

# REPORT OF DIRECTOR OF CORPORATE SERVICES

## Executive Board

22<sup>nd</sup> February 2021

## REVENUE BUDGET STRATEGY 2021/22 to 2023/24

<b>DESIGNATION:</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO.</b>
<b>C Moore, Director of Corporate Services</b>	<b>Resources</b>	<b>01267 224120</b>
<b>AUTHOR &amp; DESIGNATION</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO</b>
<b>R Hemingway, Head of Financial Services</b>	<b>Resources</b>	<b>01267 224886</b>

### 1. INTRODUCTION

**1.1.** Executive Board in January 2021 considered and endorsed the Revenue Budget Strategy 2021/22 to 2023/24 for consultation. The report indicated, after taking account of the provisional settlement, a council tax increase of 4.89%, which Executive Board in the meeting requested should reduce to 4.48%. The Executive Board in endorsing the report for consultation resolved that

‘the 2021/22 to 2023/24 budget strategy be approved as a basis for consultation, specifically seeking comments from consultees on the efficiency proposals detailed in Appendix A to the report’.

**1.2.** This report updates members on the latest position for the Revenue Budget including:

- Budget Consultation Results
- The Medium Term Spending Plans
- Implication on Council tax for 2021/2022.

The final proposals have endeavoured to meet the aspirations of the Authority, whilst recognising the continued squeeze on public finances. They address specific pressures in certain service areas whilst seeking to balance the impact on service delivery and local taxpayers.

**1.3.** There are inherent risks attached to this Budget Strategy and they are detailed within the body of this report, however the Director of Corporate Services confirms that the proposed Budget has been prepared in a robust manner.

- 1.4. The Executive Board needs to consider these detailed proposals and make recommendations to County Council in accordance with Council policy.
- 1.5. The provisional settlement was more favourable than expected, however the scale of uncertainty facing local authorities, as outlined in this report is such that local government financing remains on a precarious footing. Yet again, decisions have had to be made in respect of prioritisation of services and the inclusion of further budget reductions in order to achieve what hopefully is an acceptable Council Tax increase.

## **2. CONSULTATION**

- 2.1. The original proposals have been subjected to a consultation exercise since the Budget Strategy reports were presented to the Executive Board on the 18<sup>th</sup> January 2021, with the groups and committees being invited to comment in the following manner:-

- Public Consultation
- Town and Community Councils
- School Budget Forum
- Member Seminars
- Scrutiny Committees
- Trade Union Meetings

Whilst consultation has been as broad as possible, the timeline constraints have inevitably impacted upon the level of response. In particular, it has only been possible for the public consultation to be open for responses for some two and a half weeks, versus a normal expectation of at least six weeks.

A detailed report on the consultation results for each of the above is attached at **Appendix A**.

## **3. BUDGET REQUIREMENT 2021/22**

### **3.1. Current Year Performance (2020/21) and Covid-19 Impact**

- 3.1.1. As the Authority's core spending requirements remains constant year on year, a review of current year's performance is important in identifying whether there are any underlying problems within the base budget.
- 3.1.2. The current projection for the Revenue Outturn for 2020/21 (based on the December 2020 monitoring) is as follows:

Service	Approved Budget £'000	Total Expenditure Forecast £'000	Variance Forecast For Year £'000
Chief Executive	13,044	12,342	-702
Communities	102,882	103,415	533
Corporate Services	27,587	27,624	37
Education and Children's Services	178,291	177,656	-635
Environment	59,190	59,724	534
<b>Departmental Expenditure</b>	380,995	380,762	-233
Cont from Dept/Earmarked Reserves			0
Capital Charges	-19,940	-21,640	-1,700
Levies and Contributions	10,538	10,538	0
Transfer to/ from Reserves	0	0	0
<b>Net Expenditure</b>	371,593	369,659	-1,933

The main reasons for the departmental overspends are as follows:

- Communities Department: continued pressure on physical disabilities, learning disabilities and mental health budgets
- Corporate Services: forecast increase in uncollectable Council Tax as a consequence of the pandemic (largely offset by other underspends)
- Environment Department: loss of car parking income and other fees not covered under the WG hardship scheme

The Authority is currently forecasting an underspend of £1.933m, the most favourable variance of £1.7m relates to capital charges not incurred during the year as capital schemes suffered delays due to the pandemic. Capital expenditure is very much project based and generally catches up the following year.

3.1.3. In planning for next year's budget, consideration needs to be given to the ability of departments to address any underlying pressures from the current year, as well as the emerging impact of the post Brexit trading arrangements and the ongoing impact of the Covid-19 pandemic.

- 3.1.4. The impact of the Brexit trading arrangements are now only beginning to be understood, and even now it is not clear which current issues will be resolved or persist. For Local Authority budgets, we expect the greatest uncertainty to be on the Social Care workforce. A report by the King's Fund in January 2021 confirmed that care worker roles are not subject to any immigration rules exemptions unlike the majority of health care professionals.
- 3.1.5. The Covid-19 pandemic has brought previously unimaginable changes to the fabric of our society and our way of life. Across the huge variety of diverse public services which we provide, the impact, and our response to it, has been similarly varied:
- Many critical services have continued throughout, and in some areas expanded to meet excess demand
  - Some have essentially ceased during lockdown periods, enabling full or partial staff redeployment
  - Others have identified either temporary, or in some cases, permanent changes to delivery methods which have enabled them to recover to at least partial operational capacity

Whatever the particular circumstances, it is universally true that departments have prioritised safe delivery of services and adapted accordingly. In financial terms, we forecast that the full year effect will be additional expenditure of around £20 million and lost income of around £10 million. This has overwhelmingly been recompensed through the WG hardship claims scheme. Similarly, although Council tax collection remains approximately £2 million below where it would be expected at this point, WG have likewise sought to provide financial support. Our response has impacted significantly on current year savings delivery, as well as management capacity to develop and plan for future years savings, and this has shaped our Medium Term Financial Plan.

Looking ahead to next year, the vaccination programme is already proceeding at pace, with the UK currently ahead of all countries apart from Israel and UAE in terms of proportion of population vaccinated. However, the path out of lockdown remains highly uncertain, with expectations changing on a seemingly daily basis. On top of recent increases in job losses, commentators have referenced the possible acute impact which the end of the furlough scheme may have.

It seems certain that restrictions will remain in some form, and public behaviour and confidence will take time to return. Based on this outlook, this budget strategy retains the £500k social care contingency and provides the following initial allocations from the £1m general contingency identified:

Schools	£500k
Car parking income	£150k
Leisure & Culture income	£150k
Commercial Estate income	£200k
<b>Total</b>	<b>£1m</b>

These allocations will remain under review during the financial year and will be adjusted accordingly if required.

### 3.2. Validation

- 3.2.1. Validation reflects the changes in expenditure requirements to deliver the **current level** of services in future years. Primarily this is inflation, but also includes some service specific changes. The key changes from the original strategy are as follows:
- 3.2.2. Recorded CPI inflation dropped through 2020, largely driven by the impact of lockdowns and the wider impact of the pandemic. The Office of Budget Responsibility is forecasting a gradual return to 2.0% over the medium term, though there remains the increased risk of inflation as a result of Brexit. Given the scale of current uncertainty, the inflation factors for 2021/22 have been retained at the same level as reported in the draft budget. This provides departments with an element of protection against price movements.

	<u>2021/22</u> <u>Original</u>	<u>2021/22</u> <u>Proposed</u>	<u>2022/23</u>	<u>2023/24</u>
General inflation	2.0%	2.0%	2.0%	2.0%
Electricity	5.0%	5.0%	5.0%	5.0%
Gas	5.0%	5.0%	5.0%	5.0%
Fuel	5.0%	5.0%	5.0%	5.0%
Pay Inflation - non teaching	2.8%	2.50%	2.50%	2.50%
Pay Inflation - Teaching*	2.0%	2.75%	2.50%	2.50%
Levies	£304k	£351k	2.5%	2.5%
Pension Contributions	nil	nil	nil	nil
Capital Charges	£500k	£200k	£500k	£500k

\* 2021/22 is a weighted average between September 2020 and September 2021.

- 3.2.3. When considering changes to the final budget, members should note that the validation is applied not only to expenditure but income.
- 3.2.4. The capital charges estimate reflects the current policy and the 5 year Capital Programme elsewhere on the agenda, including the continued delivery of the Council's Modernising Education Programme as well as significant investment in the coming years as part of the Swansea Bay City Region. The increase allowed for in 2021/22 has been reduced by £300k from the budget strategy papers due to the significant slippage from 2020/21 and consequent delayed call on this budget. Directly linked to this, it is appropriate to reduce the growth allowed for revenue implications of capital schemes down from £400k to £100k. Together, these two items provide £600k of additional budget headroom.
- 3.2.5. The Swansea Bay City Region is responsible for 9 projects and is reliant upon £241m of UK and Welsh Government Funding. During 2018/19 a joint agreement was approved by all four Local Authorities and a Joint Committee was created. The principle behind the funding structure of the City Deal is that each Local Authority will be required to borrow the value of the funding allocated to their project and the UK and Welsh Government will repay this debt over a 15 year period. The County Council is the Accountable Body for the whole City Deal and also has ownership of four projects: Yr Egin; Pentre Awel (Wellness & Life Science Village); Skills and Talent programme; and Digital Infrastructure – the last two being regional projects.

Welsh Government has approved the project business case for Yr Egin and released funding in respect of this project. Pentre Awel business case is currently with both Governments for

approval, this is expected before the end of the current financial year.

The value of CCC City Deal projects and funding has been included within the Capital Programme, as the County Council will be required to borrow against these schemes. Whilst the Government funding is not providing any resources for the interest of the borrowings, the Budget Strategy assumes that there will not be any call on the County Council budgets as the Business Case will provide for such costs in full. It should however be recognised that an agreement has been reached with WG that the Local Authorities will be able to retain 50% of the additional NNDR yield that accrues from the City Deal Projects, the distribution basis is yet to be formally agreed by the Joint Committee.

- 3.2.6. The most significant uncertainty in the budget relates to pay costs for all council staff. In his Autumn Statement, the Chancellor set out proposals for a pay freeze except for the NHS and those earning below £24,000, who would receive “at least £250”. However, this is subject to collective pay bargaining, and therefore the Chancellor is not able to unilaterally determine this. Whilst it seems unlikely that this will be resolved soon, informal indications from other local authorities suggest that our draft budget assumption of 2.75% was at the higher end of expectations. This final budget proposes that this assumption is reduced to 2.50% for all staff over the MTFP. The figures presented in Table 1, which is appended to this report include this assumption, while funding will be retained centrally and released to departments as required when negotiations are resolved. This approach will also be applied to school budgets, factoring in the immediate need to provide for the full year effect of the September 2020 teachers pay award, which equated to 3.1% for Carmarthenshire staff. The change provides £510k of annual budget headroom.
- 3.2.7. The draft budget provided for an increase in the Fire Levy of £300k. This has now been confirmed and incorporated into the budget, with an additional increase to Carmarthenshire based on updated population figures, adding £38k. Additionally, funding is provided for a 10% increase to the Brecon Beacons National Park Authority Levy, an increase of £14k vs 2020/21.
- 3.2.8. There is a clear risk to the Budget Strategy as departments may find it difficult to manage their expenditure within these parameters, especially where service specific inflationary increases may differ to the global validation rates. This risk is something that will require close monitoring during the year.

3.2.9. In total validation adds £10.0m to the current year's budget.

### 3.3. Cost Reduction Programme

3.3.1. As detailed in the report to Executive Board on 18<sup>th</sup> January 2021, in anticipation of the reductions in this settlement round, significant work in identifying further service efficiencies/ rationalisation proposals had been undertaken and a range of proposals were presented.

3.3.2. The current proposals are attached in **Appendix B** and are categorised as follows:

Managerial – cost reductions that result in no perceivable change to the overall level of service delivery or council policy

Policy – Efficiency or service rationalisation proposals that will directly affect service delivery (generally frontline).

3.3.3. Equality Impact Assessments have been conducted on those proposals which could have an impact on service delivery. These are intended to identify whether these savings could have a disproportionate impact on one or more groups. Where this is the case appropriate consultation with representatives of such groups will be conducted and measures to mitigate the impact will be considered where possible.

3.3.4. There are no new 'policy' proposals. All 'existing policy' proposals have undergone public consultation and Equality Impact Assessments in previous years and Equality Impact Assessments, which can be viewed in previous budget papers.

3.3.5. The cost reductions included in the budget strategy are:

	2021/22 £m	2022/23 £m	2023/24 £m
Managerial	2.438	4.346	2.429
Existing Policy	0.073	0.565	1.115
New Policy	Nil	Nil	Nil
<b>Total</b>	<b>2.511</b>	<b>4.911</b>	<b>3.544</b>
Shortfall against target set	Nil	0.298	1.664

(Detailed in **Appendix B**)

The shortfall on the targets set in years 2 and 3 of the budget strategy brings further financial risk, and further work will need



to be undertaken in 2021/22 to identify additional cost reduction proposals for the following years.

### **3.4. New Expenditure Pressures**

3.4.1. New expenditure pressures are the combination of additional cost to meet existing service needs e.g. increased client base/greater service take up and the costs of meeting change in service provision e.g. policy changes.

3.4.2. The draft budget provided £4.6m of funding towards known and unavoidable service pressures as well as £500k social care contingency and £1m general contingency.

A full list of core funded pressures is provided at **Appendix C**.

In addition, members should note additional grant funding of £600k in respect of Social Services and the extension of the Additional Learning Needs grant, worth a further £400k. In total this provides a further £1m of revenue resources

3.4.3. As proposed in the draft budget plans, the 2021/22 revenue budget also includes £1m of funding towards the proposed new economy recovery capital schemes as outlined in the capital programme.

### **3.5. Schools Delegated Budgets**

3.5.1. The draft budget was constructed on the basis of full funding to schools for known and unavoidable pay, pensions and inflationary increases.

3.5.2. This approach recognises the significant pressure many school budgets are under and an acknowledgement of the time required to effect change. In line with the impact on other areas of the Authority, schools have rightly prioritised their individual response to the pandemic, continuity of learning and ensuring the wellbeing of pupils and staff alike. Consequently, progress made against deficit recovery plans has inevitably been hampered.

3.5.3. The most significant financial risk facing schools funding, as identified in last year's budget, remains the uncertainty over future pay rises, and the funding required by schools to meet them. The previous Chancellor's aspiration was to raise starting teachers' salaries to £30,000 by 2022/23. Given that the current Chancellor's proposed pay freeze would include even the

lowest teacher pay points, it is not clear how this situation will pan out.

The Minister for Finance's letter which accompanied the provisional settlement was clear that for all staff, WG have not received any pay award funding from Westminster and Local Authorities should make appropriate provision within their MTFP.

## 4. FUNDING

### 4.1. Revenue Settlement 2021/22

4.1.1. WG are not due to publish the final local government settlement for 2021/22 until 2 March 2021.

4.1.2. Consequently, this paper is based on information already released (subject to legislative process where applicable) in relating to specific funding elements as well as officers assumptions where appropriate. Our working assumption is that WG will make no material change to the headline level of funding, with the exception possibly of continued support for business rates relief – which will itself be subject to the consequential from Westminster spending decisions.

4.1.3. Our draft budget was based on an assumed increase of 0.3% to the tax base in 2021/22. The actual increase is higher, increasing budgeted council tax receipts by £267k.

4.1.4. When added to the contingency sum in the draft budget, the items highlighted in paragraphs above create additional budget headroom of £958k as set out below:

Pay assumption – change to 2.5%	£510k
Reduce revenue implications of capital	£300k
Reduce Capital charges	£300k
Increased tax base	£267k
Council tax increase - reduction to 4.48%	£(370)k
Increased Levies	£(49)k
<b>Total</b>	<b>£958k</b>

This sum is available to members to respond to views expressed in the budget consultation, or other priorities that may be considered, in the form of:

- Removal of savings proposals
- Allocation of funding to new budget pressures or priorities
- Reduction to proposed Council tax

Taking account of any recommendations made by Executive Board, the Director of Corporate Services will need to make any future changes necessary in consultation with the Chief Executive, the Leader and the Executive Board Member for Resources, following receipt of the Final Settlement information from WG on 2<sup>nd</sup> March.

4.1.5. Based on the provisional information, the salient points of next year's settlement are noted below:

4.1.6. The draft settlement for 2021/22 gave an increase in Standard Spending Assessment (SSA) for Carmarthenshire of £16.4m (4.4%), SSA on an all Wales basis also increased by 4.4%, un-adjusted for transfers and new responsibilities.

4.1.7. Figures for individual Local Authorities were provided for the one financial year only, 2021/22, with no indicative changes for any future years.

4.1.8. Welsh Government confirmed on 15 December that Business Rate Poundage is to be frozen at the current rate of 53.5p.

4.1.9. The table below provides a summary of the overall position for this authority after the final settlement:

	2020/21 Settlement £m	2021/22 Original Notification £m	2020/21 Final Settlement £m
Standard Spending Assessment	375.549	391.960	Available 2 <sup>nd</sup> March
Aggregate External Finance	274.110	284.820	Available 2 <sup>nd</sup> March
Difference	101.439	107.139	

The difference represents the sum which WG estimates councils will need to raise through taxation or charging. Against the WG assessed funding requirement for Carmarthenshire, it is notable that the fund gap has increased by £5.7m (5.6%). The WG figures indicate the need for an average Authority to set Band D council tax at £1,403.57, an increase of 5.1% on the equivalent figure last year.

## 4.2. Internal Funding

4.2.1. Generally speaking, whilst the use of reserves to support annual budgets should not be summarily discounted, it must be treated with caution. Funding on-going expenditure from such funds merely defers and compounds difficult financial problems to the following year. One-off items of expenditure within any budget proposal lend themselves better for such funding support.

4.2.2. In deliberating this point however, members must bear in mind any **inherent risks** that may be built into the budget strategy. These include:

- Continuing and severe impacts of the pandemic, and our response to it impacting upon normal services
- An unavoidable rebalancing of public sector finances by the UK Government
- The economic impact on Carmarthenshire business and residents of the post Brexit trade deal
- The need to deliver challenging efficiency targets in future years
- Additional pressure on demand lead services, in particular the risk of significant new growth areas such as mental health
- Overestimation of the future settlements.
- Lack of Welsh Government forward indicators for 2022/23 onwards.

4.2.3. Sensitivity impact analysis:

Budget element	Movement	Annual Impact £m
Pay inflation	1%	2.3
General inflation	1% (expenditure only)	2.2
General inflation	1% (income	-1.3

	only)	
WG Settlement	1%	2.8
Specific Grants	1%	1.0
Council Tax	1%	0.9

4.2.4. The following table summarises the main categories of reserves held by the Authority.

	1 <sup>st</sup> Apr 2020 £'000	31 <sup>st</sup> Mch 2021 £'000	31 <sup>st</sup> Mch 2022 £'000	31 <sup>st</sup> Mch 2023 £'000
Schools Reserves	-2,001	-1,881	-881	119
General Reserves	11,221	13,033	13,033	13,033
Earmarked Reserves	91,617	75,887	37,028	29,369

### 4.3. School Reserves

4.3.1. Schools have delegated responsibility for the management of their own finances. The level of reserves held by an individual school at any point in time will depend on a number of factors including the level of contingency fund that the school governing body considers appropriate and the particular plans each school has for expenditure. The forward forecast is based on the current year budget monitoring and an expectation of multi-year deficit recovery plans to be finalised.

4.3.2. Legislation allows schools to carry forward reserves from one financial period to another. Current guidance requires schools to limit their carry forward to £50,000 for Primary Schools and £100,000 for Secondary Schools or 5% of their budget dependent on what is greater. School Improvement officers continually work with schools to ensure they comply with the guidance. As at 31<sup>st</sup> March 2020, 45 primary, 6 secondary and one special school were in deficit.

4.3.3. A combination of reduced capitation expenditure and one-off Accelerated Learning Programme grant funding has led to the forecast of a small improvement in balances this year based on the currently available information.

## 5. GENERAL RESERVES

5.1.1. In the changeable and challenging environment currently facing Local Government the Authority is committed to maintaining a reasonable level of General Reserves or Balances. Whilst

there is no prescribed minimum level for Balances, Council has previously deemed 3% of net expenditure as being a prudent level, which has been accepted by our Auditors as being reasonable. As at 31<sup>st</sup> March 2020, General Reserves stood at £11.221m, or 2.9% of the proposed 2021/22 net revenue budget.

5.1.2. The overall level of Balances is taken into consideration each year when the annual budget is set and has on occasion been utilised to augment expenditure/reduce council tax. The 2020/21 budget was set on the basis of a nil transfer from General Reserves.

5.1.3. Given the scale of uncertainty outlined in the report and particularly the ongoing uncertainty around Brexit and pressures linked to the pandemic, where funding from WG into 2021/22 is unclear, it is deemed imprudent at this stage to assume any further support for future years budgets from the current General Reserves.

## 5.2. Earmarked Reserves

5.2.1. The Authority holds earmarked reserves which have been set up to finance the delivery of specific projects, or in protecting the authority against future liabilities or issues. The reserves can be summarised as follows:

Reserve	31 March 2020 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2023 £'000
Insurance	12,194	12,944	13,694	14,944
Capital Funds	47,234	41,285	8,449	2,241
Development Fund (inc. Schools)	1,637	440	815	2,090
Corporate Retirement Fund	4,299	4,299	3,299	2,299
Joint Ventures	1,306	418	350	316
Other	24,947	16,501	10,421	7,479
<b>TOTAL</b>	<b>91,617</b>	<b>75,887</b>	<b>37,028</b>	<b>29,369</b>

5.2.2. As can be seen from the table above the level of earmarked reserves fluctuates greatly year on year, and whilst the level in each fund is not an exact science it is based on an informed estimate and past experience of the likely call on the authority in future years in line with the intended purpose of each reserve.

Great care must therefore be taken when considering utilising such funds for purposes other than those which they were created as this could lead to the authority being faced with substantial unfunded liabilities in the future.

- 5.2.3. Taking account of the proposals within this report, including the use of reserves, the Director of Corporate Services confirms that overall the estimated level of financial reserves (as indicated above) is adequate for the financial year 2021/22, with the General Reserves being at the minimum that could be supported.

## **6. WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015**

- 6.1.** In considering the budget proposals, members need to take into consideration the requirements of the Wellbeing of Future Generations (Wales) Act 2015. The Act requires that we must carry out sustainable development, improving the economic, social environmental and cultural well-being of Wales.

‘... the public body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’

- 6.2.** In doing so, we must demonstrate the following 5 ways of working:

- Looking at the long-term so that we do not compromise the ability of future generations to meet their own needs
- Understanding the root causes of the issues to prevent them recurring
- Taking an integrated approach so that we look at all well-being goals and objectives of other services and partners
- Collaboration – Working with others in a collaborative way to find shared sustainable solutions
- Involving a diversity of population in decisions that affect them

- 6.3.** Carmarthenshire’s Well Being objectives:

### **Start Well**

1. Help to give every child the best start in life and improve their early life experiences

2. Help children live healthy lifestyles
3. Continue to improve learner attainment for all
4. Reduce the number of young adults that are Not in Education, Employment or Training

### **Live Well**

5. Tackle poverty by doing all we can to prevent it, help people into work and improve the lives of those living in poverty
6. Create more jobs and growth throughout the county
7. Increase the availability of rented and affordable homes
8. Help people live healthy lives (tackling risky behaviour and obesity)
9. Support good connections with friends, family and safer communities

### **Age Well**

10. Support the growing numbers of older people to maintain dignity and independence in their later years
11. A Council wide approach to support Ageing Well in Carmarthenshire

### **In a Healthy and Safe Environment**

12. Look after the environment now and for the future
13. Improve the highway and transport infrastructure and connectivity
14. Promote Welsh Language and Culture
15. Building a better council and making better use of Resources

## **7. MEDIUM TERM FINANCIAL PLAN AND COUNCIL TAX PROPOSAL 2021/22**

- 7.1. The table below provides members with a summary of the latest position which reflects the contents of this report.



Assuming that the Council Tax increase remains at the level proposed by Executive Board on 18<sup>th</sup> January 2021 of 4.48%, this will give an estimated income from Council Tax of £102.370m which when added to the Welsh Government settlement will provide a net available expenditure budget for the Authority of £387.190m. Once allowances have been made for new responsibilities, and the additional social services funding requirement, the balance available for Executive Board to respond to the budget consultation is £958k:

	2021 - 2022 £'000	2022 - 2023 £'000	2023 - 2024 £'000
<b>Previous Years Budget</b>	<b>371,593</b>	<b>387,190</b>	<b>397,657</b>
Validations/Adjustments	17,150	15,676	16,066
<b>Validated Budget</b>	<b>388,743</b>	<b>402,866</b>	<b>413,723</b>
less			
Efficiency/Service Rationalisation	-2,511	-5,209	-5,208
<b>Projected Budget</b>	<b>386,232</b>	<b>397,657</b>	<b>408,515</b>
Potential sum available	958		
	<b>387,190</b>	<b>397,657</b>	<b>408,515</b>
WG Settlement			
RSG & NNDR	-284,820	-290,517	-296,327
<b>Call on Council Tax</b>	<b>102,370</b>	<b>107,140</b>	<b>112,188</b>
Tax Base	74,425	74,648	74,872
<b>Council Tax Rate (Band D)</b>	<b>£ 1,375.48</b>	<b>£ 1,435.27</b>	<b>£ 1,498.40</b>
Council Tax Increase	4.48%	4.35%	4.40%

A full summary of the Budget Build up can be seen in **Table 1**.

7.1.1. Years 2 and 3 of the Medium Term Financial Plan assume the identification and delivery of the current shortfall in savings proposals of £298k in 2022/23 and £1.664m in 2023/24.

7.1.2. It must be emphasised that the figures for the outer two years of the plan are indicative only and must therefore be treated with caution as the settlement figures, growth pressures and the inflation assumptions contained therein will all be subject to revision as the year progresses and firmer data becomes available.

7.1.3. As outlined in paragraph 4.1.7, Welsh Government has not provided figures for 2022/23 and beyond. As can be seen from both last and this year's budget process, despite significant increases in funding, the scale of pressures and uncertainty is

such that further savings will still need to be made to deliver a balanced budget. This report assumes a 2.0% increase in the settlement for both 2022/23 and 2023/24. This will continually be reviewed as and when further information becomes available, particularly given the possible impact of a multi-year Westminster Comprehensive Spending Review (now two years overdue). Members will note within paragraph 4.2.2, the overestimation of future settlements is identified as an inherent risk.

## **Recommendations**

### **7.2. That Executive Board consider and recommend to County Council:**

7.2.1. The Budget Strategy for 2021/22;

7.2.2. The Band D Council Tax for 2021/22;

7.2.3. The allocation of the £958k recurrent funding available balance taking into account the range of responses received during the consultation process and any further pressures identified;

7.2.4. The Medium Term Financial Plan which will form the basis for future years financial planning;

And:

7.2.5. Delegate to the Director of Corporate Services, in consultation with the Chief Executive, Leader and Executive Board Member for Resources, to make any amendments necessary as a consequence of the WG final settlement due on 2<sup>nd</sup> March 2021.