

Pecyn Dogfennau Cyhoeddus

Pwyllgor Craffu Dysgu a Sgiliau

Man Cyfarfod
Trwy Teams

Dyddiad y Cyfarfod
Dydd Llun, 6 Gorffennaf 2020

Amser y Cyfarfod
1.00 pm

I gael rhagor o wybodaeth cysylltwch â
**Wyn Richards, Scrutiny Manager and
Head of Democratic Services**

wyn.richards@powys.gov.uk



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

Dyddiad Cyhoeddi

Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

AGENDA

| | |
|-----------|-----------------------|
| 1. | YMDDIHEURIADAU |
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Derbyn ymddiheuriadau am absenoldeb.

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| 2. | DATGANIADAU O DDIDDORDEB |
|-----------|---------------------------------|

To receive declarations of interest from Members.

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|-----------|----------------------------------|
| 3. | DATGANIADAU CHWIP Y BLAID |
|-----------|----------------------------------|

Derbyn datganiadau ynglyn â gwaharddiad chwip plaid a gyflwynwyd i Aelod mewn perthynas â'r cyfarfod yn unol ag Adran 78 (3) Mesur Llywodraeth Leol 2001.

(D.S: atgoffir yr Aelodau, dan Adran 78, na all Aelodau sydd wedi derbyn gwaharddiad chwip plaid bleidleisio ar fater gerbron y Pwyllgor.

| | |
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| 4. | ADRODDIADAU SEFYLLFA CYFALAF AC ALLDRO REFENIW AR GYFER 31 MAWRTH 2020 |
|-----------|---|

Craffu'r adroddiad Sefyllfa Cyfalaf ac Alldro Refeniw ar gyfer 31 Mawrth 2020 mewn perthynas a'r Gwasanaeth Addysg ac Ysgolion.

(Tudalennau 1 - 28)

| | |
|-----------|----------------------|
| 5. | RHAGLEN WAITH |
|-----------|----------------------|

Bydd cyfarfod nesaf y Pwyllgor yn cael ei gynnal ar:

| | | | |
|------------|------------|-----------------------|------------------------------------|
| 20 2020 | Gorffennaf | 1.00 p.m. – 2.00 p.m. | Eitem: Cyllidebau Ysgolion 2020-21 |
|------------|------------|-----------------------|------------------------------------|

Bydd cyfarfodydd pellach yn cael eu cynnal ar:

(Gwybodaeth i ddod)

CABINET EXECUTIVE

16th June 2020

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance, Countryside and Transport

REPORT TITLE: Financial Outturn for the year ended 31st March 2020

REPORT FOR: Decision

1. Purpose

1.1 To provide Cabinet with the revenue budget outturn position for the financial year ending 31st March 2020. The report provides an explanation of any significant movements against February's forecast and reports on the impact on the Council's reserves.

2. Overview

2.2 The Council has encountered unprecedented challenges since the COVID crisis began, business critical activity has been prioritised and this has directed resource away from normal activities. Despite the additional pressures the Council has completed the closure of its accounts and produced the year end management accounts to report the financial position. This provides a firm basis from which to move into the new financial year and our focus now turns to the financial aspects of supporting the crisis, understanding the financial implications on the 2020/21 budget and assessing the medium and longer term implications in order to review the Council's Medium Term Financial Strategy.

2.3 The revenue outturn position for 2019/20 is an underspend of £1.46 million against the working budget (excluding Schools and the Housing Revenue Account (HRA)). This compares with a projected underspend of £0.58 million at the end of February 2020. The figures include cost reductions delivered of £15.79 million, 73% of the £21.20 million target, this compares with 58% delivered in the previous year.

2.4 In delivering the outturn position, consideration has been given to the balance between the use of capitalisation, maintaining a prudent level of reserves, and the subsequent demand on future year budgets. It is important that the council's reserves are protected given the given the inherent risks arising from COVID 19 and the significant challenge to balance the budget over the medium term.

2.5 This approach has increased the overall level of useable reserves and maintained a general fund reserve at year end of £9.47 million representing 5.1% of total net revenue budget excluding Schools and the HRA. This maintains reserves in line with the Council's policy.

2.6 The response to the COVID 19 pandemic has had some impact on the 2019/20 financial year although this has been limited. Welsh Government has provided Local Authorities with additional funding through the COVID 19 hardship fund, the first claim made for actual spend incurred in March was £33,698. Monthly claims will continue to be made to draw down funding to reimburse additional costs incurred.

2.7 Costs incurred in managing the consequences of the February Storms were not known or included in the previous February report. The immediate response and relief costs incurred

in 2019/20 were £549,233. These costs have been in part (£26,625) supported through the Welsh Government Emergency Financial Assistance Scheme (EFAS), the support is subject to a £517,909 threshold to be met by the Council together with capital costs that are incurred outside available grants. Costs above the threshold are funded by the scheme at 85% of the cost incurred. The majority of the claim costs relate to Highways, although Schools have incurred some costs.

3. Revenue Position

3.1 The outturn position is an underspend against budget of £1.46 million and demonstrates an improved position against the February forecast of £0.58 million, this is summarised by service in the Table below.

| Service Area | Working Budget | Actual Spend | Variance (Over) / Under Spend | Variance (Over) / Under Spend % | Variance BRAG Status |
|--|----------------|----------------|-------------------------------|---------------------------------|----------------------|
| Adult Services | 64,936 | 64,918 | 18 | 0.0 | G |
| Childrens Services | 20,680 | 25,333 | (4,653) | (22.5) | R |
| Commissioning | 3,143 | 2,758 | 385 | 12.2 | P |
| Education | 21,594 | 21,766 | (172) | (0.8) | G |
| Highways Transport & Recycling | 31,568 | 33,242 | (1,674) | (5.3) | R |
| Property, Planning & Public Protection | 6,952 | 7,068 | (116) | (1.7) | A |
| Regeneration | 1,097 | 1,052 | 45 | 4.1 | P |
| Housing & Community Development | 5,984 | 5,771 | 213 | 3.6 | P |
| Digital Services | 5,071 | 4,694 | 377 | 7.4 | P |
| Transformation & Communications | 1,968 | 1,779 | 189 | 9.6 | P |
| Workforce & OD | 1,367 | 1,276 | 91 | 6.7 | P |
| Legal & Democratic Services | 3,302 | 3,123 | 179 | 5.4 | P |
| Finance | 5,035 | 5,262 | (227) | (4.5) | R |
| Corporate Activities | 12,728 | 5,925 | 6,803 | 53.4 | P |
| Total | 185,425 | 183,967 | 1,458 | 0.8 | |
| Housing Revenue Account (HRA) | 0 | (463) | 463 | | G |
| Schools Delegated | 69,761 | 68,435 | 1,326 | 1.9 | R |

3.2 The Revenue outturn (excluding Schools Delegated and the HRA) reports a surplus of £1.46 million against the overall budget, however as seen in the table above there are significant variances in some areas. Costs in excess of the approved budget are reported for Childrens Services, Education, Highways Transport and Recycling, Property Planning and Public Protection and Finance, these overspends are being offset by underspends across other services of the council and most notably within Corporate Activities where expenditure was 53% below that budgeted.

3.3 Social Services were seen as a key area of financial risk in the 2019-20 budget, and it was recognised that in order to improve outcomes and address the findings in the poor Children's Service inspection report that a whole Council approach would be required. The council's budget included a £2 million corporate revenue budget to address this potential risk.

3.4 **Childrens Services**

The Outturn position for Childrens services shows costs exceeding the budget by £4.65 million, an improvement of £0.18 million from that projected in February as further costs were

able to be allocated against specific grants. As part of the 2019/20 budget setting process Childrens Services had identified significant potential service pressures of £6.25 million, £5.78 million of these have materialised. To mitigate these pressures, cost reductions of £3.65 million were proposed by the service and approved by council, but only £1.26 million (34.5%) have been delivered. The shortfall in the cost reductions achieved together with an increase in the average placement cost has resulted in the position reported.

Welsh Government grants including the Integrated Care Fund (ICF) and Supporting Sustainable Social Services has contributed £0.961 million during the year.

3.5 Highways, Transport and Recycling

Highways, Transport and Recycling reported an overspend of £1.67 million against the service budget, an improvement to the £2.05 million projected in February. The majority of this relates to undeliverable cost reductions of £1.32 million. The service incurred significant costs in March in response to the floods but these have been offset by an improved trading position on NMWTRA work.

3.6 Corporate Services

The outturn position surplus of £6.80 million remains consistent with previous forecasts, the receipt of additional capital grant and slippage in the capital programme has reduced the need to borrow and lessened the increase in the Minimum Revenue Provision. This together with a surplus on the level of Council Tax collected and the unallocated corporate risk budget held within this service area results in the surplus reported.

3.7 Schools Delegated

School budgets for 2019/20 were set with an expected £3.17 million call on reserves, however, schools are now collectively reporting an improved position which has reduced the need to draw so heavily on their reserves, with £0.99 million being used. This use of reserves sees school balances moving from a surplus position of £0.08 million on the 1st April 2019 to a deficit of £0.91 million. Appendix A provides school balances for each school, and highlights those schools who currently have a warning notice. Schools with deficit balances will be reviewed as part of agreeing their budgets for the next three years. The primary sector balances remain in a surplus of £2.6 million but of most concern is the £3.4 million deficit balance for the secondary sector as shown in the table below.

| School Sector | Opening Balance | Cabinet Budgeted Contribution/ (Use) | Actual contributions to/from reserves | Closing Balance 31/3/20 |
|---------------|-----------------|--------------------------------------|---------------------------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Primary | 2,582 | (1,330) | 64 | 2,646 |
| Special | (123) | (165) | (1) | (124) |
| Secondary | (2,381) | (1,673) | (1,051) | (3,432) |
| Total | 78 | (3,168) | (989) | (911) |

3.8 Housing Revenue Account

A surplus of £0.46 million is reported for the HRA this is due staff slippage and underspends on the building maintenance and fixtures and fittings budgets.

Further explanation across all service areas is provided by the individual Heads of Service in Appendix B.

4. Reserves

- 4.1 In closing the accounts this year consideration has been given to the impact that the COVID 19 pandemic will have on the Council's finances in subsequent years. In order to add resilience to our planning the use and holding of reserves has been a key part of our assessment.
- 4.2 This approach has enabled us to increase the level of useable reserves to provide greater flexibility should it be needed to support the financial position due to COVID 19 in 2020/21. Loss of income, and the impact on the delivery of cost reductions will inevitably impact on the revenue budget and in these exceptional circumstances there may be a need to use reserves to support the budget.
- 4.3 The revenue reserves held at the beginning of the year totalled £27.87 million, with £9.06 million held in the General Fund Reserve and £17.99 million in Earmarked (Specific and Ring-fenced) Reserves. The opening balance on the School and HRA reserves totalled £0.81m.
- 4.4 The final position reports an increase in the overall level of useable reserves of £2.8 million to £29.85 million. Schools delegated budgets have drawn £0.98 million from reserves leaving the overall school reserves in a deficit balance of £0.91 million. The HRA has increased by £2.81 million to £3.92 million.
- 4.5 Part of the revenue surplus reported has been generated by an over recovery of pension contributions, it is proposed that a specific pension reserve is set up to manage any under/over recovery of pensions contributions on an annual basis. The deficit contribution to the Pension Fund is paid on a lump sum basis, and in order to fund this, contributions are collected via a percentage of pay. This can result in an annual under or over recovery per year. The lump sum has been put in place to protect the fund against a potential falling payroll. In 2019/20 the contributions collected through payroll, were in excess of the lump sum payment by £0.75 million. The reserve will support potential Pension Fund gaps that may arise over the next two years, through to the next actuarial valuation.
- 4.6 The Transport and Equipment Funding Reserve is set aside to fund a rolling programme of Highways, Transport and Recycling vehicle and equipment replacement. During the year £2.45m depreciation and £0.32 of income from the sale of assets were added to the reserve. Assets totalling £2.38m were purchased in year, originally these costs were budgeted to be funded from the specific reserve, but in order to provide greater flexibility these costs have been funded through supported borrowing.
- 4.7 The reserves position can be reviewed as we move through the new financial year and we can redirect reserves to support capital spend if appropriate.

| Summary | Opening Balance (1st April 19) Surplus / (Deficit) | Actual Addition / (Use) of Reserves | Balance (31st March 20) Surplus/ (Deficit) |
|---------------------------------------|--|---|--|
| General Fund | 9,065 | 407 | 9,472 |
| Budget Management Reserve | 3,584 | 0 | 3,584 |
| Specific Reserves | 7,909 | (385) | 7,524 |
| Transport & Equipment Funding Reserve | 6,493 | 2,774 | 9,267 |
| Council Usable Reserves | 27,051 | 2,796 | 29,847 |
| Schools Delegated Reserves | 78 | (989) | (911) |
| School Loans & Other Items | (371) | 22 | (349) |
| Housing Revenue Account | 1,111 | 2,807 | 3,918 |
| Total Reserves | 27,869 | 4,636 | 32,505 |

4.8 School Budgets and the level of deficits continue to be a significant risk although the outturn position reduced the call on reserve to £0.99 million, from an original forecast of over £2.00 million. The revised position will have a significant impact on the forward projections for school reserves. Schools have been given additional time to submit their budget plans for 2020/21 and is important that all schools review these plans in light of the improved outturn position in 2019/20.

4.9 The HRA specific reserve has increased to £3.92 million and will be used to support the HRA Business Plan.

5. **Cost reductions**

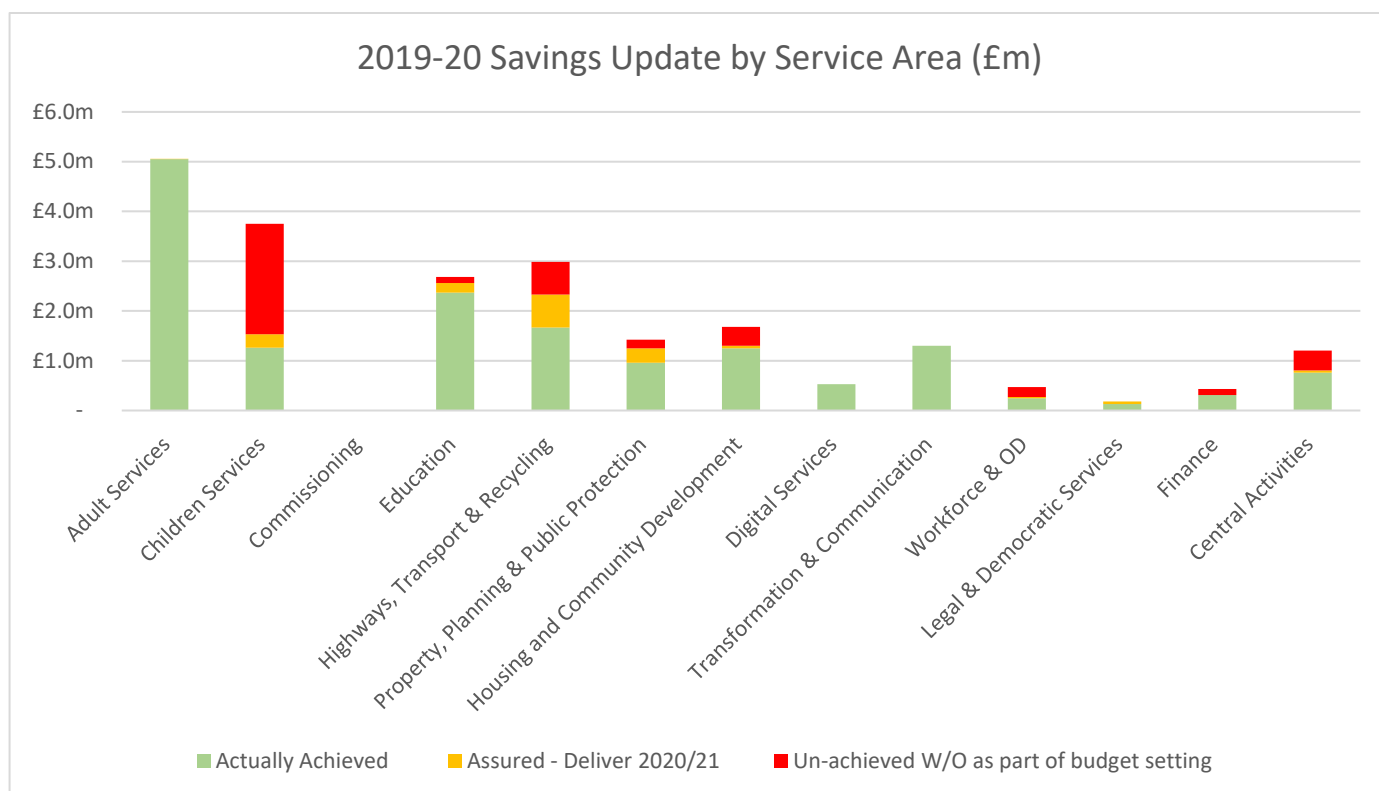
5.1 Cost reductions of £12.99 million were included in the budget approved by Council in March 2019, a further £8.70 million were identified by Social Care to mitigate the potential cost pressures identified by both Childrens and Adult services. Together these total £21.69 million to be delivered during 2019/20. £15.83 million (73%) have been delivered by year end, comprising £9.52 million of service cost reductions and £6.31 million of pressures managed by Social Care.

5.2 Undelivered cost reductions of £5.86 million have been managed in part by some services who have identified mitigating actions using alternative means of covering the shortfall in 2019-20 together with the £2.00 million risk management budget which is held in the Corporate Services budget. £1.60 million of the undelivered cost reductions have been rolled forward into the new financial year (specific targets at service level are set out in Appendix C), assurance has been provided by the Heads of Service that they can be delivered in 2020-21.

5.3 Budgets were rebased as part of budget setting for 2020/21 with many of the undeliverable cost reductions addressed as part of that process.

5.4 An overall summary by service is set out in the diagram below:

2019-20 Savings Update by Service Area (£m)



6. Transformation

6.1 Transformation of the councils services is critical in providing an appropriate level of service to our residents at a much lower cost ensuring that the councils budget is maintained on a sustainable footing for the future. Transformation activities totalling £3.18 million were funded through Capital Receipts utilising the Welsh Government Capitalisation Directive a key part of the our financial strategy through to 2021-22.

6.2 The table below summarises the costs incurred against the budgets agreed. Some costs were unable to be capitalised as they did not meet the criteria set by the directive and these have been charged back to service budgets.

| Transformation Costs 19-20 | Actual Outturn | Budget | Variance |
|---|----------------|--------------|------------|
| | £,000 | £,000 | £,000 |
| Transformation Projects to be capitalised | 1,640 | 2,000 | 360 |
| Organisational Transformation | 1,120 | 990 | -130 |
| School Redundancies plus Pension Strain | 420 | 650 | 230 |
| | 3,180 | 3,640 | 460 |

7. Impact of Capital

7.1 Capital investment and the financing of capital activities have a significant impact on the authority's revenue position. In 2019/20 £62.36m was actually spent (including HRA) on capital investments versus the revised budget of £72.60 million. This resulted in an underspend of £10.23 million (14%) on the council's Capital Budget.

- 7.2 The majority of the underspend can be attributed to delays in the delivery of the capital programme. The budgets associated with these projects will be rolled forward into 2020/21. The virements required to do this are outlined in the Capital monitoring report and are subject to approval by Cabinet or full Council.
- 7.3 The revenue budget supports the cost of borrowing for capital purposes and recognises the future need to borrow through the minimum revenue provision budget. The revenue budgets were approved to support the original capital programme of £92.34 million. The actual capital spend was 30% less, and grants were maximised to reduce the call on borrowing. The actual cost of borrowing was £11.79 million, an underspend of £3.30 million which helped support the wider service revenue budget deficits.

8. Resource Implications

The Head of Finance (Section 151 Officer) has provided the following comment:

- 8.1 The delivery of a surplus budget for the 2019/20 is consistent with previous forecasts and is commendable considering the financial impact of the February Storms and the onset of the COVID 19 pandemic, and although the overall position is pleasing to report, the variances within the budget do not demonstrate the robust delivery of the budget plan. The Council can only ensure its financial resilience with the consistent delivery of services within budget, successful delivery of planned cost reductions and the delivery of an accurately profiled capital programme. Without these fundamental elements the Council has had to realign its budget plan during the year in order to maintain a balanced budget and limit the impact on reserves. This flexibility cannot be relied upon in future years.
- 8.2 The setting of the budget for 2020/21 addresses many of these elements, undelivered savings have been removed from service budgets, service cost pressures have been fully recognised and cost reduction proposals have been included with the assurance of delivery by Heads of Service. But already our budget for the new financial year is under significant and unprecedented pressure due to the impact of the COVID 19 pandemic. An early assessment highlighted many of the issues now facing the council, loss of income, delays in delivering cost reduction proposals and the redeployment of staff across council services have had an immediate impact on our budget plans.
- 8.3 The delivery of a surplus for 2019/20 and the increase in the level of reserves held will provide some added flexibility to our financial position.
- 8.4 Reserves will be drawn upon only when all other options are exhausted. Services will need to ensure they remain within budget in 2020/21, avoiding cost where possible and ensuring that all additional costs arising out of the response are identified for inclusion in claiming support from the Welsh Government's COVID 19 hardship fund.
- 8.5 The budget position will be reviewed on a month by month basis and the budget may need to be realigned as the position changes.
- 8.6 Schools have yet again delivered an improved outturn on their delegated budgets to that which was being forecasted, but the overall deficit balance of school reserves must be addressed. The additional funding provided to schools through the 2020/21 budget has improved the funding made available to schools and this will in part address the position, particularly in the secondary sector, but significant risk remains, compliance work and recovery action is crucial to ensure that schools budgets are managed effectively. Discussions continue with the schools issued with formal Warning

Notices. Further action will be taken where recovery plans are not being developed and implemented and evidence of delivery will be needed before warning notices and notices of concern are lifted.

8.7 The impact of COVID 19 has seen a government response greater than has ever been seen before. The increase in the national debt will undoubtedly have repercussions that could last for decades. How this will impact on future local government settlements remains to be seen but we can learn from the positives seen over the last couple of months, a whole council response, delivered at pace collectively with our partners has supported our residents and businesses through this challenging time. The Council must grasp the benefits seen as it turns its focus to recovery, reviewing its priorities and plans and reassessing both revenue and capital budgets. We will need to revisit and realign our Medium Term Financial Strategy to ensure the Council is sustainable and resilient for the short, medium and longer term.

9 Legal implications

The Monitoring Officer has no specific concerns with this report.

10. Comment from local member(s)

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

11. Integrated Impact Assessment

No impact assessment required

12. Recommendations

That Cabinet note the budget position.

That the proposal to put in place a specific Pension Fund reserve is approved.

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|---------------------|---|
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| Corporate Director: | Ness Young |

Appendix A – Delegated School Balances

| School | 2019/20 Actual Outturn | |
|---|---------------------------|----|
| Abermule CP School | 34,865 | |
| Archdeacon Griffiths C in W A School | 16,883 | |
| Arddleen C P School | 35,845 | |
| Banw C P School | 47,885 | |
| Berriew C P School | (13,392) | |
| Brynhafren C P School | (144,431) | wn |
| Builth Wells C P School | 88,912 | |
| Buttington/Trewern C P School | 33,828 | |
| Caersws C P School | 27,072 | |
| Carreghofa C P School | 17,895 | wn |
| Castle Caereinion C in W School | 64,593 | |
| Churchstoke C P School | 4,266 | |
| Clyro C in W Controlled School | 19,706 | |
| Cradoc C P School | 34,631 | |
| Crickhowell C P School | 34,240 | |
| Crossgates C P School | 55,144 | |
| Forden C in W School | 20,013 | |
| Franksbridge C P School | 13,535 | |
| Gladestry C in W Controlled School | 52,642 | |
| Guilsfield C P School | 80,622 | |
| Hafren C P Junior School | 96,062 | |
| Hay-On-Wye C P School | 33,032 | |
| Irfon Valley C P School | 5,303 | |
| Knighton C in W Controlled School | 82,389 | |
| Ladywell Green Infants School | 82,473 | |
| Leighton C P School | 39,535 | |
| Llanbedr C in W Aided School | 5,673 | |
| Llanbister C P School | (12,965) | |
| Llandinam C P School | 60,106 | |
| Llandrindod Wells C P School Cefnlllys | 24,811 | wn |
| Ysgol Trefonnen | 23,095 | |
| Llandysilio C in W School | 26,462 | |
| Llanelwedd C in W Primary School | (40,392) | |
| Llanerfyl C in W Foundation School | (14,098) | wn |
| Llanfaes C P School | 44,678 | |
| Llanfair Caereinion C P School | 103,281 | |
| Llanfechain C in W School | (59,587) | |
| Llanfihangel Rhydithon C P School | (970) | |
| Llanfyllin C P School | 40,957 | |
| Llangattock C in W Controlled School | 77,116 | |
| Llangedwyn C in W Voluntary Controlled School | 3,760 | |
| Llangors C in W Controlled School | 10,187 | |
| Llangynidr C P School | 63,983 | |

| | | |
|---|------------------|----|
| Llanidloes C P School | 128,712 | |
| Llanrhaeadr Ym Mochnant C P School | 42,152 | |
| Llansantffraid C in W Aided School | (5,929) | |
| Maesyrrhandir C P School | (2,516) | |
| Montgomery C in W School | 79,169 | |
| Mount Street C P Infants School | 66,083 | |
| Mount Street C P Junior School | 50,080 | |
| Newbridge-On-Wye C in W Controlled School | 46,437 | |
| Penygloddfa C P School | 21,794 | |
| Presteigne C P School | 25,042 | wn |
| Priory C in W Aided School | 79,166 | |
| Radnor Valley C P School | 39,749 | |
| Rhayader C in W Controlled School | (45,860) | |
| Sennybridge C P School | 62,597 | |
| St Mary's Catholic School | 47,236 | |
| St Michael's C in W V A School | 14,814 | |
| Treowen C P School | 67,921 | |
| Welshpool C in W | 192,093 | |
| Ysgol Bro Cynllaith | (10,108) | |
| Ysgol Bro Tawe | 78,317 | |
| Ysgol Dafydd Llwyd | 31,831 | |
| Ysgol Dolafon | 36,318 | |
| Ysgol Dyffryn Trannon | 34,537 | |
| Ysgol Glantwymyn | 45,559 | |
| Ysgol Gynradd Carno | 5,444 | |
| Ysgol Golwg Y Cwm | 66,571 | |
| Ysgol Gymaeg Dyffryn Y Glowyr | (84,702) | wn |
| Ysgol Gymraeg Y Trallwng | 82,218 | |
| Ysgol Llanbrynmair | 38,173 | |
| Ysgol Meifod | (31,684) | |
| Ysgol Pennant | 50,346 | |
| Ysgol Pontrobert | 23,969 | |
| Ysgol Rhiw Bechan | 47,788 | |
| Ysgol Y Cribbarth | 48,533 | |
| Ysgol-Y- Bannau | 17,735 | wn |
| Ysgol Y Mynydd Du | 36,433 | |
| Total Primary | 2,645,666 | |
| Secondary | | |
| Brecon High School | (1,618,678) | wn |
| Gwernyfed High School | 280,513 | |
| Ysgol Maesydderwen | (309,720) | wn |
| Crickhowell High School | (1,002,764) | wn |
| Ysgol Uwchradd Caereinion | (6,123) | |
| Llanfyllin High School | (87,784) | |
| Llanidloes High School | (62,745) | |
| Ysgol Bro Hyddgen | (162,071) | wn |
| Newtown | 396,501 | |
| Welshpool High School | (728,216) | wn |

| | | |
|-------------------------------|--------------------|----|
| Ysgol Calon Cymru | (131,302) | wn |
| Total Secondary | (3,432,389) | |
| | | |
| Brynlywarch Hall Residential | 64,093 | |
| Ysgol Cedewain Special School | (297,296) | wn |
| Ysgol Penmaes Special School | 108,959 | |
| Total Special | (124,244) | |
| Wn = Warning Notice | | |

Appendix B**Head of Service Commentary**

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|----------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Adult Services | 64,936 | 64,918 | 18 | 0.0 | G |

HOS Comment

The service began the financial year with a budget pressure of approximately £10m. The savings and early intervention and prevention through strengths-based practice and Technology Enabled Care (TEC) has enabled a balanced budget at the end of the year. This is pleasing and demonstrates a robust approach to financial management for the 3rd year in a row. However, the failure to give an uplift to providers during the year has left the care market in a fragile position and this may need to be addressed in the future.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|--------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Childrens Services | 20,680 | 25,333 | (4,653) | (22.5) | R |

HOS Comment

The Children's Services budget for 19/20 was set with unfunded pressures of £6.25m. The service identified where savings of £3.651m could potentially be made but these were high risk and left a budget deficit of £2.699m. The service delivered £1.26 million savings. The two main areas for expenditure over budget for the service are agency staff and placements costs. The Service reduced the number of Children who are Looked After is bringing fewer children into care. During 2019-20, 29 fewer children had entered the care of Powys County Council, than during 2018-19. This represents a cost avoidance of £49,000 average full year effect per child or a total of £1.421 million. The service recruited 65 permanent staff in 2019-20 and the number of agency staff reduced from 34 to 29. The service is committed to reducing costs in these areas whilst continuing to ensure children are safeguarded and the changes and improvements to practice are made. We have made full use of grants.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|---------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Commissioning | 3,143 | 2,758 | 385 | 12.2 | P |

HOS Comment

The service went through 2 restructures during the year and held vacancies as a result of that action. The service has also maximised grants in order to enable this very positive position at the year end.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|-------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Education | 21,594 | 21,766 | (172) | (0.8) | G |
| Schools Delegated | 69,761 | 68,435 | 1,326 | 1.9 | R |

HOS Comment

Overall, the outturn shows an over spend of £172k. The main reasons behind this are as follows

- Pupil inclusion - The ALN area has a further £220k underspend due to reduction in out of county placements costs and increased income from inter authority recoupment.
- Schools Operational - Revenue costs relating to feasibility studies for specific capital projects that are no longer feasible as per the original project outline and therefore cannot be capitalised. This amounts to £266k.
- Schools Delegated Other – Delayed saving achievement in 19-20 of £120k which has been found during 20-21 budget setting.

The service are continually working on meeting the requirements of the post inspection action plan (PIAP) and delivering the strategy for transforming education in Powys, focusing on learner entitlement.

The service is keen to move ahead with a staffing re-structure. Key roles need to be established in order to support the necessary changes to education in Powys, and to provide effective business support for senior managers within the service.

HOS Comment

In schools' delegated budgets there is a significant shift in the outturn than was predicted. Much of this can be attributed to the work of the finance officers and school service officers identifying areas for efficiency savings with individual schools' leadership teams. However, there is further work to do in reducing the deficit budgets in some schools and in ensuring all school business managers are trained in budget management so that predictions for year-end are more accurate and that coding is undertaken appropriately.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|--------------------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Highways Transport & Recycling | 31,568 | 33,242 | (1,674) | (5.3) | R |

HOS Comment

Highways, Transport and Recycling are reporting an outturn overspend of £1.674m; 5.3%, at the end of 2020 financial year, compared to £2.062m at the end of period 11, February 2019. The majority of this overspend is due to unachieved savings amounting to £1.321M. If savings are excluded from the forecast the overspend reduces to £325k

The areas of overspend remain consistent, with £395K in Waste Collection Services and £679k on Home to School and Public Transport. This overspend is offset by underspends/surpluses in Highways Design and Waste Compliance and Strategy.

The overspend in Waste Collection Services has reduced through the year due to efficiency improvements, and this will continue into 2020/21.

Transport Services overspend is a result of the re-tendered costs exceeding the budget available for Public Transport. A review of the services provided is underway along with the expectation of increased funding from Welsh Government.

£1.665M savings are achieved in year, from a target of £2.986M with a further £240k of budget pressures being absorbed.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|--|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Property, Planning & Public Protection | 6,952 | 7,068 | (116) | (1.7) | A |

HOS Comment

The overspend principally relates to Catering, Strategic Property and Trading Standards.

Strategic Property reports an outturn over spend principally as a result of savings not being achieved with regards to corporate property cleaning and the closure of Neuadd Maldwyn and rental income targets not been reached. Progress is continuing to be made with regards to Neuadd Maldwyn but the savings are yet to be realised. Negotiation are ongoing between Strategic Property and the Cleaning Service regarding securing a safe cleaning regime. This has however been complicated by Covid-19. Rental income is increasing as units become occupied but unfortunately this has not taken place within the timeframe originally thought.

Catering is reporting an outturn overspend of £177k. The reason for the overspend is a reduction in income from the income forecast. The Catering service were tasked with making savings of £230k to be met by an increase in the price of school meals. The 15p increase in the meal prices has led to a reduction in take up.

Trading Standards are reporting an outturn over spend of £155K. The overspend reported is as a result of an overspend on Feed Hygiene, an unachieved saving of £20k, under achieved income in Animal Licensing and an overspend on the Consumer Fraud Team. A review of this service area is to take place to understand the late increase in the overspend.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|---------------------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Regeneration | 1,097 | 1,052 | 45 | 4.1 | P |
| Housing & Community Development | 5,984 | 5,771 | 213 | 3.6 | P |
| Housing Revenue Account (HRA) | 0 | (463) | 463 | | G |

HOS Comment

Housing & Community Development achieved savings of £1,248,000 in the 2019/20 financial year, as well as delivering a £258,000 underspend. The underspend is more than anticipated due to the receipt of additional grant income for a number of service areas, late in the financial year. Some areas within the Service were overspent; this was forecast early on within the financial year, with other budgets adjusted

accordingly where possible. Leisure had an overspend of £72,000 due to costs at the former Staylitttle Outdoor Centre (which had no core budget allocated) and increased leisure centre costs. Y Gaer reported an overspend of £71,000 which had been forecasted. Work is ongoing to look at options for this facility.

The Housing General Fund shows a £98,000 underspend, much of which is due to work not progressing on Gypsy and Traveller sites. Homeless work is showing an underspend in areas such as staff training, tax, legal fees and other services, however, expenditure on rent and B&B's was £79,000 over budget due to the increased number of homeless presentations.

In terms of the Housing Revenue Account there is an underspend of £463,000 much of which is due to reduced bad debt provision and vacant posts. Rent collected has been £304,000 less than anticipated in part due to void times, this is a priority for the 20/21 financial year.

Plans are in place to meet the efficiency savings required for the 20/21 financial year, however, it must be noted that the Covid19 pandemic may have an impact on deliverability

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Digital Services | 5,071 | 4,694 | 377 | 7.4 | P |

HOS Comment

Postage and general office expenses were £70k lower than forecast in the last period of the year which potentially reflects the change in working practices due to COVID19. Savings have also been made due to staff vacancies with some posts having delayed recruitment and other posts held when vacant to support savings due in 2020/21.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|---------------------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Transformation & Communications | 1,968 | 1,779 | 189 | 9.6 | P |

HOS Comment

The service held one vacancy as planned ready for 2020/21 cost reduction requirements, had two vacancies which the service failed to recruit to and overachieved on income generation.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|----------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Workforce & OD | 1,367 | 1,276 | 91 | 6.7 | P |

HOS Comment

Once our final income was clarified the service was able to deliver an overall underspend against budgetary provision.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|-----------------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Legal & Democratic Services | 3,302 | 3,123 | 179 | 5.4 | P |

Corporate Legal & Democratic Services year-end outturn for 2019-20 was an underspend of £179k. This was a decrease of £17k compared with the forecast underspend of £196k at the end of February 2020. £36k was paid into the County Council elections reserve to fund the costs of the next County Council election.

Elections have received monies from the Acting Returning Officer for previous years amounting to over £100k which contributed to the overall under spend position. The Solicitor to the Council budget also underspent by £75k on non staff areas.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget | Variance BRAG status |
|----------------------|------------|--------------|-------------------------------|--|----------------------|
| | £'000 | £'000 | £'000 | % | |
| Finance | 5,035 | 5,262 | (227) | (4.5) | R |
| Corporate Activities | 12,728 | 5,925 | 6,803 | 53.4 | P |

HOS Comment

The Finance Service budget reports an overspend of £227k against budget. Insurance excesses were significantly more than the budget allocated. The shortfall will be funded from the insurance reserve. The pressure on the insurance budget has been recognised in the budget for 20/21. Other areas of the service were within budget despite £0.12 million of savings not being achieved.

The outturn position surplus of £6.80 million for Corporate Activities remains consistent with previous forecasts, but there were a number of movements against budgets in March.

The cost of borrowing was set to support the original capital programme but the outturn capital spend was 30% less, and grants were maximised to reduce the call on borrowing. The actual cost of borrowing was £11.79 million an underspend of £3.30 million which helped supported the wider service budget deficits particularly in Childrens Services. The outturn also takes into account the £2.00 million set aside to manage the risk inherent in the budget, together with a surplus of £0.70 million on Council Tax collection

Two elements of the outturn affected specific reserves:

- £0.59 million required from the Insurance reserve, needed to cover the costs of claims and their defence in excess of the budget.
- £0.75 million transferred to a specific pension reserve which was collected through contributions not required to be paid into the pension fund.

Appendix C

Cost Reductions Rolled Forward to be Delivered in 2020/21

| Reference | Title | Service | 2020/21 Reduction £ |
|----------------------------|--|--|------------------------|
| Carried Forward from 18/19 | Small school closures | Education | 120,000 |
| Carried Forward from 18/19 | Corporate increase in income | Education | 10,220 |
| Carried Forward from 19/20 | Review and restructure of staff teams | Education | 43,000 |
| Carried Forward from 19/20 | Staffing review | Education | 17,000 |
| Carried Forward from 18/19 | Commissioning of Services | Highways Transport & Recycling | 20,000 |
| Carried Forward from 18/19 | Blue Badges | Highways Transport & Recycling | 50,000 |
| Carried Forward from 18/19 | Parking Charges | Highways Transport & Recycling | -23,680 |
| Carried Forward from 19/20 | Rationalisation of Household Waste Recycling Centres- Share facility with other LA, renegotiate third party contract | Highways Transport & Recycling | 100,000 |
| Carried Forward from 19/20 | Introduction of chargeable garden waste collection service | Highways Transport & Recycling | 91,490 |
| Carried Forward from 19/20 | Review car parking charges, increase income. | Highways Transport & Recycling | 100,000 |
| Carried Forward from 19/20 | Review street light provision (non-statutory) and limit PCC funding to conflict areas only. Encourage Town & Community Councils to support any additional local lighting requirements. | Highways Transport & Recycling | 49,000 |
| Carried Forward from 19/20 | Further efficiencies through better productivity, improved sickness absence management, developing additional income streams, internal cost reduction and reduced 3rd party spend. | Highways Transport & Recycling | 255,960 |
| Carried Forward from 19/20 | Reduction in urban verge cutting. | Highways Transport & Recycling | 25,000 |
| Carried Forward from 19/20 | Exit Neuadd Maldwyn | Property, Planning & Public Protection | 141,590 |
| Carried Forward from 19/20 | Reduced cleaning in our corporate buildings | Property, Planning & Public Protection | 75,000 |
| Carried Forward from 19/20 | Increased rental income from properties, Ladywell House, Business unit portfolio, County Farms | Property, Planning & Public Protection | 75,480 |
| Carried Forward from 19/20 | Reduction of Y Gaer operating budget. Longer term MTFS aspiration is either shared use of charitable trust status. | Housing & Community Development | 50,000 |

| | | | |
|----------------------------|--|-----------------------------|------------------|
| Carried Forward from 19/20 | Reduction in service delivery through review in staffing | Workforce & OD | 26,000 |
| Carried Forward from 19/20 | Legal and Democratic Services Restructure | Legal & Democratic Services | 52,000 |
| Carried Forward from 19/20 | Senior restructure as part of organisational transfer | Central Activities | 44,587 |
| Carried Forward from 19/20 | Shared Costs - Joint funding. Continuing Health Care | Childrens Services | 190,000 |
| Carried Forward from 19/20 | Reduce Costs - 10% Travel | Childrens Services | 20,000 |
| Carried Forward from 19/20 | Reduce Costs - Restructure and reduce agency/consultants | Childrens Services | 64,549 |
| | | TOTAL | 1,597,196 |

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

16th June 2020

REPORT AUTHOR: County Councillor Aled Davies, Portfolio Holder for Finance, Countryside and Transport

REPORT TITLE: Capital Position for the year ended 31st March 2020

REPORT FOR: Decision

1 Purpose

- 1.1 The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £72.60 million. The original budget was £92.34 million. The decrease is due to the reprofiling of budgets resulting in the roll forward into future years, in particular 2020/21.
- 1.2 The outturn for 2019/20 amounts to £62.36 million representing 86% of the total revised budget.
- 1.3 Currently it is estimated that 3.4% of our net revenue budget of £255 million is supporting the past and present capital spend. It is essential that the investment in our Capital Programme is affordable over the short, medium and longer term and can demonstrate tangible benefits linked to the council's priorities.
- 1.4 Table 1 below summarises the financial position for each portfolio and service. Countryside Services are now reported under Highways, Transport and Recycling rather than Housing and Community Development due to structure changes.

Table 1: Capital Table as at 31st March 2020

| Service | Original Budget | Virements Approved | Revised Budget (after virements approved and required) | Actuals | Remaining Budget | |
|--|-----------------|--------------------|--|---------------|------------------|---------------|
| | £,000 | £,000 | £,000 | £,000 | £,000 | % |
| Adult Services | 290 | 411 | 701 | 722 | (21) | (3.00)% |
| Childrens Services | 0 | 206 | 206 | 102 | 104 | 50.49% |
| Education | 44,818 | (30,352) | 14,466 | 13,269 | 1,197 | 8.27% |
| Highways Transport and Recycling | 15,542 | 3,812 | 19,354 | 15,453 | 3,901 | 20.16% |
| Property, Planning and Public Protection | 2,046 | 3,686 | 5,732 | 4,333 | 1,399 | 24.41% |
| Housing and Community Development | 8,363 | (2,824) | 5,539 | 3,605 | 1,934 | 34.92% |
| Digital Services | 973 | 785 | 1,758 | 1,278 | 480 | 27.30% |
| Legal Services | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Finance | 3,650 | 215 | 3,865 | 3,202 | 663 | 17.15% |
| Total Capital | 75,681 | (24,061) | 51,621 | 41,964 | 9,657 | 18.71% |
| Housing Revenue Account | 16,662 | 4,314 | 20,976 | 20,399 | 577 | 2.75% |
| TOTAL | 92,343 | (19,747) | 72,597 | 62,363 | 10,234 | 14.10% |

1.5 Table 2 below sets out how the 2019/20 Capital Programme has been financed, 51% is funded through borrowing, the interest cost of this is charged to the revenue account.

Table 2: Funding of the Capital Programme as at 31st March 2020

| Service | Supported Borrowing | Prudential Borrowing | Grants | Revenue Cont's To Capital | Capital Receipts | Total |
|--------------|---------------------|----------------------|---------------|---------------------------|------------------|---------------|
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Capital | 7,264 | 11,793 | 18,799 | 465 | 3,642 | 41,964 |
| HRA | 0 | 12,548 | 3,995 | 3,856 | 0 | 20,399 |
| Total | 7,264 | 24,341 | 22,794 | 4,321 | 3,642 | 62,363 |

1.6 Financing the capital programme has, as always sought to maximise the use of grant and other external sources of funding.

1.7 The Council has also set aside revenue reserves to support the programme where appropriate, this reduces the need to borrow for some assets particularly those that have a short asset life. The balance between the use of reserves and borrowing is reconsidered at year end.

1.8 Due to the impact of COVID 19 pandemic on the Council's budget in 2020/21 it is essential that action taken now creates the greatest flexibility moving into the new financial year. Holding funding in reserves provides this flexibility.

1.9 Accordingly, we have not utilised the revenue reserves set aside in the Transport and Equipment Funding Reserve to fund Highways, Transport and Recycling Assets. Assets totalling £2.384m have been funded through borrowing.

1.10 Improvements to council dwellings are usually partially funded from the Housing Revenue Account Reserve. The draw from this reserve has also been reduced this year and costs supported by borrowing.

1.11 Two types of borrowing have been used to fund the remaining elements of the programme.

1.12 Supported Borrowing, where the revenue costs arising from the borrowing are funded by the Welsh Government through the annual revenue settlement.

1.13 Once the allocation of supported borrowing had be used the remainder was financed using Prudential (Unsupported) Borrowing. Again, the Council borrows the funding but is required to finance the revenue costs from its own resources

2 Head of Service Comments

2.1 Appendix A provides commentary on the services' capital projects.

3 Virements

3.1 It is recommended that Cabinet note the contents of this report and recommend all virements over £0.5 million to the Council for approval and approve all the other virements listed below:

3.2 Property, Planning and Public Protection £0.07 million

A budget increase of £0.07 million is required to fund the demolition of the former DSO yard and Archive at County Hall. This is as a result of cost increases on estimates for environmental reports, asbestos removal requirements as well as pre demolition works. The budget increase will be funded from both the County Hall external works

which is £0.03 million underspent with the balance funded from the corporate unallocated budget.

3.3 Adult Social Care

A budget increase of £0.30 million is requested to carry out urgent capital works at the Council owned Residential Care Homes. A business case was approved by EMT on the 20th May 2020. This will be financed from revenue funding set aside in 2019/20.

4 Reprofiling Budgets Across Financial Years

4.1 The following services have requested the reprofiling of their capital programme budgets into 2020/21.

4.2 Legal Services £0.02 million - The upgrade of the congress system in the council chamber was due to take place in March. Unfortunately, this did not take place and is likely to now happen in June. The £0.02 million budget has been reprofiled.

4.3 Other Services - Where underspends in the 2019/20 programme have occurred services will need to confirm that they still require this allocation, an update will be provided in the next report.

5 Grants Received

5.1 Highways, Transport and Recycling £0.40 million

5.2 The Active Travel Grant allocation has increased by £0.55 million to £2.29 million. £1.30 million of this has been allocated to Machynlleth Rail Arch re-opening using the increased allocation and a reduction in grant funding for the Newtown Bridge project. The Newtown Bridge project allocation has been reduced by £0.75 million to £0.25 million due to delays to the scheme.

5.3 Local Transport Network Fund allocation has reduced by £0.15 million to £0.20 million on Machynlleth Interchange project. Again, this reduction is the result of delays to this scheme.

5.4 Customers and Communication £0.66 million - £0.66 million of computer hardware has been received as part of the Hwb in Schools Infrastructure Grant. This equipment was purchased on our behalf by another authority using grant funding and we must include this within our accounts.

6 Capital Receipts

6.1 Capital receipts received during March are £0.04 million. The total receipts for the year are now £5.4 million. This comprises £0.07 million vehicle receipts, £2.58 million property receipts, £0.09 million Housing Revenue Account and £2.66 million county farms.

6.2 £3.18m of Transformation and Redundancy costs have been capitalised under the Welsh Government Capitalisation Directive and have been financed with Capital Receipts.

6.3 This leaves £3.53m of Capital receipts available to fund future Transformation and Redundancy costs.

6.4 The forecast capital receipts from the sale of surplus property in 2020-21 is £4.3m. Achieving any capital receipt relies on being able to market the properties, receive acceptable offers and complete a sale. In the current climate this may prove a challenge.

7 Resource Implications

7.1 The Head of Financial Services (Section 151 Officer) has provided the following comments:

Expenditure on the Capital Programme has slipped considerably in previous financial years, the effective monitoring and re-profiling of schemes is essential to enable us to more accurately project expenditure, the consequential need to borrow and the impact on the revenue budget. Project Managers and Service leads will be supported to improve financial monitoring and forecasting of expenditure.

8 Legal Implications

8.1 The Monitoring Officer has no specific concerns with this report.

9 Comment from Local Member(s)

9.1 This report relates to service areas across the whole county.

10 Integrated Impact Assessment

10.1 No impact assessment is required.

11 Recommendation

- That the contents of this report are noted.
- That Cabinet approves the virements proposed in section 3 of this report.
- That all virements over £0.50 million are recommended to Council for approval.

11.1 Reasons for recommendation

- To report on the Capital Outturn position for the 2019/20 financial year.
- To ensure appropriate virements are carried out to align budgets and financing requirements.

| | |
|---------------------|---|
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| Corporate Director: | Ness Young |

Appendix A – Updates on Capital projects by Service

Head of Service Commentary

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|-----------------------|------------|--------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Adult Services | 701 | 722 | (21) | (3.0) |

HOS Comment

The overspend was as a result of additional works required to the substance misuse building development in Welshpool where a cellar was discovered under the building and works were required to remove and make good.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|---------------------------|------------|--------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Childrens Services | 206 | 102 | 104 | 50.5 |

HOS Comment

The underspend relates to a number of ongoing projects which include the establishment of a Powys Children's Residential Home in South Powys and the refurbishments to Bannau Camlas. The projects have suffered some delays in relation to building works due to Covid 19. Works will continue as soon as feasibly possible and all monies will be fully spent 20/21.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|------------------|---------------|---------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Education | 14,466 | 13,269 | 1,197 | 8.3 |

HOS Comment

The main area of underspend is in the Schools Major Improvements Programme.

In financial year 2019/20, there were 82 projects. At the end of the financial year there were 2 schemes on hold, 4 schemes at the design stage and 3 are out to tender which will be delivered in financial year 2020. There were 16 projects under construction and due to COVID-19 they were stopped on site resulting in an underspend. There are 57 schemes have been handed over to schools.

There is only one 21st C Schools Programme project in construction at the moment, and this was also impacted by Covid-19, but work has now re-started on site. Some other projects were put on hold whilst the new Transformation Strategy was developed, and Ysgol Bro Hyddgen design has been revisited to consider the possible inclusion of leisure facilities. All other projects are in feasibility or design stage.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|--|---------------|---------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Highways, Transport and Recycling | 19,354 | 15,453 | 3,901 | 20.2 |

HOS Comment

A spend of £15.453m against a total budget of £19.354m is reported at the end of period 12. The majority of the budget underspend is in the areas of Active Travel, Major Structural and Flood Alleviation schemes. These schemes involve significant design, planning and in many cases land acquisition, and will span into 2020/21. Storm Dennis and COVID-19 had a severe impact on the progress of all capital schemes programmed for quarter 12.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|---|--------------|--------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Property, Planning and Public Protection | 5,732 | 4,333 | 1,399 | 24.4 |

HOS Comment

Capital spend has been rolled forward in relation to the construction of commercial units at Abermule that were unable to be constructed in the last financial year.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|--|---------------|---------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Housing and Community Development | 5,539 | 3,605 | 1,934 | 34.9 |
| Housing Revenue Account | 20,976 | 20,399 | 577 | 2.7 |

HOS Comment

Capital spend to be rolled forward for some of the projects unable to be completed in the last financial year.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|-------------------------|--------------|--------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Digital Services | 1,758 | 1,278 | 480 | 27.3 |

HOS Comment

Some variances in our capital programme has occurred with an overspend on our refresh strategy where equipment has been purchased early to support home working -£76k also some projects have been delayed whilst we respond to COVID19 emergency totalling £140. Our Education technology capital grant to support learners was also delayed ensuring robust national procurement of equipment, and this delayed our own ability to commission installation works to the value of £340k. The remaining spend include orders that have been placed but have not been received before year end and are due imminently.

| Service Area | Net Budget | Actual Spend | Variance (Over) / Under spend | Variance (Over) / Under spend as a % of Net Budget |
|--------------|------------|--------------|-------------------------------|--|
| | £'000 | £'000 | £'000 | % |
| Finance | 3,865 | 3,202 | 663 | 17.2 |

HOS Comment

£3.64 million of the budget relates to Transformation, eligible costs were £3.18 million resulting in an underspend of £457k, in addition the corporate unallocated budget of £225k is held here.

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