

Powys County Council's

Medium Term Financial Strategy

2018 to 2023

Foreword by the Leader

This is the first Medium Term Financial Strategy (MTFS) brought forward by the Cabinet formed after the 2017 election. It has been produced at a challenging time against the backdrop of continuing reductions in grant income from Welsh Government. In addition the outcome of the Children's Services inspection during the Autumn of 2017 required a wholesale reconsideration of the existing balanced budget for 2018/19; this has also had a deep and significant impact on our financial strategy for future years.

Whilst an increase in the funding to Wales from central government has meant that we have received an improved settlement from that originally projected, it is however still a reduction in the level of funding for services. This has created financial pressure particularly when our costs and investment requirements continue to rise.

The challenge of delivering services in rural areas has long been recognised in our County and I am pleased to say that this challenge is now acknowledged at a national level with the full implementation of the population sparsity allowance within the Social Services allocation of the funding formula. However this has not provided 'extra' funding but it has seen Powys removed from the need for 'Top Up' funding provided in previous years.

Even so, we continue to be affected by population changes and other factors that impact on the amount of money we receive to deliver services. Powys may no longer be at the bottom of the funding table but we are still 19 out of 22.

The findings in the Care and Social Services Inspectorate Wales (CSSIW) Inspection report published on the 17th October 2017 and the subsequent warning notice issued by Welsh Government meant that we had to urgently review our financial strategy. This was an unprecedented situation and has called for a bold approach from the new Cabinet in order to change the inherited budget plan.

The 2018/19 budget proposal has been set with a clear priority to improve the provision of Social Services within our County. The inclusion of over £12m of investment demonstrates our commitment to do this and to safeguard children and vulnerable adults in Powys.

We have also continued to support investment in education at a time of reducing funding with a further £1m provided to schools.

The combination of these factors mean we face one of the most challenging periods in the history of Powys County Council. We must transform the way that we provide services using our 2025 programme as the basis for that change.

This year's MTFS continues to see closer alignment between the policy framework and the way we plan to use our finances. Our vision is a Council that is both open and enterprising. We want communities to feel supported so that they have a say in what is provided for them locally and the way those services are delivered.

We acknowledge that we need to increase the pace of change to meet the challenges we face and the new cabinet will bring fresh challenge, new ideas and new thinking that is flexible, innovative and designed to set the authority on course for a strong and vibrant future. This approach along with a Corporate Improvement Plan provides the framework to deliver services over the medium term.

We note and welcome Welsh Government's commitment to seek greater collaboration across local government boundaries rather than changing local government structures. We were already fortunate to have a unique position in Wales with the same boundary as our single Local Health Board. The future will see integrated working develop further as we deliver the services that the people of Powys expect and deserve.

The new Cabinet's policy agenda will centre on transforming the council. There is much to do including helping the local economy so that we grow our business sector and make the county an attractive place to do business. This will help secure the County as place that provides the right environment for communities and business to thrive.



Rosemarie Harris
Leader of Powys County Council

Introduction

This document is the financial strategy for Powys County Council for the period 2018 to 2023. It has been developed as part of the overall strategic planning process alongside the 2025 Vision and Corporate Improvement Plan which captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach. It also incorporates the plan for delivering a balanced budget for 2018/19, and indicative budgets for the following 4 years to March 2023. This means the Council has an on-going financial plan to enable service transformation within a realistic estimated funding envelope.

This financial strategy includes all Council services and activity funded by the revenue budget, the Housing Revenue Account and the Capital programme. This information is presented in a 5 year Financial Resourcing Model (FRM) attached as Appendix 2 and a 5 year Capital Strategy (Appendix 6).

The FRM sets out how a balanced budget will be delivered for 2018/19, however, this position is reliant on the delivery of £8.5m savings during the year.

The FRM identifies the estimated requirement for further savings of £37m over the remaining period of this strategy. Given that local government does not have funding data from Welsh Government beyond 2019/20, this assessment is based on indicative figures focusing on how Local Government Settlements in Wales may be affected by central government's finances in the future. It is therefore based on best possible available information. However, forecasting for future years is difficult to predict with any great certainty and is subject to multiple internal and external influences. Even so, it is highly likely the reducing funding for Powys will continue because of population changes and the continuing reductions in national funding.

Strategic Context

Economic and Demographic Context

The Council's budget settlement continues to be adversely affected by the UK Government's austerity measures to significantly reduce public spending in order to address the UK's debt situation.

The budget process both at a national and local level continues to be undertaken against the backdrop of unprecedented levels of uncertainty, both in terms of the fiscal outlook and in terms of the impact of leaving the European Union.

The Office for Budget Responsibility has confirmed the UK economy has slowed markedly and its growth forecasts have again been revised downwards. Public Sector net borrowing continues to fall but at a slower rate than originally forecast, by 2022-23 it is projected to reach its lowest level in 20 years.

Local government and the wider public sector has, and must continue, to realign itself to the fiscal reality it faces and manage its spending within the available funding.

Powys has already made significant reductions in its expenditure with savings in excess of £73 million between 2012/13 and 2017/18 as a response to reduced government funding and the requirement to cover additional spending demands.

The Autumn Statement set out plans to increase the Welsh Government's budget by £1.2 billion and build an economy that is fit for the future. This includes approximately £1bn of additional capital funding for Wales between 2017/18 and 2020/21 but more than half of this must be repaid to the UK Treasury. The remaining £200m will be available for the day to day running of services.

The Welsh Local Government finance settlement has had a slight increase in their revenue funding, however, local government spending pressures will total around £212m in 2018/19 which will have to be absorbed by Councils or partially offset by Council Tax increases. The impact on discretionary areas of spend will remain particularly tough for councils.

The local context affecting our funding and demand for services is well recognised, heavily influenced by Powys being sparsely populated with a wide geographic area requiring services. It has a higher than average elderly population that is predicted to increase at a rate that is significantly greater than the national average. This statistic can largely be attributed to people living longer as a result of better healthcare and improved lifestyles together with an inward migration of people to the County above retirement age.

Conversely the county's younger population is declining with a reducing birth rate and a sizeable outward migration of young people looking for further educational and career opportunities being the main contributors to this trend.

These factors in combination are presenting significant challenges. The provision of services to a dispersed and relatively small population is expensive as a result of greater transport costs and the demand for facilities to be delivered locally or within a commutable distance. Additionally, a consequence of an ageing population is the increased demand for more complex and therefore more expensive care support.

Our funding protected through the funding "floors" for the last 4 years. We welcome the recognition in the funding settlement that rural authorities incur additional costs to deliver services such as social services and are pleased to see the inclusion of adjustments to the formula through the implementation of the social services sparsity allowance. The phasing of this change over the last 2 years now sees Powys excluded from the top-up protection.

The work undertaken by the Local Government and Welsh Government joint Distribution Sub Group has been vital in bringing these issues to the fore, this is only the start and we would welcome further work on the formula looking at other costs such as Public, Home to School and Special Education Transport all of which are significant cost pressures for rural authorities.

The Council fully accepted the findings in the Care and Social Services Inspectorate Wales (CSSIW) Inspection report published on the 17th October and the subsequent warning notice issued by Welsh Government. It quickly acknowledged the need for

urgent and sustained change which will demonstrate our genuine commitment to safeguarding children in Powys.

A significant level of investment for both Children's and Adult's services has had to be identified and while this demonstrates the priority that these services have in our decision making it has presented a significant and late challenge to our financial planning.

In order to deliver a balanced budget over the medium term a significant corporate transformational approach is required, and required at pace. This will require some radical thinking, drawing on experience of other authorities and learning from others. We will have to reconsider the discretionary services we provide and review the levels of service we can afford to deliver for our statutory services.

The developing commissioning strategy for Social Services, will describe how we will align the finances in that area; what investment/reinvestment and disinvestment is required to reshape the service; and what outcomes will be achieved in the short, medium and long term, including savings.

This work is key to the development of the Council's financial strategy and as this and the approach to transformation becomes clearer over the next few months we will need to realign and refocus our financial strategy over the medium and longer term.

On the current modelling transformational change is required to deliver reductions in expenditure of over £17m in 2019/20 with a further £20m over the following 3 years.

It is clearly recognised that we can no longer afford to maintain the Council in its current form.

Powys 2025 – Our vision for the future

In an era of continued budgetary pressures, growing demand and increased expectations it is very important that we are clear about what we want to achieve now and in the future. The 2017 local government elections saw a new cabinet and new direction in place. Powys 2025 represents the new administration's vision for the council and its priorities are clearly laid out.

We want communities to feel supported, have a say in what is provided for them locally and feel they play a key role in local service delivery. We will be an **open and enterprising council**, this means:

- Working with communities, residents and businesses
- Willing to look at new ways of working and delivering services
- Focussing on solutions rather than problems

We have clear priorities to deliver our vision:

- **The Economy** - We will develop a vibrant economy
- **Health and Care** - We will lead the way in effective, integrated rural health and care
- **Learning and Skills** - We will strengthen learning and skills

- **Residents and Communities** - We will support our residents and communities

To successfully deliver our priorities and deliver improved outcomes for our residents, we have a programme of work dedicated to improving our internal services and processes – this is called **Making it happen**.

Corporate Improvement Plan

The Corporate Improvement Plan is one of the most important documents produced by the council. It draws together information from a number of our key strategies and summarises what we're going to do to deliver the priorities in our vision for 2025. The plan also sets out a number of measures that we will monitor to show whether we are making a difference.

Outlined below are the long term outcomes that each of our priorities are aiming to achieve, together with a summary of the objectives that are planned.

The Economy - We will develop a vibrant economy

What difference do we plan to make?

- New business start-ups and relocations will increase
- Skilled employment opportunities will increase
- A greater supply and mix of suitable work space to support employment
- More job opportunities and apprenticeships for young people
- Local businesses benefit from good advice and support that help them thrive
- Regulation supports business and communities and is proportionate
- Powys is established as an innovation base for learning, skills and research for;
 - Farming and land-use innovation
 - Health and Care
 - Rural teacher training accreditation
- The economically active population will increase
- Tourism and leisure based activity and attractions will increase
- Local consortia competing for public sector contracts will increase
- Council priorities are used to develop new industries and supply chains
- There is significant investment in accessible and community based lifetime accommodation

How will we achieve our priority?

Key objectives:

a) Infrastructure:

- Improve road infrastructure and connectivity
- Support the delivery of improved digital connectivity and encourage businesses to take advantage of the technology

b) Farms:

- Investigate the possibilities for using council owned farms for innovation, education, forestation or social care

c) Supply chain:

- Identify and develop further supply chains appropriate to Powys e.g. food supply and motor industry

d) Support:

- Promote and develop intellectual property opportunities for Powys businesses to help them to protect and market their products and services across the world
- Lobby Welsh government for a Mid Wales growth deal, encouraging businesses to stay and invest here
- Support the development of town centre and local area plans for regeneration.

e) Investment:

- Promote and further develop business rate support
- Develop and promote financial support for businesses/social enterprises such as grant/loans
- Develop an inward investment strategy and action plan to attract new and relocating business

f) Workspace:

- Ensure an appropriate supply of available employment sites and premises to meet business needs

g) Procurement:

- Ensure our policies and processes make it easier for local companies to supply to the council
- Increase monitoring of regulatory/compliance requirements for social clauses to ensure wider local benefits are delivered (e.g. apprenticeships, proportion of local employees, affordable housing etc)

h) Skills:

- Introduce council sponsorship of social workers and other professions through open-university – giving people a career path through employment
- Help address barriers to employment to support people into work and better paid opportunities

i) Culture:

- Invest in and protect the natural, built and historic environment to support business growth and tourism
- Ensure provision of year-round cultural, leisure and art for Powys residents to encourage them to stay in the county

j) Housing:

- Ensure there is a greater choice of affordable housing and extra care provision so people have a choice of where to live and stay in their communities (This objective also contributes to the outcomes of our residents and communities priority)
- Make provision of elderly person's bungalows a requirement of housing development via planning (in the same way as we require affordable housing)
- Explore opportunities for further housing development on council owned sites (This objective also contributes to the outcomes of our residents and communities priority)

k) Joined-up:

- Improve communication within the council and with partners to support the growth of the local economy.
- Develop a two-way system for sharing information on current economic discussions and activity across services to keep all levels of the council informed to prevent confusion and duplication
- Ensure that activity associated with economy changes as a result of BREXIT is supported

l) Marketing:

- Review and improve marketing of Powys for:
 - Visitors to Powys (tourism)
 - Living in Powys (attract new residents)
 - Doing business in Powys (new business to Powys)
 - Raising awareness with residents and staff of marketing activities

m) Sectors:

- Develop an evidence-based agreement on which business sectors the council is going to support and ensure appropriate measures are in place to encourage growth
- Develop a strategic tourism offer and strategy - what do we want to be known for? Develop key projects to deliver that strategy

Health and Care - We will lead the way in effective, integrated rural health and care

What difference do we plan to make?

Our focus on well-being means:

- We focus on what matters to the individual
- Young people, adults and families are able to create the foundations of good health throughout their life
- We focus on safeguarding and supporting vulnerable people
- The physical environment helps people maintain their health and well-being
- There is an increasing supply of housing with care

Early help and support means:

- Technology enables people to self-care and remain independent
- We ensure the maximum positive impact within the first 1,000 days of a child's life
- A sufficient supply of appropriate placements for Looked After Children
- Community role modelling is focused on basic life skills and money management

Joined up services means:

- Positive and co-productive partnerships
- Significant investment in integrated health and care facilities and infrastructures
- Health and Care teams work seamlessly with people, getting things right first time
- Young people, adults and families have a fully integrated experience of health and care
- Accessible and equitable services fit around people's busy lives
- Tackling the big diseases (cancer, circulatory diseases, mental health, respiratory diseases)

How will we achieve our priority?

Key objectives

a) Start Well:

- We will implement the Children's Services improvement plan to ensure delivery of a robust Statutory Children's Service which is compliant with the Social Services and Well-being Act and able to safeguard and support Powys Children, Young People and Families.
- We will develop a whole system, multi-agency family support system that offers early help/support and prevention for families across the continuum of need – ranging from Information Advice and Assistance through to support for those children at the 'Edge of Care.'
- We will develop a multi-agency prevention and early intervention service to promote emotional and mental health and well-being for children and young people
- We will create an integrated Youth Support and Skills Service for young people to ensure that they are able to fulfil their potential, make good life choices, maintain healthy relationships, enter further training or employment and successfully transition into adulthood
- We will commission a flexible range of appropriate, effective and efficient accommodation options to provide the necessary support arrangements to meet the bespoke needs of our individual children, including looked after children
- We will establish a well-motivated, highly skilled and effective workforce to support good outcomes for the children of Powys and who will work in multi-agency locality teams with integrated management processes in place

- We will establish a fully integrated multi-agency team to provide a co-ordinated and appropriate support service for children with a disability and their families

b) Live / Age Well:

- We will work with our partners to develop prevention and early intervention services which promote emotional and mental health and well-being for adults, including:
 - Community Connectors
 - Home Support
 - Befriending
 - Dementia Matters
- We will commission and monitor delivery of high quality substance misuse treatment and prevention services to reduce alcohol and/or drug related harm to individuals, their families and the wider community
- We will have in place a flexible range of appropriate, effective and efficient accommodation options to provide the necessary support arrangements to meet the needs of individuals
- We will implement the Everybody's Business Model so that carers have a good sense of well-being and are able to fulfil the caring responsibilities they chose to undertake
- We will enhance our understanding of the experiences of young people moving from children to adult services and improve our learning of their experiences
- We will use technology at the earliest opportunity to enable individuals to remain independent for longer and reduce pressure on unpaid carers
- We will complete the day time activities review with the aim of having a co-ordinated and accessible range of services for older people, including those with dementia, and their carers
- We will put in place flexible and responsive methodology to meet the needs of individuals requiring domiciliary care
- We will continue to transform health and care services through the development of integrated care teams
- We will provide early and technological support to individuals and their families where there has been a diagnosis of dementia
- We will continue to review and update the Powys population assessment and develop systems to enable us to predict and target intervention for individuals with additional and complex needs and at the end of life

Learning and Skills - We will strengthen learning and skills

What difference do we plan to make?

- School leavers have the right qualifications to progress
- Access to education provision and good career advice is equitable

- Working in partnership with schools, colleges, universities and businesses will improve career opportunities
- High quality teaching and learning environments embrace new technology for the population
- Pupils have access to remote/alternative learning opportunities
- Early years provision is helping families to return to meaningful employment

How will we achieve our priority?

Key objectives

a) Educational Improvement:

- We will support schools during the implementation of the new education and curricular reforms
- We will improve outcomes for all pupils, including vulnerable pupils with a specific focus on pupils eligible for free school meals
- We will improve the performance of secondary schools and the rate of progress of schools in Estyn follow up category
- We will develop an initial workforce strategy to improve the recruitment, retention and quality of leadership (at all levels), across our schools with a specific focus on secondary schools
- We will provide equality of provision for Welsh medium learners through the implementation of the Welsh in Education Strategic Plan

b) Supporting Children and Families:

- We will prepare for the implementation of the new Additional Learning Needs (ALN) Bill
- We will develop and implement a county-wide ALN Transformation Programme
- We will provide 30 hours a week of free early education and childcare for working parents of three and four-year-olds in Wales, for 48 weeks of the year
- We will implement an early identification process for vulnerable young people who are in need of additional support and we will work with schools through a graduated response approach including multi-agency 'team around the family' to provide suitable support

c) Infrastructure and resource:

- We will complete the first round of capital investment in schools as part of the 21st C Schools Programme Band A
- We will complete the second round of capital investment in schools as part of the 21st C Schools Programme Band B (This objective also contributes to the outcomes of our economy priority)
- We will work with school communities to develop the infrastructure of schools in accordance with the principles of the Plans for Powys Schools Policy
- We will develop new Welsh-medium/bilingual provision
- We will deliver education in Powys in an efficient and effective way

d) Skills and employability:

- We will strengthen the Positive Pathways Powys Skills Partnership to encompass a new skills and employability strategy for Powys by working in partnership with schools, colleges, universities, the voluntary sector and businesses to improve career opportunities
- Ensure the Regional Skills Partnership reflects the needs of Powys (This objective also contributes to the outcomes of our economy priority)
- We will develop and promote a sustainable sixth-form provision that can provide appropriate choice and breadth of provision (including vocational based training) for all young people in Powys (This objective also contributes to the outcomes of our economy priority)
- We will promote opportunities for young people, e.g. career events, work experience in the council, placements, training, guidance and information on how to gain meaningful employment (This objective also contributes to the outcomes of our economy priority)
- We will develop and promote the Seren network to support Wales' brightest sixth-formers to achieve their academic potential and gain access to leading universities. This will inspire Powys students about their future career aspirations
- We will promote and support information for businesses and the council on how to use an apprentices (career graded or fixed term apprenticeship) and promote the graduate scheme (This objective also contributes to the outcomes of our economy priority)
- Develop a business case to establish a higher education offer in Powys such as a college, university or learning centres (*This objective also contributes to the outcomes of our economy priority*)
- Partner with organisations such as Harper Adams and others to deliver specific courses or modules in Powys in specialist areas (farming and land-use innovation, health and care, rural teacher training accreditation) (*This objective also contributes to the outcomes of our economy priority*)

Residents and Communities - We will support our residents and communities

What difference do we plan to make?

- Residents take responsibility for their actions and support one another
- Communities have access to a choice of both affordable and market housing
- Communities have access to services that allow all to flourish and enjoy life
- Communities have an active role in the design and delivery of the services they need

How will we achieve our priority?

Key objectives

a) Community development:

- Encourage communities to work with the council to improve, sustain and co-locate services at a local level
- Offering advice, guidance and training on the formation of local community groups and organisations which will allow communities to do more for themselves
- Continue to develop community hubs where appropriate to offer residents a mix of services all under one roof
- Support community based initiatives with access to various grant funding opportunities, such as the ARWAIN rural development funding
- Encourage and support more people of all ages to volunteer and contribute to the well-being of their communities
- Continue to support community transport initiatives to enable residents to have access to more services and activities within their communities

b) Cultural development:

- Work closely with residents and communities to understand what makes living in Powys worthwhile, and building on the arts and cultural opportunities
- Support community based initiatives with access to various grant funding opportunities, such as the ARWAIN rural development funding

c) Community engagement:

- Work with residents and communities to help plan, and where possible, develop and implement their future needs in relation to services, facilities, social and cultural requirements
- Promote the council's Vision 2025 to engage and build relationships with our residents and communities
- Make better use of social media to promote the social, cultural and economic opportunities available in every community
- Use an engagement toolkit to provide more opportunities for people to have a greater voice and influence local decision making and service delivery in their area

Making it happen – essentials of an effective council

What difference do we plan to make?

Engagement with residents and communities - we will:

- ensure residents are heard through ongoing communication and dialogue
- ensure communities are engaged in a timely and meaningful manner which informs decision making
- be open and transparent and communicate in plain Welsh and English
- ensure county and community councillors are well informed and actively engage with residents

Workforce - we will:

- develop an agile and flexible workforce to deliver services
- have the right skills, attitude, behaviours and experience to be innovative
- be an organisation that demonstrates good practice
- recruit and grow our own talent through apprenticeships and trainees

- develop capacity to grow our professional expertise and have access to a skilled social care workforce
- be an attractive employer

Change how we work - we will:

- prioritise residents and communities
- be pro-active and forward thinking
- have seamless and efficient processes to get things 'right' first time
- make evidence based decisions underpinned by accurate information
- focus on outcomes instead of activity
- Make the best use of our resources and improve productivity
- continually improve customer satisfaction
- promote strong partnership working

How will we achieve our priority?

We recognise that there are key building blocks we must have in place to make our plans happen. We have three priority improvement areas to create an effective and modern council:

- Engagement with residents and communities
 - Communications strategy / engagement
- Corporate Leadership and Governance
 - Political leadership
 - Officer leadership
 - Strategic and financial planning
 - ICT and Business systems
 - Performance management
 - Partnerships
- Transformation
 - Commerciality
 - Customer transformation
 - Workforce strategy

Budget Strategy and Principles

The Council's Budget Strategy centres on the Council's 2025 vision and the four organisational priorities.

The Budget Principles provide a greater link between the Council's Vision, the key corporate plans and the use of resource. The budget principles are key in order to deliver our priorities and achieve our efficiency targets by shaping our decisions to allocate resources.

The budget principles are as follows:

- **Valued Services**- in future services must support the Council's outcomes. Those that don't will have to be provided by others
- **Supporting the Vulnerable** - Scarce resources mean we must focus on the truly vulnerable not those who have historically received support and services

- **Local Delivery** – Services delivered within communities by communities are more responsive and efficient
- **Personal Responsibility** – Nationally we must move from the entitlement culture; our population and our employees will be encouraged to take more control of their lives and take on greater responsibility
- **Value for Money** – the council must look for value for money in everything it does.
- **Improving Productivity** – once the preserve of private enterprise productivity and performance now matters in the public sector.
- **Supporting the Local Economy** – whilst ensuring we remain within procurement and local government finance legislation we will seek to spend as much of our funding within Powys if it is value for money to do so.
- **Keeping the Authority Safe** – we will ensure non frontline services are effective and value for money whilst recognizing the key role they play ensuring the Authority uses its resources effectively

These principles remain in place and underpin and shape our budget. In addition, the Council reviews its governance arrangements as a key part of its business and financial planning process. This helps us shape the organisation's directorates to deliver the Corporate Improvement Plan and realise the Powys 2025 vision.

Revenue Budget Funding

The Council's net revenue budget is funded from Welsh Government (WG) Grant (including redistributed business rates), locally generated income and Council Tax income.

The Final settlement was announced on the 20th December 2017.

The Welsh Government (WG) will fund 70.4% of the Council's 2018/19 net revenue budget, compared to 70.6% in 2017/18 and 71.9% in 2016/17. The funding is provided in a settlement known as Aggregate External Finance (AEF).

The Aggregate External Finance (AEF) figure was £174.026m which was a 0.4% or £0.679m reduction in grant after adjusting for transfers. The impact upon Local Government in Wales as a whole was an average increase in funding of 0.2%.

This means that Powys has £1,319 of funding per capita, compared to the Wales average of £1,348 which means Powys is ranked 14th out of all the Unitary Authorities.

For many years rural authorities have canvassed Welsh Government (WG) to recognise the additional cost of delivering services in a rural environment, particularly in providing community-based social services for older people over large geographic and sparsely populated areas. The social services sparsity allowance was introduced in recognition of this and it has provided Powys with an additional £3m, implemented over the 2 year period. However this is not additional funding as it removes the need for top-up funding.

The final settlement includes a further £7 million to support the increase to the capital limit in charging for residential care to £40,000 commencing from April 2018. Powys has received £352k of this funding to manage the shortfall in revenue this creates.

The AEF for Powys for 2018/19 totals £174.026 million and consists of the following:

- Revenue Support Grant (RSG) totalling £130.813m
- Non Domestic Rates (NDR) totalling £43.213m. Powys collects rates from business ratepayers on behalf of WG. It is then redistributed to local authorities in proportion to resident population over 18.

Welsh Government expect Authorities to take account of the full range of sources of funding available to them, as well as the pressures they face, in setting next year's council tax.

For 2018/19 a Council Tax increase of 5% for a Band D property has been included in our planning assumptions. This represents an increase of £56.63 per annum or £1.09 per week and a Council Tax of £1,189.20. Powys continues to remain below the previous year average for all Welsh authorities

Housing Revenue Account

The Housing Revenue Account (HRA) is a separate account required by legislation, it is ring fenced and held separately from the General Fund. The Council holds 5,374 units of Housing stock.

The HRA is made up of income from rents and other housing related charges. This income is used to fund all HRA landlord related services including salaries, central service recharges and all services delivered to our tenants. It also underpins our ability to meet the Housing Business Plan, a major element of which is the Welsh Housing Quality Services (WHQS), through financing the borrowing we must draw down to invest in our stock.

A 30 Year Business Plan is required to be updated annually and submitted to Welsh Government. An affordable business plan is essential to enable the council to meet its investment commitments, and continue to provide high quality services to tenants and leaseholders.

In February 2017, a new rent setting policy was agreed which approved differential charging for larger properties, in line with the private sector. This established target rents for some larger properties would not be achieved in year one. This is due to the limit the Welsh Government introduced on rent increases; it was accepted that these increases would be phased in over a period of time for existing tenants.

Therefore it is proposed that with effect from April 2018 the rent increase for the majority of HRA tenancies (2,119 properties) is 4.5%, that for a further 991 homes the increase is greater than 4.5% but less than 4.5% + £2.00 per week and that for a further 2,232 homes the increase will be 4.5% plus £2.00 a week (6.4%).

Grants

In addition to RSG and raising Council Tax the Council receives income from specific government grants and income from fees and charges. These form part of the gross budget which is an indication of overall spending power. The general direction is to see grants reduce in number in line with greater 'freedom and flexibility' that Welsh Government is seeking to provide. The further reduction in specific grants will provide a greater ability to bring a Powys dimension to large areas of expenditure.

In 2018/19 a further 5 grants will transfer into the RSG, these include:-

- ❖ Welsh Independent Living Grant £1.262m
- ❖ Social Care Workforce Grant £769k
- ❖ Looked After Children £243k
- ❖ Carers' Respite Care Grant £121k
- ❖ Waste element of the Single Revenue Grant £2.005m

The Single Environment Grant has been reduced by £41m across Wales with £35m of the Waste Budget Element transferring in the RSG, the impact for Powys is included in the section above. The impact of the remaining reduction has been recognised as a pressure for the service and is therefore included in the Financial Resources Model (FRM).

Welsh Government have reduced the Education Improvement Grant (inclusive of Foundation Phase) by £15m in 2018/19. This grant is allocated on a regional basis but greater clarity is needed for us to understand which elements of grant are affected by this reduction and how it will impact on Powys' Schools, but have recognised this pressure within the plan.

Alongside the settlement a further £600k is to be made available to support local government in Wales to eliminate charging for child burials, but this will be provided in the form of a specific grant.

Budget Delivery Plan 2018/19

The impact of pay and other inflationary pressures, reductions in funding, changes in regulation and increasing demand for services, particularly with an ageing population, are factored into our financial planning. Following the October 2017 report by CSSIW the Council has had to significantly and with pace increase the investment within Children's Services to ensure that the necessary improvements are put in place. This has significantly impacted on our budget planning for 2018/19. This impact cannot be understated; it has increased the level of savings required in 2018/19 and in future years. In response to these pressures and in line with our financial strategy the Council has reviewed all funding streams available and has achieved a balanced budget for 2018/19.

The details of how the council will manage its finances in the medium term are reflected in the Cabinet's headline policy initiatives which appear below:

- A move to a balanced five year financial strategy based on a more strategic approach to financial planning that better understands the links between revenue, capital and reserves
- A greater emphasis on a more transformational approach to service change in order to work within a reducing funding envelope.
- Council Tax increases – within the range 3.5% to 5%. For subsequent years a notional increase of 3.75% will be used.
- Reserves – The policy remains to maintain general fund reserves at a target level of 3% of budget. The replenishment of reserves previously used to fund the wind farm appeals was delayed in last year’s budget but this replenishment was reinstated last year. The Budget Management Reserve was put in place to set aside funds to assist in ‘smoothing’ a budget over the medium term. In addition an Adult Social Care Reserve of £2.75m was agreed to reflect the significant risk in this area.
- To continue to increase the focus of income generation and cost reduction opportunities and adopt a more commercial approach where appropriate.
- Capital – Refresh the Council’s Capital Strategy and Capital Programme ensuring it is aligned to the priorities of the Council and the delivery of savings.
- Property – Continue to rationalise our property portfolio.
- Schools – In order to move towards a more efficient educational infrastructure, whilst also retaining the provision of education in rural areas, the authority’s School Organisation Programme will move forward in partnership with schools and the communities they serve. It will have a greater focus on alternative models of delivering education, such as collaboration models, federation, multi-site schools and all-through schools. Any changes will be taken forward in discussion with the school communities affected, in order to achieve the best solution for each area, with governing bodies engaging with their communities in order to plan sustainable schools provision for the future.
Our guiding principles for developing the schools’ infrastructure until 2025 are as follows:
 - More secondary schools to become ‘all-through schools’, or part of multi-sited arrangements
 - More small primary schools to be part of formal collaborations / federations / amalgamations
 - Remove infant / junior split by creating ‘all-through’ primary schools
 - Strong, innovative ‘Locality Management’ models established
 - New Welsh-medium provision established / an increased number of Welsh-medium places, in order to create demand
 - All special schools to be in condition A/B buildings
 - A resilient, attractive post-16 model implemented
 - Compliance work continues to ensure that school budgets are managed in accordance with regulations by Governing Bodies.
 - The Local Authority is also undertaking an activity led funding review which will identify priorities for school funding in future years within the MTFS.
- Highways, Transport and Waste –Transformation project – A comprehensive programme of service improvements will be progressed that focus on improved commercialisation and increased efficiency of service delivery.

- Community Delivery – We will continue to re-commission services by looking at the best way to deliver services with the aim of securing a significant reduction in the current cost of provision.
- Resources Directorate / Corporate Services – Develop new models of service based on collaboration, partnerships, re-design and process improvement, all underpinned by consistent transformation principles. The Directorate will also continue the development of its commercial strategy.
- Redesign of our Social Care services and management structures including the de-commissioning of services. Where there is value to be added we will work regionally to improve purchase power and make better use of specialist skills.
- Continue to build on the success of our early intervention and prevention approach with well-defined and integrated care pathways, including a joint approach with Powys teaching Health Board and other partners such as the third sector.
- By developing a new contract with our citizens / communities, we will set clearer eligibility criteria designed to support those people most in need alongside full cost recovery access model to services such as income generation (where a client can afford more) and direct payments.
- Change Capacity – The Cabinet recognises that in order to make these significant changes it will require resources. Policy is to continue to fund change capacity.

Full details of the Annual Budget are published on the Councils Website.

Looking Further Ahead and Funding Assumptions beyond 2018/19

Any organisation must prepare for the future and whilst financial projections as far as the end of the decade will always be difficult (and have a high level of uncertainty) they give a basis for planning. Significant concerns exist about demographic costs and the age profile of the population will require Powys to assess where its future budgets should be allocated so that it addresses this risk. Whilst this Medium Term Financial Strategy presents a balanced position for 2018/19 there remains a significant challenge to balance the budget in the following years. The relatively easy savings have been taken and major service redesign and transformation are necessary to deliver services as a much lower cost.

It has been assumed that the settlement from WG for 2019/20 will be a decrease of 2.5%. Within the provisional settlement we received an indicative settlement for the following year as a further reduction of 1.5%. This included the impact on the Welsh Government budget of the £3.5 billion unallocated cuts which the Chancellor of the Exchequer intends to impose in 2019-20. If the Chancellor does not proceed with the cuts then the Minister has committed to look again at the cuts they have been forced to make, including for local government. The indicative settlement was not mentioned further within the final settlement papers but the improved Welsh Government settlement may help to mitigate this to some degree. In the absence of clarity our original assumption will be maintained.

Forecasting inflation includes a number of assumptions. It assumes an ongoing pay award of 2% per annum. Inflation can be a major cost driver and although it is

included at £1.6m currently we need to keep this under review because if inflation rises above Bank of England projections this will be a further pressure on our budgets.

We have adjusted our indicative future increases in Council tax to an increase of 3.75% throughout the period of the 5 year plan. This will be subject to political determination on an annual basis, but if the funding settlement is worse than assumed this would need to be revised upwards or further cuts sought.

Service pressures particularly around Adult Social Care are likely to continue and the trend around pupil numbers will be closely monitored because the council will have to ensure it also provides a level of provision to meet the numbers of pupils. This may require difficult decisions to be made about the number of schools we can afford.

These factors will have a significant impact on the longer term strategic planning given their link to the Council's funding requirement, especially as significant further savings are required through to 2025 to produce balanced budgets as required by the Local Government Act.

Looking to 2025, it is clear that we are seeing a significant change in local government. This will be driven by customer expectations and funding reductions it will lead to the need to reduce the size of local government and in some cases challenge whether current services are the best way to provide value for money. Part of our response will see the review of whether our service provision is sustainable.

The savings identified will continue to reduce headcount, and generate service efficiencies. A large number of the proposals put forward will inevitably impact on front line service delivery. The figures beyond 2018/19 are therefore subject to revision as alternative models of delivery and other savings are identified.

We have already revised our approach to income generation where we will seek to recover the full cost of services where it is appropriate to do so, and develop income generating opportunities. This is in line with the response of many other local authorities and is a strategic approach to an important source of funds.

Further Approach to Savings through 2019 – 2025

The framework for the 2019/20 budget preparations will be more than a financial approach, it will be based on transformation using the 2025 Vision. It will include:-

- Designing or redesigning services so that the user perspective is central to change
- Cross cutting themes – accommodation, agile working
- Clear linkages between efficiencies and corporate objectives for service improvement
- Demonstrating political support for, and scrutiny of the strategic approach
- Clear governance arrangements to monitor the progress developing and delivery of the programme
- A strategic approach that is transformational and challenges current arrangements with the aim of delivery long term gains and service improvements

- The use of performance and contextual information to develop options and make choices then monitor and review progress.

In addition to the approaches already in place we will continue to identify different ways of delivering the savings that will continue to be required. A series of 'themes' are beginning to be developed to provide a framework for meeting this ongoing challenge.

a. Flexible, Remote and Mobile working

This is already underway and should be aligned to downsizing corporate offices and increasing productivity. There is considerable cost tied up in the corporate estate and a possible savings target for accommodation savings is worth exploring. This must be based on a new approach to working arrangements.

b. Improving Collaboration

The Welsh Government's policies on local government collaboration means we will seek partnering arrangements as further detail emerges. There may be scope to explore the various collaborative models including partnerships and shared services. We already collaborate but more can be done and the LHB is a key partner under this theme.

c. Customer Insight

The Business Intelligence function has made progress since its creation. However we are still richer in data than information. Improved decision making and performance through better customer insight may be an area where financial gains can be made.

d. Business Process Improvements

There is already good evidence that progress has been made in this area. However, this is perhaps patchy and the organisation needs to fully embrace business process improvement techniques. Technology can assist this area and the introduction of a new finance system will be a key element as well as integrating systems to make processes more efficient. Investment here can bring significant savings which may not impact directly on front-line service delivery and therefore should be politically easier to deliver.

e. Productivity

Access to information better techniques and relevant training can increase productivity and more responsive services (this should be linked to business process improvements outlined above). The roots programme can be a key foundation for improving productivity. Areas such as customer relationship management, workflow and case management can also be looked at under this theme.

f. Flexibility

It may be appropriate to support the workforce in work/life balance issues whilst remaining within Local Government terms and conditions. Some councils have offered the workforce the options of a more flexible approach to leave arrangements that sees staff `buy` additional holiday by being able to take unpaid leave to external holidays. Clearly this would need to be carefully managed but has the benefit of avoiding reducing workforce numbers as a result of change.

g. Commercialisation.

A more commercial approach is already evident in Business Services within the Resources Directorate with contracts being won and services provided to other public organisations. This can be a key part meeting the 2019/20 requirement and may require an exploration of the model in order to remain compliant with local government legislation. There is great scope to increase the income flows to the Council. In addition to business services there is potential for a range of services such as catering, cleaning and vehicle/plant maintenance to trade. The services will need to be run on a commercial basis and will have to compete locally as well as nationally.

Property is another area where we can increase income from taking a more speculative approach to acquisitions, leases and development.

Income Generation and Cost Improvement

An Income and Cost Improvement Policy is in place which establishes the framework within which income generation and cost improvement activity is carried out. It will also review fees and charges on an annual basis, using appropriate benchmarking to ensure that its fees and chargers are commensurate with other providers.

Income targets have been included within the budget over recent years and this continues into 2018/19, however for future years, explicit targets for income generation or cost improvement will not be set but it will be expected that these funding streams will be actively pursued as part of an overall response to efficiency demands.

The Income and Cost Improvement Board has developed guidance including a pricing and charging strategy and this group identifies and develops opportunities for income Generation and cost improvements.

The Strategic Overview Board will play a key role in monitoring cost improvement.

Third Party Spend Improvement

The Council continues to explore every opportunity to reduce 3rd party spend on goods and services. The Council has developed internal capacity to support and influence this area. The target cumulative spend improvements for this work were set at £8.5M between 2015 and 2019 and were achieved ahead of time. It should be

noted however that some of the savings relate to cost avoidance and are therefore not 'cashable savings'.

Capital Programme

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 on the economy of Powys alongside the direct effect of better infrastructure to deliver services from.

Capital investment also has a significant input into the delivery of revenue savings and it is essential that both budget strategies are developed in tandem.

The Council receives a core capital allocation from Welsh Government. In 2018/19 this allocation is £7.451m. This is the General Capital Grant of £2.219m and a Supported Borrowing allocation of £4.632m. The Settlement includes the revenue funding to allow the authority to borrow the £4.632m.

In addition to this the capital programme is funded through borrowing money and repaying this over a number of years together with the interest on the loan. The repayment costs form part of the annual revenue budget.

The Capital Strategy is included with the budget papers as Appendix 6. The Strategy itemises the Council's capital programme for the next 5 years with the budget totalling £241.122m. This is a significant commitment. In addition a further £46.138m is included for the Housing Revenue Account (HRA). The HRA priority is the Welsh Housing Quality Standard Programme with the standard to be achieved by December 2018, but also includes funding for additional housing provision and Zero Carbon initiatives.

Reserves

The Council holds reserves so that it can meet unforeseen expenditure and to smooth expenditure across financial years. This is recognised good financial management. Reserves are also a key indicator of the Council's overall financial standing and a component of its financial management arrangements.

Reserves are an essential part of good financial management. They enable the Council to manage unexpected financial pressures and plan for future spending commitments.

It is important that the Council makes well-informed decisions about reserves, and is accountable for these to local taxpayers and service users.

While there is no mandated appropriate level for Council reserves, the reserves held should be proportionate to the scale of future spending plans and the risks faced as a consequence of these.

In setting the annual budget, a further risk-based review of the level of reserves is undertaken, alongside the forecasted financial position in the current year, to make an assessment as to whether it is possible to release funding to support the following year's budget. That review is informed principally by an assessment of the role of reserves in supporting future spending plans and the use of reserves is projected over the MTFP period.

When taking decisions on utilising reserves or not, it is important that it is acknowledged that reserves are a one-off source of funding and once spent, can only be replenished from other sources of funding or reductions in spending. Furthermore if used to support a revenue budget this will have a cumulative effect in future years when the reserve funding is withdrawn.

The reserves policy establishes the framework within which decisions are made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used.

Summary of Impacts and Risk Assessment for 2018/19

We have taken steps to increase our awareness of the consequences of our savings and to ensure we are taking into account legislative requirements. The impact assessment process has been reviewed so that we have a comprehensive assessment of impacts to support decision making.

The level of savings required for this year and the next two years of the MTFP is considerable and requires robust consideration regarding their potential impact. There must be an appropriate balance struck between, on the one hand being aware of the impact and seeking to avoid or mitigate adverse impacts and, on the other, the benefit gained from making the saving. It is therefore inevitable that a certain, manageable amount of risk is inherent within the budget.

Impact Assessment Process

The council has a combined impact assessment approach that helps ensure statutory compliance with key legislation.

This integrated process is in place for this year's budget and considers impacts against the council's guiding principles in a holistic and proportionate way. It recognises that the principles are not exclusive, often interconnect and form a well-rounded evidence base for planning and decision making.

Guiding principles

The council's guiding principles are based on the Well-being of Future Generations (Wales) Act. The Act has a significant and unique impact on public services in the United Kingdom.

The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of the nation. It will ensure the council thinks more about the long-term, works better with people and communities and each other, looks to prevent problems and take a more joined-up approach. This will help create a Powys and a Wales that everyone wants to live in, now and in the future.

To make sure we are all working towards the same vision, the Act puts in place seven well-being goals:

1. A prosperous Wales

An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.

2. A resilient Wales

A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).

3. A healthier Wales

A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.

4. A more equal Wales

A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).

5. A Wales of cohesive communities

Attractive, viable, safe and well-connected communities.

6. A Wales of vibrant culture and thriving Welsh Language

A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.

7. A globally responsible Wales

A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

The Act puts into place the Sustainable Development Principle. This Principle states 5 ways of working, that as a public body, the council must demonstrate are being applied in decision making.

1. Long-term

The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.

2. Prevention

How acting to prevent problems occurring or getting worse may help public bodies meet their objectives

3. Integration

Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.

4. Collaboration

Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.

5. Involvement (Communications and engagement)

The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Other key principles

○ Preventing Poverty:

Reducing poverty, especially persistent poverty amongst some of our poorest people and communities, and reducing the likelihood that people will become poor.

○ Safeguarding:

Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.

Risk Management

The 2018/19 budget proposals continue to seek to protect families, communities and front line services where possible, as well as continuing to support the delivery of the Council's key priorities within the Corporate Improvement Plan. Furthermore they

are shaped by consideration of the impacts on equality groups and the vulnerable in our society.

The individual impact assessments will assist and inform the Cabinet and full Council at the meetings as part of setting the 2018/19 budget.

There are a number of risks associated with the budget plans. Since 2014 the council's approach to risk management sees it managed on a corporate basis with regular reports to the Strategic Overview Board, Management Team and Audit Committee. This forms part of on-going monitoring of risk.

Heads of Service and their management teams are responsible for reviewing and managing risks within their service areas. Risks identified for services will need to be integrated into the service planning process and regularly reviewed to ensure that they are being managed appropriately.

As part of the Impact Assessment process, each proposed budget saving has undergone risk assessment by service areas. This assessment identifies the deliverability of the saving, along with the likely impact to service delivery.

The risk assessment allows a risk status to be attached to each saving, and significant risks are monitored within project or service risk registers. The corporate risk register has also formed part of the background data assisting the budget setting process.

Budget Risks

Change Delivery Capacity – a number of savings are now categorised as 'transformational'. In other words a proactive approach to change is required rather than the more traditional percentage budget cut. It is important the council recognises that at a time of change investment may be needed to deliver change. In some cases specialist skills will be required for short periods. The 2018/19 budget continues to include funding for this change.

Budget Savings - The level of savings required in 2018/19 is significant. Any unforeseen delays in implementation will impact on the achievement of the reductions required. Progress on the delivery of agreed savings targets will be reported to Cabinet on a monthly basis. The Reserve position of the Authority is in line with the prudent range of 3 - 5% and these are available to "smooth" any slippage in delivery of the savings. However the emphasis is placed on ensuring savings are delivered. The approach is supported by the policy around the use of reserves: all reserves are corporate rather than service based. If reserves are used for temporary support of the revenue budget the replenishment of these reserves will be required in the following year in addition to the achievement of the saving itself. Plans within service areas need to be managed robustly in order to limit any underachievement and monthly budget monitoring and savings delivery monitoring ensures Cabinet and has visibility of financial performance.

Income – the budget is supported by approximately £60m of generated income and therefore services need to constantly review their income levels and develop creative

plans to ensure that they are sustained. This risk is being mitigated by an overall strategy for income and a move to full cost recovery wherever appropriate.

Council Tax – closing in-year collection rate figure for 2016-17 was 97.57%, a drop of 0.1% to previous year, the Welsh average for 2016-17 was 97.4%. By the end of December 2017 the collection rate for 2016-17 monies had risen to 99.1%. (0.51% down on previous years position at end of December 2017).

The Introduction of Council Tax premiums from 1st April 2017, and the roll-out of Welfare Reform including universal credit in Powys in October 2018, is predicted to have an impact on in-year collection and arrears, currently estimated at between 0.2% to 0.3% drop on in-year collection.

Equal Pay – the council has mitigated the financial risk of potential future equal pay claims by holding a reserve to support these costs. This is kept under review.

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. Any variation in the cost of borrowing is being mitigated by a proactive approach to refinancing our borrowing wherever possible. This ensures that wherever possible our long term borrowing for our capital projects takes advantage of the historically low level of debt interest.

Variations to Settlement Assumptions - the Council makes every effort to ensure that its assumptions about budget settlements for future years are based upon the best available evidence. However, future settlements cannot be predicted with absolute accuracy and can be influenced by political and economic policy changes.

Political Approval of Budget – the Council is required under the Local Government Act 2003 to set a balanced budget for the forthcoming financial year, and this must be approved by Full Council.

Availability of Reserves – the Council may suffer other costs that may arise due to unexpected events such as: -

- Civil emergencies and Natural Disasters
- Failure to deliver statutory duties – failure to deliver, including safeguarding activity in relation to adults, children, Health and Safety or Public health could result in possible negligence claims.
- Increased threat of legal litigation in respect of service delivery standards and regulations and multiple Insurance Claims. This risk is the likelihood of needing to replenish the insurance fund immediately from reserves as a result of several claims above our excess.
- Increase in energy cost prices.

If the actual position is different to the assumptions made in producing the budget in-year adjustments would be needed.

Mitigation, Review and Monitoring

As part of the impact assessment process the author of the assessment is asked to identify mitigation to any negative impacts that have been identified. The risks and the identified mitigation must be managed within the appropriate project risk register to ensure continual monitoring and management of the risks.

Consultation and Engagement

Over the past few years the council has sought to engage residents in the decision making process around setting a balanced budget using an online budget simulator tool. The savings targets subsequently agreed by the Cabinet and ratified by Full Council have then led to service managers needing to develop more detailed proposals which have, in the main, gone out for public consultation. This has created a further opportunity for affected residents to influence service delivery by attending drop-in engagement sessions, public meetings, organised workshops or completing online/paper surveys to have their say.

The views of residents have been sought and received in a number of ways including:

- The Powys Budget Simulator
- Specific Service Type Consultations
- Legislative Consultations

Conclusions

There were various consultation exercises conducted during the past financial year on how to achieve budget savings for specific services like library and youth service and the highways, transport and recycling service. Views were also sought on how best to sustain the county's rights of way network and how and what people wanted to see happen with regard to legislation around Active Travel for 11 towns in Powys. Secondary school pupils were engaged at a special conference in November on the Well-being of Future Generations Act. Residents and community groups were also invited to have their say on their own well-being and the Act in both February and July last year so as to contribute to the final draft Well-being Plan. Views on the business rates and plans for a new cemetery in Machynlleth have also taken place and at the time of writing we are consulting on the long term vision for Powys schools.

Key Conclusions from the Simulator Exercise and other exercises

The key conclusions drawn from the two simulator exercises conducted over the past two years are that residents are reluctant to see the services that provide for the more vulnerable in our society being cut. There was little appetite for budget cuts for children with disabilities, home care services, services for looked after children and family support services. Residential care and services that provide for people with learning disabilities also received less support followed by changes to our waste and recycling service.

There was also a reluctance to jeopardise services by cutting budgets to the point where there may be difficulty in maintaining statutory requirements. This applied to both schools and environmental health in particular.

Residents were frustrated that council tax was increasing when they knew we were decreasing the level of service provision across a number of areas due to budget

constraints. These views are supported by the social media comments received via the corporate Facebook and Twitter pages and also via the evidence captured via the last Residents Satisfaction Survey conducted in 2015 where satisfaction with the services that we provide overall as a council has decreased over the past five years.* All feedback from consultation and engagement exercises allow officers and members to hear and understand more about residents' views on service delivery and help the decision making process.

*Source – Residents Satisfaction Survey

The budget proposals contained within the 2018/19 budget proposal are extensions of proposals already consulted upon.

A refreshed approach to engagement and consultation will be developed for 2019/20 on.

Mechanisms for Delivery

There are many pathways leading to improvement / change objectives that services will need to consider. These can be summarised as follows

- Evidence of need identified in the counties Well-being Assessment
- Change in statutory requirements
- Improvement priorities agreed in response to a service self-evaluation
- Objectives agreed in response to regulatory recommendations
- Objectives identified to deliver budget savings / MTFS commitments
- Objectives identified to manage / mitigate corporate risks
- Objectives required to ensure statutory compliance
- Other

a) The Corporate Improvement Plan

The Corporate Improvement Plan clearly articulates the key change activities the council undertakes, drawing on commitments made in Vision 2025

- The Economy Programme – We will develop a vibrant economy
- Health and Care Programme – We will lead the way in effective, integrated rural health and care
- Learning and Skills Programme – We will strengthen learning and skills
- Residents and Communities Programme – We will support our residents and communities

To help ensure the programmes can be delivered the following supporting activities are also in development:

- Changing the Way we work
- Leadership and Governance
- Communication and Engagement

- Service Improvement Plans (SIP): These are evaluated and renewed on an annual basis and are the key documents for communicating the services key improvement objectives. The plan follows the standard principle planning questions, namely:
 - Where are we now?
 - Where do we want to get to?
 - How will we get there?

b) Service Improvement Plans

The council's standard service provision is delivered via the following structures:

- Chief Executive
 - Policy and Performance
 - Chief Executive and Member Services
- People Directorate
 - Adult Social Care*
 - Children's Services*
- Place Directorate
 - Highways, Transport and Recycling Service
 - Housing Services
 - Leisure and Recreation Service
 - Regeneration, Property and Commissioning Service
- Schools Directorate*
- Resource Directorate
 - Business Services
 - Corporate Legal and Democratic Services
 - Finance
 - ICT
 - Workforce and Organisational Development

** Improvement plans will include direct responses to regulatory reports and recommendations.*

- Annual Budget and Savings Proposals

Within some basic corporate parameters, services are able to adjust their planning arrangements meet service needs.

A monthly monitoring process is in place to ensure effective monitoring of agreed improvement / change objectives and budget savings. This should provide assurance to members that agreed commitments will be met as planned.