

Budget and Council Tax Impact Assessment 2024-25



Impact Assessments (IA) are a process of assessing how our proposals and decisions might impact upon different types of people and communities and developing proposals in line with relevant legislation.

This is a legal requirement, and ensures the Council considers key legislation, including Equalities, Welsh language, Future Generations, Socio-economic Duty and Risk when developing proposals.

It will also help the Council make the best possible decisions for the people of Powys.

1. Proposal Information

Author Name	Jane Thomas
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Proposal title	Budget Setting including Savings Proposals and Council Tax Setting
Description of proposal	<p>This Impact Assessment (IA) focuses on the budget that will be presented to Council on 22nd February 2024 for the 2024-25 budget. It assesses the impact of the overall budget proposals, council tax requirements and those budget savings needed to deliver a balanced budget and their impact across a range of headings including the Well-being Goals, guiding principles and the workforce, with mitigating actions to reduce negative impacts.</p> <p>This IA addresses the consequences of a number of specific budget saving proposals as summarised at Appendix A, there are 73 individual savings proposals considered within this IA which do not have any impact on the main IA criteria headings and stakeholders, some of these savings are at a very early stage so it is not possible to assess impact at this early stage in the development of the proposal and an IA will be completed if needed at a later date. The remaining 19 savings proposals have separate IAs published within the budget pack and need to be reviewed to full appreciate the consequence of accepting the saving proposal. There is a separate impact assessment for the schools delegated budget proposal.</p> <p>The savings proposals within this IA and part of the cumulative assessment fall within the following categories:</p> <ul style="list-style-type: none">• Budget that can be Reduced• Manage Contracts Better• Workforce Changes• Income increases• Other/transformation

2. Savings and Consultation

Profile of savings delivery

The overall budget proposal is £340,701,224 for which there are £24,733,904 inescapable cost pressures, including pay and price/contract inflation as well as service specific pressures like the real living wage, contract inflation increases and demographic growth, to support this demand the council proposes to make savings of £10,653,060 in 2024-25. There are 91 budget saving proposals for approval by Council, 19 have been assessed as needing a separate impact assessment (IA) plus an impact assessment for the delegated schools budget. 73 of the saving proposals are considered in this IA because they have little or no impact on communities/stakeholders etc, or where it is not possible to assess impact at this early stage in the development of the proposal and one will be completed at a later date, when more detail is known. These savings can be summarised together without any detrimental effect on understanding their impact, see Appendix A for the overall summary by category, the total value of these savings is:

2024-25	2025-26	2026-27	2027-28	2028+	Total Savings
8,663,631	1,143,302	183,000	25,000	25,000	10,039,933

Further information

BACKGROUND

By law the Council must annually agree a balanced budget. This impact assessment concentrates on the net revenue budget for 2024-25. The 2024-25 Budget has been developed, refined and challenged by a robust process involving Heads of Service, Corporate Leadership Team, Cabinet and Scrutiny Committees. The full timetable was published in July 2023 setting out the governance approach and meetings planned to develop and finalise the budget. This has been updated regularly and shared with those considering the overall budget. The Draft Budget will be approved by Cabinet on 16th January 2024 and then be considered by the three Subject Scrutiny Committees and the Finance Panel through January / early February 2024. The Final Budget will be presented to Council for agreement on 22nd February 2024.

19 Individual impact assessments have been completed for the savings proposals where they are specifically required and one for the schools delegated budget. Most savings aim to provide efficiencies, increase income and reduce cost whilst continuing to ensure the Council meets its statutory responsibilities and retaining core budgets to support service delivery.

This assessment assesses the cumulative impact of the budget on Powys residents, in respect of the funding allocated to support service pressures, the proposed council tax increase and those savings proposals that do not need a separate assessment.

The Final Budget includes a 7.5% increase in the Council Tax in 2024-25 (£2.20 a week increase for a band D property), and then 5% for the following 4 years. The Council Tax Resolution will be presented to Council on 7th March 2024.

REVENUE BUDGET

The receipt of the provisional local government funding settlement for 2024-25 was consistent with the indicative 3.1% allocation indicated by Welsh Government back in March 2023. However, data changes confirmed in the formula sees Powys receive a 2.8% increase in funding for 2024-25, although an increase of £6,275,340 this falls well short of the increase in costs the Council is experiencing as inflation and demand for services increases, this has created an enormous challenge for the Council to deliver a balanced budget. Over the last ten years we have delivered over £135 million savings for the Council to support balanced budgets in previous budget rounds, and it becomes harder to identify and deliver savings to address the burdening service pressure demands, as set out in the Councils budget pack Appendix F Cost Pressures.

Although inflation now has a downward trend, falling just below 4%, the higher levels seen through 2023 create a recurrent pressure on the cost of supplies and services we receive, many of the large contract uplifts are linked to autumn RPI and CPI which was at a level of 8.9% and 6.7% respectively.

As part of the overall budget considerations the ability for the public to afford council tax increases are taken into account.

The Council has developed its 2024-29 Medium Term Financial Strategy (MTFS) and revenue budget by seeking to focus resources on delivery of a Sustainable Powys and the Council's statutory obligations alongside Corporate Plan aspirations.

Inescapable Cost Pressures

The 2024-25 budget includes £24,796,404 inescapable cost pressures, including pay and price/contract inflation as well as service specific pressures like the real living wage, contract inflation increase and demographic growth. These must all 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 are delivered. However, the value of the pressures included in the budget exceed the funding settlement the Council has received from the Welsh Government creating a budget gap of £18,458,565 which will be funded in part by £10,653,060 of savings proposals and 7.5% council tax and base changes totalling £7,805,505.

Cost Reductions

To bridge the budget gap in 2024-25 all services were asked to identify possible savings proposals that could be made to reduce the Council's spending requirement. £10,652,060 of saving proposals have been identified which are deemed to be achievable within an acceptable level of risk. This leaves a residual budget gap of £7,805,505 million which it is proposed is found by increasing Council Tax by 7.5%. If Council Tax was to be increased by less than 7.5% the Council would need to make further savings. In looking for additional savings the Council would need to consider whether the impact on residents from any saving would be greater than the impact on households of an additional 7.5% per annum in Council Tax. Work to develop the 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 (RSG) and the amount distributed from business rates (NNDR) and is distributed using a needs-based formula.

The settlement formula is based on Standard Spending Assessment (RSG & NNDR plus notional Council tax). What has been seen in previous years is that the notional Council Tax element of the settlement has increased at a greater rate than the AEF element, this results in councils with smaller tax bases having a greater share of the grant element and areas with higher tax bases like Powys received less grant because they had a greater relative share of the council tax pot. We receive roughly 31% of the Council's net revenue budget requirement from Council Tax and the rest from Welsh Government.

Council Tax income comes from residents but not all residents pay full Council Tax. Many residents benefit from the Council Tax Reduction Scheme (CTRS) and/or are in receipt of a statutory council tax discount or exemption. Our annual expenditure to provide CTRS support for Powys residents exceeds the level of funding included in the settlement by £1,457,193. The level of support provided by this scheme has increased since the pandemic and economic downturn as more people became eligible. Any increase in Council Tax will increase the CTRS demand and an allocation of £740,250 is included in the budget to cover a 7.5% 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. Each year the number of properties subject to Council Tax increases, this increase to the tax base is based on estimated new builds and properties brought back into use.

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 2023-24 the Average Band D council tax set for Powys was £1,913.39 which was above the Welsh average of £1,879.46. 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 2023-24 is £1,920, £238 a year (£4.58 a week) above the £1,682 average for Wales.

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 and 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 and people wholly reliant on means tested benefits.

A 7.5% increase in Council Tax in 2024-25 for a Band D dwelling would be an increase of £114.33 for the year, equivalent to £2.20 per week (before Community Council and Police precept). Based on previous year's figures it would be reasonable to assume that only around 47% of Powys' households would pay the full increase, while just over 53% would receive partial or total exemption from payment.

ECONOMIC CONTEXT

The current economic context remains challenging. On 22nd November 2023 the Office for Budget Responsibility (OBR) published its report "Economic and fiscal outlook". The report provided an analysis and forecast of the UK's public finances based on the budget statement released by the Chancellor of the Exchequer on the same day.

There was a sharp fall in UK wage growth in October, with the headline rate easing from the upwardly revised 8.0% (7.9% previously) in September to 7.2% in October. Excluding bonuses, the rate eased from 7.8% to 7.3%. And one of the Bank of England's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% to 7.3%, which leaves it on track to fall to 7.2% by December, as predicted by the Bank in November. Labour demand, however, was stronger than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. That was enough to offset a further 63,000 rise in the supply of workers in the three months to October, which meant that the unemployment rate remained at 4.2%. Nonetheless, other indicators point to a (gentle) cooling in labour demand ahead, as the number of job vacancies fell for the 17th month in a row, from 0.959m in October to 0.949m.

National statistics from the Office of National Statistics (ONS) show the average gross weekly earnings (full-time equivalent employees on adult rates) in Powys in 2022 to be £573.20 compared to an average for Wales of £598.10, placing Powys 7th lowest of 22 council areas in Wales. (awaiting 2023 information to be uploaded). (still waiting for updated information for 2023)

CPI inflation fell to its lowest level in almost two years, in November 2022 it stood at 10.7% and this has seen a significant change at October 2023 being 4.63%. In its recent budget announcement the government have confirmed a further energy price guarantee limiting a typical household's annualised energy bill to £1,834 this winter and £1,928 next year, although utility prices are falling, they remain significantly higher than two years previously.

The housing market remains 15% lower than in 2019, lending to First-Time Buyers (FTBs) has been the most resilient aspect of lending despite the challenge of very stretched mortgage affordability. With mortgage costs high, the ability to buy is increasingly dependent on whether an individual is buying alone or as part of a couple. The latest estimates are that a typical new mortgage will cost around 4.8% in December, somewhat lower than in the past few months. Moreover, declining mortgage rates have already generated a significant improvement in demand, with the new buyer enquiries and sales expectations balances recording their strongest readings for over a year and a half.

In a final round of Central Bank announcements for 2024 the Bank of England, as forecast, kept interest rates on hold at 5.25%. The Governor Andrew Bailey reiterated recent comments; “there is still some way to go” in the fight to reduce inflation, and reminded markets that rates could rise again “if there was evidence of more persistent inflationary pressures”. The Government has set an inflation target of 2% likely to be the second quarter of 2025 when it drops to this level.

Consultation requirements

Consultation required?	Yes
Union consultation date	Click or tap to enter a date.
Staff consultation date	n/a
Public consultation date	Budget engagement with the public, including business rate payers concluded on the 7 th January 2024 and the findings are published as part of the budget pack

Consultation plan (or justification where no consultation is required)

19 of the budget savings require individual impact assessments and are published separately.

The Council conducted a resident’s survey which closed on the 7th January 2024. A full report on the budget consultation will be provided with the budget papers in the Cabinet agenda 16th January and Council agenda 22nd February 2024.

3. Impact on other service areas, geographical areas, and data protection

3a. Impact on other service areas

Each saving has been reviewed by CLT, Cabinet and Scrutiny Committees and any impact on other services addressed so there are no implications that will arise when the saving is made

3b. Impact on geographical locations

The council tax increase is relevant to all households across Powys. The detail behind the overall budget proposal is set out in the published budget pack, cost pressures Appendix F and Savings in Appendix D, there are a number of specific pressures that relate to a specific location in Powys, most are service level demand and inflationary pressures.

There are some savings proposals that relate to a specific budget in a specific area, the disposal of the Gwalia in Llandrindod Wells saves £30k in year as we reduce the need for office accommodation and has minimal stakeholder impact. Other savings include a review of the Pupil Referral Unit (PRU) model, Day Centre provision and the closure of a HWRC, these are proposals that may have a major impact on its stakeholders and so separate IAs will be completed and considered as part of the budget at Council.

As the Council completes its Placed Based Model within Sustainable Powys, there may be some changes to where current offices and services are delivered, but, as part of the review a wider IA will take place once the project has a full picture of potential changes.

3c. Data protection impact assessment

Will the proposal involve processing the personal details of individuals?	No
Is Powys County Council the data controller?	Choose an item.
Further information	
Click or tap here to enter text.	

4. Impact on well-being goals including Welsh language and equalities

4a A prosperous Wales

Impact	<p>The budget proposal provides £4.6 million in pay award for council staff, most of whom live in county and their increased salary will support the local economy.</p> <p>Schools will be funded to a level of 4.2%, £3.6 million. This 4.2% increase is above the level of increase received by the Council in AEF (2.8%), and reflects the priority Education has from the Council, but based on the funding settlement received we are unable to fully protect schools from some of the burden facing the Council. This means the cost of the pay award and inflation will in part require schools to utilise reserves or deliver savings to stay within their budget envelope.</p> <p>Education have mitigated their £202k service pressures from contract inflation and early retirement pension strain, offering saving proposals of £129k that result from increasing income, reducing agency spend and offering up underspending budgets like travel, this approach ensures there is a minimal effect on pupils and schools. There are specific IAs for a PRU reorganisation, 3rd sector spend and staff restructure, these will provide more detailed analysis to support the proposals.</p> <p>The schools catering budget aim to reduce their costs by £150k and remain within budget in part delivered through the roll out of universal Free School Meals across years 5 & 6, alongside a 10p per meal increase for secondary school pupils to generate an additional £90k, a lower than inflationary uplift.</p> <p>A £79k reduction in the events and functions budget within Regeneration will result in careful use of this budget prioritised for activities of benefit for the Council. The ability to draw down grant for some of this will alleviate the impact.</p>
Impact Rating	Poor

Mitigation

Through the WG Settlement a number of protections are in place for school funding under the Education and Welsh Language portfolio, and a consolidation of grant funding streams to enable local authorities to have more flexibilities to react and deliver in these changing circumstances. The new School Standards funding in our Local Authority Education Grant will protect funding in relation to the Recruit, Recover and Raise Standards programme which was established to help learners overcome the negative effects of the pandemic. Also protected is the Pupil Development Grant funding that funds schools to support learners from low-income households.

Funding that goes directly to schools has been prioritised. For 2024-25 the amalgamation of pre-16 education grants provides the same level of funding against similar grants provided to local authorities in 2023-24; this is also a 3.2% rise against the 2024-25 indicative budget for those same grants.

Schools transformation will continue to reduce building numbers and improve value for money through economies of scale with additional pupils in the remaining schools, reducing the need to spend on those schools requiring high maintenance and removing schools with high energy costs. Inflation and demand pressures in school transport will be funded at £950k. The capital programme continues to prioritise schools in terms of new build, improvement and maintenance this also benefits the curriculum. £104.6 million over the next 3 years. The WG Settlement increases the FSM provision to all primary children and will see capital investment in school kitchens and full funding for the provision removing the need for parents to fund this.

Planning budgets support economic activity and these will remain static next year with pay and price inflation funded.

Significant pressures arise from care provider real living wage increases, the proposal will see an additional £6.3 million to ensure the sector remains stable and continue to provide local jobs and offer local care facilities to service users.

Overall the capital programme is £295 million over the next 3 years, and aims to employ local contractors and local sub-contractors, this then supports the local employment market. We have major capital funding too from Levelling Up - £23m, SPF - £33m and Growth Deal - £2 million, which will support both revenue and capital infrastructure improvements in the public, charity and private sector over the next few years, again supporting the local employment market and wider economy.

Social Care are offering savings of £800k from bringing service users, where feasible, closer to home thus saving staff (and family) time and travel £20k, and supporting local providers who will deliver this care and the wider economy that support them.

	Businesses and other ratepayers in Wales are supported with a package of non-domestic rates support from WG. The increase to the non-domestic rates multiplier for 2024-25 will be capped at 5%, at a recurring annual cost of £18 million. This is lower than the 6.7% increase that would otherwise apply. Ratepayers will continue to be supported with increased liabilities following the 2023 non-domestic rates revaluation. The transitional relief scheme continues to phase in changes for eligible ratepayers.
Mitigated Rating	Neutral

4b. A resilient Wales

Impact	<p>We continue to offer savings on travel, £75k, as we work more from home and attend meetings through the Teams/ Zoom app remotely. There are savings offered for reduction in the cost of utilities £146k, linked to the continued fall in nationwide utility costs. In addition, a £1.1m budget set up for utilities at the leisure centres in 2023-24 is not needed as this contract has been able to address the utility rise internally, utility market costs are still higher than pre covid levels, but costs keep falling, in addition usage continues to reduce, especially in leisure facilities, with climate benefits.</p> <p>Within HTR savings are offered for street lighting partial dimming that reduces energy consumption £43k and £332k of inflationary street lighting budget. Fee increases in line with inflation for waste services – green waste and trade waste will deliver £175k but may reduce the recycling of green waste, albeit the fee only rises by £10.</p> <p>Separate IAs will consider the implications of charging for DIY waste disposal as well as the removal of cardboard bring sites. In part these may help improve recycling household collection rates.</p> <p>Highways are proposing to return £100k budget for ditch clearing and the impact of this will be explained in a separate IA.</p> <p>A car parking review is underway to establish a fair and consistent parking strategy, the budget proposes maintaining similar levels of fees and income, this will then allow a budget realignment of £393k. A separate IA will review the proposal and implication to charge for disabled blue badge holder using car parking in our car parks.</p>
Impact Rating	Neutral

<p>Mitigation</p>	<p>Leisure have reduced their energy usage and been undertaken energy efficiency works at leisure facilities with the help of grants that reduce usage to help manage these budgets within existing levels.</p> <p>Within the cost pressures are a proposal for two new officers, £98k, to support moving to net zero and addressing our asset management and disposal plan. Asset disposal will allow the removal of utility, maintenance and cleaning budgets, £150k, as well as realising a capital receipt that will support the capital programme.</p> <p>Waste pressures of £317k will be funded, mainly relating to the gate fee increase and HWRC tender.</p> <p>We are uplifting some budgets to the level of income being recovered, which is an accounting adjustment, rather than undertake service change that affects the public, for environmental budgets £200k can be achieved from recycle income and street works. Also maximising the use of grant income allows a £112k saving in waste management. We are considering changing how we bulk our residual waste from the new facility, and the detail and impact is explained in a separate IA.</p> <p>The capital strategy continues to fund an additional £1 million for street lighting, where lighting replacement and improvement is needed, and £5 million for the HAMP annually until 2030. In addition, the success of £17m from Levelling Up UK government funding will allow essential bridge and road projects to take place over a 3 year period.</p> <p>Housing Services will continue to support energy efficiency and bringing privately owned empty homes back into use through the SWAS (Safe Warm & Secure), Landlord Loans and the ZILF Co2i loan schemes.</p>
<p>Mitigated Rating</p>	<p>Good</p>

4c. A healthier Wales

<p>Impact</p>	<p>The Social Care budget plan, contains pressures of £10 million. £6.3 million relates to paying care workers the real living wage (Welsh Government priority) whilst other pressures have come from increases in providers' costs and placement demand. A big challenge is social work recruitment and the need to cover most vacancies with agency staff, we have set out savings that can be delivered through grow our own social worker scheme and reducing agency staff £274k.</p> <p>In addition, the service has identified £2 million of potential demand pressures that will be funded via the risk budget next year if needed.</p> <p>Savings have been put forward from Social Care, improved contract management and utilisation of voids will save £400k, these are deemed efficiency savings and improvements to how we manage our contracts. Ensuring partner organisations, like Health Boards and other Local Authorities, pay their fair share of care cost is a priority as is maximising income and the use of grants, which does not have a detrimental effect on care, we hope to recoup £1 million. Social workers utilise a wider range of care options and savings will be delivered through managing assessed hours and use alternative provision such as extra care, shared lives and guardianship where appropriate, this is more cost effective than high cost placements £426k. Placements closer to home will be a priority where feasible achieving £600k.</p> <p>Savings in Community Development (CD) include leisure savings from reduced use of facilities in schools £210k a separate impact assessment will be completed. The leisure contract has an annual reduction built in each year, this year £50k can be removed from the budget, also savings from reducing the backlog leisure maintenance budget are also being offered £70k. Utilities costs are reducing across CD sites, like libraries, and so a £70k budget will be saved, also CD will manage with a standstill budget for supplies and service returning the £18k inflation and using grant to supplement the Arts budget £20k. The service will also complete a separate IA for library provision changes £34k that may have an impact on its stakeholders and service availability.</p>
<p>Impact Rating</p>	<p>Neutral</p>

<p>Mitigation</p>	<p>The majority of savings proposed in Social Care relate to efficiency through contract management, maximising income from partners and reviewing care packages to ensure they remain appropriate, these will not affect service users nor have a detrimental effect. We are able to achieve a £200k savings from changing the accounting arrangements on deferred charges. There are four savings proposals for next year from Social Care, £540k, that will require individual IAs as they relate to remodelling the service provision and the workforce and will require stakeholder engagement, there could be some impact although statutory levels of service will continue to be main.</p> <p>There continues to be extra funding for all registered carers through the real living wage will help retain and attract care workers to the profession to support more vulnerable and frail service users. In addition, all care providers will receive inflation uplifts to their contract overall this equates to an uplift estimated at £9 million cost to the council.</p> <p>The Council will provide growth funding of £803k to support the growing placement need from Unaccompanied Asylum Seeker Children.</p> <p>The savings listed in this section for CD will not have a detrimental effect on service delivery.</p>
<p>Mitigated Rating</p>	<p>Neutral</p>

4d. A Wales of cohesive communities

Impact	<p>General Fund Housing do not have any savings to deliver and have submitted growth requests for £41k funding to support the bringing empty properties back into use and improve the standard of privately rented accommodation. This is in addition to the pay award and non pay inflation totalling £57k that will be funded</p> <p>The library provision savings proposal £35k for the next two years has a separate IA, next year it will replace base budget with grant funding and the second year will be delivered as part of the Sustainable Powys programme and further consultation would take place if needed.</p> <p>Bus fare increases savings proposal of £85k may affect communities and transport links for those without their own transport. The proposals has a separate IA, and is needed to fund contractors' cost increases.</p> <p>Removal of cardboard bring banks will change amenity facilities in some communities and the rationale for this is set out in a separate IA.</p>
Impact Rating	Poor

<p>Mitigation</p>	<p>The Councils ambitious five year plan and priorities are set out in its Corporate Plan and focus on Stronger, Fairer, Greener. The outcomes of this are community focused and improve services in Powys, the budget supports this plan and will be delivered through a Sustainable Powys programme.</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 deliver the construction and letting of 61 new homes in 2022/23 with a further 56 under construction and 142 additional homes under active consideration for future development (dependent upon site acquisitions, viability assessments and resolution of the phosphates issues affecting development of all types).</p> <p>Business cases have been approved for new accommodation for homeless need with additional support that should see a reduction in social care demand and repeat homelessness cases from 2025.</p> <p>The Council will fund a 9% increase £478k to bus operators for school transport provision and inflation on public transport routes £338k.</p> <p>Cardboard recycling is available through kerbside collections, as well as HWRCs, households have other ways to recycle their cardboard. We continue to retain HWRCs in localities where the public can access.</p> <p>Funding Unaccompanied Asylum Seeker children – growth demand of circa £803k</p>
<p>Mitigated Rating</p>	<p>Neutral</p>

4e. A globally responsible Wales

Impact	<p>Mileage reduction supports the budget and emissions as we continue to work from home and utilising online meeting portals. There are savings offered for reduction in cost of utilities £146k plus £1.1m for utilities at the leisure centres as this contract has been able to address this utility rise internally, the market levels are still higher than pre covid levels, but costs continue to fall, in addition usage continues to reduce without any known impact apart from climate benefits. Within HTR savings are offered for street lighting partial dimming that reduces energy consumption £43k.</p> <p>Where possible savings are offered up that have minimal impact on the economy, society and the environment and do not affect Powys' Global Wellbeing. These savings proposals include removing vacant posts due to transformational change, reducing workload and the way we work, next year we can release £242k, we can also manage staff vacancies removing vacant posts £177k budget. Reviewing grants use, to fund some posts and other costs will release £742k budget.</p> <p>Other budgets that can be released include £5k for mobile phone usage, standstill on supplies and service £18k, £100k released from the insurance excess budget, and the contribution to the councils pension fund will reduce by 0.4% next year as part of a 3 year reduction as part of the actuarial review which saves contributions of £500k into the pensions fund. The capital borrowing budget will be reduced by £500k, which is available due to the capital programme and the funding streams forecast over the next three years.</p> <p>Finally, we have identified some budgets which can be increased to current income levels, assuming that levels will remain at their current status, this provides an additional £70k for rental income and cemetery fees. £95k savings from business rate appeals and council elections will also be achieved without any impact.</p>
Impact Rating	Good

Mitigation	<p>Services have reduced the energy usage and been able to do energy efficiency works at leisure facilities with the help of grants.</p> <p>Within the pressures are two officers £98k to support moving to “net zero” and addressing our asset management and disposal plan, asset disposal with reduce maintenance and cleaning budgets, £100k as well as realising a receipt that will support capital programme.</p> <p>The Council has identified savings that can be achieved without any impact on its global wellbeing agenda and these are largely explained through this document, where the budget requires savings with potential detrimental impacts these are considered through individual impact assessments.</p>
Mitigated Rating	Good

4f. A Wales of vibrant culture and thriving Welsh language

Using Welsh

Impact	<p>There are no savings proposed for Translation or other areas affecting Welsh language.</p> <p>A saving of £35k, reduction to the library provision may have implications on current service delivery and other bodies in Powys, a separate IA is prepared.</p>
Impact Rating	Neutral
Mitigation	<p>Next years budget includes a growth request for an additional translator £45k (mitigated with £10k reduced from the external translation budget). This will provide greater capacity in the team and deliver timely translation.</p> <p>The saving in library provision will form part of the wider placed based planning in Powys, and the reduction may be about how the service is delivered rather than a cut in provision.</p>
Mitigated Rating	Neutral

Promoting Welsh

Impact	<p>As explained above, there is a growth request for an additional Translation officer which means more translation done in house, and should allow for more translation being delivered and promoting its use</p>
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Impact Rating	Good
Mitigation	There are no savings or reductions that affect Welsh
Mitigated Rating	Good

Sports, Art & Recreation

Impact	<p>As explained in previous sections, the budget has some savings proposals that may affect service delivery in Leisure, libraries and the Arts, all of these proposals will be subject to separate IAs that will fully explore the impact and provide detail to help final decision making on the budget.</p> <p>Savings from utility budgets can be achieved without affecting service delivery</p>
Impact Rating	Neutral
Mitigation	N/a
Mitigated Rating	Neutral

4g. A more equal Wales

Age

Impact School meal increase of 10p	<p>To deliver an additional £90k, a 10p per meal rise for secondary school pupils is there to cover the cost of the pay award, utilities and cost of provisions, these meal costs are still subsidised by council budgets. There is still the provision for free school meals (FSM) for families that qualify for this support.</p> <p>Increased bus fares by 10% across public transport , £85k, may impact a number of age groups and those who live rurally but do not have a car to travel. This increase supports increased pay and fuel costs that contractors have to incur and they can recoup this from the council contracts.</p> <p>A separate IA will be completed for older day centre review, as part of considering an alternative delivery model.</p> <p>A separate IA will be completed for the delivery model of the pupil referral unit service</p>
Impact Rating	Poor

Mitigation	<p>Those on a lower income may be more affected by council tax increases, but these will be mitigated by use of the reduction scheme, which is a benefit that those in greatest need can claim to cover all or part council tax payments.</p> <p>FSMs are available for those families that qualify for this support and this is highlighted to those we support through money advice etc</p>
Mitigated Rating	Neutral

Disability

Impact	<p>A separate IA has been prepared for the introduction of blue badge charging in car parks although an extra hour will be offered on top of their paid tariff as a concession. This is likely to impact on those with severe mobility issues.</p> <p>Within ASC some savings proposals relate to all client categories void management £50k and learning disability respite policy review £50k, these do not reduce the offer to service users but require the council to better manage its contracts and only purchase the care it needed.</p>
Impact Rating	Poor
Mitigation	<p>In recognition that it may take longer for blue badge holders to move around their destination, it is proposed that the concession afforded provides them with an additional hour on top of their paid for time. This will mitigate blue badge holders possibly having to purchase a longer stay to take account of any mobility issue they may have when compared to a non-blue badge holder.</p> <p>The budget is increased by £722k to fund demographic increases for learning disability transitions, these are children who will move into Adult Social Care and need ongoing support through adulthood. Childrens also get extra funding, £80k, for Short Breaks, to support those caring for learning disability children who need respite care</p>
Mitigated Rating	Neutral

Gender Reassignment

Impact	none
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Impact Rating	Neutral
Mitigation	none
Mitigated Rating	Neutral

Marriage or Civil Partnership

Impact	This budget will see an increase in registrar fees budget to a level of what is being achieved, extra £60k – will have no effect on those who wish to marry or have a civil ceremony.
Impact Rating	Neutral
Mitigation	n/a
Mitigated Rating	Neutral

Race

Impact	none
Impact Rating	Neutral
Mitigation	none
Mitigated Rating	Neutral

Religion or belief

Impact	none
Impact Rating	Neutral
Mitigation	none
Mitigated Rating	Neutral

Sex

Impact	none
Impact Rating	Neutral

Mitigation	none
Mitigated Rating	Neutral

Sexual Orientation

Impact	none
Impact Rating	Neutral
Mitigation	none
Mitigated Rating	Neutral

Pregnancy and Maternity

Impact	none
Impact Rating	Neutral
Mitigation	none
Mitigated Rating	Neutral

Socio-economic [Click or tap here to enter text.](#)

Impact	The effect of the council tax increase will result in a weekly increase of £2.20 on a band D property. Those most socio-economically disadvantaged would be affected by this increase.
Impact Rating	Neutral
Mitigation	This group of council taxpayers would be able to claim CTRS to receive up to 100% level of council tax support. A central council budget funds this. In addition, the in-house Advice team and financial assessment officers will ensure those on benefits maximise what they are entitled to and signpost to relevant services if other vulnerabilities are highlighted. This use of the CTRS budget is always fully funded through WG / Council to whatever level is required.
Mitigated Rating	Good

4h. Evidence

The Council's ambitious five year plan and priorities are set out in its Corporate Plan and focus on Stronger, Fairer, Greener. The outcomes of this are community focused and improve services in Powys, the budget supports this plan. The priorities align to our 5 ways of working and the 7 well being goals of the Well-being and Future Generations Act 2015. "Sustainable Powys" will review what services we provide and how they are provided to meet current needs whilst ensuring we have innovative solutions to provide the best services adapted for our future generations. It is about working together to design a future for our local authority that delivers stronger, fairer and greener services whilst reducing our costs.

In line with Stronger Fairer Greener, Sustainable Powys key principles are:-

- **Outcomes and transformation**, not just modifying services
- **Engagement**: engaging early with people in agreeing, designing and delivering outcomes
- Addressing the fundamental question: **why do we do what we do?**
- Having a strategic **whole county** view, not just the Council
- **Innovation**: being open minded and seeking innovative solutions, using all the expertise available
- Using **evidence** - if we aren't getting results, we should change
- It's a **continual process** to meet existing and long-term needs sustainably
- Delivering **outcomes at lower or no costs**

Where needed separate IA are provided that set out greater detail of the impact of the savings proposals. Where some proposals are at their very early stage of planning IAs will be provided later when relevant and before savings are changes are actually made. The budget proposals have been developed closely with Service Heads who have put forward growth pressures necessary to maintain a level of service necessary to deliver the Council's statutory functions, in addition council wide pressures such as inflation have to be funded as these are contractual obligations for staff and contractors. The main increase to the overall budget are for these pressures and to fund them savings and a council tax increase are recommended. The savings explained in this document without a separate IA can be undertaken without a major impact on stakeholders.

5. Impact on key guiding principles & workforce

5a. Sustainable development principles

Long-term

Impact	<p>Although the focus of this impact assessment is the 2024-25 budget the Council is also being asked to approve the Medium-Term Financial Strategy which extends the revenue forecasting to 2029 and the capital programme to 2029, both of which help the Council to take a longer-term view.</p> <p>The 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>
Impact Rating	Neutral
Mitigation	<p>The FRM has been delivered with Heads considering their medium term requirements, alongside the Sustainable Powys and Placed Based Planning projects running alongside to change the Council model and free up budgets in future years.</p> <p>We continue to work within our Reserves Policy, maintaining the general fund reserve above 4% of net revenue spend (excluding schools and the HRA) and have been able to strengthen reserves to support future plans, next years budget has some small calls on reserve and possible level of pay inflation risk, but maintains a healthy level of reserve.</p>
Mitigated Rating	Good

Collaboration

Impact	<p>Some of our budget proposals will require close working with other bodies and stakeholders, including health boards, other local authorities and the third sector to help develop new delivery models and maximise income. It is important the council only fund the personal social care element of service user support and Health contribute to identified health related costs.</p> <p>There is a £20k reduction to the Arts budget, but this is about using grant funding instead to support the sector. A separate IA has been prepared for reductions to third sector spend in Education £50k next year.</p>
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Impact Rating	Neutral
Mitigation	<p>We continue to work closely with Ceredigion Council to distribute Capital and Revenue funding across Mid Wales as well as running the Schools Improvement Partnership and CJC.</p> <p>Working with health colleagues to maintain adequate care packages to service users and both parties fund the legally responsible elements of that care. This allows us to maximise our income and not fund health elements of care packages, Social Care savings are predicated on this remaining in place, as well as reviewing care packages and bringing services closer to home.</p> <p>Reductions in third sector spend will be replaced either with grant support or undertake activities in-house so as not to lose the service.</p>
Mitigated Rating	Good

Involvement (including Communication & Engagement)

Impact	There was stakeholder engagement in the budget development process, including a public survey that closed on the 7th January 2024, and advertising that reached out to business rate payers for their input by the 15th February 2024. The survey findings and any commentary written by the public will be published as part of the budget pack going to Cabinet on the 16 th January.
Impact Rating	Neutral
Mitigation	Following on from the budget survey a place based survey will take place in 2024 to help shape the future delivery model of the council
Mitigated Rating	Good

Prevention

Impact	The Council understand the benefit of funding preventative activities to reduce the increased resource needed further down a care pathway. The savings focus on more independent living than residential type care.
Impact Rating	Neutral

Mitigation	<p>Childrens in-house care home services will be reviewed to help improve the delivery model and extend its use</p> <p>Extending access to ASC Extra Care rather than residential care allows service users to remain independent for longer.</p> <p>Increasing the take up of direct payments will be encouraged, as it allows better choice for service users in the support they want to purchase, a separate IA provides greater detail on this proposal that saves £100k.</p>
Mitigated Rating	Good

Integration

Impact	<p>Services developed their FRM model as part of wider budget setting considerations, and the senior leadership team have been working collaboratively on Sustainable Powys and the workstreams such as Placed Based Planning (PBP), to ensure collectively they streamline service delivery but take into account other services' consequences.</p> <p>Please see the section on collaboration which has some narrative about impact with partner agencies etc.</p>
Impact Rating	Neutral
Mitigation	PBP may see the removal of some council buildings, including leisure facilities which will provide budget savings and reduce the long term cost to maintain them, stakeholders will be consulted if needed
Mitigated Rating	Good

5b. Impact on the workforce

Impact	<p>There are some proposed reductions to the workforce, mainly from vacancies and with a greater push to “grow our own” social workers we hope to increase our professional staff and reduce the need for high cost agency cover.</p> <p>A restructure in the schools service and pupil referral unit teams will be subject to separate IAs to full appreciate all implications in advance of any decisions.</p>
Impact Rating	Poor

Mitigation	<p>Most of the staff reductions will be achieved through vacant posts, and these posts reductions may mean less productivity in a team, but in most cases these vacancies have been managed for some time and the service can operate at those levels. Utilisation of grants budgets for some staff will have a minimal effect on actual staff in post.</p> <p>As a service-driven organisation, workforce costs are a key cost driver across our services, sustained levels of high inflation have resulted in protracted pay negotiations nationally resulting in increased pay costs for Teachers and Council staff</p>
Mitigated Rating	Neutral

5c. Impact on payroll

Impact	<p>There are some proposed reductions to the workforce, mainly from vacancies and with a greater push to “grow our own” social workers we hope to increase our professional staff and reduce the need for high cost agency.</p> <p>A restructure in the communications, schools service and pupil referral unit teams will be subject to separate IAs to full appreciate all implications in advance of any decisions.</p>
Impact Rating	Poor
Mitigation	<p>Most of the staff reductions will be achieved through vacant posts or better utilisation of grants so having minimal effect on actual staff in post</p> <p>The Council continues to pay at a minimum Real Living Wage level including apprentices, which means we offer a fair wage far higher than many businesses in the county. We also ensure our Care providers pay these rates for their care staff who provide care to our service users. These factors are included as part of the growth demand, our forecast pay increase of 4% will cost the council £4.6 million and this will be fully funded through the FRM, as will care providers for inflation and the RLW.</p>
Mitigated Rating	Neutral

5d. Welsh language impact on Staff

Impact	None
Impact Rating	Neutral

Mitigation	None
Mitigated Rating	Neutral

5e. Impact on apprenticeships

Impact	Continuing to “grow our own social workers” as well as inhouse training for other posts means we will continue to support the recruitment of school leavers and developing their skills and qualifications in-house so they are ready for their career development as vacancies arise in the Council.
Impact Rating	Neutral
Mitigation	None
Mitigated Rating	Neutral

5f. Evidence

The Sustainable Powys programme has a number of workstreams with all members of the CLT engaged to ensure all services are considered and engaged in any proposals for change. Changes will be implemented over the medium term to support the delivery of the MTFS rather than just focusing on the short term 1 year budget for 2024-25. Time for consultation with stakeholders will be factored in ensuring those findings will form part of any final decision making.

6. Likelihood and risks

Risk 1 -

Next years budget must be fully balanced, deliverable and affordable, risk of not agreeing the proposed savings and a 7.5% level of council tax increase to ensure the service pressures are funded, this then means Service Heads cannot start the new year with a budget they manage within.

Likelihood score	4	Impact score	5	Risk rating	20
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Mitigation

The budget has been prepared by Cabinet, CLT and Senior Leadership Team with engagement and consultation with 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. Service Heads have taken full ownership of Council budgets and how they can deliver services within the proposed changes next year.

Residual likelihood score	2	Residual impact score	3	Residual risk rating	6
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Risk 2

Council tax collection levels (we budget at 98.5% collection rate) may reduce due to the level of council tax increase which could be high for some households to afford

Likelihood score	3	Impact score	4	Risk rating	12
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Mitigation

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 and financial assessment officers to support those struggling to make ends meet.

Residual likelihood score	2	Residual impact score	2	Residual risk rating	4
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Likelihood score	Choose an item.	Impact score	Choose an item.	Risk rating	Choose an item.
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Mitigation

Click or tap here to enter text.

Residual likelihood score	Choose an item.	Residual impact score	Choose an item.	Residual risk rating	Choose an item.
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Overall summary and judgement

Outline assessment

Low risk.

There are individual impact assessments for some cost reduction proposals contained in the budget which shows they are deliverable within an acceptable level of risk and impact on residents. Many of these proposals will not be implemented until consultation is completed with stakeholders. IA are included as part of the budget pack. This overarching impact assessment gives due regard to the equality, environmental, sustainable and economic, etc. impacts associated with the overall budget proposal and level of council tax required, as well as discussing £8,663,631 of budget savings that can be delivered without a major impact on stakeholders. Mitigations have been highlighted to address negative impacts or promote the benefits. The need for individual IAs will continue to be assessed as savings plans take shape and published at a later date alongside wider consultation.

Conclusion

The Council's financial position and outlook continue to be challenging over the medium term. Although the financial settlement provides additional funding which helps support the main core pressures such as pay and price inflation, there have been additional obligations that also have to be funded from the increase such as funding the £1.10 per hour, plus on-cost, increase in Real Living Wage for all care workers, costing £6.3 million on top of pay and price inflation and specific service pressures. The next years settlement has been indicated at best flat cash and likely to be around -2% significantly below forecast inflation levels and will leave the Council facing tougher decisions. 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 or increasing fees and charges.

The Council has made more than £135 million cost reductions in the last decade making it harder each year to find more. A further £10.6 million of savings proposals are proposed for 2024-25, leaving a £7.8 million budget gap which it is proposed should be met by an increase in Council Tax. In future years we will need to re-design the Council to deliver services in a more sustainable way.

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% pay full Council Tax, with 53% receiving partial or total exemption from payment.

Despite the average Band D Council Tax Bill in Powys being £34 per annum higher than the Wales average and the average Council Tax per dwelling is £238 above the average, these figures need to be considered against the fact that in Powys only 69% of the net budget is funded from AEF which means 31% of the net budget has to come from Council Tax which is higher than all but three other council in Wales.

In terms of affordability a 7.5% increase in Council Tax for a Band D property would be £2.20 per week £9.53 per month which represents a modest increase against 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 and is recommended to support the overall budget strategy and affordability. As has been explained earlier, many vulnerable households will be eligible for CTRS and other benefits so remain largely unaffected by this increase.

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.

Cabinet reference

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Additional evidence

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Monitoring arrangements

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Review date

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Appendix A – Summary of savings covered in this Impact Assessment by Category

	2024-25	2025-26	2026/27	2027/28	2028/29
	£	£	£	£	£
<u>Budgets that can be Reduced</u>					
Utilities/ running costs	-349,585	-153,302	-25,000	-25,000	-25,000
Travel	-75,060	-10,000	0	0	0
Phones	-5,000	0	0	0	0
Events	-79,000	0	0	0	0
Inflation	-437,460	0	0	0	0
Insurance Excess	-100,000	-100,000	0	0	0
Catering	-150,000	0	0	0	0
	-1,196,105	-263,302	-25,000	-25,000	-25,000
<u>Managing Contracts Better</u>					
Voids and care beds	-400,000	-74,000	-22,000	0	0
Assessing need and alternative provision	-1,075,980	0	0	0	0
Reducing agency and consultancy	-309,000	-74,000	-86,000	0	0
Contract terms	-1,150,000	0	0	0	0
	-2,934,980	-148,000	-108,000	0	0
<u>Income Increases</u>					
Charging partners	-1,009,000	0	0	0	0
Accounting policy	-200,000	0	0	0	0
Grant and other funding utilisation	-891,490	0	0	0	0
Income Generation	-30,000	-300,000	0	0	0
Inflation uplifts on fees and charges	-702,760	0	0	0	0
Budget upped to Actual delivery level	-260,000	0	0	0	0
	-3,093,250	-300,000	0	0	0
<u>Workforce Changes</u>					
Redesign/restructure	-57,000	-7,000	0	0	0
Vacancies	-177,296	0	0	0	0
Pension actuarial yr2	-500,000	-400,000	0	0	0
	-734,296	-407,000	0	0	0
<u>Other/Transformation/Borrowing</u>					
	-705,000	-25,000	-50,000	0	0
Total	-8,663,631	-1,143,302	-183,000	-25,000	-25,000

