

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET EXECUTIVE  
27<sup>th</sup> July 2021**

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

**REPORT TITLE:** Financial Forecast for the year ended 31st March 2022  
(as at 30<sup>th</sup> June 2021)

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**REPORT FOR:** Decision

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**1. Purpose**

- 1.1 To provide Cabinet with the revenue budget outturn forecast for the 2021-22 financial year. This includes information on the additional hardship funding received from Welsh Government and the impact on the projected position.

**2. Background**

- 2.1 The pandemic continues to have a financial impact upon the Council, and this will continue through 2021/22. The support from Welsh Government during 2020/21 was fundamental in securing the Council's financial position. This support continues but it is not expected to be at the level seen last year. Likewise, the reduced level of restriction imposed will not impact as severely on Council services, however, there will continue to be some additional costs and income levels may not return to pre pandemic levels for a while.
- 2.2 We must continue to monitor our financial position carefully as we progress through this year and ensure that we react quickly if the position changes, redirecting resources as necessary to maintain our priority services for our residents and businesses.
- 2.3 Table 1 below summarises the projected full year position across the Council's services including HRA and delegated schools a £0.730 million surplus is forecast.

**Table 1 – Forecast Position**

<b>Revenue Budget</b>	<b>£'000</b>
Base Budget	279,808
Cost Pressures	5,287
Cost Underspends	(7,633)
Cost Reductions Shortfall	2,601
WG Support	(985)
<b>Forecast Outturn</b>	<b>279,078</b>
<b>Surplus</b>	<b>730</b>

- 2.4 Appendix A provides a breakdown of the financial position for each service, broken down into categories covering cost pressures, cost underspends, service reductions and covid hardship funding from Welsh Government expected to date.
- 2.5 Further detail about each service area is provided in Appendix B, with Heads of Service setting out their individual narrative that explains their financial position. This includes their activities being undertaken to deliver cost reductions and mitigate shortfalls, the level of pressures and if any that are being managed “at risk” are likely to materialise significantly.

### 3. Cost Reductions

- 3.1 Cost reductions of £13.397 million were approved as part of the Councils budget for this year and the delivery of these is required to achieve a balanced budget in year. These include undelivered reductions from 2020-21 of £1.569 million that have been carried forward.
- 3.2 The summary at Table 2 shows that 30% or £3.977 million have been delivered and a further 51% £6.820 million are assured of delivery by Services. £2.601 million, 19% are unachieved and are at risk of delivery in this year. Services are being challenged as to why the position for some proposals has changed and will be required to consider mitigating action to ensure that they can deliver within the budget allocated.

**Table 2 – Cost Reductions**

	To Be Achieved	Actually Achieved	Assured	Un-achieved	% Achieved
Adult Services	5,091	1,040	3,951	100	20%
Childrens Services	3,184	1,523	1,661	-	48%
Commissioning - Adults & Children	-	-	-	-	-
Economy and Digital Services	1,167	33	165	969	3%
Education	381	381	-	-	100%
Schools Delegated	39	-	39	-	-
Finance	324	246	78	(0)	76%
Central Activities	(175)	-	-	(175)	-
Highways Transport & Recycling	1,745	230	411	1,104	13%
Housing & Community Development	310	106	129	75	34%
Legal & Democratic Services	298	47	21	230	16%
Transformation and Communications	57	57	-	-	100%
Property, Planning & Public Protection	818	304	366	148	37%
Transformation and Communication	-	-	-	-	-
Workforce & OD	160	10	-	150	6%
<b>Total</b>	<b>13,397</b>	<b>3,977</b>	<b>6,820</b>	<b>2,601</b>	<b>30%</b>
		30%	51%	19%	

- 3.3 The budget set by Council included the provision of a risk budget to manage this risk together with potential additional service pressures and this will be drawn upon to support the budget

### 4. Welsh Government Support

- 4.1 The Welsh Government budget confirmed that the Hardship fund would receive an additional £206.5 million and has been extended until 30<sup>th</sup> September 2021. Welsh Government have now provided assurance that funding will remain in place until

31<sup>st</sup> March 2022 but expect the value of claims to reduce as councils bear the cost of new working and customer practices that become the norm. This fund continues to support additional costs arising from the pandemic associated with Social Care, Homelessness, PPE, Free School Meals, limited general additional expenses, and the Mortuary Facility. The fund also continues to support the net effect of lost income.

- 4.2 Thus far the council has submitted cost claims for the quarter totalling £1.30 million, of which £0.44 million directly supports the adult care providers through temporary fee increases.
- 4.3 Claims totalling £183,080 were made for staff on furlough from the Governments' Job Retention Scheme for the first quarter of the year. The furlough scheme is due to come to an end on the 30<sup>th</sup> September 2021, at which point staff will be required to return to work. Recognising that a number of the staff concerned have health conditions, steps are being taken to support their safe return to work. This involves seeking and considering up to date medical advice from occupational health, risk assessing their return to work in line with current governmental advice and in making adjustments where reasonable. The continued absence of any employees who are unable to return to work at that stage will be managed in line with the Council's normal absence management process.

## 5. Reserves

- 5.1 The Reserves position at Table 3 sets out the reserve forecast as at 30<sup>th</sup> June 2021. The opening reserves stand at £52.258 million, with the general reserve £13.634 million representing 6.9% of total net revenue budget (excluding Schools and the HRA).
- 5.2 Council agreed a virement request on the 15<sup>th</sup> July to set up three specific reserves utilising the 2020/21 outturn underspend, totalling £4.241 million. These specific reserves will now be established with a transfer of funds from the general reserve, reducing this reserve to £9.393 million, representing 4.7% of total net budget (excluding Schools and the HRA).

**Table 3 – Reserves Table**

Summary	Opening Balance (1st April 21) Surplus / (Deficit)	Planned Addition / (Use) of Reserves	Forecast (Over) / Under change to the plan	Projected Balance (31st March 22) Surplus/ (Deficit)
General Fund	13,634	0	0	13,634
Budget Management Reserve	4,330	0	0	4,330
Specific Reserves	15,651	(1,454)	(58)	14,139
Transport & Equipment Funding Reserve	11,282	(8,710)	0	2,572
Schools Delegated Reserves	3,251	(52)	226	3,425
School Loans & Other Items	(371)	7	0	(364)
Housing Revenue Account	4,481	(2,404)	863	2,940
<b>TOTAL</b>	<b>52,258</b>	<b>(12,613)</b>	<b>1,031</b>	<b>40,676</b>

- 5.3 The transport reserve is forecast to have a significant call on it due to a delay in delivery of replacement fleet last year. The lead times for these recycling vehicles have slipped the costing circa £5.80 million into this year.

## **6. Transformation**

- 6.1 The transformation fund is funded from capital receipts, under a capitalisation directive from Welsh Government. Qualifying expenditure is expenditure that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years for the Authority or any of the delivery partners. This includes investment which supports economic growth projects which are also designed to reduce revenue costs or pressures over the longer term. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
- 6.2 Transformation funding under the capitalisation directive funds both transformational projects and redundancy costs across all services within the authority.
- 6.3 Welsh Government recommend that a separate disclosure note listing the individual transformation projects that have been funded or part funded through the capital receipts flexibility. Appendix C represents the disclosure note required. Setting out the transformational spend and the cashable and non-cashable savings realised.
- 6.4 The total budget allocated to transformational funding in 2021-22 is £4.013m, of which £3.013m was allocated to 16 projects. Thus far the projected outturn is £2.946mm. £1m was allocated to redundancy costs and actual expenditure to the end of June 2021 is £0.165m.

## **7. Virements and Grants**

- 7.1 There have been three additional grants received this quarter:
  - 7.1.1 Grant has been awarded by Welsh Government for the Regional Skills Partnership of £165,000 for the 2021-22 financial year.
  - 7.1.2 Grant has been awarded by Welsh Government for the Communities for Work plus programme of £316,000 in total with allocations of £150,000 and £166,000.
  - 7.1.3 Grant has been awarded by Welsh Government in relation to the All Wales Play Opportunities Grant – Summer of Fun of £174,000.

## **8. Financial Risks**

- 8.1 The Council was able to achieve an underspend in last year's outturn, and at this point in the year, the current forecast predicts a break even position. The course of the pandemic and measures instigated by government will continue to impact on the Council and we must retain flexibility in our budget this year to react to a changing situation.
- 8.2 The greatest financial risk remains in our ability to deliver a balanced budget over the medium and longer term. On current modelling we project a £38 million budget gap up to 2026. We continue to plan in a challenging and uncertain time and will update our projections as more information becomes available.
- 8.3 Treasury Management, maintaining the Councils cash flow to meet liabilities, is also under scrutiny and continues to be monitored daily. We must ensure that the Council has sufficient liquidity to meet its immediate costs such as salaries and

wages, HMRC taxation, and maintaining payment to suppliers and precepting authorities. The current position remains stable.

- 8.4 The Council remains under borrowed as we continue to utilise our cash reserves to underpin our cashflow. We can borrow both in the short to medium or long term, our approach is regularly updated and explained as part of the Treasury Management update to Audit Committee.

## **9. Resource Implications**

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

- 9.1 The outturn for 2020/21 was extremely welcome and we have used the opportunity this provided to support one of costs that will aid recovery, meet short term additional demand and start to provide support for our longer term financial resilience. This funding was not recurring and we cannot assume that we will get the same level of support from Welsh Government this year.
- 9.2 We must consider the continuing implications of the pandemic and how these impact on the Council and embed this into our planning and new ways of working. The additional costs and reductions in our income have to be considered and factored into our service budgets on an ongoing basis and we will have to rebalance our resources to maintain a balanced position.
- 9.3 Our planning must now focus on the medium and longer term as we develop the budget over the coming months, bridging the budget gap, transforming our services and building on the opportunities shown over the last year, whilst also maintaining an appropriate level of reserves will improve our financial resilience.

## **10. Legal implications**

- 10.1 The Monitoring Officer has no specific concerns with this report.

## **11. Data Protection**

- 11.1 There are no data protection issues within this report.

## **12. Comment from local member(s)**

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

## **13. Impact Assessment**

- 12.1 No impact assessment required.

## **14. Recommendation**

- 14.1 That Cabinet note the current budget position and the projected full year forecast to the end of March 2022.
- 14.2 That the grants set out in section 7 of the report are noted.

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Appendix A – Forecast to year end as at 30<sup>th</sup> June 2021

	£'000	FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21				Revised	FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS		Final	Variance
		Add	+ / -	Less	Add		+ / -	Less		
	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Outturn Position 2020/21	
Adult Services	67,266	816	18	(399)	4,051	71,752	(390)	(3,951)	67,411	(145)
Children's Services	25,960	1,374	0	(158)	1,661	28,837		(1,661)	27,176	(1,216)
Commissioning	3,292		0	(14)	0	3,278		0	3,278	14
Education	10,749	481	0	(196)		11,034		0	11,034	(285)
Highways Transport & Recycling + Director	28,106	1,182	(8)	(736)	1,515	30,058	(533)	(411)	29,114	(1,008)
Property, Planning & Public Protection	4,845	93	(71)	(236)	514	5,145		(366)	4,779	66
Housing & Community Development	5,305	593	(24)	(603)	204	5,475	(50)	(129)	5,296	9
Economy and Digital Services	4,259	60	0	(480)	1,133	4,972		(165)	4,808	(549)
Transformation & Communication	1,512		0	(36)	0	1,476		0	1,476	36
Workforce & OD	2,039	17	(11)	(142)	150	2,053		0	2,053	(14)
Legal & Democratic Services	3,087	77	(15)	(194)	251	3,206	(12)	(21)	3,173	(86)
Finance	6,081	28	0	(93)	78	6,094		(78)	6,016	65
Corporate Activites	35,546	567	111	(3,257)	(175)	32,792		0	32,792	2,754
<b>Total</b>	<b>198,047</b>	<b>5,287</b>	<b>0</b>	<b>(6,544)</b>	<b>9,382</b>	<b>206,172</b>	<b>(985)</b>	<b>(6,781)</b>	<b>198,406</b>	<b>(359)</b>
Housing Revenue Account	0			(863)		(863)			(863)	863
Schools Delegated	81,761			(226)		81,535		0	81,535	226
<b>Total</b>	<b>81,761</b>	<b>0</b>	<b>0</b>	<b>(1,089)</b>	<b>0</b>	<b>80,672</b>	<b>0</b>	<b>0</b>	<b>80,672</b>	<b>1,089</b>
<b>Total</b>	<b>279,808</b>	<b>5,287</b>	<b>0</b>	<b>(7,633)</b>	<b>9,382</b>	<b>286,844</b>	<b>(985)</b>	<b>(6,781)</b>	<b>279,078</b>	<b>730</b>
						<b>(7,036)</b>			<b>730</b>	

## Appendix B

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21					FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Adult Services	67,266	816	18	(399)	4,051	71,752	(390)	(3,951)		67,411	(145)

### Head of Service Commentary

#### Adult Social Care Overview

#### Cost Pressures

##### **(a) Current Pressures** - Included in the forecast outturn

- £390k in regard to loss of income and additional agency staff to manage the increase in the number of presentations at the Front door/ASSIST, Older Peoples Team and Mental Health referrals, which is anticipated will be reclaimed from the Welsh Government Covid 19 Hardship fund.
- £200k to cover the increase in 'Carer' breakdown following the lockdown and the need for additional 'Home Based' respite.
- £40k re increase in demand on the Community Equipment Store to date, partly due to increased community referrals and due to Covid 19 the restrictions on collections and recycling following repair/sanitation.
- £186k in relation to community based services following the risk assessment to not open Older Day Centres and Day Bases and alternative community based service delivery.

##### **(b) Future pressures** - Not included in the forecast outturn

- Following a revised risk assessment, Older People & Disability centre/services remain closed. Future need will be based on what matters conversations that are currently occurring which may result in increased costs/double running costs in the short term due to potential increase in bespoke 1:1 sessions which will be over and above current budgeted staffing levels.
- Unknown future impact of Covid 19 on services, are not included in the forecast and only clarity from Welsh Government (WG) re Hardship funding to September 2021 in the current format. This relates to support to local authorities to maintain their commissioned and in-house adult social care placements.
- Winter pressures and potential demand on home-based care and interim bed options, future demand is unknown and so further cost pressures may arise.
- Stability of commissioned providers, particularly the care home sector. There is currently 2+ providers who may be at risk of failure.
- Future demography.

- Additional and backdated costs for “Sleep-ins” following the outcome of the judicial review, possibly backdated to November 2011. Awaiting judgement and liability to be calculated by the payroll team for the in-house service and legal direction.
- Risk in regard to ‘Furlough’ ending on 30<sup>th</sup> September and currently some frontline staff unable to deliver care within a 2 metre radius.

### **Cost Underspends**

- £234k as the service has only been recruiting in respect of frontline services, which has resulted in staff slippage due to vacancies and also a reduction in travel as face to face meetings have reduced.
- £165k in regards to services not occurring due to Covid 19 restrictions and contract reductions following outcomes of mini UK Government Policy note PPN02/20 & PPN04/20, undertaken in line with guidelines.

### **Cost Reductions**

- **Assured**  
The original target of £5.091 million is currently on target to achieve delivery, of which £1.040 million of the original target to date achieved and included in the forecast outturn. There is assurance of delivery of a further £3.951 million, with £0.100 million of the original target set being unachievable due to business continuity being invoked. The budget pressure will be carried forward to 2022/23 and be part of Finance Resource Model (FRM).
- **Undeliverable**  
At this point due to business continuity and capacity to deliver the management of change there is a risk on the delivery of £0.100 million, but will be included in the 2022/23 FRM.

### **WG Funding not yet claimed**

£390k in regard to loss of income and additional agency staff to manage the increase in the number of presentations at the Front door/ASSIST, Older Peoples Team and Mental Health referrals, which is anticipated will be reclaimed from the Welsh Government Covid 19 Hardship fund.

### **Other mitigating actions to deliver a balanced budget.**

Maximisation/utilising any grant underspends, if within the grant terms and conditions for previously budgeted and funded baseline costs.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21				FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS					
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Children's Services	25,960	1,374	0	(158)	1,661	28,837		(1,661)		27,176	(1,216)

## Children's Services Overview

### Cost Pressures

#### a) Current Pressures

- £1.2m – increased costs for children in care part year effect
- £200k – increased demand for short breaks
- £60k – s21 support for families in need of care and support

- b) **Future pressures** - Not included in the forecast outturn - The situation for families due to the pandemic makes predicting future pressures even more uncertain. We are working hard to keep children with their families wherever it is safe and in their best interests and have so far brought into care fewer children than in the same period last year. This may change. The national shortage of placements is making it more difficult to find suitable placements that meet children's needs – this is particularly for children with the most complex needs. There is likely to be a further pressure on placement costs, but it is impossible to forecast at this point. The sustained demand at Front Door and Early Help means additional staff have been required. This has been covered by the covid recovery fund and WG. If demand continues to grow this will create a budgetary pressure going forward. It is critical to respond as early as possible to prevent escalating need and avoid the accompanying costs.

### Cost Underspends

### Cost Reductions

#### a) Assured

- £1.5m – delivered
- £1.7m – assured

#### b) Undeliverable

Work to ensure shared costs for continuing care for children and young people continues with very limited success.

#### c) Mitigations being delivered

We expect to over-deliver on our 'closer to home' work

**WG Funding not yet claimed**

**Other mitigating actions to deliver a balanced budget.**

Children's Services usually receives additional grant funding later in the year and we always try to maximise this to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21					FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Commissioning	3,292		0	(14)	0	3,278		0		3,278	14

### Commissioning Overview

It is anticipated that the Commissioning Service for Social Services will return a balanced budget. The service is working with children's services and adults' services to deliver efficiencies within those areas.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21				FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS					
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Education	10,749	481	0	(196)		11,034		0		11,034	(285)

## Education overview

### Commissioning Overview

#### Cost Pressures

- a) **Current Pressures** - The Schools Service (excluding Schools Delegated Budgets) has a forecasted outturn overspend at the year-end of £286k. There are five main budget lines within the school service budget with senior managers accountable for each one. At the end of June 2021, most budget lines are on track to the forecast with a reasonable variance. The Schools' operational costs budget continues to be an area that is difficult to forecast. With the ageing school estate across Powys, the forecast outturn for this area is a £250k overspend. However this has increased by £219k since last month.

The main reasons for this are:

- £115k overspend Property plus - The Property Plus budget is forecasted to be 25% overspent during 2021/22 due to insufficient budget allowance for repairs and maintenance in school budgets. In order to minimise the overspend, works are prioritised to undertake emergency, urgent, statutory compliance remedial works and environmental health works only. This has been the case since October 2019 and the effects of the spending restriction will have an ongoing detrimental impact on the backlog maintenance costs of the school estate. The forecast is subject to review and may increase if inclement weather is experienced during the winter months.
- £149k overspend Asset Management – This is due to a reduction in budget allowance in recent years and the discontinuation of funding the Schools R&M Central budget. This has left a funding gap for larger maintenance works and programmed maintenance works and essential surveys and investigation works which do not meet the criteria for capital funding with the following commitments:
  - £24.2k electrical remedial works to school which need to be journaled to the critical safety remedial works fund in 2021/22.

- £46.7k asbestos monitoring, new boiler and boiler encapsulation works, a condition survey, feasibility for new mobile staff accommodation at a CP School, various schools BMS controls surveys, electrical remedial works, asbestos management handovers to new Head Teachers.
- £10k flood prevention investigations and works to part of the former school site.
- £25k of flood prevention works to the school playing field at CP School

**Other mitigating actions to deliver a balanced budget.**

Schools' transformation programme needs to be delivered to ensure our schools' estate is fit for purpose for the 21<sup>st</sup> Century and the National Mission.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21					FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Schools Delegated	81,761			(226)		81,535		0		81,535	226

**Schools Delegated Overview**

As at 31st March 2021 there were eighty one (81) schools in a surplus position, with a combined cumulative surplus balance of £6.9 million. Given the extraordinary circumstances of the last financial year and the significant amount of additional funding received during March 2021 which resulted in more schools having significant surpluses it was agreed that there should not be a blanket policy of requesting spend plans from those schools that have significant balances at 31st March 2021, which would be normal practice. This is due to the continued uncertainty around the impact of the pandemic and that schools will be planning to utilise these surpluses over the next academic year and beyond to provide appropriate support to learners as they return to school following the disruption caused by the COVID-19 pandemic, which will be reflected in schools' development plans.

As at 31st March 2021, there were fourteen schools in a deficit balance position, with a combined cumulative deficit of £3.7 million. A reduction of 9 schools holding a deficit from the twenty three schools with combined deficits of £4.9 million as at 31 March 2020.

Of the budgets submitted, eighty schools were budgeting to be in a cumulative surplus position at 31st March 2022, meeting the criteria to be approved under the Scheme (this compares to seventy one schools in May 2020). Eleven schools are budgeting to be in a cumulative deficit position at 31st March 2022 (this compares to twenty two schools in May 2020). Four of these meet the criteria within the Scheme to be a licensed deficit, while seven did not meet the criteria and are therefore unlicensed according to the Scheme (comparative numbers for May 2020 are nine and thirteen respectively).

The seven schools that have submitted budgets that are in unlicensed positions are listed below, along with commentary on actions in place. Brynhafren CP School Warning notice remains in place; deficit recovery agreement in place.

- Llanfechain CinW School Recovery plan requested
- Brecon High School Budgeted in-year surpluses throughout budget plan. Warning notice remains in place, to be reviewed Autumn term 2021.
- Crickhowell High School Budgeted in-year surpluses throughout budget plan. Warning notice to be removed.
- Welshpool High School Budgeted in-year surpluses throughout budget plan. Warning notice to be removed.
- Ysgol Calon Cymru Budgeted in-year deficits throughout budget plan, although significantly reduced. Recovery plan requested. Warning notice remains in place.
- Ysgol Maesydderwen Budgeted in-year deficits in later years of budget plan. Recovery plan requested. Warning notice remains in place.
- Cumulative balances remain a concern and a significant risk to the authority, but schools are working well with Council officers to bring in-year budgets into balance and halt the growth of cumulative deficits. Once this position is achieved and consolidated, work begins on reducing the cumulative deficits.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21				FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS					
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Highways Transport & Recycling + Director	28,106	1,182	(8)	(736)	1,515	30,058	(533)	(411)		29,114	(1,008)

## Highways Transport & Recycling Overview

### Current Pressures

- **Highways Operations**

A forecast over-spend of £90k against budget is reported at end of May, principally due to £130k unachieved savings for the reduction in winter maintenance service, £14k for street lighting and £67k for the transfer of public conveniences.

- **Waste Collection**

Forecasting £765k overspend, predominantly through a lack of income, which is estimated to be around £354k. Domestic waste is forecasting £232k overspend. Savings around reducing agency staff and rationalising rounds to the sum of £200k has proven to be difficult due to the social distancing and only allowing two per cab. Once three in a cab is allowed the department will be able to reduce its agency numbers.

- **Transport**

Home to School Transport is reporting a £455k overspend against budget at the end of May 2021, predominantly arising from the unachieved savings target of £549k for efficiencies within the Public and School Transport provision not yet delivered.

- **Car Parks**

£588k over-spend on Car Parks, £418k resulting from the reduced opportunity to earn income from on/off street parking and enforcement, arising from the impact of COVID-19. Last financial year the service received grant support from Welsh Government to mitigate the loss of income. If the service is successful at securing funding from Welsh Government to support lost income for the period April to September 2021, this forecast position will improve by circa £233k.

### Cost Underspends

- **Transport**

Public Transport is reporting an underspend of £57k against budget at the end of May.

- **Highways Technical**

- £15k underspend on Traffic management resulting from underspend contractors.
- £73k underspend on Street Works which results from a £16k underspend on staffing, £49k overachievement of income associated with traffic regulations offset by a reduced income of £7.5k associated with penalties. Thy forecast assumes that £350k income will be generated from traffic management activities, it is noted that last financial year the service generated £683k of income.

## **Cost Reductions**

The impact of the savings target not expected to be achieved for 21/22 is £1.74m, we have achieved £226k to date, and are expecting to achieve a further £394.5k, which results in an unachieved savings target of £1.12m which accounts for the majority of the reported forecast overspend.

### **a) Assured**

We have achieved £226k to date and are expecting to achieve a further £394.5k.

### **b) Undeliverable**

- £1.12 in undeliverable, predominantly within Transport where a saving target of £549k has been set, alongside £207k in Waste Services, and £200k in Highways Operations.

### **c) Mitigations being delivered**

- All options are being explored to ensure savings targets are maximised. However, further mitigations are being explored in the event the full saving is not achieved.

## **WG Funding not yet claimed**

This position does not take into account income support from the Welsh Government Hardship fund for the April to September period (estimated at £543k)

## **Other mitigating actions to deliver a balanced budget.**

<b>Proposed Mitigation</b>	<b>Actions</b>	<b>Value</b>
Q2/Q3 / Q4 support of lost income by WG (or income levels return to normal)	WG continue to support lost income for the rest of the financial year	£543K
Reduce or temporarily postpone the permanent adjustment to highways budget increase for 21/22.	Do not undertake targeted increase in programmed works (sweeping / Street Cleansing) £500,000 for full year.	£250,000 (based on 6 mths)
	<b>Net Total</b>	<b>£793k</b>

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£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Property, Planning & Public Protection	4,845	93	(71)	(236)	514	5,145		(366)		4,779	66

## PPPP Overview

### Cost Pressures

#### a) Current Pressures:

Trading Standards are forecasting an overspend of £102K. This is because of unachievable income targets. Work is ongoing to identify ways to address this forecast overspend.

### Cost Underspends

### Cost Reductions

#### a) Assured:

Savings of £818k are targeted for this financial year with £304k achieved to date and £366k of savings assured.

#### b) Undeliverable:

The full savings identified by PCC exiting building (£141K) is not achievable given the costs of running alternative buildings. This has resulted in a shortfall of £51K.

#### c) Mitigations being delivered

Strategic Property are currently not on target to achieve income targets related to commercial buildings and offices. New tenants are however in the process of signing leases and salary underspends and better than expected results from other Strategic Property savings exercises (Business rate reviews) are likely to offset any shortcomings.

### Other mitigating actions to deliver a balanced budget.

FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21						FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS			
		Add	+ / -	Less	Add	Revised	+ / -	Less	Final
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Outturn Position 2020/21
Housing & Community Development	5,305	593	(24)	(603)	204	5,475	(50)	(129)	5,296
									Variance
									9

### Housing and Community Development Overview

- a) **Assured** - Savings delivered/income generation on track across Arts, the Housing General Fund, Archives and Information Management, Sport Powys and the Cleaning Service.
- b) **Undeliverable** - Officers to meet with Finance Business Partners to discuss the deliverability of part of the savings targets for the Library service. Delays have been caused due to the focus on business-critical work.
- c) **Mitigations being delivered** - Continue to take action to reduce void times in order to minimise rent lost as a consequence of empty properties.

#### Other mitigating actions to deliver a balanced budget.

Officers continue to apply for available grants and funding to support the services wherever appropriate. This does have an impact on staff capacity to deliver other work.

#### WG Funding not yet claimed

The Catering service are forecasting an overspend of £203,000. The cost of Free School Meal payments in relation to COVID-19 are continuing to be supported by Welsh Government. Until the end of September the expectation is that the income lost as a result of COVID-19 will still be recovered through the lost income hardship claim. Some furlough income has been received which offsets the lost income. The Service hopes to return to normal meal delivery in High Schools from September, which would have a significant impact on income, however this will be dependant on covid restrictions at the time and decisions made by individual schools. Income will continue to be monitored carefully by the Service and Finance Business Partners.

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Housing Revenue Account	0			(863)		(863)				(863)	863

**HRA –** The HRA is ring fenced and forms part of its own trading account, any surpluses and deficits are contained within a ring fenced reserve.

- a) **Current Pressures**
- b) **Future pressures** - Not included in the forecast outturn.

**Cost Underspends**

**Cost Reductions**

- a) **Assured**
- b) **Undeliverable**
- c) **Mitigations being delivered**

**WG Funding not yet claimed**

**Other mitigating actions to deliver a balanced budget.**

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21					FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS				
		Add	+ / -	Less	Add	Revised	+ / -	Less	Less	Final	
£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Economy and Digital Services	4,259	60	0	(480)	1,133	4,972		(165)		4,808	(549)

## Economy & Digital Overview

a) **Current Pressures** – The service work over the past year has focussed on supporting innovative solutions to aid the Council's response to Covid. This has meant delays in delivery of digital transformation savings from last year added to further savings this year.

b) **Future pressures** - Not included in the forecast outturn.

### Cost Underspends

No underspends are currently identified

### Cost Reductions

- a) **Assured** - only a small proportion of savings have been assured due to the delays with transformational change.
- b) **Undeliverable** - the savings for Regeneration remain very challenging and have been covered in the previous year by grant income. The service will continue to look for these opportunities in the current year, but this puts a strain on limited resources and effects the organisations' ability to maximise economic recovery.
- c) **Mitigations being delivered** - a review of the regeneration service is being undertaken to ensure future establishment is in line with Vision 2025 priorities.

### WG Funding not yet claimed

All grant funding for Regeneration is currently unknown as many initiatives are launched throughout the financial year.

### Other mitigating actions to deliver a balanced budget.

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Transformation & Communication	1,512		0	(36)	0	1,476		0		1,476	36

### **Transformation and Communication Overview**

#### **a) Current Pressures**

**b) Future pressures** - Not included in the forecast outturn. Future pressures are emerging around the potential cessation of external funding to support Communications. Work to continue with finance and a discussion ensued with Executive Management Team in respect to of the operating model.

**Cost Underspends** – additional income received rather than a cost underspend and vacancies attribute to the £36k.

#### **Cost Reductions**

- a) Assured – 100% of savings for 2021/22 are achieved.**
- b) Undeliverable
- c) Mitigations being delivered

#### **WG Funding not yet claimed**

**Other mitigating actions to deliver a balanced budget.**

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£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Workforce & OD	2,039	17	(11)	(142)	150	2,053		0		2,053	(14)

## Workforce and OD Overview

- a) **Current Pressures** – minimal cost pressures have been identified which will be more than offset by cost underspends
- b) **Future pressures** - not included in the forecast outturn.

### Cost Underspends

The service is underspending £142k against other budgetary lines (mainly staffing costs), which will help to largely mitigate the undeliverable costs reductions identified below.

### Cost Reductions

- d) **Assured** - £10k of the cost reductions have been achieved and are therefore assured
- e) **Undeliverable** – the balance of cost reductions of £150k are being reviewed and will not be fully deliverable. This comprises £120k in relation to an apprenticeship programme which are not achievable and £30k in lieu of a salary sacrifice additional voluntary contribution pension arrangement which will be introduced this year. This is currently being reviewed and whilst it is evident that the full £30k cannot be achieved this year, the expectation is that it will be part achieved - the figure will be confirmed and factored in, in due course.
- f) **Mitigations being delivered** – as can be seen from the above analysis, we are helping to mitigate the costs reductions not achieved, through underspending £142k against other budgetary lines (mainly staffing costs), providing for an overall forecast variance of (£14k).

**WG Funding not yet claimed** - not applicable

**Other mitigating actions to deliver a balanced budget** - the net budget is close to balance.

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Legal & Democratic Services	3,087	77	(15)	(194)	251	3,206	(12)	(21)		3,173	(86)

### Legal Overview

- a) Current Pressures
- b) Future pressures - Not included in the forecast outturn.

### Cost Underspends

### Cost Reductions

- a) Assured
- b) Undeliverable
- c) Mitigations being delivered

### WG Funding not yet claimed

### Other mitigating actions to deliver a balanced budget.

		FORECAST FOR THE YEAR ENDED 31ST MARCH 2022 AS PER CP/LEDGER JUNE 21					FINAL ADJUSTMENTS FROM HEADS FOR OUTSIDE LEDGER ASSUMPTIONS				
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Finance	6,081	28	0	(93)	78	6,094		(78)		6,016	65

## Finance Overview

- a) **Current Pressures** – £12k relates to procuring expert insurance analysis in readiness for the insurance tender, the balance is from additional resource required to support Pensions work, and gets funded by the pension scheme.
- b) **Future pressures** - Not included in the forecast outturn.

## Cost Underspends

There are some savings from unused budgets such as travel

## Cost Reductions

- a) **Assured** – all savings are expected to be achieved
- b) **Undeliverable**
- c) **Mitigations being delivered**

## WG Funding not yet claimed

## Other mitigating actions to deliver a balanced budget.

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£'000	2021/22 Base Budget	Cost Pressures	Staff Redeployment	Cost Underspends	Cost Reductions not delivered (unachieved)	Outturn	WG Hardship not yet recovered to offset position	Cost Reductions not yet delivered but assured	Cost Reductions undelivered but over 50% likely to deliver	Outturn Position 2020/21	Variance
Corporate Activities	35,546	567	111	(3,257)	(175)	32,792		0		32,792	2,754

## Corporate Overview

### Pressures

a) **Current Pressures** - it is forecast that we will have increased demand on the need for discretionary housing payments, especially when furlough ceases in addition the benefit received for managing homelessness does not cover the cost, in total we are forecasting £363k overspend.

The forecast also includes £56k budgeted for the profit/dividend expected from Howps that is unlikely to be achieved and a shortfall on precepts of £45k due to higher than anticipated inflation uplifts that were not budgeted for.

b) **Future pressures** - Not included in the forecast outturn. - none

### Cost Underspends

- There is an underspend on the cost of borrowing budget, forecast at £996k, due to the reprofiling of the capital programme, which has reduced the plan for 2021/22, and consequently less borrowing required.
- As yet the budget risk reserve of £1,500k has not been drawn against. The budget for 2021/22 was set with services bearing the risk on a number of activities, and this budget may need to be drawn upon in year.
- There is a forecast £490k surplus re over collection of the pension fund contributions which will be transferred to specific reserve at year end and used to reduce the pension fund deficit when the actuarial review takes place, with the aim to mitigate the need to increase future contributions and reduces the call on future budgets.
- A £500k surplus on council tax collection is forecast based on the collection of council tax premiums (empty and second homes) in previous years, assuming we will have a similar level this year.

### Cost Reductions

a) **Assured**

- b) Undeliverable**
- c) Mitigations being delivered**

**WG Funding not yet claimed**

**Other mitigating actions to deliver a balanced budget.**

