 Welsh Authorities and without this safety net would be £1.5m worse off. This arrangement is not guaranteed for future years. This calculation excludes any funding already committed in terms of the Local Government Borrowing Initiative or Private Finance Initiative and after any adjustments for transfers.
- 2.6 The budget has been developed within the framework of the Statement of Intent, a range of issues including community needs and residents' views, financial and inflationary pressures, performance and regulatory reviews from Welsh Audit Office, Estyn and CSSIW have all been considered. As a result it takes account of external factors as well as local issues.
- 2.7 There is an increasing trend to give Authorities greater freedom and flexibility around the use of funding and in line with this the settlement includes a number of grants which have been transferred into the general Revenue Support Grant (RSG). These are :

Transfers In	Grant £000	Transfer £000	Difference £000
First Steps Improvement Package	160	160	0
Council Tax Support Admin	165	165	0
Public Facilities Grant	18	18	0
Council Tax Reduction Scheme Grant for Pensioners	141	141	0
	<u>484</u>	<u>484</u>	<u>0</u>

- 2.8 The settlement also contained £1.112m for new responsibilities. This is for additional funding of £0.791m for the Council Tax Support, which replaces the DWP funded Council Tax Benefit scheme. The budget plan proposes that this funding is passported directly to the service areas. The second responsibility covers the third and final year of the Local Government Borrowing Initiative for highways of £0.321m.
- 2.9 The settlement mechanism usually gives no requirement to specifically fund certain services, nor any specific service levels. However in 2012/13 & 2013/14 WG indicated that it expected Councils to protect funding for Schools and Social Services, this has been extended into 2014/15. The paragraph in the Final Settlement states:

“The settlement reflects the Welsh Government’s commitment to protect schools funding to ensure the delivery of the best outcomes for Welsh children. Together with an element of the Pupil Deprivation Grant, the settlement includes resources necessary to protect funding for schools at 1% above the overall change in the Welsh Budget.”

Accordingly £325k has been included in the proposals to meet this commitment.

2.10 Inflationary pressure has been considered and provided to fund an expected 1% pay award together with the items below. These pressures total £1.517m. Schools have not been included in this provision as it is assumed that these costs will be met from the protection provided.

Gas, Electricity, Oil – 5%, Petrol – 4%, Food – 2.3%, Rates – 2.4%, Home to School Transport – 2.4%, mobile phones – 3.9%.

2.11 Job evaluation was implemented from April 2013 and service budgets were amended in 2013/14 to reflect the impact on staffing costs, posts were funded at the salary point required for the first year with further funding included for incremental rises for the 2<sup>nd</sup> and 3<sup>rd</sup> year in the Medium Term Financial Plan, this is included in the budget proposals.

2.12 The budget contains the sum of £2.224m to modernise, improve and fund budget pressures across some services, these are as follows:-

• Landfill Tax	£158k
• Waste Services	£700k
• Home to School Transport	£200k
• School Improvement	£220k
• Increase in School Roll	£6k
• Capacity & Capability	£157k
• Coroners	£11k
• Capital Charges	£300k
• Prudential Borrowing	£72k
• Council Tax Reduction Scheme	£400k

2.13 For a number of years Adult Social Care revenue budgets have experienced significant pressure, costs have escalated and there has not been a track record of delivery of savings, this has resulted in overspends year on year. A detailed analysis of the budget requirements within the service was commissioned by the Strategic Director of People and the evidence highlights that there is insufficient budget to deliver the current model and that further investment is required to meet demographic growth. The service also needs to ensure delivery of its identified efficiency opportunities. This confirms that the direction of travel needed to change the service delivery model needs to be implemented. The budget proposes a further £3.026m of

growth for this service area, which will be held centrally only to be drawn upon by the service as it transforms delivery. In addition to the growth savings are required by the service of £2.7m. The combination of financial pressure, the budget sufficiency position and a minor increase in base budget means that Adult Social Care will need to carefully monitor demographic pressures whilst delivering a significant savings requirement.

- 2.14 The economic climate has in recent years had an adverse impact on the levels of income generated from Fees and Charges; as a result of this the Council has not assumed a flat rate increase across all fees and charges. Increases have been made in a targeted way with regard to market comparisons in setting charging levels, and by introducing new charges for things not previously charged for with the emphasis on full cost recovery where appropriate. This work will progress under the Income cost improvement stream and will deliver further increases for the future years. There is a need for greater consistency around charging and a policy that aligns charges to the overall One Plan. Some service areas have already identified increases in fees and charges in their individual budget plans and these are included in the budget proposals.
- 2.15 The reduction in funding and increased level of cost has put significant pressure on the budget and in order to produce a balanced budget savings of £17.387m have been identified for 2014/15, these have been categorised under the Cost Improvement Themes. These are listed in Appendix C.
- 2.16 Further to the proposals above there remains a budget gap for 2014/15. Savings of £2m were originally proposed in the provision of the council wide transport services, however it has recently become clear that the timing of the delivery of these savings is not going to benefit the 2014/15 budget as originally estimated, with only £500k now proposed. In order to address this issue it is proposed that the £975k shortfall is funded from general reserve for 2014/15, the reserve must be replenished in following years and this is built into the Financial Resource Model.
- 2.17 It is important to note that the financial model has consistently identified a 2014/15 shortfall of £20m, this shortfall has now been found from not only the savings proposals above but by a reduction in the budget pressures, the use of reserves and a change in the level of Council Tax proposed. The table below shows the reconciliation of the final proposals back to the original £20m 'gap'.

Savings proposed	£17.387m
Reduction of Pressures following review	£ 0.612m
Increase in Council Tax from 2.25% to 3.95%	£ 0.982m

Use of Reserves to meet revised savings profile £ 0.975m

**Total £19.956m**

- 2.18 Reductions in staff form a significant part of the savings proposals across all services of the council, it is anticipated that around 400 FTE posts will be removed from the organisation. In order to do this in a planned and managed way a Voluntary Severance Scheme has been introduced for employees across the council (other than school based staff). This will incur substantial severance pay costs and the budget proposal includes £2m revenue funding to assist with these. In addition the use of reserves or the capitalisation of these costs will also be considered.
- 2.19 This level of saving is unprecedented and any delays in implementation will impact on the overall finances of the council. This will be monitored in 2014/15 and a revised financial reporting timetable and reporting format will assist Cabinet and Audit Committee assess delivery of this challenging requirement in the forthcoming financial year. The reserve position of the Authority is in line with the generally accepted prudent range of 3-5% and these will be utilised to “smooth” any slippage in delivery of the savings. The approach is supported by a new policy around the use of reserves: all reserves will be corporate rather than service based. Any use of the general fund reserve required in 2014/15 will need to be replenished in future years. This is in addition to the achievement of the saving itself. Plans within service area need to be managed robustly with clear delivery plans to achieve the savings.
- 2.20 Grants to external bodies will be reviewed with an expectation that these will be allocated in line with policies and that any double funding of an organisation is addressed. Any identified savings will be available for the 2015/16 budget.
- 2.21 Consultation on the proposals within this plan was carried out both within the Council and externally with the Public and the Third Sector. Public consultation took place during January with a series of workshops held throughout the County and also via the completion of an on-line survey. A total of 385 people attended either the workshop or a drop in session and 1,754 residents completed the online survey. The Council adopted a four pronged approach to the budget listing changes as transformational, increases in existing charges, introduction of new charges and service reductions. The savings proposals provided in Appendix C include a column showing whether the proposals were supported by the public, areas shown as Y received 50% or more support. The public consultation document is attached.

## 2.22 Specific Grants

In 2013/14 the Council relied upon £31.7m of specific grants from Welsh Government to support services. The Council has received notification of changes to the following grants;

<b>Grant name</b>	<b><u>Annual Grant</u></b>		<b><u>Change</u></b>
	<b>2013-14 £00 0's</b>	<b>2014-15 £000' s</b>	<b>2014-15 £00 0's</b>
Pupil Premium Grant	758	1,623	865
Flying Start	1,042	1,713	671
Local Flood Authorities Grant	90	100	10
Post-16 Provision in Schools	6,536	5,882	-654
Supporting People Programme Grant	6,038	5,736	-302
14-19 Learning Pathways	740	479	-261
Foundation Phase Grants	4,325	4,218	-107
Welsh in Education Grant (WEG)	380	335	-45
School Effectiveness Grant	1,250	1,219	-30
Outcome Agreement Grant	1,393	1,363	-30
LA Animal Health & Welfare Framework	165	145	-20
Youth Work Strategy Support Grant / Youth Service Revenue & Training Grant	120	108	-12
Minority Ethnic Achievement Grant	188	179	-9

2.23 The Council has not yet received all notifications of grant allocations for 2014/15 therefore there could be further changes.

2.24 Grants provided by WG often reduce or cease, it is therefore essential that services consider the impact this will have and develop appropriate exit strategies. The default position should be that if a grant ceases the activity funded by this source should also cease.

## **2.25 Medium Term Financial Plan 2015-16 – 2016-17**

- 2.26 It has been assumed that the settlement from WG for 2015/16 will be a decrease of 2.8%. However the working assumption is that there will be a decrease of 4% for 2016/17. This is based on the indicative figure from WG and work undertaken by the WLGA and the Institute for Fiscal Studies focusing on how Local Government Settlements in Wales may be affected in the future.
- 2.27 Forecasting inflation includes a number of assumptions. It is assumed that the modest pay increase of 1% will continue to be awarded from 2015/16. It is also assumed that the protection for schools will remain at 1% above the settlement that WG receives from Central Government in London. Other inflation factors included in 2014/15 remain in the plan for these future years. No protection has been included from 2016/17.
- 2.28 A Council tax increase of 2.25% is included in 2015/16 and 2016/17. This will be subject to political determination on an annual basis but if the safety net provided by the floor is removed this would need to be revised upward or further cuts made.
- 2.29 Service pressures particularly around Adult Social Care will continue and pupil numbers in the Primary sector are also forecast to begin to rise, these pressures have been incorporated into the plan for future years but will be subject to review and separate agreement in the future.
- 2.30 These factors will have a significant real terms cut in the Council's spending power. Further savings are required through to 2016/17 so that the Council complies with statute and sets a balanced budget.
- 2.31 The savings identified will continue to reduce headcount, and generate service efficiencies some of which are transformational, however a large number of the proposals put forward will inevitably impact on front line service delivery. The figures beyond 2014/15 are therefore subject to revision as alternative models of delivery and other savings are identified through the Council's budget and cost improvement strategy, these together with any unforeseen budget pressures will be considered as the Council determines its budget.

## **2.32 Capital**

- 2.33 The Council's Capital Programme for 2014/15 shows a budget of £37.4m, and in addition the programme for the Welsh Quality Housing Standard is budgeted at £13.5m, the standard is to be achieved by March 2018. The proposed Capital Programme through to 2018/19 is attached as Appendix D.
- 2.34 The Strategy supports the Council's priorities over the next 5 years and includes the following projects:-



- School Modernisation Programme including Brecon High School Campus, Gwernyfed Catchment and the Severn Valley Welsh Medium School.
- Highways Improvements, Flood Alleviation Schemes, Replacement Bridges.
- Waste Management.
- Brecon Cultural Hub
- ICT Strategy
- Welsh Housing Quality Standard
- Regeneration and Development

2.35 The Council receives a core capital allocation from Welsh Government, in 2014/15 this allocation has reduced by £0.027m to £7.567m. The indicative figure for the following year remains at £7.567m and this has been included for future years through to 2018/19.

2.36 In addition to the core allocation the programme is funded from supported and un-supported borrowing.

### **3. Prudential Indicators**

- 3.1 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the local authority are affordable, prudent and sustainable. The Prudential Indicators are shown in full in Appendix E. The tables include the 2012/13 actual figure, the original estimate and revised estimate for 2013/14, as well as the indicators for the next five years, up to 2018/19.
- 3.2 The key indicators of affordability are the estimate of the ratio of financing costs to net revenue stream (Table 1) and the estimates of the incremental impact of capital investment decisions on the council tax (Table 2). The incremental cost on the council tax is £43.50 per band D property by 2018/19, of this £26.27 is due to prudential borrowing. This borrowing is shown in the medium term plan as revenue funding for prudential borrowing. The ratio of financing costs for the council fund shows a slight increase from 5.49% in 2014/15 to 6.05% by 2018/19.
- 3.3 The incremental impact on Housing Rents (Table 3) increases from £0.32 in 2014/15 to £6.39 by 2018/19 of this £4.11 is for Prudential Borrowing. This is in line with the Business Plan submitted to WG in December. The amount of the HRA income required to pay for financing increases from 3.90% in 2014/15 to 6.70% by 2018/19.
- 3.4 The Capital Financing Requirement (CFR) is shown in Table 4 and is the measure of the authority's underlying need to borrow for a capital purpose. It is the amount of capital expenditure that is not yet been financed by capital receipts, capital grants or contributions from revenue.

- 3.5 The CFR is currently £195.4m and will rise to £235.1m by the end of 2018/19. The level of external debt is lower than the CFR reflecting the current Treasury Management policy to internally borrow via reducing investments. The actual external debt at 31<sup>st</sup> March 2013 was £148.8m and is shown in graph 1.
- 3.6 A new indicator has been introduced to measure the gross debt of the authority against the CFR. This demonstrates that the authority is only borrowing for a capital purpose because the gross debt is below the CFR. This indicator is shown in Table 8.
- 3.7 The Operational Boundary (Table 6) and Authorised Limit for External Debt (Table 5) both reflect the current Treasury Management policy and are set at a level to be affordable as well as prudent.
- 3.8 The Council under the International Financial Reporting Standards (IFRS) has had to recognise a number of leases as Finance Leases. This change in accounting policy has led to the creation of a long term liability.
- 3.9 It is recommended that the level for the Authorised Limit is set at £241.7m. Members are asked to note that the Authorised Limit determined for 2014/15 will be the statutory limit under Section 3(1) of the Local Government Act 2003.

#### **4. Minimum Revenue Provision Statement Annual Statement 2014/15**

- 4.1 The Capital Financing Requirement (CFR) is the amount of capital expenditure that is not financed from revenue resources, capital grants and other contributions and capital receipts. Any expenditure that is not financed from these resources increases the authority's underlying need to borrow. The authority has to plan to finance the increase in the CFR by setting aside resources. This is called the Minimum Revenue Provision.
- 4.2 Regulation 21 (Capital Finance and Accounting regulations 2003) places a requirement on local authorities in respect of calculating MRP.
- 4.3 Regulation 22 details how MRP should be calculated. In the new Regulation 22, the previous detailed rules are replaced with a simple duty for an authority each year to make an amount of MRP which it considers to be "prudent".
- 4.4 The regulation itself does not define "prudent amount". However, the MRP guidance makes recommendations to authorities on the interpretation of that term.

4.5 The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2009/10 and will assess the MRP for 2014/15 using the recommendations.

4.6 The guidance on MRP sets out four options for the calculation of MRP. The first two options are to be used for capital expenditure incurred before 1 April 2008 as well as Supported Borrowing after that date. The 3<sup>rd</sup> and 4<sup>th</sup> options are to be used with unsupported or prudential borrowing.

Option 1: Regulatory Method – calculated in accordance with regulations 22 of the 2003 Regulations. This is the previous method used by the authority and for 2014/15 £6.5m will be set aside.

Option 2: CFR Method – Using the Capital Financing Requirement This is the simplest method but would require additional resources to be set aside to take account of the statutory “Adjustment A” figure which is removed from Option 1 above, if this was included the MRP would increase by £703K per annum. “Adjustment A” is an adjustment that reconciles the opening CFR on 1<sup>st</sup> April 2004 to the previous method, called the Credit Ceiling, which ceased on 31<sup>st</sup> March 2004 and does not change.

Option 3: Asset Life Method - MRP is made in equal annual instalments over the life of the asset. This method provides some stability to the amount of MRP that is set aside each year. £1m expenditure on a building with a 50 year life would cost £20,000 annually for MRP.

Option 4: Depreciation Method – MRP is to be equal to the provision required in accordance with depreciation accounting. This method would result in changes to MRP each time an asset was revalued (every 5 years) and would require additional resources to monitor the assets over the life of that asset (up to 50 years).

4.7 The major proportion of the MRP for 2013/14 will relate to the more historic debt liability that will continue to be charged at the rate of 4%. It is recommended that the MRP for 2014/15 is calculated in accordance with option 1, the Regulatory Method which has been used since 1<sup>st</sup> April 2004. The estimate for 2014/15 is currently £6.5m and will be finalised after the accounts have closed in June 2014.

4.8 It is recommended that for any Prudential Borrowing undertaken in the current or future years the MRP will be charged over a period which is the estimated life of the asset using the annuity method, Option 3. It is estimated that this cost will be £0.5m for 2014/15.

- 4.9 Estimated life periods will be determined under delegated powers. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the components of expenditure and will only be divided up in cases where there are two or more major components with substantially different economic lives.
- 4.10 The share of the Housing Revenue Account Capital Financing Requirement is subject to a 2% MRP and is currently estimated at £298K for 2014/15.
- 4.11 In addition the guidance allows for MRP to be deferred for assets under construction and this part of the guidance should be adopted because the asset is not used by the authority until it is operational and therefore the MRP will match the life of the asset. This option reduces the MRP by an estimated £200K for 2014/15.
- 4.12 Any MRP requirement for finance leases or PFI schemes will be regarded as being met by a charge equal to the rent/charge that goes to write down the balance sheet liability. The authority has recognised some leases as finance leases under the IFRS.

## **5. Powys Change Plan**

The budget has been developed this year within the framework of the Statement of Intent, a range of issues including community needs and resident's views, financial and inflationary pressures, performance and regulatory reviews from Welsh Audit Office, Estyn and CSSIW have all been considered. The resultant proposals are included in this plan, the council budget, and the One Powys Change Plan.

## **6. Options Considered/Available**

A wide range of options were considered both at an individual service level and corporate level.

## **7. Preferred Choice and Reasons**

The preferred choice is set out in the report.

## **8. Sustainability and Environmental Issues/Equalities/Crime and Disorder./Welsh Language/Other Policies etc**

- 8.1 The Public Sector Equality Duty 2010 and the associated specific equality regulations for Wales require that due regard is given to the impact upon people covered by the protected characteristics when reviewing policies or practices. Changes resulting from budget proposals would be considered to be a 'review'.

- 8.2 To assist that process, the budget proposals have been 'screened' to determine which proposals have a relevance to the Public Sector Equality Duty; and to what level. Following on from this, Equality Impact Assessments (EqIA's) have been conducted on the most relevant budget proposals, to determine (using the available information) the likely impact that these proposals will have on people covered by the protected characteristics.
- 8.3 It is important that Elected Members are aware of their responsibilities and a summary has been provided with this report that is supported by individual EqIA's. This is to ensure Elected Members have an understanding of the possible impacts of the decisions they are making, and can therefore demonstrate they have given 'due regard' to the public sector Equality Duty when making decisions.
- 8.4 More detailed EqIA work will be required on many of the proposals as they become more defined. As we take proposals contained in the budget forward, EqIA principles will be met, which will include direct engagement with those people who will be most affected by the changes. This may delay implementation beyond the 1<sup>st</sup> April. Where a known implementation date has been provided the profile of savings has been adjusted. .
- 8.5 If as a result of further EqIA work, significant equality issues emerge requiring a re-evaluation, these will be brought to the Elected Members attention for due consideration.

9. **Children and Young People's Impact Statement - Safeguarding and Wellbeing**

10. **Local Member(s)**

Not applicable

11. **Other Front Line Services**

All Heads of Service, Statagic Directors and Portfolio Holders have been involved in the compilation of the budget.

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

The Finance function has been closely involved in the process to support the identification and assessment of savings proposals.

13. **Local Service Board/Partnerships/Stakeholders etc**

The council regularly seeks the views of a number of stakeholders in respect of the needs of the communities within Powys. This year the council has worked with the Local Service Board to undertake a Joint Strategic Needs Assessment (JSNA) of the community to assist with the

production of the One Powys Change Plan. The Council has also undertaken a residents survey to ascertain a range of views on current services and future issues. The JNSA and residents survey have helped frame a number of service drivers which are captured by the council's revised priorities.

**14. Corporate Communications**

The content and implications of the budget, medium term financial plan and capital programme are of significant interest to residents and staff and should be communicated widely via proactive press release, website and social media as well as through internal channels, following decision.

**15. Statutory Officers**

15.1.1 The Strategic Director Resources (Section 151 Officer) comments as follows:

The reduction in funding from the Welsh Government is outlined in the report and is a significant challenge for all the Councils in Wales but Powys has been affected more than other Councils. It is clear the situation would have been significantly worse without the 'floor' that limits reductions. It is appropriate that the Section 151 Officer draws Councillors' attention to the fact that this is an informal arrangement and is not guaranteed going forward.

15.1.2 The 2014/15 budget setting process has involved a significant level of work within the authority and has involved all senior managers with additional steps taken to gain assurance around savings delivery in the coming financial year.

15.1.3 There remains risk around areas such as Adult Services and the overall budget has sought to take a balanced approach. Going into 2014/15 the People Services directorate will need to address the end of year financial position for 2013/14 which will be an overspend. However given the scale of expenditure in this area it is inevitable that all parts of the Council have to make a contribution. The budget has sought to reinvest in this key area but it is clear that significant pressure on expenditure will remain in 2014/15. In agreeing the signing off of the budget regard has been taken about the ability to deliver the savings and the level of reserves held by the Council.

15.1.4 When setting the budget it is important that Cabinet and all Councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and Council Tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.

15.1.5 The Local Government Finance Act 1992 requires a Council to set a balanced budget. To do this the Council must prepare a budget that

covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure. The Act also covers the legal issues around Council Tax setting that will be the final part of the budget setting process this year.

- 15.1.6 Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. The budget has taken steps to meet this requirement and because of this it has been necessary to draw on reserves to ensure the budget is balanced. This will be repaid in future years. By taking this approach the Council will avoid setting a deficit budget (this is not permitted under Local Government legislation).
- 15.1.7 Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the Council Tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned.

Allowance is made for these risks by:

- making prudent allowance in the estimates for services; and
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

- 15.1.8 Local government legislation requires an authority's Chief Finance Officer (the Strategic Director Resources) to make a report to the authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals (the statement is contained within the Medium Term Strategy). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the Chief Finance Officer's statutory report. If they do not they must provide clear reasons for not following the professional advice put forward by the statutory Chief Finance Officer.

15.1.9 Chief Financial Officer's Statement :

Having taken account of the overall budget framework I can confirm that the estimates contained in this document are, to the best of my knowledge, realistic, robust and compiled on the best information currently available. The budget sets testing savings targets and overspends in certain service areas are an increasing source of concern. Council and Management need to be diligent to ensure that

the savings agreed in the budget are delivered. The Chief Financial Officer (Strategic Director Resources) will require directorates to account for their performance delivering the savings on a monthly basis and this will be shared with Cabinet in order that (where appropriate) corrective action is taken to safeguard the Council's position. I confirm that the financial reserves are adequate for the Council's stated purposes. However this will need to be carefully monitored and if necessary future financial plans will be amended to support the reserves position. It is for this reason that the budget recommends the repayment over 2 years of the temporary use of reserves included within the 2014/15 budget.

15.2 The Solicitor to the Council (Monitoring Officer) has made the following comment: "the proposals satisfy the duty on the Council to produce a balanced budget and set a Council Tax level for the forthcoming year".

## **16. Members' Interests**

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. If specific budgetary matters are debated in which a Member has an interest they should declare it at the start of the debate on that budgetary matter and complete the relevant form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>1. That the proposed budget for 2014/15 shown in the Financial Resource Model in Appendix B is accepted.</b>	<b>Statutory Requirement</b>
<b>2. That a Council Tax increase of 3.95% is recommended to Full Council on the 5<sup>th</sup> March 2014.</b>	<b>Statutory Requirement</b>
<b>3. That the Medium Term Financial Plan for 2015/16 and 2016/17 be agreed in principle.</b>	<b>To aid business planning and development of the budget over a three year period</b>
<b>4. To set the authorised borrowing limit for 2014/15 as required under section 3(1) of the Local Government Act 2003 at £241.7m</b>	<b>Statutory Requirement</b>
<b>5. To approve the Prudential Indicators for 2014/15.</b>	<b>Statutory Requirement</b>
<b>6. To use Option 1 Regulatory Model for the calculation of MRP in relation to Supported Borrowing.</b>	<b>Statutory Requirement</b>
<b>7. To use Option 3 Asset Life Annuity Method for the calculation of MRP in relation to Prudential Borrowing.</b>	<b>Statutory Requirement</b>
<b>8. To take advantage of the guidance</b>	<b>To match the cost of MRP to the use</b>



that allows for MRP to be deferred for assets under construction.	of an asset by a service.
9. That the Capital Programme for 2014/15 in Appendix D is accepted.	Statutory Requirement

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	
---------------------------	--

Person(s) To Implement Decision:	Chief Executive
Date By When Decision To Be Implemented:	1st April 2014

Contact Officer Name:	Tel:	Fax:	Email:
Jane Thomas	01597826341	01597826290	Jane.thomas@powys.gov.uk

### Background Papers used to prepare Report:

Medium Term Financial Strategy  
Statement of Intent  
Capital Strategy

### Appendices:

Appendix A – Medium Term Financial Plan  
Appendix B – Financial Resource Model  
Appendix C – Detailed Savings Sheets  
Appendix D – Capital Programme  
Appendix E – Prudential Indicators

Other Documents attached

Equality Impact Assessment Schedule  
Feedback Report on the 2014/15 budget proposal discussions and engagement with the public



**Powys County Council's**

**Medium Term Financial Plan**

**2014/15 to 2016/17**

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## Section 1 – Introduction & Overview

### **1. Introduction**

- 1.1 This document is the financial plan for Powys County Council for the three year period 2014/15 to 2016/17. It has been developed as part of the overall strategic planning process that involves the 'Statement of Intent' which captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach for the Council's Medium Term Financial Plan and the annual budget.
- 1.2 The financial plan covers all Council revenue services, the Housing Revenue Account and the Capital programme. This financial plan comprises:
  - revenue plan that covers a period of 3 years (Appendix A)
  - The 3 year Capital Strategy
- 1.3 The Plan delivers a balanced budget for 2014/15, however, this position is reliant on the delivery of £16.8m savings during the year.
- 1.4 The plans for 2015/16 and 2016/17 require further savings of £20m over the 2 years. This is based on current assumptions for funding levels and financial pressures and these forecasts will be developed over the next few months as more information becomes available.

### **2. Revenue Budget Funding**

- 2.1 The Council's net revenue budget is funded from Welsh Government (WG) Grant and Council Tax income.
- 2.2 The Welsh Government (WG) will fund 75.2% of the Council's 2014/15 net revenue budget, compared to 76.6% in 2013/14 and 76.1% in 2012/13. The funding is provided in a settlement known as Aggregate External Finance (AEF).
- 2.3 As part of the UK Government's austerity measures for 2014/15 the AEF has decreased across Wales by an average of 3.4%. Powys received the 2nd lowest settlement in Wales with a 4.6% decrease, equivalent to a decrease in funding of £8.712m.
- 2.4 To mitigate the year-on-year impact on any Authority a damping mechanism or 'floor' has been applied within the settlement, this means that no Authority will experience a reduction in funding of more than 4.6%. This calculation excludes any funding already committed in terms of the Local Government Borrowing Initiative or Private Finance Initiative and after any adjustments for transfers. Powys benefits from this arrangement and without this safety net would be £1.5m worse off. This is a discretionary matter which is not guaranteed for future years.
- 2.5 The AEF for Powys for 2014/15 totals £182 million and consists of the following:

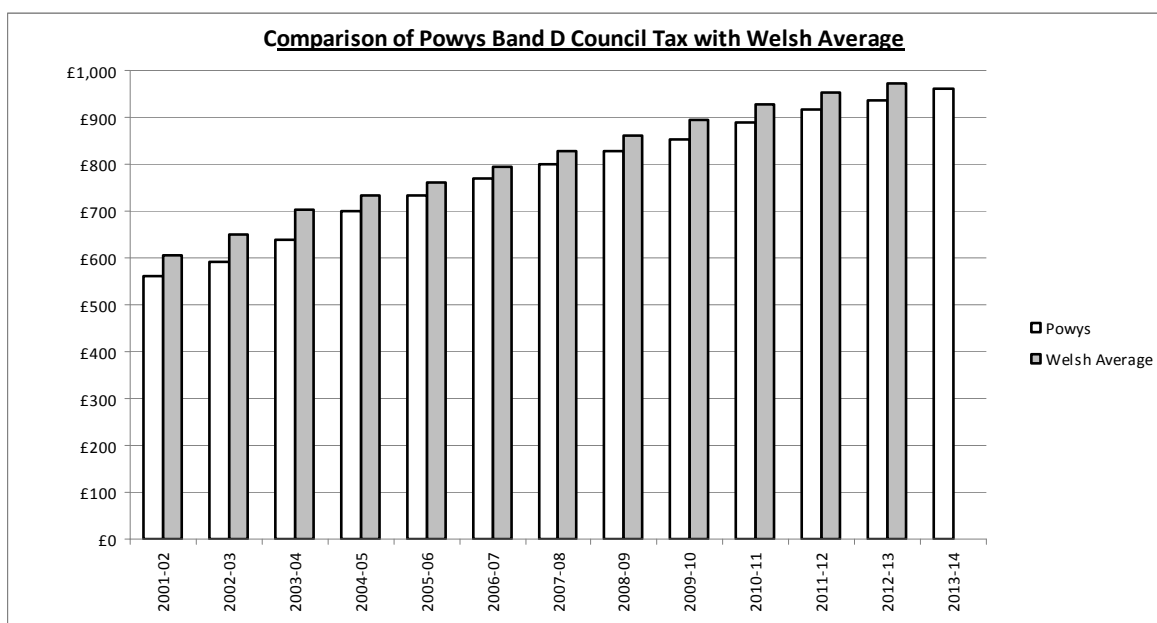
- Revenue Support Grant (RSG) totalling £139.6m
- Non Domestic Rates (NDR) totalling £42.4m. Powys collects rates from business ratepayers on behalf of WG. It is then redistributed to local authorities in proportion to resident population over 18.

2.6 The settlement mechanism usually gives no requirement to specifically fund certain services, nor any specific service levels. However in 2012/13 WG indicated that it expected Councils to protect funding for Schools and Social Services at 1.58% above the level of the settlement that it received, this was extended into 2013/14 with protection of 2.08% expected. No protection is required for Social Services in 2014/15 and the approach any council takes is a matter for local determination. The protection for schools continued in 2014/15. The paragraph in the Final Settlement states:

“The settlement reflects the Welsh Government’s commitment to protect schools funding to ensure the delivery of the best outcomes for Welsh children. Together with an element of the Pupil Deprivation Grant, the settlement includes resources necessary to protect funding for schools at 1% above the overall change in the Welsh Budget.”

2.7 Apart from this it is for Powys County Council to determine how it uses the funding, together with the Council Tax it collects, to meet its service priorities in accordance with legislation.

2.8 The Council Tax increase has been set at 3.95% for a Band D property this represents an increase of £38.00 per annum and a Council Tax of £1000.11. The graph and table below show Council Tax increases since 2001. Powys continues to remain below the previous year average for all Welsh authorities. Powys has consistently had Council Tax levels that have been below the Welsh average but has benefitted from a redistribution of resources (the ‘floor’ mechanism).



<b>Financial Year</b>	<b>Powys £</b>	<b>Welsh Average £</b>
2001-02	560.21	606.28
2002-03	592.10	649.58
2003-04	639.17	702.04
2004-05	699.89	733.72
2005-06	733.48	762.09
2006-07	769.77	795.09
2007-08	800.18	829.00
2008-09	828.16	860.10
2009-10	852.92	894.06
2010-11	889.17	926.61
2011-12	915.76	954.00
2012-13	936.36	972.24
2013-14	962.11	1000.30
2014-15	1000.11	

2.9 The Council holds 5,149 units of Housing stock. House rents have been increased by 4.2% which is in line with the WG average guideline of 4.2% across Wales. This equates to an average increase of £3.08 per week bringing the average rent to £76.31 per week.

2.10 In common with an approach adopted in the rest of the UK, Wales has seen a number of specific grants transfer into the general settlement. This approach is welcomed because it not only reduces the administrative burden associated with managing grants but also provides greater local freedom about how resources are used. The 2014/15 settlement includes a number of grants which have been transferred into the Revenue Support Grant (RSG). These are :

Transfers In	Grant £000	Transfer £000	Difference £000
First Steps Improvement Package	160	160	0
Council Tax Support Admin	165	165	0
Public Facilities Grant	18	18	0
Council Tax Reduction Scheme Grant for Pensioners	141	141	0
	<u>484</u>	<u>484</u>	<u>0</u>

- 2.11 The settlement also contained £1.112m for new responsibilities. This includes additional funding of £0.791m for the Council Tax Support, which replaces the DWP funded Council Tax Benefit scheme. The budget plan proposes that this funding is passported directly to the service areas. The second responsibility is the third and final year of the Local Government Borrowing Initiative for highways of £0.321m.
- 2.12 In addition to RSG and Council Tax raised the Council receives income from specific grants and income from fees and charges. These form part of the gross budget which is an indication of overall spending power.

### **3. Funding beyond 2014/15**

- 3.1 It has been assumed that the settlement from WG for 2015/16 will be a decrease of 2.8% and a decrease of 4% for 2016/17. This is based on the indicative figure from WG and work undertaken by the WLGA and the Institute for Fiscal Studies focusing on how Local Government Settlements in Wales may be affected in the future.
- 3.2 Forecasting inflation includes a number of assumptions. It is assumed that a pay increase of 1% will continue to be awarded from 2014/15. It is also assumed that the protection for schools will remain at 1% above the settlement that WG receives from Central Government in London. Other inflation factors included in 2014/15 remain in the plan for these future years.
- 3.3 A Council tax increase of 2.25% is included in 2015/16 and 2016/17. This will be subject to political determination on an annual basis but if the safety net provided by the floor is removed this would need to be revised upwards or further cuts sought.
- 3.4 Service pressures particularly around Adult Social Care will continue and pupil numbers in the Primary sector are also forecast to begin to rise, these pressures have been incorporated into the plan for future years but will be subject to review and separate agreement in the future.
- 3.5 These factors will have a significant real terms cut in the Council's spending power. Further savings are required through to 2016/17 to produce a balanced budget.
- 3.6 The savings identified will continue to reduce headcount, and generate service efficiencies some of which are transformational, however a large number of the proposals put forward will inevitably impact on front line service delivery. The figures beyond 2014/15 are therefore subject to revision as alternative models of delivery and other savings are identified through the councils budget and cost improvement strategy, these together with any unforeseen budget pressures will be considered as the Council determines its budget.

### **4. Budget Strategy Approach**

- 4.1 The Medium Term Plan approved in March 2013 identified a funding gap of £35m over the next 3 years, this was based on the assumption that funding levels for 2014/15 would be similar to that of 2013/14 with a reduction of 3.3%

projected for 2015/16. Savings were identified to fill the majority of the gap that was estimated at £35m at that time.

- 4.2 During the summer of 2013 it became clearer that funding for Wales was to take a further cut of £110m for 2014/15. Publication of the settlement in the Autumn confirmed Powys' funding would be reduced by £8.712m, 4.6%.
- 4.3 The reduction in funding coupled with increasing costs for inflationary pressures, new responsibilities and increases in service demand increased the budget gap to £20m for 2014/15, £40m over 3 years.
- 4.4 With savings of £8.4m already identified for 2014/15 a further £11.6m was required, services were targeted with delivery proportional savings to meet this.
- 4.5 The financial pressure will continue and the Council recognises that it must operate at a much lower cost. Our vision "Efficient Services for the Green Heart of Wales" means that services must be cost effective and focused on core outcomes for residents, business and communities.
- 4.6 A shift in cost of this magnitude cannot be achieved through an annual budget process of targeting services with savings, it is a continual process which is developed within a clear cost improvement strategy. This requires a better understanding of each services cost base and the application of a model of key cost cutting themes which require consistent and coherent cross council action is in place. This is a new approach for the Council.
- 4.7 The objective of the cost improvement strategy is:-
  - To set out the financial gap between demand and funding.
  - Identify additional cross-council approaches that help services improve cost.
  - Collate an overall cost improvement programme and help stakeholders to prioritise and commit.
  - Provide rigorous processes for benefit management and for understanding and managing cost.
  - Challenge to ensure robust and reliable benefit delivery and to track that deliver.
- 4.8 The cost improvement streams are as follows:-
  - **Income** - Agree fees and charges principles and policy; collate fees and charges register and baseline. Apply principles and benchmarks to scope potential opportunities. Develop business case for each change and agree new fee levels.
  - **Third Party Spend** - Prepare spend analysis and contract relet schedule. Prepare opportunity diagnostic and apply in services. Identify and deliver tactical negotiations prepare sourcing strategies for longer term opportunities.



- **Service Commissioning Review** - Agree service lines for commissioning undertake initial scoping of cost, current approach, statutory and citizen requirement and service pressures, Use this to identify tactical service changes and priority opportunities for service commissioning
- **Management Delayering** - Set spans and layers principles and structure diagnostic approach; establish current staff baseline and reporting structures. Apply principles and identify roles who will no longer manage. Agree people process to risk assess and release posts.
- **Transport** - Improve utilisation of vehicles and reduce leased vehicles by managing individual service requirements together from a single fleet. Deliver alongside Northgate intervention.
- **Property** - Collate single property register. Identify influencable property costs – lease terminations, revenue costs etc. Review current and future occupancy against capacity. Set occupancy principles and work with services to identify opportunities to adjust and release cost.
- **Aggregate Support** - Review status of current support functions against the new operating model and assess the level of fragmentation. Scope potential opportunities for aggregation.
- **Enabling** - Provide improved cost base and cost driver analysis to services. Outline an opportunity management process to track identification, testing and development of cost reduction opportunities at a whole council level.
- **Channel Shift** - Identify main tasks people want to complete with the Council and shift these to electronic self-service channels. Publish a new, fully mobile compatible website structured around these tasks with up to date and relevant content. Establish frameworks for developing services online and for maintaining the website.

4.9 The scale of the financial challenge experienced by Powys has not been faced on previous years. This requires a new approach to savings delivery. A 'Star Chamber' event was held to sign off the proposed budget and savings to be submitted to Cabinet. Heads of Service presented their savings proposals and delivery plans to Management Team to provide the required level of assurance that the plans would be delivered and that any required Equality Impact Assessments were carried out. The Council's approach is both to challenge delivery and also support changes required to deliver financial balance. The emphasis in the budget round has been on a corporate approach that identifies risks and mitigation.

## 5. Links to Corporate Objectives

5.1 The budget has been developed this year within the framework of the Statement of Intent, a range of issues including community needs and resident's views, financial and inflationary pressures, performance and

regulatory reviews from Welsh Audit Office, Estyn and CSSIW have all been considered.

5.2 The council recognised the challenges which were posed with the tough financial settlement and the cabinet reaffirmed the council's vision of "Efficient Services for the Green Heart of Wales". The vision envisages a future council securing services which are targeted at outcomes and are delivered by the most effective provider. In addition the council will seek to sustain communities by developing the capacity for them to design and deliver services in the long term.

5.3 To deliver this vision the council has created a new operating model which will seek to commission future services based upon the following priorities:

- Remodelling council services to respond to reduced funding.
- Supporting people within the community to live fulfilled lives.
- Developing the economy.
- Improving learner outcomes for all, minimizing disadvantage.

It is the Cabinet's intent that these priorities will help deliver the necessary changes. Citizens need to understand that local authorities can no longer deliver all the services in the traditional way and that to maintain services communities and citizens will be supported to do more for themselves. Staff will be encouraged to work in new ways and to take on new responsibilities.

#### 5.4 **The Statement of intent**

- Provides explicit strategic direction and expectation for the council for the period 2014-17.
- Informs service business, financial and programme planning processes.
- Confirms the financial gaps and sets financial targets for how those gaps may be addressed.
- Ensures that Cabinet, Management Team and Heads of Service have shared ownership and commitment to the direction set.
- Provides clear communication to council staff.

5.5 It is the combined point of view from officers and members of how the council will meet its citizen, service and financial obligations over three years in a deliverable and sustainable way. It:

- represents our best understanding at one point in time as to how the council will address financial and service pressures over three years.
- provides a unified whole council view and allows officers and members to balance priorities between services and individual opportunities. It ensures that individual service changes are coherent and do not compromise each other. It ensures that the overall effect of changes on staff and citizens is recognised.
- provides a guiding hypothesis to be tested and developed through the business and budget planning process

- will be adjusted as our understanding changes.

## 5.6 Service Intent

It is important to note that despite the unprecedented financial reductions and pressures the council will still be a major provider or commissioner of services. However to help shape the future, services have been classified as:

- Excellent – A beacon service for the Council
- Effective but economical – Delivering universal services well
- Exit – Others are better able to deliver

In turn services in all three categories have been assessed against the following criteria

- Commissioning/service redesign
- Process redesign
- Cost improvement

These principles have been applied to current services in order to realise the savings required. The resultant proposals are included in this plan, the council budget, and the One Powys Change Plan.

## 5.7 Delivering in Partnership – One Powys Change Plan

We believe that we can best deliver this statement of intent through working with our Local Service Board Partners. We will jointly develop and implement a single improvement plan as required by Welsh Government. Many of our cross cutting themes outlined in section 3 above will support the delivery of the One Powys Change Plan.

## 6. Key Budget Proposals

- 6.1 The budget for 2014/15 has decreased by £6.125m, funding provided to meet areas of new responsibility, improve and modernise services, and to fund cost pressures across services totals £12.237m.
- 6.2 All pressures and savings included in the previous Medium Term Financial Plan for 2014/15 have been reviewed and amended if necessary.
- 6.3 Government continues to impose new legislation and policy pressures, backed by tougher regulatory and inspection regimes. These do not always accord with local priorities and pressures. Demographic changes interact with these priorities to create increased demand on resources well in excess of funding available. The following investments has been included for 2014/15:-

- Landfill Tax £158k

- Waste Services £700k
- Home to School Transport £200k
- School Improvement £220k
- Increase in School Roll £6k
- Capacity & Capability £157k
- Coroners £11k
- Capital Charges £300k
- Prudential Borrowing £72k
- Council Tax Reduction Scheme £400k

6.4 Adult Social Care revenue budgets have experienced significant pressure, costs have escalated and savings have not been delivered, this has resulted in overspends year on year. The budget proposes a further £3.026m of growth for this service area, which will be held centrally only to be drawn upon by the service as it transforms its services.

6.5 The settlement included a number of grants which have been transferred into the Revenue Support Grant. These are detailed in section 2.10 above and it is proposed that this funding is passported directly to the service areas.

6.6 WG indicated that it expects Councils to protect funding for schools, after considering the impact that the increase in the Pupil Deprivation grant has on this figure a further £325k is included to increase the funding for schools.

6.7 Inflationary pressure has an impact on the council's budget. RPI is currently 2.7%, while CPI is 2.0%. This pressure has been considered and where it has a significant impact on service budgets it is proposed that specific budget lines are provided with additional funding, these include

Gas, Electricity, Oil – 5%, Petrol – 4%, Food – 2.3%, Rates – 2.4%, Home to School Transport – 2.4%, mobile phones – 3.9%.

6.8 A 1% pay award is also expected and this has been provided for. These pressures total £1.517m. Schools have not been included in this provision as it is assumed that these costs will be met from the protection provided.

6.9 Job evaluation was implemented from April 2013 and service budgets were amended in 2013/14 to reflect the impact on staffing costs, posts were funded at the salary point required for the first year with further funding included for incremental rises for the 2<sup>nd</sup> and 3<sup>rd</sup> year in the Medium Term Financial Plan, this is included in the budget proposals.

- 6.10 Fees and Charges - The economic climate has in recent years had an adverse impact on the levels of income generated from Fees and Charges; as a result of this the Council has not assumed a flat rate increase across all fees and charges. Increases have been made in a targeted way with regard to market comparisons in setting charging levels, and by introducing new charges for things not previously charged for with the emphasis on full cost recovery where appropriate. This work will progress under the Income cost improvement stream and will deliver further increases for the future years. Some service areas have already identified increases in fees and charges in their individual budget plans and these are included in the budget for 2014/15.
- 6.11 The overall funding from Welsh Government and the increase in Council Tax is not sufficient to deliver the level of additional services required. The financial pressure on the Council has again risen significantly and in order to balance the budget efficiency savings of £16.862m have been identified, the savings can be summarised as those that :-
- Transform Services
  - Increase charges for existing services
  - Introduce new fees and charges for services
  - Reduce some services
- 6.12 Service budget Strategies and key proposals are outlined for each Directorate in section 2 of this document. A full list of all efficiency savings is included in Appendix C
- 6.13 Further to the proposals above there remains a budget gap for 2014/15. Savings of £2m were originally proposed in the provision of the council wide transport services, however it has become clear that the timing of delivering these savings is not going to impact on 2014/15 as originally thought, with only £500k now proposed. It is proposed that the £1.5m shortfall is funded from general reserve for 2014/15, the reserve must be replenished in following years and this is built into the Financial Resource model.
- 6.14 The Financial model originally identified a shortfall of £20m, this shortfall has been found from not only the savings proposals above but by a reduction in the budget pressures, the use of reserves and a change in the level of Council Tax proposed. The table below shows the reconciliation of the final proposals back to the original £20m gap.

Savings proposed	£16.862m
Reduction of Pressures following review	£ 0.612m
Increase in Council Tax to 3.95%	£ 0.982m

Temporary use of Reserves	£ 1.500m
<b>Total</b>	<b>£19.956m</b>

## 7. Grants

- 7.1 In 2013/14 the Council relied upon £31.7m of specific grants from Welsh Government to support services. The Council has received notification of changes to the following grants;

Grant name	<u>Annual Grant</u>		<u>Change</u>
	2013-14 £00 0's	2014-15 £000' s	2014-15 £00 0's
Pupil Premium Grant	758	1,623	865
Flying Start	1,042	1,713	671
Local Flood Authorities Grant	90	100	10
Post-16 Provision in Schools	6,536	5,882	-654
Supporting People Programme Grant	6,038	5,736	-302
14-19 Learning Pathways	740	479	-261
Foundation Phase Grants	4,325	4,218	-107
Welsh in Education Grant (WEG)	380	335	-45
School Effectiveness Grant	1,250	1,219	-30
Outcome Agreement Grant	1,393	1,363	-30
LA Animal Health & Welfare Framework	165	145	-20
Youth Work Strategy Support Grant / Youth Service Revenue & Training Grant	120	108	-12
Minority Ethnic Achievement Grant	188	179	-9

- 7.2 The Council has not yet received all notifications of grant allocations for 2014/15 therefore there could be further changes.
- 7.3 Grants provided by WG often reduce or cease, it is therefore essential that services consider the impact this will have and develop appropriate exit strategies.

## **8. Equalities Impact Assessment**

- 8.1 We have a duty to provide an Equality Impact Assessment (EqIA) to support the budget planning process, in order to understand whether our proposals will have an adverse impact on any particular group of people or could result in direct or indirect discrimination. We have undertaken these assessment to meet the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.
- 8.2 Where required the budget proposals have been equality impact screened, those proposals that are deemed to be high or medium risk are likely to need full EqIAs. The proposals will not be able to be implemented until those assessments have been undertaken and properly considered.

## **9. Capital Programme**

- 9.1 It is important that the Council continues to renew its core infrastructure, such as schools and housing, in spite of cuts by central government. The Council is also aware that much of its capital investment is spent with businesses within Powys or its near neighbours.
- 9.2 Maintaining the capital programme has a significant regeneration impact on the economy of Powys alongside the direct effect of better infrastructure to deliver services from.
- 9.3 The Council receives a core capital allocation from Welsh Government, in 2014/15 this allocation has slightly reduced by £0.027m to £7.567m, in addition to this the capital programme is funded through borrowing money and repaying this over a number of year. The repayment costs form part of the annual revenue budget.
- 9.4 This strategy supports the authority's priorities over the next 5 years, funding is included for the following projects:
- School Modernisation Programme including Brecon High School Campus, Gwernyfed Catchment and the Severn Valley Welsh Medium School.
  - Highways Improvements, Flood Alleviation Schemes, Replacement Bridges.

- Waste Management.
- Brecon Cultural Hub.
- ICT Strategy.
- Welsh Housing Quality Standard which is to be achieved by March 2018.
- Regeneration and Development.

9.5 The Capital Strategy is attached as Appendix D. The Strategy itemises the Council's capital programme for the next 5 years with the budget totalling £152.8m. This is a significant commitment. In addition a further £13.5m is included for the Welsh Quality Housing Standard Programme with the standard to be achieved by March 2018.

## 10. Risks

- 10.1 There are a number of risks associated with the budget plans. These are noted below:
- 10.2 Service Savings - The level of savings required in 2014/15 are significant, any unforeseen delays in implementation will impact on the achievement of the reductions required. The Reserve position of the Authority is in line with the prudent range of 3-5% and these will be utilised to "smooth" any slippage in delivery of the savings. The approach is supported by a new policy around the use of reserves: all reserves are corporate rather than service based. The replenishment of these reserves will be required in the following year in addition to the achievement of the saving itself. Plans within service area need to be managed robustly in order to limit any underachievement.
- 10.3 Staffing Reductions - are a significant part of the proposals across all services of the council, it is anticipated that around 400FTE posts will be removed from the organisation. In order to do this in a planned and managed way a Voluntary Severance Scheme has been introduced for employees across the council (other than school based staff). This will incur substantial severance pay costs and the budget proposal includes £2m revenue funding to assist with these, in addition the use of reserves or the capitalisation of these costs will be considered.
- 10.4 Income – the budget is supported by £85m of generated income and therefore services need to constantly review their income levels and develop creative plans to ensure that they are sustained.
- 10.5 Council Tax – collection rates continue to be good in Powys at 98.5%. This needs to be sustained. It is not yet known whether the welfare reform will have an impact on the collection of council tax within Powys. The budget includes an increase in the council tax base for 2014/15.
- 10.6 Single Status – the council has mitigated the financial risk of potential equal pay claims by holding a reserve to support these costs.



- 10.7 Reserves - The Medium Term Financial Plan approved for 2013/14 included a revenue budget of £500m to replenish the general reserve on an annual basis to maintain reserves at an appropriate level, this remains within the budget for 2014/15.
- 10.8 Treasury Management – the revenue budget and capital programme are supported by daily cash movement managed within our borrowing and investment strategies, the financial climate has a significant impact on these activities. We continue to monitor these on a daily basis.
- 10.9 Service Pressure – Adult Social Care revenue budgets have experienced significant pressure, costs have escalated and savings have not been delivered, this has resulted in overspends year on year. This had led to an unsustainable deficit reserve on the balance sheet that represents adult social service overspends from previous years. These are unlikely to be ‘repaid’ by the directorate. As a result this position will be resolved by being offset by service reserves built up in other directorates. This means that going forward social services will not have the added burden of repaying the ‘debt’. The budget proposes a further £3.026m of growth for this service area, which will be held centrally only to be drawn upon by the service as it transforms its services.

## **11. Consultation**

- 11.1 The council regularly seeks the views of a number of stakeholders in respect of the needs of the communities within Powys. This year the council has worked with the Local Service Board to undertake a Joint Strategic Needs Assessment (JSNA) of the community to assist with the production of the One Powys Change Plan. The Council has also undertaken a residents survey to ascertain a range of views on current services and future issues. The JSNA and residents survey have helped frame a number of service drivers which are captured by the council’s revised priorities.
- 11.2 In order to help shape the approach to meeting this unprecedented funding challenge, the Council engaged with the public during January 2014 to seek the views of Powys residents on the proposed approach to balancing the budget. A series of public meetings and workshops were held across the County alongside an on-line survey.
- 11.3 385 people attended either a workshop or a drop in session to talk face to face with directors, managers and members about the budget proposals. Some took a paper survey away with them to complete. In total 1754 residents completed the survey. The response rate equates to over 1% of the population and could be classed as broadly representative of residents views.
- 11.4 The following chart shows the difference between the Powys population and the respondents to the budget discussions.

	<b>Our population</b>	<b>Percentage</b>	<b>Budget respondents</b>
Age Group	Numbers	%	%
Under 45	39,700	35.9%	35%
45 – 64	39,100	35.4%	43%
65+	31,800	28.8%	20%
Total	110,600	100%	98%

- 11.5 The chart shows that we had a good response from those aged under 45 years of age and this matched the actual population. The 45 – 64 age group was over represented in the budget events and the over 65 age group was under-represented.
- 11.6 This is in part due to the fact that some of our older residents may not have felt or been able to complete the survey on-line and perhaps would have preferred to complete a paper survey. This is an area for learning and consideration with regard to this age group. The report “Feedback Report on the 2014/15 budget proposal discussions and engagement with the public.” is attached.

## **Section 2 – Directorate Proposals**

### **1. People Directorate**

- 1.1 The People Directorate will be developing a number of whole system approaches both within the directorate, across the council and with key partners in order to reduce their current budget of £73.1 million by a forecast shortfall of £8.7 million.
- 1.2 The main thrust of the approach across Adult Social Care, Children's Services and Housing will include:-
- The re-design of service and management structures including the de-commissioning of services. Where there is value to be added this will also include working regionally to improve purchase power and make better use of specialist skills where critical mass does not exist in Powys.
  - Continuing to build on the successes of an early intervention and prevention approach with well-defined and integrated care pathways, including a joint approach with Powys teaching Health Board and other critical partners such as the third sector.
  - Working on clearer eligibility criteria alongside full cost recovery access model to services such as income generation (where a client can afford more) and Direct Payments.
- 1.3 It is inevitable that as part of this strategy there will be a significant change to the type and level of service we can offer our citizens, however the premise remains focused on supporting and protecting the most vulnerable.
- 1.4 As a Directorate we remain committed to
- High quality efficient and effective services that focus on impact and outcomes.
  - Engaging with the citizen by building social capacity both in the individual and community – in essence of co-production.
  - Develop effective and efficient care pathways from universal through to acute, through managed demand for the whole population.
  - Equity of access – ensuring that the resource requirement and true service cost is fully understood.
  - Partnership and collaboration essential with key partners.
  - Generating income where enhanced services can be delivered.
  - Understand costs of delivery.

## **2. School Service**

- 2.1 The Schools Service has an overall budget of £97 million of which in the region of £72 million is delegated to schools. Of the £25million retained centrally a significant amount in the region of £9 million is used to provide home to school and home to college transport.
- 2.2 In reducing the budget there will consideration at all times on minimising the impact on children and young people to ensure standards in terms of learner outcomes and well-being are at least maintained at the current level and where possible improved to ensure Powys is ranked amongst the highest authorities in Wales and that our children and young people acquire the skills and qualifications to succeed.
- 2.3 There will be a number of approaches used including service transformation and the consideration of the withdrawal of or charging for a number of services which are non-statutory.

These include:

- Implementing a restructuring of services for additional learning needs, inclusion and behaviour
- Restructuring of certain aspects of the School Improvement Service, working towards hub and regional collaboration to deliver the National Model for School Improvement
- Reviewing the school infrastructure to ensure affordability, sustainability and leadership capacity
- Review the provision of the school's library service.
- Reviewing the schools meals service.
- Consideration of the transfer of some non-statutory provision to school delegated budgets

## **3. Place Directorate**

- 3.1 The Place Directorate provides a wide range of front line services to Communities across the County, many of which are highly valued and essential to Health and Wellbeing.
- 3.2 Services will contribute to the delivery of the One Plan where possible. In addition services will seek to achieve maximum efficiency and effectiveness whilst remaining within the budget allocated.

The overall approach is to:-

- Ensure that the Councils new Operating Model is applied to all staff structures so that the workforce is efficient, responsive and accountable.

- Review Third Party spend so that contracts and specifications are appropriate and proportionate in respect of the Councils priorities, whilst developing a Commissioning approach to service provision.
- Review the use of Property to maximise the opportunities for shared service delivery whilst reducing the Councils property portfolio to eliminate unnecessary cost, and increase capital receipts.
- Consider ways in which the cost of Transport can be reduced to ensure budgetary compliance whilst taking into account the rural nature of the authority and resident needs.
- Where possible and appropriate, maximise the recovery of costs particularly in areas where alternative service provision is available.
- Adopt a Commissioning approach to service delivery based on evidenced need.
- Continue to explore collaborative arrangements with partners with a particular focus on increasing efficiency and reducing cost, so as to support priority service areas across the Council.
- Identify areas where the Directorate may need to cease providing services that are no longer appropriate or required.

More specifically in respect of particular services area we will:-

### **3.3 Highways, Transport and Waste**

- Continue the modernisation of Fleet Management and the Waste Collection Service to ensure vehicles and staff are utilised in the most productive way possible whilst meeting Waste and Recycling targets.
- Consider how Fees and Charges can be used more effectively to support the Councils budget requirements

### **3.4 Regeneration, Property and Commissioning**

- Undertake a Corporate Review of Property to ensure that opportunities are taken to reduce liabilities whilst supporting the priorities of the Council.
- Review the Councils Regulatory Services in terms of service delivery, to ensure a proportionate approach whilst continuing to improve Community Safety

### **3.5 Leisure and Recreation**

- Progress the decision to develop and implement a new Not-for-Profit organisation to manage Leisure and Sports Centres on behalf of the Council.
- Review the provision of Leisure and Sports Centres, and Libraries, to ensure long term affordability and sustainability.
- Continue to progress the transfer of assets from the Council to other organisations, in order to encourage and facilitate community engagement in the delivery of appropriate services.

#### **4. Resources Directorate**

4.1 With an overall budget of £16.2m (of which 83% is spent on staffing) the focus will be on changing service delivery in order to meet the Directorate's £3.35m budget reduction requirement over the next 3 years. As a result just over £3m will need to be delivered through changing management structures and removing posts. The balance will come from reducing external expenditure and efficiency savings. The approach being taken is as follows across the two service areas in the Directorate:

#### **4.2 Professional Services & Commissioning**

- Restructure Professional Services and reduce staffing levels
- Development of a customer focussed culture
- Take out Management layers
- Put in place a `Contract` with Internal Customers to specify service levels
- Invest in Procurement and centralise resources
- Explore collaboration where appropriate

#### **4.3 Business Services**

- Review of Business Support provided to directorates
- Redesign the Income and Awards service (Revenues and Benefits)
- Reduce Third Party Spending
- Seek Income Opportunities (Payroll)
- Review processes to take out unnecessary activities

#### **5. Change and Governance**

5.1 Change & Governance will re-model its services to work within a budget that reduces by £1.2m over the next 3 years. Our approach is:

#### **5.2 Organisational Development & Partnership Support Services:**

Excellence in Organisational development & effective but economical in performance management.

- Continue to implement the Organisational Development plan and develop the required culture, behaviour and skills
- Develop the Local Service Board arrangements through a single planning process & multi agency performance improvement & reporting
- Provide support Commissioning, service innovation & process re-design support
- Outcome based performance management & decision support

- From Performance management to Performance improvement, providing joined up, targeted and efficient planning & performance processes
- Fewer, more highly skilled 'decision support' staff and increased skills in operational management to reduce the need for central support
- Maintain a direct connection between regulator feedback and our OD plan

### 5.3 Customer Services

Excellence where required by the service but mainly effective & economical:

- Focus on ease of Customer access, remote / small town access & more web based 'self service'. This will also enable us to realise the benefits of reduced processing costs associated with web / automated transactions.
- Focus resources on highest need / most vulnerable through further developing our Health & Social care 'comms hub'.
- Provide more at the first point of contact for citizens and migrate more contact into the corporate contact methods.
- Further 'multi skill' our staff and collaborate with other services & public sector bodies where service and cost improvements can be made, for example delivery of services through Libraries.
- Re-model customer services in line with Hay management layer principles and making best use of property & technology.

### 5.4 Information services

Excellence in business change but effective & economical for core services:

- Complete current work on 're-commissioning' of IS application to align staffing with business needs and Hay management layer principles.
- Develop resources and capability to support business change & commissioning
- Improve the operational efficiency for core ICT services including increased ability for users to 'self serve'
- Continue to develop our use of national, regional & local collaboration and partnership with the public & private sector where it can improve services and reduce costs
- Continue to invest to keep pace with technology as a key enabler of service re-modelling
- Review our overall spend with third parties on ICT equipment to reduce costs

### 5.5 Corporate legal & democratic Services

Service strategy – effective but economical:

- Effective, efficient scrutiny process integrated to ODP and meeting the needs of the business and our regulators

- Continue to develop the member role in change & improvement



## Financial Resource Model

	<b>2014/15 Budget £'000</b>	<b>2015/16 Budget £'000</b>	<b>2016/17 Budget £'000</b>
<b>Net Budget</b>	<b>248,238</b>	<b>242,113</b>	<b>238,439</b>
<b>Total Inflation</b>	<b>1,517</b>	<b>1,543</b>	<b>1,570</b>
	<b>249,755</b>	<b>243,656</b>	<b>240,010</b>
<b>2014/15 Grant Transfers/Changes</b>			
Lead Local Flood Authorities	0	100	0
First Steps Improvement Package	160	0	0
Council Tax Support Admin	165	0	0
Council Tax Reduction Scheme	791	0	0
Local Government Borrowing Initiative	321	0	0
Public Facilities Grant	18	0	0
Council Tax Reduction Scheme Grant for Pensioners	141	0	0
<b>MTFP Changes</b>			
Protection for Schools	325	292	0
<b>Identified Pressures</b>			
Council Tax Reduction Scheme for increase in Council Tax	400	0	0
Job Evaluation	1,787	1,617	125
Coroners	11	11	11
Management of Change	2,022	0	0
<b>Additional Pressures Identified</b>			
<u>People</u>			
Adult Services Demographics	3,026	3,175	0
<u>Place</u>			
Waste	858	0	0
Regeneration	0	10	0
Leisure & Recreation	0	273	0
<u>Schools</u>			
Transport	200	0	0
Increase in rates	0	103	0
School Improvement	220	0	0
School Modernisation	0	96	0
Increase in School Roll	6	138	212
<u>Change and Governance</u>			
Capacity and Capability	157	0	0
PSBA	0	0	220
<b>Capital Financing Costs</b>			
Cost of Borrowing	300	200	0
New Capital Funding	72	96	0
Investment Income			
Reducing Growth Pressures	(260)	0	0

	<b>2014/15 Budget £'000</b>	<b>2015/16 Budget £'000</b>	<b>2016/17 Budget £'000</b>
<b>Savings Identified</b>			
Balance of Headcount Savings from 2013/14	(1,017)	0	0
<b>Additional Savings Identified</b>			
<b>People</b>			
Adult	(2,705)	(1,399)	(750)
Children	(696)	(20)	(8)
Housing	(237)	(104)	0
<b>Place</b>			
Highways, Transport and Recycling	(3,387)	(2,176)	(143)
Regeneration, Property and Commissioning	(597)	(414)	(14)
Leisure & Recreation	(877)	(645)	(284)
<b>Resources</b>			
Business Services	(1,181)	0	0
Professional Services	(875)	0	0
<b>Schools</b>			
Schools	(2,366)	(1,343)	0
Schools Delegated	(762)	(650)	(387)
<b>Change &amp; Governance</b>	(935)	(249)	0
<b>Other Corporate</b>	(1,752)	(1,400)	0
<b>Total Savings</b>	<u>(17,387)</u>	<u>(8,398)</u>	<u>(1,584)</u>
<b>Reserves</b>			
Repayment of Windfarm Costs	0	560	0
Temporary Use of Reserves	(975)	488	488
<b>TOTAL BUDGET</b>	<u>242,113</u>	<u>242,417</u>	<u>239,480</u>
<b>Funded by</b>			
AER	182,077	177,053	169,971
Council Tax	60,035	61,386	62,767
<b>Total Funding</b>	<u>242,113</u>	<u>238,439</u>	<u>232,739</u>
<b>(Shortfall) / Balance</b>	0	(3,977)	(6,742)
<b>Band D Increase</b>	£1,000.11 3.95%	£1,022.61 2.25%	£1,045.62 2.25%

**Efficiency Savings**

Service Area: Regeneration, Property & Commissioning

Service Area : Corporate

Portfolio Holder : Rosemarie Harris, John Powell, Garry Banks

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from above list)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
Management Delaying - Place Directorate	167,000			5	Management Delaying	Non	Not needed	No	Y
Third Party Spend - Regeneration & Property Service	47,660				Service / Commissioning Review	non stat	Not needed	no	
Saving not achieved in 2013-14	-51,340				Other				
<b>Overall</b>	<b>163,320</b>	<b>0</b>	<b>0</b>	<b>5</b>					

**Efficiency Savings**

Service Area : Environmental Health

Portfolio Holder : John Powell

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from above list)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Transfer liability for privately owned landfills to landowners	20,000	50,000	0	0	Service / Commissioning Review	Non Statutory	Not needed	Yes	Y
Utilitise sub-contractors to carry out grave digging throughout the county	8,000	0	0	?	Service / Commissioning Review	Statutory	Not needed	Yes	Y
Stop delivering pest control and close service down	25,000	20,000	0	1	Service / Commissioning Review	Non Statutory	Yes	Yes	Y
Sell professional training H&S/Food/Licenses	1,000	2,000	0	0	Income	Non Statutory	Not needed	No	Y
Introduce charges for professional advice	3,000	0	0	0	Income	Non Statutory	Not needed	No	Y
<b>Overall</b>	<b>57,000</b>	<b>72,000</b>	<b>0</b>	<b>1</b>					

**Efficiency Savings**

Service Area : Development Management / Spatial Planning

Portfolio Holder : Rosemarie Harris

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Introduce pre-planning advice for businesses (small householders excluded)	30,000	0	0	0	Income	non	Yes	Yes	Y
<b>Overall</b>	<b>30,000</b>	<b>0</b>	<b>0</b>	<b>0</b>					

**Efficiency Savings**

Service Area : Development Management / Spatial Planning / Building Control

Portfolio Holder : Rosemarie Harris

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Go fully electronic	0	15,000	0	1	Channel Shift	stat	Yes	no	Y
<b>Overall</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>1</b>					

**Efficiency Savings**

Service Area : Development Management

Portfolio Holder : Rosemarie Harris

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£s	£s	£s						
Planning Performance Agreements	15,000	0	0	0	Income	stat	Not needed	no	Y
<b>Overall</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>					

**Efficiency Savings**

Service Area : Spatial Planning

Portfolio Holder : Rosemarie Harris

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£s	£s	£s						
Reduce number of conservation officers from 3 to 1	45,000	15,000	0	2	Management Delaying	non	Yes	yes	Y
<b>Overall</b>	<b>45,000</b>	<b>15,000</b>	<b>0</b>	<b>2</b>					

**Efficiency Savings**

Service Area : Trading Standards

Portfolio Holder : John Powell

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£s	£s	£s						
Sell laboratory work to private clients	1,000	2,000	0	0	Income	Non Statutory	Not needed	No	
Reorganise the Trading Standards staffing "de-layer"	30,000	20,000	0	1	Management Delaying	Statutory	Yes	Yes	Y
<b>Overall</b>	<b>31,000</b>	<b>22,000</b>	<b>0</b>	<b>1</b>					

**Efficiency Savings**

Service Area : Building Control

Portfolio Holder : Rosemarie Harris

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£s	£s	£s						
Primary Authority arrangements	0			0	Income	stat	Not needed	no	
Deliver Animal Health services on behalf of other Local Authorities through SLA agreements	0			0	Income	stst	Not needed	no	
restructure Building Control team	0	0	0	0	Management Delaying	non	Yes	yes	Y
<b>Overall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>					

**Efficiency Savings**

Service Area : Property

Portfolio Holder : Garry Banks & John Powell (FM)

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Outsource Facilities Management assume a flat 3% savings	0	74,000		30	Service / Commissioning Review	non	Yes	yes	Y
Corporate Property Disposal Programme	108,000			0	Service / Commissioning Review	non	Yes	yes	Y
Seek opportunities for co-location	0			0	Service / Commissioning Review	non	Yes	Yes	
Disposal programme for Workshops/ industrial units	0			0	Service / Commissioning Review	non	Not needed	NO	
Added value/ disposal programme for County Farms	0			0	Service / Commissioning Review	non	Not needed	no	
Review framework with Capita and appoint staff internally	0			0	Third Party Spend	non	Yes	yes	Y
<b>Overall</b>	<b>108,000</b>	<b>74,000</b>	<b>0</b>	<b>30</b>					

**Efficiency Savings**

Service Area : Community Safety

Portfolio Holder : Rosemarie Harris

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Introduce charges for training provision (Domestic Abuse and ASB)	500	1,000	2,500	0	Income	Non Statutory	Not needed	No	Y
Rationalise income generation opportunities from enforcement of ASB issues (particularly environmental ASB)	5,000	0	0	0	Income	Statutory	Not needed	Yes	Y
Charge partner agencies for co-ordination services provided/Regional Community Safety approach	5,000	0	0	0	Income	Statutory	Not needed	Yes	Y
<b>Overall</b>	<b>10,500</b>	<b>1,000</b>	<b>2,500</b>	<b>0</b>					

**Efficiency Savings**

Service Area : Regeneration

Portfolio Holder : Rosemarie Harris & Garry Banks (Workshops & Property)

Responsible Officer : Sue Bolter

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Sell the Wyeside caravan Park as a business and dispose on open market.	0	14,250	0	2	Property	non	Not needed	yes	
Withdraw funding from some Community TICs	12,500	0	0	0	Service / Commissioning Review	non	Yes	yes (done)	Y
Move the Brecon TIC into the Museum & let existing property	0	0	11,250	3	Property	non	Yes	yes	
Change Business grants to loans £200,000 14/15	0	175,000	0	0	Third Party Spend	non	Yes	yes	
Bring Industrial Workshop management in-house	10,000	0	0	0	Third Party Spend	non	Not needed	no	
Restructure regeneration and Property Services staffing	65,000	26,000	0	4	Management Delaying	non	Yes	no	
Reduce community Partnership grants by 5%	15,000	0	0	0	Enabling	non	Yes	no	
Review all existing discretionary fees and charges	35,000	0	0	0	Income	non	Yes	no	
<b>Overall</b>	<b>137,500</b>	<b>215,250</b>	<b>11,250</b>	<b>9</b>					
<b>Overall Total</b>	<b>597,320</b>	<b>414,250</b>	<b>13,750</b>	<b>44</b>					

Service Area : Highway Transport &amp; Recycling

Portfolio Holder : John Powell &amp; Barry Thomas (Waste)

Responsible Officer : Richard Hobbs

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Waste Collections	500,000	300,000			Service / Commissioning Review				Y
Organisational Efficiencies	154,000			7	Service / Commissioning Review				
Fleet transformation (Northgate) 12/13 - 15/16	1,300,340	1,757,120	142,540		Transport	Non-stat	Not needed	Done	Y
Increase consistency in charging for collection of trade waste	50,000				Income	Stat	Not needed	Yes but to inform rather than consult	Y
Seek to recharge for clinical waste collections or transfer service to LHB	60,000				Income	Stat	Not needed	Agreement required with LHB	Y
Grounds Maintenance - Standardisation and reduction of grounds maintenance specifications	200,000				Service / Commissioning Review	Non-stat		No	Y
Increase income from car parking charges by a review of season ticket charges, fines and other factors.	178,000				Income	Non-stat	Not needed	Yes but to inform rather than consult	Y
Technical Surveys	100,000				Service / Commissioning Review	Non-stat	Not needed	No	Y
Reduce Vacant Posts in Highways, Transport and Recycling	400,000			25	Service / Commissioning Review	Non-stat	Not needed	No	Y
Introduce permit charging on all council owned parking areas where parking is currently free		30,000			Income	Non-stat	Not needed	Yes but to inform rather than consult	
Reduce third party spend	161,200				Third Party Spend	Non-stat	Not needed	Yes	Y
Increase fees and charges (licences etc.) and introduce charging for advice	20,000				Income	Non-stat	Not needed	Yes but to inform rather than consult	Y
Introduce dewatering facilities at key locations - spend to save	13,490	88,490			Service / Commissioning Review	Non-stat	Not needed	No	Y
Savings within Facilities Management Service	250,000	0			Service / Commissioning Review	Non-stat	Not needed	No	
<b>Overall</b>	<b>3,387,030</b>	<b>2,175,610</b>	<b>142,540</b>	<b>32</b>					

**Efficiency Savings**

Service Area : Youth &amp; Youth Intervention, Sports Development

Portfolio Holder : Graham Brown

Responsible Officer : Neil Matthews

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Disposal of 8 regional premises Youth					Property	both	Yes	no	
Reduce SLA's funding into 3rd sectors - "overarching strategy is move to greater targeting and support/partnership with with 3rd sector providers Youth	38,000				increased targeted work via 3rd sector	non stat	Yes	yes	
Youth Service Headcount	162,000				Service / Commissioning Review				
Revaluation/delayer in office admin role						non stat	Not needed	no	
Intergrate youth information vacant posts into area youth role									
Delaying of front line									
Increase income through increase fees and charges for all Leisure and Recreation Services by an average of 5%	150,000				Income	non stat	Not needed	no	
Headcount Reduction	40,000				Post Reduction	non stat	Not needed	no	
Third Party Spend	23,830				Service / Commissioning Review	non stat	Not needed	no	
Savings proposed by realigning 5*60, AYP & sports development leisure teams, moving more to 'target work' (whilst retaining £100k grant annually) headcount efficiencies	60,000				Post Reduction	non stat	Not needed	no	
<b>Overall</b>	<b>473,830</b>	<b>0</b>	<b>0</b>						

Service Area : Culture, Libraries, Countryside, Outdoor Rec and Cleaning

Portfolio Holder : Rosemarie Harris &amp; Graham Brown (Outdoor Recreation &amp; Arts &amp; Culture) &amp; Garry Banks (Catering)

Responsible Officer : Stuart Mackintosh

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment Required	Consultation Required	Public Support
	£'s	£'s	£'s						
Reduction in Rights of Way Enforcement budget		20,000			Third Party Spend	STAT	Yes	NO	
Reduction in Rights of Way Revenue Budget		20,000			Third Party Spend	STAT	Yes	NO	
Countryside service Headcount	85,420	44,170		5	Management Delaying	BOTH	Not needed	STAFF	Y
Seasonal Maintenance (spend to LE Service)	27,500				Property	NON-STAT	Yes	NO	
Devolve Cricket/Bowling to community	40,000	30,000			Enabling	NON-STAT	Yes	NO	Y
Lease / Asset Transfer Play Areas to Community councils		20,000			Enabling	NON-STAT	Yes	YES	Y
Asset Transfer Sports Pavilions to the Community		50,000			Enabling	NON-STAT	Yes	YES	Y
Establish Sports Assocs to maintain pitches	18,800	18,800			Enabling	NON-STAT	Yes	YES	Y
Outdoor Recreation Headcount	9,430			1	Management Delaying	NON-STAT	Yes	NO	Y
Reduction in Music Development Fund	40,000				Third Party Spend	NON-STAT	Yes	YES	N
Withdraw support for theatre touring in schools	20,000				Third Party Spend	NON-STAT	Yes	NO	Y
Rent / lease out Dance Centre		7,500			Property	NON-STAT	Not needed	NO	
Lease out Drama Centre/ share building use		15,000			Enabling	NON-STAT	Not needed	NO	
Cease funding support for Theatre provision			283,500	1	Service / Commissioning Review	NON-STAT	Yes	YES	
Arts and Culture Headcount		21,000		1	Management Delaying	NON-STAT	Yes	YES	Y
Review of Museum Premises, Management and Delivery.		49,000		1	Property	NON-STAT	Yes	YES	
Museums Headcount	6,360			0	Management Delaying	NON-STAT	Not needed	NO	Y
Library Service Review.		350,000		tbc	Enabling	STAT	Yes	YES	N

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
Libraries Restructure Headcount	55,000			2	Management Delayering	STAT	Yes	Already undertakne	Y
Review frequency of cleaning (headcount efficiencies)	2,000				Property	NON-STAT	Not needed	NO	
Library & Cultural Services Efficiency savings	75,000				Service / Commissioning Review	NON-STAT	Not needed	NO	
Third Party Spend	23,830				Service / Commissioning Review	non stat	Not needed	no	
<b>Overall</b>	<b>403,340</b>	<b>645,470</b>	<b>283,500</b>	<b>11</b>					
<b>Grand Total</b>	<b>877,170</b>	<b>645,470</b>	<b>283,500</b>	<b>11</b>					



**Efficiency Savings**

Service Area : Schools

Portfolio Holder: Cllr. Myfanwy Alexander

Responsible Officer : Ian Roberts

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Reduction in School Roll	761,600	649,600	387,200	19	Other	S	Not needed	No	
CFS team to be removed	39,000	27,000		5	Management Delaying	Non	Not needed	Yes	
Adult Education	6,800				Service / Commissioning Review	S	Not needed	No	
Re-aligning of severance pay budget to account for on-going costs incurred from school closure	78,000				Other	Non	Not needed	No	
Severance pay	200,000				Other	Non	Not needed	No	
ALN/Behaviour review implementation	87,500	512,500		20	Service / Commissioning Review	Yes	Yes	Yes	N
Transfer insurance budget responsibilities (employee and premises liability) to schools delegated budget and meet from first ministers 0.9% funding commitment (protection for schools)	197,000				Other	Non	Not needed	No	N
School library service to be removed from delegated school budget from September 2014	65,000	45,000			TBC by Leisure Services Other	Non	Not needed	No	N
Transfer budget responsibility for recharges in respect of HR employment and other services to schools delegated budget and fund from First ministers 0.9% funding commitment (protection for schools)	250,000				Other	Non	Not needed	No	N
Removal of budget for transport to swimming lessons in primary sector	65,000				Other	Non	Not needed	No	Y
Removal of School Council Funding	31,200				Other	Non	Not needed	No	Y
Review of primary school bilingual allowance	75,000	50,000			Other	Yes	Not needed	Yes	
Review of LMS SEN delegated funding allowance to reflect reduction in SEN need due to increased staffing levels funded via PDG and Foundation Phase due to increased Pupil Deprivation Grant) and correlation between poverty and special educational needs	160,000				Other	Yes	Not needed	Yes	
Transfer of additional responsibility without budget for supply to delegated budget	163,000				Other	Non	Not needed	No	
ICT service requirements (web filtering, primary maintenance etc) to be delegated to schools and SLA developed	150,000	0			Other	Non	Not needed	No	
Review of property related allowances	150,000	100,000			Other	Non	Not needed	No	
School meals	292,000	208,000			Other	Yes	Not needed	Yes	Y
Athrawon Bro	150,000			7	Management Delaying	S	Not needed	Yes	
Early Years	50,000	50,000		2	Other	S	Not needed	Yes	
School Modernisation	156,000	350,000			TBC dependent on school closures and local circumstances Service / Commissioning Review	S	Yes	Yes	N
<b>Overall</b>	<b>3,127,100</b>	<b>1,992,100</b>	<b>387,200</b>	<b>53</b>					

Efficiency Savings

Service Area : Adult

Portfolio Holder: Cllr. Darren Mayor

Responsible Officer : Joy Garfitt

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£s	£s	£s						
<b>Mental Health (MH) - Residential Placement</b> - 'Rightsizing' of packages.	60,000			N/A	Service/ Commissioning Review	S	Not needed	Y - with providers.	
<b>Close the Meals on Wheels service</b> - No vulnerable customer who is unable to prepare a meal will be left without support. The service will review all clients and provides detailed advice on appropriate alternative provision. Vulnerable clients who are unable to prepare meals will receive additional Home Care calls at lunch times.	80,250	26,750		1	Service/ Commissioning Review	NS	Yes	Y - customer notice period TBC following decision.	N
<b>Reconfigure Day Time Opportunities for Older People. AND increase charges for attendance at Day Centre Provision to full cost recovery at £36 per attendance upto a maximum of £50 p/w</b>  Withdrawal of Council direct delivery in the following Day Centres and investment in new models of care: Ystradgynlais Brecon Crickhowell Llandrindod Llanidloes Newtown Welshpool  Re-invest £500k in alternative models of service e.g. Community Asset transfer and community groups running these centres, eligible customers will receive a Direct Payment from the Council to purchase a place at the community run provision or establish a 'community connecting' model for day time activities - support to reconnect and access local activities/befriending provision.	250,000	300,000	450,000	49	Service/ Commissioning Review	Y	Yes	Y - with customers and staff.	N
<b>Domiciliary care retender of independent sector.</b>	200,000			N/A	Third Party Spend	Y	Not needed	N	
<b>In Domiciliary Care</b> - Awaiting voluntary severance (VS) offer, report to Cabinet for permission to proceed.	0	300,000	300,000	65	Service/ Commissioning Review	S	Yes	Y - staff/union consultation.	
<b>Cap 'general needs' Domiciliary Care at nursing care rate (£515pw) for all EXISTING clients.</b> Customers who require larger packages than this will have the option to either pay for the additional provision themselves or move into Residential or Nursing care.	380,000	380,000		N/A	Service/ Commissioning Review	S	Yes	Y	
<b>or</b>									
<b>Cap Domiciliary Care at nursing care rate for all NEW clients (Older People).</b> Either option above or this option.	0			N/A	Charging Policy	S	Yes	Y	
<b>From 1<sup>st</sup> April 2014 cease to provide services to Moderate Service Users</b> - Based on 'Fair Access to Care Services' (FACS) criteria, PCC will only provide Social Care services to people with substantial and critical assessed needs. Customers with low or moderate needs will still have access to support, but this will be provided by the councils universal services e.g. leisure, community education, third sector providers etc.	100,000	100,000		N/A	Service/ Commissioning Review	N	Yes	Y	
<b>Retender Homebased respite</b> (sitting services)	15,000			N/A	Third Party Spend	S	Yes	Y	
<b>Domiciliary Care - stop all cleaning only calls</b>	3,750	1,250		N/A	Service/ Commissioning Review	NS	Yes	Y	N
<b>Reduce all advice service grants funded by Adult Social Care by 50% in 14/15.</b>	65,000			N/A	Service/ Commissioning Review	NS	Yes	Y	N
<b>Care and Repair grant reduction by 10%</b> - Wider review of all grants given by all Council departments and Central Welsh Government funding.	8,000			N/A	Third Party Spend	NS	Yes	Y	
<b>In partnership with Powys Teaching Health Board (PHB) increase co-operation in the assessment and processing of Continuing Health Care funded care</b> - Current assessment process complex, slow and resource intensive, including consideration of Section 33 Pooled budget for 'Continuing Health Care' (CHC).	200,000			N/A	Service/ Commissioning Review	S	Not needed	N	
<b>Rhayader Home Support</b> - Increase 'National Health Service' (NHS) funding for health related tasks.	20,000			1	Service/ Commissioning Review	S - For NHS	Not needed	Y- with Powys Teaching Health Board (PHB).	

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
Out of County Placements - Complete open book on Residential Placements.	150,000			N/A	Third Party Spend	S	Not needed	Y - with providers.	
Remodel Learning Disability (LD) Respite Care Services - To enable customers to have greater choice in the type of respite they receive and ensure that the provision of respite service is cost effective.	76,500	25,500		N/A	Service/ Commissioning Review	S	Yes	Y	
Retender Learning Disability (LD) Respite Care Provision	52,000			N/A	Third Party Spend	S	Not needed	N	
Charge Learning Disability (LD) Respite under 'Charging for Residential Accomodation Guide' (CRAG) - Financial assessment of all clients accessing respite.	7,000	3,000		N/A	Income	S			
Learning Disability (LD) Day and Employment Services - Review external contracts and reduce 1:1 support ratios to clients.	300,000	200,000		TBC	Service/ Commissioning Review	S	Yes	Y	
Learning Disability (LD) Supported Tenancies - Retendered.	188,000	62,000		N/A	Third Party Spend	S	Not needed	N	
Learning Disability (LD) contract budget - Identified underspend.	50,000			0	Service/ Commissioning Review	N	Not needed	N	
Convert 3 Learning Disability (LD) Residential Care Placements - Customers step down to Shared Lives/Adult placement.	25,000			N/A	Service/ Commissioning Review	S	Not needed	N	
Closer to Home for Out of County Learning Disability (LD) Clients - Repatriate clients into Supported Living.	50,000			N/A	Service/ Commissioning Review	S	Not needed	N	
Staffing restructure Adult Services	424,000				Service/ Commissioning Review	S			Y
<b>Overall</b>	<b>2,704,500</b>	<b>1,398,500</b>	<b>750,000</b>	<b>116</b>					

**Efficiency Savings**

Service Area : Children services

Portfolio Holder: Cllr. Myfanwy Alexander

Responsible Officer : Pauline Higham

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
£239,528 Looked After Children (LAC) and associated costs. £81,960 Commissioned Services. £72,500 Legal Services.	393,990				Other	Statutory	Yes	This is a moving target which is subject to in year changes.	
Community Support Officers (CSO) post in children with disabilities (CWD) team. 3 posts within the team, 2 would be adequate. Redundancy costs would need to be factored in if they cannot be redeployed.	24,970			1	Service/ Commissioning Review	Statutory	Not needed	Yes	
Redesign of Senior Management Team (SMT), through reduction in management structure of an Area Manager post.	74,000			1	Service/ Commissioning Review	Statutory	Not needed	No, post will be vacant on April 2014	
Fostering out of hours redesign. This will no longer be required when new out of hours (OOH) service goes live.	5,000				Service/ Commissioning Review	Statutory	Not needed	No, as service will continue to be provided by new out of hours (OOH) team.	
Reduce by 10% in Section 17 budget.	12,000	12,000			Third Party Spend	Statutory	Yes	No	
1 Social Worker post to be deleted given the regionalisation of the Adoption service.	45,730			1	Service/ Commissioning Review	Statutory	Not needed	No, as this will form part of regionalisation of Adoption service, the post is currently vacant.	
Reduce 5% off the cost of staff mileage. This figure is based on the anticipated savings from a flexible approach to working.		7,500	7,500		Transport	Non Statutory	Yes	No, this is part of the flexible working arrangements that staff have been consulted on.	
Deletion of risk assessor post from fostering team. This task can be carried out by fostering social workers. Need to factor in potential redundancy costs if redeployment is not possible.	24,060			1	Service/ Commissioning Review	Statutory	Not needed	Yes	
Reduce by one day Psychology support service received from Local Health Board (LHB).	16,210				Service/ Commissioning Review	Non statutory	Yes	No	
A whole system review of service delivery across Children's Services/ Children & Young Peoples Partnership (CYPP) is planned to commence January 2014 and complete March 2014. This will enable a restructure to achieve efficiencies and further savings. Given the significant risks, statutory functions and complexity of the work undertaken by Children's Services which impacts on other service areas and partners, any full scale service redesign has to be based on sound analysis and risk assessment.	100,000				Service / Commissioning Review		Yes	Yes	
<b>Overall</b>	<b>695,960</b>	<b>19,500</b>	<b>7,500</b>	<b>4</b>					

**Efficiency Savings**

Service Area : Housing

Portfolio Holder: Cllr. Graham Brown and Cllr. Garry Banks

Responsible Officer : Ian Fraser

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Discontinue funding 2 x Rural Housing Enablers.	35,000			2	Service / Commissioning Review	Non Statutory	Yes	Already Undertaken	Y
Discontinue Gypsy Liaison Officer post.	31,000			1	Service / Commissioning Review	Non Statutory	Yes	Ongoing	Y
Reduce by 1 the number of Technical Assistant posts in Private Sector Housing.	22,000			1	Service / Commissioning Review	Non Statutory	Not needed	Not Required	Y
Additional homelessness income.	13,000				Income	Statutory	Yes	Already undertaken	Y
Reduce by 2 the number of Homelessness Officers and mainstream duties through service redesign.	42,255	14,085		2	Service / Commissioning Review	Statutory	Yes	Planned	Y
Remove vacant post of Grant Agency Officer and mainstream through service redesign £29,140 13/14.	0			1	Service / Commissioning Review	Non Statutory	Not needed	Not Required	Y
Reduce by 1 the number of Adaptations Officers and mainstream duties through service redesign.	23,355	7,785		1	Service / Commissioning Review	Statutory	Yes	Required	Y
Savings in homelessness expenditure £17,000 13/14.	0				Third Party Spend	Statutory	Yes	Already Undertaken	Y
Review "Housing General Fund (HGF)" and "Housing Revenue Account (HRA)" functions to explore the possibilities of a more generic service.	70,000	50,000			Other	Non Statutory	Not needed	Not Required	Y
Reduction in funding of Care and Repair.		32,000			cost reduction and income generation	Statutory	Yes	Planned	
<b>Overall</b>	<b>236,610</b>	<b>103,870</b>	<b>0</b>	<b>8</b>					

Service Area : Change &amp; Governance

Portfolio Holder : Steve Davies

Responsible Officer :

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Delayer - non replacement of Employment Lawyer and use of regional group	41,000	0		1	Management Delaying	NS	No needed	No	Y
F2F Partnership Delivery with Libraries - Transfer service delivery to Library Service in remaining towns	0	100,000		4	Service / Commissioning Review	NS	Yes	Yes	Y
Payment Handling transformation - Phase 1 Cash - Move cash payments to Post Office	100,000	0		4	Service / Commissioning Review	NS	Yes	Yes	Y
Channel Shift - Automation	192,000	0		10	Channel Shift	NS	Yes	No	Y
Support & maintenance - Removal endpoint, eset and partial removal snow software contracts	39,000	15,000		0	Third Party Spend	NS	No needed	No	Y
Licensing - Microsoft enterprise	25,000	0		0	Third Party Spend	NS	No needed	No	Y
Schools - migrate schools to Office 365 cloud mail to remove existing email	6,300	0		0	Third Party Spend	NS	No needed	No	Y
Apps teams now consolidated shows up to 8 layers (IS resources project) - reduced to Hay benchmark	120,000	0		5	Service / Commissioning Review	NS	No needed	Yes	Y
IS resources project - reduce service teams	135,971	37,796		5	Service / Commissioning Review	NS	No needed	Yes	Y
Security review - removal of old portal (actual) / log rhythm system (possible)	0	6,751		0	Third Party Spend	NS	No needed	No	Y
PC refresh changes - review PC refresh budget and align with demand	40,000			0	Service / Commissioning Review	NS	No needed	No	Y
Windows 7 SCCM benefit delivery - Automate software deployment	26,500	26,500		2	Service / Commissioning Review	NS	No needed	Yes	Y
Contract Review - Civica	10,000			0	Third Party Spend	NS	No needed	No	Y
Members support reconfiguration - re-configure members support in to service desk	42,000			2	Service / Commissioning Review	NS	No needed	Yes	Y
Review OD&P Team including Learning & Development resource - Implement restructure in line with SIP & Hay benchmarks	100,000			3	Management Delaying	NS	No needed	Yes	Y
Internal service re-design across C&G - Account management approach - Reconfigure account manager model with C&G	37,000	63,000		1	Service / Commissioning Review	NS	No needed	Yes	Y
Information Services - 3rd party spend proposals are being analysed to meet this shortfall	20,229			1	Third Party Spend	NS	No needed	No	Y
<b>Overall</b>	<b>935,000</b>	<b>249,047</b>	<b>0</b>	<b>37</b>					

Directorate : Resources  
 Service Area : Business services  
 Portfolio Holder : Steve Davies  
 Responsible Officer : Mark Evans

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Management Re Structure	474,896			13	Management Delaying	Non	Yes	Yes	Y
Fixed Term Contracts	133,000			6	Management Delaying	Non	Yes	Yes	Y
Review Administrator Roles & Responsibilities	100,000				Management Delaying	Non	Yes	Yes	Y
BPR/Service Re-Design	263,538			12	Service / Commissioning Review	Non	Yes	Yes	Y
Reduction in Postage & Stationery	63,000				Third Party Spend	Non	Yes	Yes	Y
Court Costs (Council Tax, Business Rates) (Income from Public)	30,000				Income	Non	No needed	N	Y
2013/2014 Saving Surplus	116,820				Management Delaying				
<b>Overall</b>	<b>1,181,254</b>	<b>0</b>	<b>0</b>	<b>31</b>					

Efficiency Savings

Service Area : Professional Services

Portfolio Holder : Steve Davies &amp; Dai Davies ( Finance)

Responsible Officer : Jason Lewis

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
The implementation of a customer focused Professional Services that is appropriately organised to support the Council through its transformation and provides effective and responsive decision support to Directorates. The proposal includes a net loss of 18 FTE positions across Professional Services in order to meet the savings target identified for the service. The proposal is also predicated upon the development of greater autonomy within Directorates for managing routine people and budgetary management activity with the appropriate policy and development support.	850,129	190,000		18	Service / Commissioning Review	Non Statutory	Not needed	Required	Y
Reduction in transport costs of 25%	25,000	25,000			Transport	Non Statutory	Not needed	Not Required	Y
<b>Overall</b>	<b>875,129</b>	<b>215,000</b>	<b>0</b>	<b>18</b>					



Service Area : Corporate services

Portfolio Holder : Dai Davies

Responsible Officer : David Powell

Efficiency / Saving	2014/15	2015/16	2016/17	No. FTE Reduced	Cost Improvement Theme (select from drop down)	Statutory/ Non Statutory	Equality Impact Assessment	Consultation Required	Public Support
	£'s	£'s	£'s						
Balance of Headcount Savings from 2013/14	1,017,241				Management Delaying				Y
Transport transformation	500,000	1,400,000			Transport				Y
Third Party Spend	750,000				Third Party Spend				Y
Additional Staffing Savings	250,000				Management Delaying				Y
Reduction in Levy to Mid & West Wales Fire Authority	118,450				Other				Y
Reduction in Levy to Brecon Beacons National Park	61,000				Other				Y
Members buffet lunch	8,000				Other				Y
50% Reduction in Grant funding to organisations to be identified across the council	65,000				Other				Y
<b>Overall</b>	<b>2,769,691</b>	<b>1,400,000</b>	<b>0</b>	<b>0</b>					

## APPENDIX D

### CAPITAL PROGRAMME 2014/15 TO 2018/19

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
<b><u>Schools</u></b>						
Gwernyfed Catchment Modernisation	1,565	10,254	11,119	0	0	22,939
Severn Valley Welsh Medium School	3,482	4,176	0	0	0	7,658
Llanidloes/Machynlleth Catchment Modernisation	0	500	0	0	0	500
Welshpool	0	0	0	4,020	4,020	8,040
Brecon High School Campus	1,221	7,478	17,786	6,476	0	32,961
Ysgol Bro Dyfi	0	0	0	2,050	9,300	11,350
Major Improvements	1,681	1,000	1,000	1,000	1,000	5,681
	<b>7,948</b>	<b>23,409</b>	<b>29,905</b>	<b>13,546</b>	<b>14,320</b>	<b>89,128</b>
<b><u>Highways, Transport &amp; Recycling</u></b>						
Highways Core Allocation	1,250	1,400	1,400	1,400	1,400	6,850
Road Safety & Traffic Management	100	100	100	100	100	500
Local Authority Borrowing Initiative	3,750	0	0	0	0	3,750
Resurfacing	500	0	0	0	0	500
Structures	500	0	0	0	0	500
Other	1,011					1,011
Flood Alleviation Scheme - Talgarth	483	0	0	0	0	483
Flood Alleviation Scheme - Tregynon	563	0	0	0	0	563
Waste Management	5,609	0	0	0	0	5,609
Vehicle Replacement Programme	6,860	1,730	1,730	1,730	1,730	13,780
	<b>20,626</b>	<b>3,230</b>	<b>3,230</b>	<b>3,230</b>	<b>3,230</b>	<b>33,546</b>
<b><u>Housing &amp; Commissioning</u></b>						
Disabled Facilities Grant	1,500	1,500	1,500	1,500	1,500	7,500
CO2i Assistance	448	448	0	0	0	896
Landlord Loans	310	310	0	0	0	620
Flat Regeneration	200	0	0	0	0	200
	<b>2,458</b>	<b>2,258</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>9,216</b>
<b><u>Leisure and Recreation</u></b>						
Brecon Museum Phase 2	1,090	3,000	2,090	1,820	180	8,180
Maldwyn LC Resurface ATP	207	0	0	0	0	207
Library Management System	70	0	0	0	0	70
Llandrindod Library	170	0	0	0	0	170
Archives Project	800	0	0	0	0	800
Outdoor Recreation	95	50	0	0	0	145
Footbridges - Replacement Programme	15	15	15	15	15	75
	<b>2,447</b>	<b>3,065</b>	<b>2,105</b>	<b>1,835</b>	<b>195</b>	<b>9,647</b>
<b><u>Change &amp; Governance</u></b>						
ICT Strategy	689	0	0	0	0	689
Audio / Visual System	785	0	0	0	0	785
Replacement DRAIG	750	0	0	0	0	750
Replacement Hardware	220	220	220	220	220	1,100
Channel Shift	100	0	0	0	0	100
	<b>2,544</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>3,424</b>
<b><u>Regeneration, Property and Commissioning</u></b>						
Community Enablement Support Fund	230	230	230	230	230	1,150
Business Grants	200	200	200	200	200	1,000
Sustaining the Built Heritage	100	100	100	100	100	500
Severn Valley Env Enhancement	22					
Cemetery Extension	40	60	0	0	0	100
County Farms	100	100	100	100	100	500
	<b>692</b>	<b>690</b>	<b>630</b>	<b>630</b>	<b>630</b>	<b>3,272</b>

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
<b>Local Capital Schemes</b>	500	500	500	500	500	2,500
<b>Statutory Testing Remedial Works</b>	200	0	0	0	0	200
<b>Unallocated Resources</b>	<b>0</b>	<b>645</b>	<b>1,522</b>	<b>522</b>	<b>750</b>	<b>3,439</b>
<b>Total</b>	<b>37,415</b>	<b>34,017</b>	<b>39,613</b>	<b>21,983</b>	<b>21,345</b>	<b>154,372</b>

Financed By

Supported Borrowing	9,556	9,613	8,805	7,789	7,916	43,679
Prudential Borrowing	9,550	1,687	4,210	2,252	6,272	23,971
Grants	5,289	12,704	15,498	6,273	4,027	43,791
Capital Receipts	5,873	3,875	6,590	3,273	1,180	20,790
Revenue/Reserves	7,147	6,138	4,510	2,396	1,950	22,141
<b>Total</b>	<b>37,415</b>	<b>34,017</b>	<b>39,613</b>	<b>21,983</b>	<b>21,345</b>	<b>154,372</b>

**Welsh Quality Housing Standard**

	13,500	14,015	14,037	14,312	5,927	61,792
Financed By						
Prudential Borrowing	3,850	4,473	4,689	5,141	0	18,153
Grant	3,700	3,700	3,700	3,700	3,700	18,500
Capital Receipts	120	39	39	39	40	277
Revenue/Reserves	5,831	5,803	5,609	5,433	2,187	24,862
<b>Total</b>	<b>13,500</b>	<b>14,015</b>	<b>14,037</b>	<b>14,312</b>	<b>5,927</b>	<b>61,792</b>

## Notes to Capital Programme 2014/15 to 2018/19

### 1 Capital Programme 2014/15 to 2018/19

1.1 The Capital Programme is now extended up to 31st March, 2019. This covers the timeframe for the 21<sup>st</sup> Century Schools Band A projects. This also has the advantage of showing expenditure required to achieve the Welsh Quality Housing Standard by 31<sup>st</sup> March 2018.

### 1.2 Schools

1.2.1 The Schools Programme is split into two main components. The Major Improvement Programme is an annual allocation of £1m to fund School improvement works. A scoring mechanism has recently been approved to rank school projects and will be used for the first time in 2014/15. This includes the project to carry out improvements at LLandrindod High School which is funded from prudential borrowing using revenue savings from the schools delegated budget due to a reduction in the floor area. The full programme of works proposed from this allocation will be subject to a further report to Cabinet.

1.2.2 The second element is the 21<sup>st</sup> Century Schools Band A Projects. This is a £83.447m investment with £39.090m funded by Welsh Government. The projects are:

- Gwernyfed Catchment – Clyro, Hay and Talgarth
- Dafydd Llwyd School
- Llanidloes/Machynlleth Catchment –Ysgol Glantwymyn
- Brecon High School Campus
- Ysgol Bro Dyfi
- Welshpool Town – No Scheme identified

### 1.2.3 21<sup>st</sup> Century Schools

1.2.4 There is a funding gap in 2018/19 of £4.619m in the 21<sup>st</sup> Century School Programme. The main reasons for the gap are the reduction in the timescale for the programme. It was originally two years longer, therefore an additional £2m supported borrowing would have been available. The original bid for funding did not include inflation and this is now having an impact on all of the projects. The indications are that building construction inflation is running a 3% per annum.

1.2.5 It is recommended that the programme is reduced by £4.619m in 2018/19. The Bro Dyfi project could be included at a future date. Band B projects are due to commence from 2019/20.

1.2.6 The other risk with the programme is the funding from capital receipts. County farm receipts are funding £5.3m of the capital receipts. Of this figure £3.1m has been identified leaving £2.2m to be found, £0.9m has been realised.

1.2.7 The requirement to do the HM Treasury's 5 Case Business Model for each projects is causing another major risk. Dafydd Llwyd is at the point construction can start but WG have not yet agreed the first business case the Strategic Outline Case (SOC). This SOC will be submitted for the 6<sup>th</sup> March Panel. No WG funding can be released until the business cases have been approved.

### 1.3 Highways, Transport and Recycling

1.3.1 Waste Services includes the funding for the following projects:

- Brecon Transfer Station 900,000

- Llandrindod Well Bulking Station 2,174,900
- Newtown Bulking Station 1,198,700
- Ystradgynlais Bulking Station 835,200
- Llandrindod Household Waste Recycling Centre 500,000

1.3.2 The vehicle replacement programme is based on the estimated available resources for future years. The 2014/15 budget includes the roll forward from 2013/14 of the waste vehicles which will be delivered from April onwards.

1.3.3 The Local Authority Borrowing Initiative for Highways is funding to supplement the capital resources of the authority and this is its final year.

1.3.4 The Core Allocation and Road Safety and Traffic Management will be allocated according to the services scoring mechanism.

1.3.5 Resurfacing and Structures are the final budgets from the allocations approved in 2011/12.

1.3.6 Other projects include

- Street Lighting 175,000
- Ddole Road Compensation 300,000
- TRACC Schemes 316,000
- Lleden Brook Flood Alleviation 200,000
- Talgarth Flood Alleviation 483,000
- Tregynon Flood Alleviation 563,000
- Other Flood Alleviation Schemes 156,850

1.3.7 A requirement from WG is that Powys has sufficient salt storage in the county to be able to access strategic salt supplies. Current capacity does not meet this requirement. Additional capacity cannot be achieved entirely within existing facilities/depots and therefore an additional site(s) would be required at an estimated cost of £1.488m. A decision on funding this will be programmed for 2014/15. No additional funding is being provided by WG to fund this.

1.3.8 The Local Environment operational service currently spends more than £180k on the disposal of waste from cleansing road gullies. Tipping fees are high due to the wet state of the waste material. The construction of de-watering bays in various depots will allow the material dry out. This will reduce the volumes and more importantly the weight by 30-50%. £100k has been identified within the strategy to fund this which will in turn release the revenue savings.

#### 1.4 Housing Services

1.4.1 Disabled Facilities Grant budget is usually split into Safe, Warm and Secure (SWS) and an allocation to Powys Care and Repair.

1.4.2 CO2i is a loan scheme run by the Robert Owen Community Bank. The loans are administered by the bank. The original approval ends on 31<sup>st</sup> March 2016.

1.4.3 Landlord Loans is a loan scheme operated by the authority. The original approval for the schemes ends on 31<sup>st</sup> March 2016.

1.4.4 Flat Regeneration is a delayed project that is happening in Talgarth and will enable at least 5 units of accommodation to be brought into use.

#### 1.5 Leisure and Recreation

- 1.5.1 Brecon Museum/Library is the project that is partially funded by the Heritage Lottery Fund. An estimated profile of expenditure is included. The major risk around this project is the timing of the capital receipts from any LABV may be after the construction of the project. Further work is required to look at the overall capital receipts usage across all projects to see if the timing can be amended to fund Brecon as well as all other projects.
- 1.5.2 The Library Management System is a scheme to upgrade the unsupported system in the libraries.
- 1.5.3 Maldwyn ATP is a reprofile of a project to replace the ATP in Newtown originally agreed in 2011/12.
- 1.5.4 Outdoor Recreation Plant and Machinery purchase. This funding is linked to a revenue bid to externalise the service.
- 1.5.5 Proposals continue to be developed for the relocation of the Powys Archive £800k is included in 2015/16 to fund this.
- 1.5.6 Sections of the historic masonry walling at Priory Groves, Brecon requires repair, this has been included in the strategy.
- 1.5.7 An extension to Hay cemetery is required, proposals are being formed to achieve this and £100k has been included in the strategy to fund this.
- 1.5.8 Relocation of Llandrindod Wells Library - two options being considered so an estimate of £50,000 has been included at this early stage. The project may attract CyMAL funding.
- 1.6 Change and Governance
- 1.6.1 The ICT strategy is the final reprofile of the funding for the implementation of the ICT Strategy.
- 1.6.2 The Audio Visual system is the upgrade to the Members system approved last year and is a reprofile of the budget.
- 1.6.3 The replacement DRAIG system is the Social Care management information system and is a reprofile of the budget. This is funded from reserves.
- 1.6.4 The Refresh budget funds the replacement of the hardware and software of the authority on a rolling programme. This is funded from reserves.
- 1.6.5 Customer Services Channel Shift project will help both Customer Services and other services to achieve a change in the way the public interact with the authority. There will be a shift to electronic self-service channels supported by a new, fully mobile compatible website structured around these tasks.
- 1.7 Regeneration and Property
- 1.7.1 The Community Enablement Support Fund is an annual budget. This is an historic allocation and has been reviewed.
- 1.7.2 The Business Grants fund is an annual allocation. This is an historic allocation and has been reviewed.
- 1.7.3 County Farms schemes are funded from capital receipts for the farm estate.
- 1.8 Statutory Compliance
- 1.8.1 This is to carry out essential work following statutory testing, legionella and health and safety inspections.
- 1.9 Local Capital Scheme

1.9.1 This is an allocation used to fund projects between £10k - £75k which are put forward on an annual bidding basis.

1.10 Welsh Housing Quality Standard (WHQS)

1.10.1 The budget for the WHQS is shown separately from the Council projects and amounts to £62m over the 5 years. The standard has to be achieved by 31<sup>st</sup> March, 2018 and this is reflect is the spend profile with £5.9m spend in the year following achieving the standard. The authority has to continue to maintain the standard once it is achieved and the costs are built into the 30 year business plan.

## Appendix E

### Prudential Indicators

Table 1 - Ratio of financing Costs to Net Income Stream

	<b>Actual 2012/13</b>	<b>Estimate 2013/14</b>	<b>Revised Estimate 2013/14</b>	<b>Estimate 2014/15</b>	<b>Estimate 2015/16</b>	<b>Estimate 2016/17</b>	<b>Estimate 2017/18</b>	<b>Estimate 2018/19</b>
Financing Costs	11,356	13,452	12,395	13,296	13,762	13,626	14,232	14,248
Net Revenue Stream	233,005	247,514	247,514	242,113	238,439	232,739	234,151	235,595
Council Fund	4.87%	5.43%	5.01%	5.49%	5.77%	5.85%	6.08%	6.05%
Financing Costs	826	863	878	861	1,058	1,304	1,548	1,700
Net Revenue Stream	20,674	21,241	21,241	22,068	22,894	23,721	24,547	25,374
HRA	4.00%	4.06%	4.13%	3.90%	4.62%	5.50%	6.31%	6.70%

Table 2 - Incremental Change on Council Tax

	2013/14	2014/15	2015/16	2017/18	2018/19
	£	£	£	£	£
Estimated Incremental Change in band D Council Tax	2.71	21.03	28.62	37.76	43.50
Estimated Incremental Change in band D Council Tax for Prudential Borrowing	0.00	13.52	16.71	22.37	26.27



Table 3- Incremental Change on Housing Rents

	2013/14	2014/15	2015/16	2017/18	2018/19
	£	£	£	£	£
Estimated Incremental Change in average weekly rent	0.54	2.04	3.62	4.09	6.39
Estimated Incremental Change in average weekly rent for Prudential Borrowing	0.26	1.20	2.24	2.72	4.11

Table 4- Capital Financing Requirement

	2012-13 Actual	2013-14 Estimate	2013-14 Revised Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
Non-HRA	181,136	204,048	200,265	208,326	217,707	219,005	222,378	222,175
HRA	14,355	13,686	15,576	14,964	18,394	22,379	26,501	30,992
<b>Total</b>	<b>195,490</b>	<b>217,734</b>	<b>215,841</b>	<b>223,289</b>	<b>236,101</b>	<b>241,384</b>	<b>248,880</b>	<b>253,167</b>

Table 5- Authorised Limit for External Debt

	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
Borrowing	236.0	240.0	247.0	252.0	257.0
Other Long Term Liabilities	5.7	11.7	17.7	23.7	23.7
<b>Total</b>	<b>241.7</b>	<b>251.7</b>	<b>264.7</b>	<b>275.7</b>	<b>280.7</b>

Graph 1 Actual External Debt for 2012/13

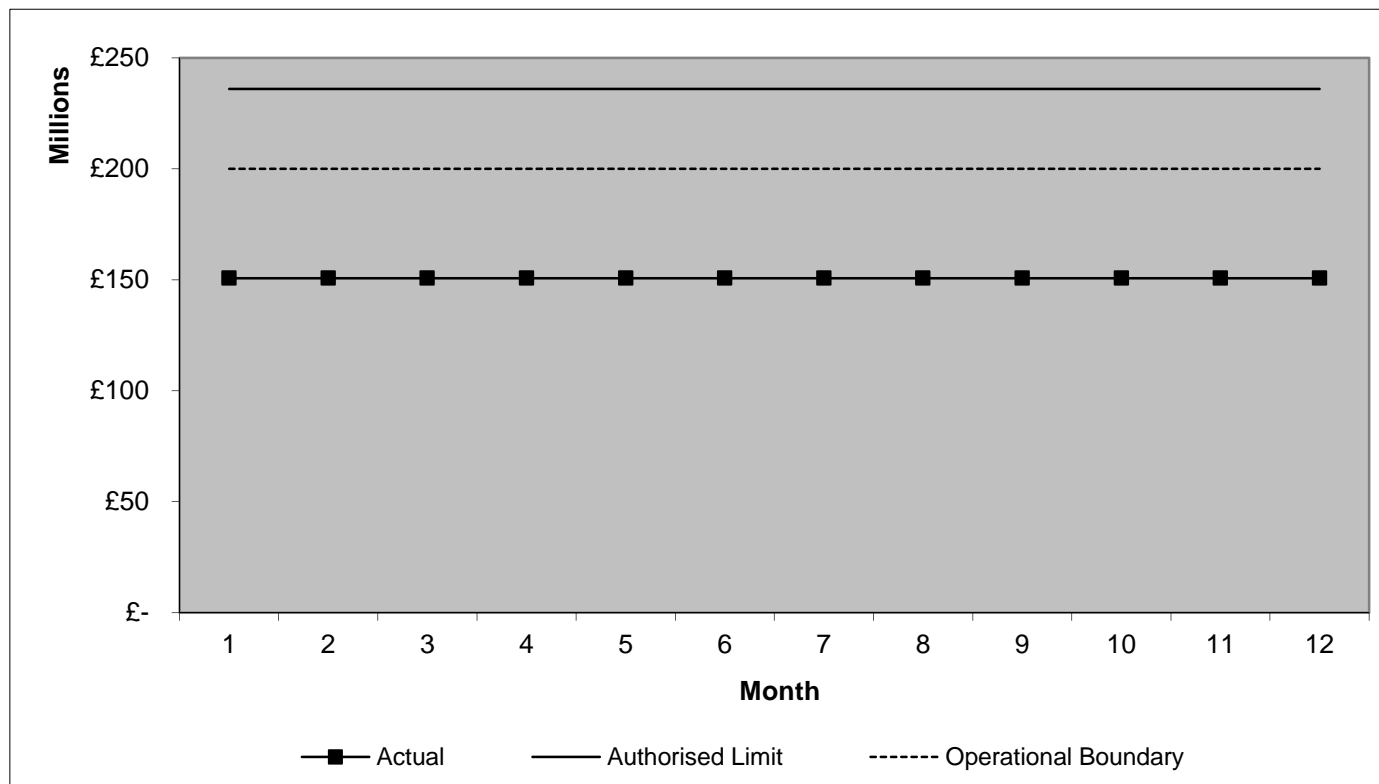


Table 6- Operational Boundary for External Debt

	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
Borrowing	200.0	210.0	215.0	220.0	225.0
Other Long Term Liabilities	5.7	11.7	17.7	23.7	23.7
<b>Total</b>	<b>205.7</b>	<b>221.7</b>	<b>232.7</b>	<b>243.7</b>	<b>248.7</b>

Table 7– Gross Debt compare to CFR

Council Fund	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
<b>External Debt</b>	£000	£000	£000	£000	£000	£000
Debt at 1st April	148,818	158,304	164,304	170,304	176,304	176,304
Expected change in Debt	6,486	0	0	0	0	0
Other Long Term Liabilities						
Expected change in OLT	3,000	6,000	6,000	6,000	0	0
Estimated Gross Debt at 31st March	158,304	164,304	170,304	176,304	176,304	176,304
Capital Financing Requirement	181,136	204,048	200,265	208,326	217,707	219,005
Under / (Over) Borrowing	22,831	39,744	29,960	32,021	41,402	42,701

**Proposed Amendment to Budget Proposal**

1)	The Welsh Conservative Group proposed that the following matters are removed from the Budget.	
		£000
A)	Remove the savings to the CAB budget item (page 46)	65
B)	To postpone the introduction of the ALN savings (page 45)	<u>88</u>
		153
2)	We propose that the following additional savings are made in the budget for 2014/15	
i	Savings from Senior Manager and above. This saving introduces a 10 fold limit to the differential between the lowest grade and the senior managers including the salary and on costs.	-135
ii	Reduction in External Consultants Fees This saving aims to reduce the spend on both interim and external consultants in 2014/15	-251
iii	Cease Trade Union Partnership This saving stops the funding of the posts for Trade Union Officers	-149
iv	Introduce Lease Car Insurance Charge This in an increase in income. The lease car user would pay an contribution towards their car insurance	-65
v	Cease Home Working Scheme This saving would remove the home working scheme and staff would return to being office based.	-10
vi	Reduction in Contribution to Reserves for Local Government Elections This is a saving in the contribution to reserves which is built up over the life of the council to fund the County Council Elections. It also includes ceasing the payment to the Returning Officer for the Local Government Election	-30
vii	Cease Operation of Wyeside Caravan Park This proposes to accelerate the saving from the Wyeside Caravan Park which is currently in 2015/16. It is suggested that the capital receipt from the disposal of the site should be used to fund capital improvements in community assets which are subject to Community Asset Transfers, eg Toilets	-14

viii	Cease Red Kite Magazine	-36
ix	Management Reduction in Communications	-123
x	Management Reduction in Catering & Cleaning	-86
xi	Management Reduction in Customer Services	-62
xii	Management Reduction in Organisational Change	-54
xiii	Staffing Reduction in LEI	-115
xiv	Reduction in grants This is to reduce the grant funding for a service which could be delivered in house	-65
	Total Saving	<u>-1,195</u>

The reason for the above amendments is allow for a reduction in the level of the Council Tax to 2.3% which would cost £953K and a contribution to reserves of £89K.

Proposed by

Signed Councillor Aled Davies

Dated 18/02/14

Seconded by

Signed Councillor Gary Price

Dated 18/02/14