

# Cyngor Sir Powys County Council

## Impact Assessment (IA)

*The integrated approach to support effective decision making*



**Please read the accompanying guidance before completing the form.**

This **Impact Assessment (IA)** toolkit, incorporates a range of legislative requirements that support effective decision making and ensure compliance with all relevant legislation. **Draft versions of the assessment should be watermarked as “Draft” and retained for completeness. However, only the final version will be made publicly available. Draft versions may be provided to regulators if appropriate. In line with Council policy IAs should be retained for 7 years.**

|                     |   |                        |             |                 |            |                         |                  |
|---------------------|---|------------------------|-------------|-----------------|------------|-------------------------|------------------|
| <b>Service Area</b> | Council Wide                              | <b>Head of Service</b> | Jane Thomas | <b>Director</b> | Ness Young | <b>Portfolio Holder</b> | Cllr Aled Davies |
| <b>Proposal</b>     | Powys County Council 2020-21 Draft Budget |                        |             |                 |            |                         |                  |

## **BACKGROUND**

By law the Council has to agree a balanced budget annually. This impact assessment concentrates on the net revenue budget for 2020--21.

The 2020-21 Final Budget has been developed, refined and challenged by a robust process involving Heads of Service, Executive Management Team, Cabinet and Scrutiny Committees. The full timetable set out at Appendix A shows the governance approach and challenge meetings that have taken place since July 2019 and include the formal meetings to agree draft and final budgets.

The 2020-21 Draft Budget was approved by Cabinet on 21 January 2020 and was considered by the three Subject Scrutiny Committees and the Finance Panel in January 2020. The Final Budget will be presented to Council for agreement on 28 February 2020.

Individual impact assessments have been completed for each cost reduction proposal included in the 2020-21 Final Budget, but this assessment assesses the cumulative impact of the 2020-21 budget on Powys residents, in respect of the funding allocated, the council tax proposed and the cost reductions proposed.

The Final Budget includes a 5% increase in the Council Tax in 2020-21 (£1.25 a week for a band D property). The Council Tax Resolution will be presented to Council on 5 March 2020.

## **REVENUE BUDGET**

2020-21 will be another financially challenging year for the Council despite a 4.2% settlement increase from the Welsh Government. The Council has developed its 2020-25 MTFS and 2020-21 revenue budget by seeking to focus resources delivery of Vision 2025, service improvements and the Council's statutory obligations using an Integrated Business Planning approach. In 2020-21 the proposed budget starts to move away from salami slicing, ensuring that individual services have the budget they need to deliver the outcomes and obligations required.

### **Inescapable Cost Pressures**

The 2020-21 budget includes £18.4 million to meet inescapable cost pressures, including pay and price inflation as well as service specific pressures, such as Teachers Pay and Pensions, Contract Inflationary pressures, placement costs for Children Looked After and the increased cost of insurance. These must be recognised in the budget as the Council is required by law to set a viable and balanced budget. Powys residents will benefit from investment in these pressures as they will ensure that services can be improved or maintained at current levels and the Council's statutory obligations can be delivered. However, the value of the pressures included in the budget exceed the funding settlement the Council has received from the Welsh Government in 2020-21 creating a budget gap of £15.2 million.

### **Cost Reductions**

To bridge the budget gap all services were asked to identify possible cost reductions that could be made to reduce the Council's spending requirement for 2020-21. £10.8 million of cost reductions have been identified which are deemed to be achievable within an acceptable level of risk. This leaves a residual budget gap of £4.4 million which it is proposed is found by increasing Council Tax by 5% in 2020-21. If Council Tax was to be increased by less than 5% in 2020-21 the Council would need to make further cost reductions, in addition to the £10.8 million already proposed and deemed to be deliverable. In looking for additional cost reductions the Council would need to consider whether the impact on residents from any cost reduction would be greater than the impact on households of an additional £65.11 per annum in Council Tax. Work to develop the 2020-21 Draft Budget suggests that every element of the budget has been explored so the scope for additional cost reductions in the short term is very limited.

### **Council Tax**

The Council's net revenue budget is funded from Welsh Government grant known as Aggregate External Finance (AEF) and Council Tax. AEF is the total level of support that the Government provides to local authorities, comprising Revenue Support Grant and the amount distributed from business rates and is distributed using a needs-based formula. Over the last decade the Council's finances have suffered, as the Council has received the lowest AEF settlements compared to the other 21 counties in Wales primarily due to the costs of rurality not being adequately reflected in the formula. This is evidenced in the Council's [Rural Cost Analysis](#). One of the consequences of poor settlements is that by 2019-20 AEF only funded 67% of the Council's net revenue budget requirement, which is the second lowest in Wales (only Monmouthshire is lower). This in turn means that the Council has to fund the balance of its net requirement from Council Tax, which in 2019-20 is therefore funding 33% of the net revenue budget.

Council Tax income comes from residents but not all residents pay full Council Tax. Many residents benefit from the Council Tax Reduction Scheme (CTRS) which was introduced and initially funded by Welsh Government in a specific grant. However, some years ago the grant was transferred into the settlement and no longer keeps pace with payment levels so our annual expenditure exceeds the level of grant included in the settlement. In 2019-20 the Council has had to fund the recurrent shortfall of £1.8 million. Any increase in Council Tax in 2020-21 will increase the CTRS shortfall and an allocation of £450,000 is included in the budget to cover a 5% increase in Council Tax.

In setting the Council Tax level each year the Council must strike an appropriate balance the need to ensure the Council has sufficient funds to provide crucial often statutory services to local residents within a balanced budget (a legal requirement) with the ability of Powys taxpayers to afford to pay the level set.

In 2019-20, around 9,200 of Powys Council taxpayers (14.2%) are eligible for a Council Tax reduction and in some cases do not pay Council Tax at all; a further 21,900 (33.8%) of Powys households were eligible for a 25% Single Person Discount. 2,200 properties (3.4%) receive a 100% exemption, 130 properties received a 50% discount, 600 properties (0.9%) received a disabled band reduction, with 2,100 properties (3.2%) paying a 50% Council Tax premium as they were either long-term empty (over 12 months) or a second/holiday home. This leaves around 47.7% of households paying full Council Tax in 2019-20 and this is expected to be the same in 2020-21.

Understanding the affordability of any Council Tax increase requires consideration of the cost of the increase in relation to household income. Council Tax can be measured in 'Band D' or in 'per dwelling' terms. Band D has historically been used as the standard for comparing Council Tax levels between and across local authorities. This measure is not affected by the varying distribution of properties in bands that can be found across authorities. The 'per dwelling' calculation uses chargeable dwelling figures which gives an indication of the average amount of Council tax that is actually paid per household. In 2019-20 the Band D Council Tax charge in Powys is £1,613, just above the average Band D Council Tax for Wales for 2019-20 which is £1,591. These figures include Community Council and Police authority precepts. Council Tax can also be measured as average Council Tax per dwelling. In Powys the average Council Tax per dwelling for 2019/20 is £1,603, £192 a year (£3.70 a week) above the £1,411 average for Wales.

Provisional national statistics<sup>1</sup> show the average gross weekly earnings (full-time equivalent employees on adult rates) in Powys in 2019 to be £507.70 compared to an average for Wales of £535.00, placing Powys 17<sup>th</sup> of 22 council areas in Wales. Brexit uncertainty and the cost of living may change, whilst longer term interest and inflation rates may rise. At this time the Council's treasury advisors suggest continued low inflation and bank rate levels, the government may consider further tax cuts and market growth in numbers employed has been quite resilient through 2019. The unemployment rate fell back again to a 44 year low of 3.8% on the Independent Labour Organisation measure in September, despite the fall in numbers employed, due to numbers leaving the work force. Wage inflation has been edging down from a high point of 3.9% in July to 3.8% in August and now 3.6% in September (3 months average regular pay, excluding bonuses) which means that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by c. 1.9%.

Taking account of the above information the groups of people most likely to be impacted by an increase in Council Tax are:

- Families with children especially those headed by a working lone parent
- People who rent their home (social or a private landlord)

Those people less likely to be impacted by an increase in Council Tax are:

- People on higher incomes
- People wholly reliant on means tested benefits

**A 5% increase in Council Tax in 2020-21 for a Band D dwelling would be an increase of £65.11 for the year, equivalent to £1.25 per week (before Community Council and Police precept), the price of half a dozen eggs or a box of breakfast cereal.**

Based on 2019-20 figures it would be reasonable to assume that only around 48% of Powys' 65,000 households would pay the full £65.11 increase, while just over 52% would receive partial or total exemption from payment.

### **Public engagement and consultation**

The Council conducted a budget consultation exercise in the autumn using a budget simulator which asked residents to balance the Council's budget, including setting Council Tax. Although the response rate was lower than desired the sample was valid and a fair reflection of the County's population. Responses indicated that residents would be prepared to accept an increase in Council Tax of up to 6% to help to balance the budget. A full report on the budget consultation is attached to this impact assessment.

**Conclusion**

The Council's financial position and outlook continue to be challenging. Because the Council has received much lower than average funding settlements in recent years, due to austerity, the funding available to the Council has been and continues to be much less than the Council needs to meet pay and price inflation and specific service pressures. As the net budget is only financed by the settlement and Council Tax the only other way the Council can balance its budget is by making cost reductions.

The Council has made more than £100 million cost reductions in the last decade making it harder each year to find more. A further £10.8 million of cost reductions are proposed for 2020-21, leaving £4.4 million budget gap which it is proposed should be met by a 5% increase in Council Tax.

Although any increase in Council Tax is likely to impact to some extent on many residents, not all pay Council Tax as there are a number of discounts and exemptions in place which means that only 47.7% pay full Council Tax.

Despite the average Band D Council Tax Bill in Powys being £22 per annum higher than the Wales average and the average Council Tax per dwelling is £192 above the average, these figures need to be considered against the fact that in Powys only 67% of the net budget is funded from AEF which means 33% of the net budget has to come from Council Tax which is higher than all but one other council in Wales.

In terms of affordability a 5% increase in Council Tax for a Band D property would be £1.25 per week and while average gross earnings are lower than the average for Wales they are not the lowest and £1.25 represents only 0.25% of the average weekly wage and in view of the means tested reductions, discounts and exemptions that are available to residents this is considered to be in the realms of affordability for residents.

- Version Control (services should consider the impact assessment early in the development process and continually evaluate)

| Version | Author        | Job Title                                 | Date    |
|---------|---------------|---|---------|
| V1      | Anne Phillips | Interim Deputy Head of Financial Services | 9/1/20  |
| V2      | Ness Young    | Director Resources & Transformation       | 20/2/20 |
|         |               |   |         |

<sup>1</sup> <https://gov.wales/sites/default/files/statistics-and-research/2019-03/council-tax-levels-in-wales-april-2019-march-2020-651.pdf>

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### 2. Profile of savings delivery (if applicable)

| £000                       | 2019-20             | 2020-21  | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------------------|----------|---------|---------|---------|
| Net budget                 | £255,186            | £269,600 |         |         |         |
| Council Tax increase of 5% | £80,896 base figure | £4,415   |         |         |         |
| Cost reductions Total      |                     | £10,796  |         |         |         |

### 3. Consultation requirements

| Consultation Requirement     | Consultation deadline/or justification for no consultation  |
|------------------------------|---|
| Public consultation required | <p>Budget consultation took place with the public by use of the budget simulator online tool alongside interaction with voluntary groups and the town and community councils. It was conducted between 3<sup>rd</sup> October and 3<sup>rd</sup> November 2019. The full details of the communications approach and the findings of the survey are set out in Appendix B.</p> <p>The public were asked to reduce the £13 million budget “gap” and given various scenarios on how to achieve that through percentage cuts to service budgets and further defined activities as well as adding commentary about each suggested saving. Councillors and Senior Officers have had the full analysis of the survey and are clear about what the public feels about an increase to Council Tax and which services have the most / least service reductions.</p> |

### Impact on Other Service Areas

| Does the proposal have potential to impact on another service area? (Including implication for Health & Safety and Corporate Parenting)<br>PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY |
|---|
| The overall budget will see some service reductions, and each individual proposal has been scrutinised by the relevant committee to assess any detrimental effect on residents and the Council's delivery model.                    |

### 5. How does your proposal impact on the council's strategic vision?

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| Council Priority  | How does the proposal impact on this priority?  | <b>IMPACT</b><br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts?  | <b>IMPACT AFTER MITIGATION</b><br>Please select from drop down box below |
|---|---|---|---|--|
| <b>The Economy</b><br>We will develop a vibrant economy                                       | Each service has completed its own Integrated Business Plan that sets out the changing shape of the service delivery plan, and the need to fund pressures, and where service reductions can be achieved, and is expected to remain aligned to Vision 2025 | Neutral   | The reductions are underpinned by individual Impact Assessments which will be scrutinised before approval to ensure a minimal, or acceptable level of impact on the Council priorities. | Neutral  |
| <b>Health and Care</b><br>We will lead the way in effective, integrated rural health and care | See above   | Neutral   | See above   | Neutral  |
| <b>Learning and skills</b><br>We will strengthen learning and skills                          | See above   | Neutral   | See above   | Neutral  |
| <b>Residents and Communities</b><br>We will support our residents and communities             | See above   | Neutral   | See above   | Neutral  |

| Source of Outline Evidence to support judgements |
|--|
|  |

6. How does your proposal impact on the Welsh Government's well-being goals?

| Well-being Goal  | How does proposal contribute to this goal?  | <u>IMPACT</u><br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts?   | <u>IMPACT AFTER MITIGATION</u><br>N<br>Please select from drop down box below |
|--|---|---|--|---|
| <p><b>A prosperous Wales:</b><br/>                     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.</p> | <p>The budget contains growth for schools' budgets and education remains a priority for the Council and the public (delegated schools having the smallest level of funding cut in the consultation exercise). Delegated schools do not have to deliver any service reductions and have had all their pressures funded. The central schools budget is proposing to deliver more than £500,000 cost reductions by April 2020 which a significant impact on pupils.</p> <p>The capital programme recognises the Mid Wales Growth Deal and the Vision 2025 Update includes a number of actions around economic growth, the Growth Deal and actions to increase the Powys pound.</p> <p>There are a number of reductions to the headcount being proposed, alongside this is a proposal to develop an apprenticeship scheme so vacancies are filled with this resource where possible</p> | <p>Neutral</p>  | <p>Delivery of the proposed reductions will be monitored.</p> <p>The capital programme continues to focus on 21<sup>st</sup> Century Schools and the building and modernisation of schools linked to a newly updated transformation strategy</p> <p>It is likely that this programme will bring up to £200million capital funding to the regime over the next 15 years for economic growth and tourism</p> <p>This allows on the job training, and deliver savings, whilst filling vacancies</p> | <p>Neutral</p>  |
| <p><b>A resilient Wales:</b><br/>                     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).</p>   | <p>The budget proposes to provide £0.5 million growth into the highways maintenance budget in 2020-21 to address some of the pressing issues being experienced in communities. In total Highways, Transport and Recycling will see a net increase in their budget next year of £2.13 million</p>  | <p>Good</p>   |  | <p>Neutral</p>  |



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| Well-being Goal  | How does proposal contribute to this goal?  | <u>IMPACT</u><br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts?  | <u>IMPACT AFTER MITIGATION</u><br>Please select from drop down box below |
|--|---|---|---|--|
| <p><b>A healthier Wales:</b><br/>                     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.</p> | <p>Social Care budgets are the main deliverer of this goal, alongside leisure and public protection. Both Adults and Children's Services have cost reductions to deliver but mainly linked to new models of delivery linked to early intervention and prevention:</p> <ul style="list-style-type: none"> <li>• Strength based assessments to maintain independence with the right sized level of care, using technology, direct payments and maintaining life in own homes</li> <li>• Using health funding where available to support service user need through continuing healthcare</li> <li>• Multi skilling staff linked to the workforce futures strategy</li> <li>• Bringing services closer to home, which may involve building facilities in count</li> </ul> | Neutral   |   | Neutral  |
| <p><b>A Wales of cohesive communities:</b><br/>                     Attractive, viable, safe and well-connected Communities.</p>   | <p>Housing in the main is ring fenced through the Housing Revenue Account (HRA). Annual rent increases are set independently of the general fund budget process. The HRA business plan includes the cost of borrowing to enable an additional 250 dwellings to be built and increase the overall stock of social housing.</p> <p>Digital transformation is expected to address how residents want to engage with the council, whether that be face to face, by telephone or by 24/7 digital access.</p> <p>The Housing General Fund has proposed a reduction from removing support to the gypsy travellers site at Ysglog as part of the Royal Welsh Show.</p> <p>Planning services will see a reduction of £196k by restructuring policy teams</p>                   | Neutral   | <p>In addition the Council has now implemented the Housing Loan Fund to allow RSLs to access a loan facility to support the delivery of social housing in Powys. It is hoped that this facility will mean projects can commence in a timely manner, especially the extra care facilities supporting the "healthier Wales" goal.</p> | Neutral  |

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| Well-being Goal   | How does proposal contribute to this goal?  | IMPACT<br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts?                           | IMPACT AFTER MITIGATION<br>Please select from drop down box below |
|---|---|--|--|---|
| <b>A globally responsible Wales:</b><br>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. | Overall the budget proposed makes a positive impact on the well-being of our residents across all the services. Despite there being some reductions to libraries and the arts, there are plans to address any negative impacts arising through working proactively with partners and the public to develop new ways of working using new commissioning models and digital technology. | Neutral  |  | Neutral   |
| <b>A Wales of vibrant culture and thriving Welsh language:</b> 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.                                |   |  |  |   |
| <b>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</b>  | N/A   | Neutral  |  | Neutral   |
| <b>Opportunities to promote the Welsh language</b>  | N/A   | Neutral  |  | Neutral   |
| <b>Welsh Language impact on staff</b>   | N/A   | Neutral  |  | Neutral   |
| <b>People are encouraged to do sport, art and recreation.</b>   | There is a proposal to reduce funding to some arts organisations  | Poor   | The organisations have been invited to a meeting to discuss other funding opportunities and mitigating actions | Neutral   |
| <b>A more equal Wales:</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).  |   |  |  |   |
| <b>Age</b>  | N/A   | Neutral  |  | Neutral   |
| <b>Disability</b>   | N/A   | Neutral  |  | Neutral   |
| <b>Gender reassignment</b>  | N/A   | Neutral  |  | Neutral   |
| <b>Marriage or civil partnership</b>  | N/A   | Neutral  |  | Neutral   |
| <b>Race</b>   | N/A   | Neutral  |  | Neutral   |
| <b>Religion or belief</b>   | N/A   | Neutral  |  | Neutral   |
| <b>Sex</b>  | N/A   | Neutral  |  | Neutral   |
| <b>Sexual Orientation</b>   | N/A   | Neutral  |  | Neutral   |
| <b>Pregnancy and Maternity</b>  | N/A   | Neutral  |  | Neutral   |

| Source of Outline Evidence to support judgements |
|--|
|  |

7. How does your proposal impact on the council's other key guiding principles?

| Principle   | How does the proposal impact on this principle?  | <b>IMPACT</b><br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts? | <b>IMPACT AFTER MITIGATION</b><br>Please select from drop down box below |
|---|--|---|--|--|
| <b>Sustainable Development Principle (5 ways of working)</b>  |  |   |  |  |
| <p><b>Long Term:</b> Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.</p> | <p>Although the focus of this impact assessment is the 2020-21 budget the Council is also being asked to approve the Medium Term Financial Strategy which extends the revenue forecasting to 2025 and the capital programme to 2030, both of which help the Council to take a longer term view.</p> <p>The new integrated Business Planning approach involves developing operational service and resource plans for the next three years which again encourages the organisation to take a medium term view of planning which should lead to better outcomes for the citizen and future generations.</p> | Good  | .  | Choose an item.  |

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| Principle  | How does the proposal impact on this principle?   | <b>IMPACT</b><br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts? | <b>IMPACT AFTER MITIGATION</b><br>Please select from drop down box below |
|--|---|---|--|--|
| <b>Collaboration:</b> Working with others in a collaborative way to find shared sustainable solutions.   | The budget will support significant collaborative working in terms of the Regional Partnership Board in respect to our shared Health and Care Strategy; the Public Service Board in delivering Towards 2040; and with Ceredigion Council to develop the Mid Wales Growth Deal. In social care around 25% of the proposed cost reductions are predicated on closer working and realigning services in collaboration with others particularly health. | Good  |  | Choose an item.  |
| <b>Involvement (including Communication and Engagement):</b> Involving a diversity of the population in the decisions that affect them.              | There was significant stakeholder engagement in the budget development process, including meetings with harder to reach groups as well as the budget simulator and meetings with partners.  | Good  |  | Choose an item.  |
| <b>Prevention:</b> Understanding the root causes of issues to prevent them from occurring.   | The transformation of Adult and Children's Services is predicated on early intervention and prevention to help maintain independence. This is evidenced by the focus on early years and the developments around Technology Enabled Care and the development of extra care.  | Good  |  | Choose an item.  |
| <b>Integration:</b> Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives. | The 2020-21 budget has been developed using an integrated business planning approach during which each service assessed how best to achieve their wellbeing goals as defined in Vision 2025 CIP.  | Good  |  | Choose an item.  |
| <b>Preventing Poverty:</b> Prevention, including helping people into work and mitigating the impact of poverty.                                      | The Vision 2025 Update report sets out a number of actions that will be taken in 2020-21 to help people into work and mitigate poverty  | Good  |  | Choose an item.  |

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| Principle   | How does the proposal impact on this principle?   | IMPACT<br>Please select from drop down box below | What will be done to better contribute to positive or mitigate any negative impacts?  | IMPACT AFTER MITIGATION<br>Please select from drop down box below |
|---|---|--|---|---|
| <b>Unpaid Carers:</b><br>Ensuring that unpaid carers views are sought and taken into account  | The Adults and Children's Service is engaging unpaid carers in the design and delivery of new service models.   | Good   |   | Choose an item.   |
| <b>Safeguarding:</b><br>Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves. | The Children's and Adult Services transformation plans which underpin their budgets are design to strengthen our arrangements for safeguarding vulnerable children and adults | Good   |   | Choose an item.   |
| <b>Impact on Powys County Council Workforce</b>   | There will be some work force reductions as a consequence of staff restructures that will deliver greater efficiency, resilience and agile working                            | Neutral  | Many of the staff reductions are being offered because the posts are vacant and will not be filled. The Council is also implementing an Apprenticeship programme to encourage all entrant level posts being filled this way | Neutral   |

### Source of Outline Evidence to support judgements

The Local Government Act 2003 requires the Chief Finance Officer, Section 151 Officer (the Head of Financial Services), to make a report to the Council when it is considering its budget and Council Tax. The report must provide assurance on the robustness of the estimates, highlighting the risks associated with its deliverability and the adequacy of the reserves allowed for in the budget proposals, and fundamentally a balanced budget must be set each year. Council can propose and consider alternative budget suggestions, these would have to be fully costed with identified funding to maintain a balanced budget, this is likely to mean other service reductions and changes to Council Tax.

Council Tax is agreed at Council, and is a political decision based on an assessment, not only between balancing council tax and service reductions, but also making spending choices that meet the immediate needs with those that meet future generation's needs.

### 8. What is the impact of this proposal on our communities?

| Severity of Impact on Communities | Scale of impact | Overall Impact |
|-----------------------------------|-----------------|----------------|
| Low                               | Low             | Low            |
| <b>Mitigation</b>                 |                 |                |

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9. How likely are you to successfully implement the proposed change?

| Impact on Service / Council | Risk to delivery of the proposal | Inherent Risk |
|-----------------------------|----------------------------------|---------------|
| Low                         | Low                              | Low           |
| Mitigation                  |                                  |               |
|                             |                                  |               |

| Risk Identified  | Inherent Risk Rating | Mitigation  | Residual Risk Rating |
|--|----------------------|---|----------------------|
| An unacceptable risk is Council not agreeing a fully balanced and agreed budget for 2020/21            | Medium               | The budget has been prepared by Cabinet and The Senior Leadership Team with engagement and consultation with staff, the public and the wider council membership. The proposals (pressures and reductions) have been subject to scrutiny and challenge and provide a balanced budget within the funding envelope from Welsh Government, with an affordable increase in Council Tax | Low                  |
| Council tax collection levels may reduce due to the 5% increase, deemed unaffordable by some residents | Low                  | CTRS and certain discounts are available, in addition there are flexible ways to pay the bill over 12 months. The council have trained money advice officers to support those struggling to make ends meet.   | Low                  |
|  | Choose an item.      |   | Choose an item.      |
| Overall judgement (to be included in project risk register)  |                      |   |                      |
| Very High Risk   | High Risk            | Medium Risk   | Low Risk             |
|  |                      |   | X                    |

10. Overall Summary and Judgement of this Impact Assessment?

|  |                                  |  |
|--|----------------------------------|--|
| <b>Outline Assessment (to be inserted in cabinet report)</b> | <b>Cabinet Report Reference:</b> |  |
|--|----------------------------------|--|

Low risk. There are individual risk assessments for each cost reduction proposal contained in the budget which shows they are deliverable within an acceptable level of risk and impact on residents.

11. Is there additional evidence to support the Impact Assessment (IA)?

**What additional evidence and data has informed the development of your proposal?**

N/A

12. On-going monitoring arrangements?

**What arrangements will be put in place to monitor the impact over time?**

Customer satisfaction and continued consultation through surveys; formal and informal assessment and monitoring of the services reduced

**Please state when this Impact Assessment will be reviewed.**

October 2020 as part of 2021-22 budget process

13. Sign Off

| Position                | Name          | Signature     | Date     |
|-------------------------|---------------|---------------|----------|
| Impact Assessment Lead: | Anne Phillips | Anne Phillips | 09/01/20 |
| Head of Service:        | Jane Thomas   | Jane Thomas   | 14/02/20 |
| Director:               | Ness Young    | Ness Young    | 20/02/20 |
| Portfolio Holder:       | Aled Davies   | Aled Davies   | 21/02/20 |

14. Governance

|                               |         |                      |                  |
|-------------------------------|---------|----------------------|------------------|
| <b>Decision to be made by</b> | Council | <b>Date required</b> | 28 February 2020 |
|-------------------------------|---------|----------------------|------------------|

**FORM ENDS**

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**Appendix A – Budget Timetable 2020/21**

| <b>Date</b>  | <b>Meeting/Responsibility</b> | <b>SLT and Cabinet Activities</b>   |
|--------------|-------------------------------|---|
| 30-Aug       | Head of Service               | IBP and addendum, first draft impact assessments  |
| w/e 5th Sept | Finance                       | Collate all addendum savings proposals into spreadsheet   |
| w/e 5th Sept | Finance                       | Collate the capital proposals identified through the IBP  |
| w/e 5th Sept | Finance                       | Questions for budget simulator and engage services to agree consequences / issues   |
| 11th Sept    | Finance/Comms                 | Finalise budget simulator for wider approval from services  |
| 17th Sept    | Cabinet/EMT                   | Sign off budget simulator   |
| 17th Sept    | Cabinet                       | Sign off updated MTFS   |
| 18th Sept    | SLT                           | Agrees budget simulator draft questions   |
| 18th Sept    | SLT                           | Consider the addendum savings summary for consideration at Cabinet EMT and addressing any funding shortfalls against target |
| 19th Sept    | Finance/Comms                 | Sign off simulator  |
| 23rd Sept    | HoS                           | Equality Impact assessments for year 1 savings completed in full  |
| 24th Sept    | Cabinet/EMT                   | Considers service plans and revenue / capital requirements inc. savings proposals and red lines that need to be addressed,  |
| 24th Sept    | Cabinet/EMT                   | Review the IBP detailed on OBB - priorities v budgets - CIP etc   |
| 24th Sept    | Cabinet/EMT                   | Communications Plan for budget simulator agreed and include member engagement   |
| 25th Sept    | Member Development Session    | Pm session with full council for viewing of simulator and agree communication plans   |
| 1st Oct      | Finance/Heads                 | Heads of Service circulate and complete bid form review capital requirements and profiling with final submissions           |
| 1st Oct      | Comms                         | Budget simulator goes live  |
| 8th Oct      | Cabinet/EMT                   | PM Cabinet confidential session on budget planning - revenue  |
| 9th Oct      | SLT                           | Budget simulator and budget update and debate   |
| 10th Oct     | Full Council                  |   |



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|             |                            |   |
|-------------|----------------------------|---|
| 22nd Oct    | Cabinet/EMT                | quick update - 10 mins max  |
| 25th Oct    | Heads                      | Returned Capital Bids   |
| 29th        | Cabinet / Emt away day     | capital, pressures, frm update - 3 hours  |
| 3rd Nov     | Comms                      | Budget simulator closure dates  |
| 6th Nov     | SLT/Comms                  | Feedback on the budget simulator  |
| 12th Nov    | Cabinet/EMT                | Cabinet EMT feedback budget simulator findings and capital bids   |
| 13th Nov    | Member Development Session | Budget seminar full council - POTENTIAL - rev / capital strategy draft  |
| dec         | cabinet                    | approve council tax base  |
| 20th Nov    | SLT                        | Update on budgets if needed   |
| 25th Nov    | Finance Panel              | Finance panel and scrutiny of budget proposals  |
| 3rd Dec     | Cabinet/EMT                | Draft budget update with Cabinet, budget simulator  |
| 3rd Dec     | Cabinet/EMT                | Cabinet EMT review draft Capital Strategy and bids prioritised  |
| 16th Dec    | WG                         | Draft budget from WG re settlement  |
| 17th Dec    | Cabinet/EMT                | Update on provisional settlement and draft budget assumptions   |
| 18th Dec    | SLT                        | Update on budgets if needed   |
| 19th Dec    | Audit Committee            | Update if needed on agenda  |
| 20th Dec    | Member Development Session | Short update on draft settlement, scrutiny process and timetable  |
| <b>2020</b> |                            |   |
| 7th Jan     | Cabinet/EMT                | Finalise draft budget   |
| 9-10th Jan  | Head of Finance            | Business rates consultation meeting or other means  |
| 21st Jan    | Cabinet                    | Approve draft budget (MTFS & FRM), reserve policy, capital strategy and Fees & Charges Register (income and charging schedule) and recommend to full council for approval |
| 24th Jan    | Finance                    | Community council precepts finalised  |
| 27th Jan    | scrutiny                   | Health scrutiny of draft budget   |
| 29th Jan    | scrutiny                   | Economy scrutiny of draft budget  |
| 30th Jan    | scrutiny                   | Learning scrutiny of draft budget   |
| 3 - 6 Feb   | Political Groups           | S151 and political groups - updates on budgets  |

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|           |             |  |
|-----------|-------------|--|
| 11th Feb  | Cabinet     | Feedback from scrutiny - budget recommended to Council - with MTFS / FRM / Income Register / capital Strategy  |
| 20th Feb  | Cabinet/EMT | Informal budget post scrutiny feedback   |
| 25th Feb  | WG          | Budget confirmation from WG settlement   |
| 28th Feb  | Council     | Approve final budget (MTFS & FRM) and capital strategy, reserve policy and Fees & Charging Register (income & charging schedule). Agreed that S151 is delegated to make final changes if WG send through final budget in March 2020 and confirm what proposals may change if settlement significantly different from budget proposal |
| 3rd March | Cabinet     | Cabinet Formal - agenda item if needed   |
| 5th March | Council     | Council approve council tax  |
| Mid March | Finance     | Full budget included in the finance system   |
| Mid March | Finance     | Full budget set out in the budget book available on the website  |



## **Appendix B Budget Simulator Findings**

### **1. Background:**

Over the past few years the Council has sought to engage residents in the decision making process around setting its budget. The views of residents have been sought through surveys, workshops, a citizen panel and a previous budget simulator exercise in 2015/16. The latest budget simulator exercise has been undertaken as part of the consultation process to support the 2020/2021 budget process which requires cost reductions of £13m to achieve a balanced budget.

### **2. Purpose of report:**

The purpose of this report is to bring together the findings from the consultation to allow the Council decision makers to view the findings and ensure they are considered as part of the final budget decision making process. The appendices provide all the public comments made through the simulator exercise, in terms of their overall views and more specifically, each service area that offered cost reductions. The comments are provided in full for transparency and it is hoped that salient points can be gleaned from the detailed list and used where needed to support impact assessments and other narratives.

### **3. Communications**

The Communications team set out the communications for the budget consultation approach as a three phased plan:

Phase I - Information Giving. Promote the new animations available on the website around council tax and how the Council receives its money. (May/June)

*Over 900 visits to the website have been made through this period*

Phase II - Pre-engagement. Correspondence from the leader to councillors, employees and town and community councils to explain the budgetary position and to promote the forthcoming exercise and to seek initial qualitative feedback via a set template. Also engaged with disability and carers groups, primary and secondary Heads presented with key facts and asked about pupil engagement re- (July/August)

- *Handful of responses received from TCCs and Cllrs*
- *Feedback from meeting of town clerks held by Ness Young to seek to improve relations/understanding between parties*
- *Feedback from two sessions run with PDSL and LD & Carers groups to explain budget position and get their input as more vulnerable groups*
- *Follow up session booked to help PDSL members to complete the exercise*
- *Lack of response from schools*

Phase III – Feedback on Phase II (September)

Phase III – Launch budget simulator, promote via mix of methods (social media, media, direct comms, posters, PAVO etc, staff intranet, all cllrs, TCCs etc and invite feedback on the service reductions listed in the simulator by Sunday 3 November. (October/November)

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*580 responses received – 574 English 6 Welsh of which 482 provided demographic data and 298 responded with comments, we know that at least double that figure clicked on to the simulator but didn't complete the exercise.*

Phase V – Analysis (November/December)

*Draft report and presentation now available*

Phase VI – Due regard. Consideration of feedback ahead of finalising and setting the budget and council tax levels. (December/January)

The engagement process through the Simulator Consultation is summarised in the table below:

| Actions   | Outcomes   |
|---|--|
| Press releases issued at start /mid-point of exercise.  | Some good coverage overall – Front-page County Times   |
| All staff emails, intranet article and reminders  | Good engagement and response by our employees  |
| Posters and flyers distributed to all libraries, given to staff to put up or hand out in their local community. Example: officer handed out flyers at Aldi on a Sat am. | Number of flyers given out and posters visible in certain communities but no countywide staff distribution network exists  |
| Posters and flyers dropped off in advance of countywide community connectors meeting at PAVO  | Unsure how and if connectors distributed, talked to people about the exercise - tbc  |
| Social media posts and gifs produced and promoted   | Lots of comments and engagement received via clicks to exercise  |
| All PCC social media account holders asked to share the exercise via their pages – tenants, YIS etc.  | Some evidence of some sharing/liking the posts   |
| Links with other existing channels – Tenant 100 panel   | Tenants emailed and invited to take part.  |
| Key partner asked to invite their employees to take part  | PTHB circulated to all staff.  |
| Schools emailed following secondary school heads meeting to remind them re- pupil involvement opportunities during Local Democracy week, PSE lessons                    | Little indication that any of school worked to encourage their pupils to do the exercise in school time. See demographics.   |
| TCC reminder emails issued  | Little evidence of TCCs sharing with their communities etc.  |
| Cllr reminder emails issued   | Some liked or shared link from our site via their own social media accounts.   |
| Drop in session held in Ystradgynlais and Brecon library to support non IT residents (others cancelled due to purdah) Prior to organised                                | Good for promoting exercise, handing out flyers, talking to those using the library, but no one turned up for specific help to access the exercise re- IT literacy issues/disability See demographics. |

session officer handed out flyers and put posters up in Tesco, Welfare Hall & Volunteer Centre in Ystradgynlais, Morrison's in Brecon.

#### 4. Budget Simulator Findings

The budget simulator findings are shown below, and show the mean values of all respondents and the budget adjustment acceptable to achieve a balanced budget: Schools have the lowest reduction of just 0.55%, whilst central support had a much larger figure of 5.83%. The public suggested that council tax could be increased above the 5% set as the base, mean averages from the 580 respondents suggest a 6% increase would be palatable.

Note: majority of respondents were in higher council tax bands. Only 45 respondents were in C Tax Bands A-, A or B.

|  |        |
|--|--------|
| <b>Highways Transport and Recycling</b>        |        |
| Waste and Recycling Services                   | -2.84% |
| Highways, Grounds Maintenance and Streetscene  | -2.27% |
| Transport                                      | -3.30% |
| <b>Adult Social Care</b>                       |        |
| Support for service users in their own home    | -2.38% |
| Residential Placements                         | -3.40% |
| <b>Children's Services</b>                     |        |
| Keeping children in Powys safe                 | -2.66% |
| <b>Education</b>                               |        |
| Central schools support and school improvement | -5.35% |
| Youth Services                                 | -4.81% |

|   |        |
|---|--------|
| Additional Learning Needs and Inclusion | -3.78% |
| <b>Schools</b>                          |        |
| Schools                                 | -0.55% |
| <b>Culture and Recreation</b>           |        |
| Catering and cleaning services          | -5.41% |
| Library and cultural services           | -5.03% |
| Countryside services                    | -5.12% |
| Economic Development and Regeneration   | -5.46% |
| <b>Regulatory and Property Services</b> |        |
| Planning Services                       | -4.72% |
| Property Services                       | -4.98% |
| <b>Central Support Services</b>         |        |
| Central Support Services                | -5.83% |

The budget simulator comments, and suggested budget reductions will form part of the budget setting process, and be evidenced through the final decisions made on the budget reductions. The findings should also be reflected on the Impact Assessments where relevant.

## 5. Demographics

The following tables and charts present the demographic information gathered from those who completed this section in the budget simulator.

### Gender

436 out of a possible 580 respondents gave their gender. Of these, more women appear to have responded to the exercise than men.

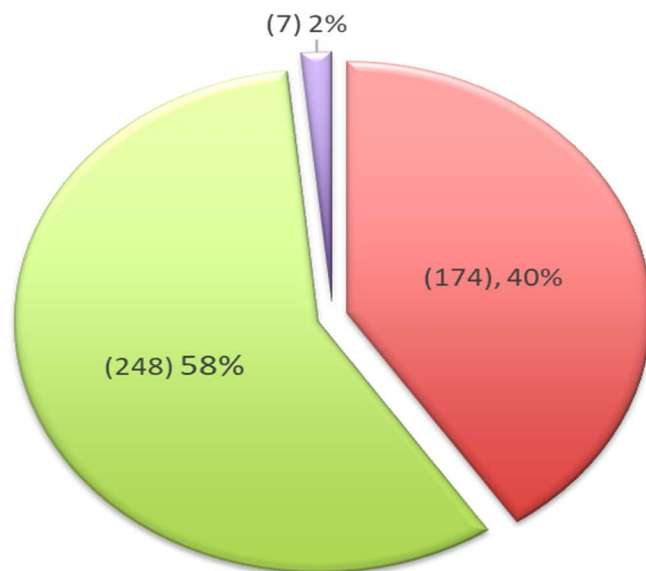
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Comparison: Population of Powys 2018 = 132,447  
 Female = 66,856 (50%)  
 Male = 65,591 (50%)

Source: ONS Mid year estimates.



**Gender**    ■ Male    ■ Female    ■ Other - Gender fluid

## Age

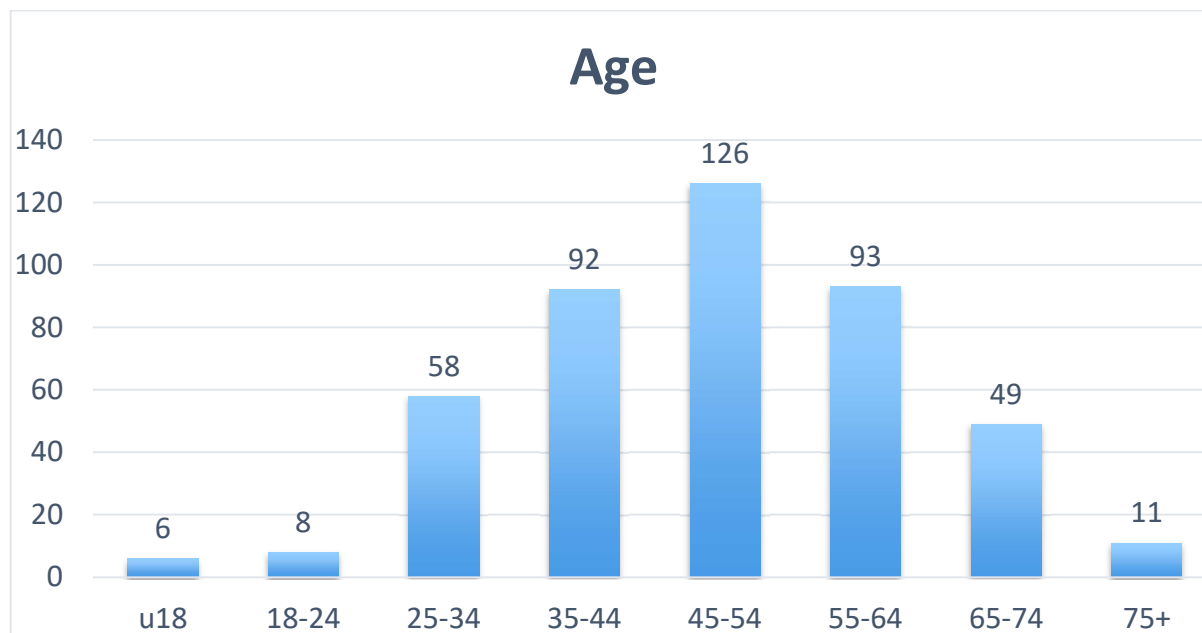
443 out of a possible 580 respondents gave their age details. The views of people under 24 years of age and those over 75 are less represented.

| u18 | 18-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | 75+ |
|-----|-------|-------|-------|-------|-------|-------|-----|
| 6   | 8     | 58    | 92    | 126   | 93    | 49    | 11  |



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**Council Tax Band**

The majority of respondents were in either C, D or E council tax bands, this mirrors the overall Powys picture. Only a handful of respondents were at either end with seven people in Band A-, eight in Band A and eight in Band I.

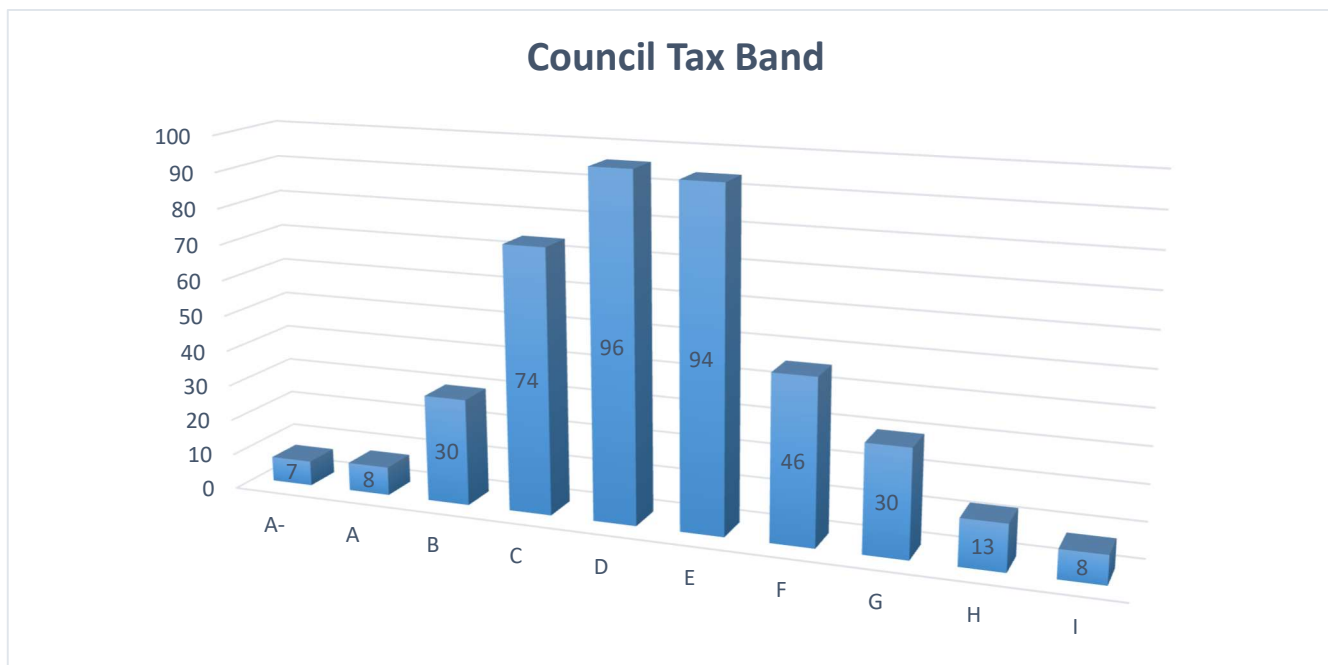
Comparison - In Powys we have over 62,517 properties listed.

| A- | A | B  | C  | D  | E  | F  | G  | H  | I |
|----|---|----|----|----|----|----|----|----|---|
| 7  | 8 | 30 | 74 | 96 | 94 | 46 | 30 | 13 | 8 |

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### Postcodes

383 respondents gave their postcode. The highest response rate was from people living in the LD1 area which covers homes in Llandrindod, Howey, Hundred House etc.

Brecon, Newtown, Builth and Ystradgynlais were next in terms of number of responses. The lowest responses were from Coelbren, Pont Nedd Fechan and Llanbrynmair where for each only one person had left their postcode details.

Some postcode areas saw no responses e.g. SY5 and NP7

| HR3  | LD1 | LD2  | LD3  | LD4  | LD5  | LD6  | LD7  | LD8  | SA9  | SA10 |
|------|-----|------|------|------|------|------|------|------|------|------|
| 13   | 74  | 28   | 52   | 4    | 6    | 9    | 8    | 6    | 23   | 1    |
| SA11 | NP8 | SY10 | SY15 | SY16 | SY17 | SY18 | SY19 | SY20 | SY21 | SY22 |
| 1    | 10  | 4    | 14   | 48   | 7    | 20   | 1    | 13   | 23   | 18   |

### Other

We also captured information on

*PCC: Impact Assessment Toolkit (March 2018)*

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Ethnicity - 394 Responses

| White | Asian | Black | Gypsy Traveller | Mixed | Other | Other ethnic |
|-------|-------|-------|-----------------|-------|-------|--------------|
| 13    | 11    | 9     | 9               | 8     | 7     | 3            |

Disability – 69 Responses

| Hearing Loss | Physical Disability | Mental Health | Dexterity | Stamina | Visual | Learning Disability |
|--------------|---------------------|---------------|-----------|---------|--------|---------------------|
| 13           | 11                  | 9             | 9         | 8       | 7      | 3                   |

Employment status – 94 Responses

| Working | Retired | Sick / Disabled | Other | Volunteering |
|---------|---------|-----------------|-------|--------------|
| 67      | 20      | 3               | 3     | 1            |

## **Appendix C - Economic Summary**

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January; however, even if a Conservative Government gains an overall majority in the general election on 12 December, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020.

While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers are worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that is worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence the MPC views inflation as causing little concern in the near future.

If economic growth were to weaken considerably,, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and both of the largest parties have made significant promises in their election manifestos to increase government spending. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure. In addition, it has to be borne in mind that even if the post-election Parliament agrees the deal on 31 January 2020, the current transition period for negotiating the details of the terms of a trade deal with the EU only runs until 31 December 2020. This could prove to be an unrealistically short timetable for such major negotiations which leaves open two possibilities; one the need for an extension of negotiations, probably two years, or a no deal Brexit in December 2020.

As for inflation itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the labour market, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, this was about half of what had been expected. The unemployment rate fell back again to a 44 year low of 3.8% on the Independent Labour Organisation measure in September, despite the fall in numbers employed, due to numbers leaving the work force. Wage inflation has been edging down from a high point of 3.9% in July to 3.8% in August and now 3.6% in September, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.9%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

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