

**REPORT OF DIRECTOR OF CORPORATE SERVICES**

**Cabinet**

**21<sup>st</sup> February 2022**

**REVENUE BUDGET STRATEGY 2022/23 to 2024/25**

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**1. INTRODUCTION**

1.1. The Cabinet in January 2022 considered and endorsed the Revenue Budget Strategy 2022/23 to 2024/25 for consultation. The report indicated, after taking account of the provisional settlement, a council tax increase of 4.39%. The Cabinet, in endorsing the report for consultation resolved that

‘the 2022/23 to 2024/25 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 and proposal on the Council tax for 2022/2023.

The final proposals have endeavoured to meet the aspirations of the Authority, whilst recognising the extraordinary financial risks facing local authorities at this time. They address specific demands 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 Cabinet 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 Cabinet on the 17<sup>th</sup> January 2022, 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 three 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 2022/23

### 3.1. Current Year Performance (2021/22) 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 2021/22 (based on the October 2021 monitoring) is as follows:

<b>Service</b>	<b>Approved Budget £'000</b>	<b>Total Expenditure Forecast £'000</b>	<b>Variance Forecast For Year £'000</b>
Chief Executive	16,740	16,192	-548
Communities	108,104	108,273	169
Corporate Services	29,556	28,664	-892
Education and Children's Services	179,660	179,660	0
Environment	61,390	60,936	-454
<b>Departmental Expenditure</b>	<b>395,451</b>	<b>393,725</b>	<b>-1,726</b>
Cont from Dept/Earmarked Reserves			0
Capital Charges	-20,155	-20,655	-500
Decarbonisation contribution to capital	0	500	500
Levies and Contributions	10,889	10,889	0
Transfer to/ from Reserves	0	946	946
<b>Net Expenditure</b>	<b>386,185</b>	<b>385,406</b>	<b>-779</b>

The main reasons for the departmental variances are as follows:

- Education and Children's Services: the department's core budget is currently forecasting to break even for the year, however schools working budgets are forecasting to utilise £4.7m of their reserves in the current year.
- Communities Department: underspends in Older People's budgets offset by overspends in Learning Disabilities division. Without the support of the Covid Hardship Fund, the overspend would be significantly higher.
- Corporate Services: Underspends on pre Local Government Reorganisation pension costs, Rent Allowances, and Housing Benefit Administration, partially offset by a forecast increase in demand for Council Tax Reduction Scheme.
- Environment Department: Above target income on Property Maintenance and Planning service underspends, partially offset by increased demand and supplier costs in school transport.

3.1.3. In planning for next year's budget, the single greatest financial risk is the additional costs and sustained income arising from the COVID-19 pandemic. For the last two years, the Welsh Government hardship scheme has provided an invaluable lifeline, against which Carmarthenshire has claimed in excess of £50 million – the lion's share of which has been for social care,

but this also covers isolation payments, schools cleaning, free school meal payments and myriad other impacts across the whole gamut of council services. This is due to cease on 31 March 2022, leaving uncertainty over both the scale of any ongoing costs or how long reduced demand for income generating services may persist. The speed and scale of the spread of the Omicron variant was a timely reminder of this.

- 3.1.4. Based on this outlook, the budget strategy provides a total of £3.5million across the council as follows:

Social Care	£0.5m
Additional Expenditure	£2.0m
Income Loss	£1.0m
<b>Total</b>	<b>£3.5m</b>

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

The true pressure on social care budgets has been masked in the current year budgets due to the combination of the additional funding provided through both the hardship scheme and WG winter pressures funding, combined with the staffing challenges.

The last two years has placed an extraordinary pressure upon the social care workforce, and the impact of Brexit on leisure and hospitality has improved terms and conditions in those sectors, attracting workers away from social care.

### Validation

- 3.1.5. 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.
- 3.1.6. Recorded CPI inflation, currently 5.4%, has increased month on month during 2021 as is forecast to rise further during 2022 as increased vaccination rates have allowed gradual unlocking of the world economy. The Bank of England's latest forecast is for it to peak at over 7% in the coming months and then reduce. Given the scale of current uncertainty, the inflation factors for 2022/23 were increased to 4% in the draft budget and have been retained at the same level. This provides departments with

an element of protection against price movements. The proposed validation factors are detailed below:

	<u>2022/23</u>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<u>Original</u>	<b>Proposed</b>		
General inflation - Expenditure	2.5%	4.0%	3.0%	2.5%
General inflation - Income	2.5%	2.5%	2.5%	2.5%
Electricity*	2.5%	16.0%	5.0%	5.0%
Gas*	2.5%	16.0%	5.0%	5.0%
Fuel	5.0%	5.0%	5.0%	5.0%
Pay Inflation - non teaching	2.5%	4.0%	2.5%	2.5%
Pay Inflation - Teaching*	2.5%	4.0%	2.5%	2.5%
Levies	2.9%	4.04%	2.5%	2.5%
Pension Contributions	nil	nil	nil	nil
Capital Charges	£500k	£400k	£500k	£500k

\*explicitly recognised in growth pressures due to extraordinary scale

- 3.1.7. When considering changes to the final budget, members should note that the 4% validation is applied to expenditure but the income increases have been restricted to 2.5%, recognising pressure on household finances.
- 3.1.8. 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 2022/23 has been reduced by £100k from the budget strategy papers. This reflects both the significant slippage from 2021/22 and sustainable low borrowing rates, but allows sufficient borrowing headroom to expand the highways capital investment by £1.4m, which recognises significant concerns expressed by members in the consultation over the cessation of more than £3m of WG annual highways grants.
- 3.1.9. 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 period of up to 15 years. 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.

Phase 1 of Y Egin project is complete and phase 2 is currently being developed. The Pentre Awel project business case has been approved by both governments and the County Council has appointed a contractor, it is expected that construction will commence on site in 2022/23.

The value of the Pentre Awel project and the funding has been included within the Capital Programme, as the County Council will be required to borrow against these schemes.

3.1.10. In addition to the COVID-19 financial risk, there is significant uncertainty in the budget which relates to pay costs for all council staff. This final budget maintains the budget strategy assumption of a 4% award for both NJC staff and teachers in 2022/23. As was the case last year, 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, whilst factoring in the immediate need to provide for the full year effect of the September 2021 teachers pay award.

3.1.11. The National Insurance increase of 1.25% for Employers was included in the draft budget at an estimated £2.7m, pending more detailed calculations on the impact of the minimum threshold. We are now able to reduce this to £2.2m, releasing £500k. There has been an equivalent adjustment for commissioned care as shown in the table at paragraph 3.3.3.

3.1.12. The draft budget provided for an increase in the Fire Levy of 3.24%. This has been increased to 4.04% following an adjustment to the levy to allow for an uplift to the inflation assumptions to 4% and adjustment for the grant shortfall from WG. Funding is provided for a 1% increase to the Brecon Beacons National Park Authority Levy. The increase against draft budget is £120k.

3.1.13. 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.

3.1.14. In total validation adds £16.2m to the current year's budget.

## 3.2. **Cost Reduction Programme**

- 3.2.1. As detailed in the report to Cabinet on 17<sup>th</sup> January 2022, in anticipation of the settlement not being sufficient to cover demand pressures and inflationary factors, significant work in identifying further service efficiencies/ rationalisation proposals had been undertaken and a range of proposals were presented.
- 3.2.2. 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).
- 3.2.3. Equality Impact Assessments have been conducted on new policy proposals. 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.
- 3.2.4. All ‘existing policy’ proposals have undergone public consultation and Equality Impact Assessments have been prepared in previous years..
- 3.2.5. The cost reductions included in the draft budget strategy were as follows:

	2022/23 £m	2023/24 £m	2024/25 £m
Managerial	3.654	3.358	3.240
Existing Policy	0.070	0.550	0.742
New Policy	0.115	Nil	Nil
<b>Total</b>	<b>3.839</b>	<b>3.908</b>	<b>3.982</b>
Shortfall	Nil	Nil	Nil

Following feedback from the budget consultation activities undertaken, it is recommended that the following savings are removed:

- £15k Reduction to 3<sup>rd</sup> sector grants
- £95k staffing reduction to ICT
- £62k introduce charges to additional car parks

These proposals have been removed from the detailed list provided in **Appendix B**, giving a revised total for 2022/23 of £3.667m.

### 3.3. **New Expenditure Pressures**

- 3.3.1. 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.
- 3.3.2. The draft budget provided £12.5m of funding towards known and unavoidable service pressures as well as an additional £1m COVID-19 expenditure contingency and £1m income loss contingency.
- 3.3.3. Since the draft budget, there are a number of updates to figures based on updated information as follows:



Item	Adjustment	Details
Corporate Joint Committee Levy	£(45)k	£200k was provided in the draft budget pending formal notification from the CJC, which has now been received at £155k
Energy	£(500)k	Crown Commercial Services notified customers that the energy element of our gas and electricity prices could be up to 40% more, with outstanding volumes yet to be purchased at the time of the draft budget. This has now been completed and advance purchases has restricted the increase to approx. 16% increase on total bill
School meals	£190k	We have been notified of significant supplier increases to be implemented from April driven by inflation in wholesale food prices
Social Care Levy – commissioned care	£(194)k	Original calculation has been updated to take account of NI Secondary Threshold
Carmarthen HWB	£200k	Temporary holding costs pending commencement of construction works.  As this is a one off cost, it is recommended that this is reserve funded (see para 5.1.3)
Pentre Awel	£250k	Establish a budget for project team
Commercial Estate	£310k	Forecast sustained downturn in rent achievable/longer average void periods
Public rights of Way	£50k	Recommended to provide for pressure in this service area in recognition of members feedback at budget consultation
	<b>£261k</b>	<b>TOTAL INCREASE</b>

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

In addition, members should note the continuation and extension of both the Additional Learning Needs grant, worth c. £800k in 2022/23 to Carmarthenshire as well as the Recruit Recover Raise Standards funding, which we estimate will provide more than £2m in additional funding to schools next year.

3.3.4. As we have begun to move out of the pandemic, the cessation of the furlough scheme has not led to the widespread job losses that were feared. The significant economic recovery package which Carmarthenshire put in place in last years revenue and capital budgets, combined with the significant jobs and prosperity which will be created by our successful Levelling up projects, means that we can release the revenue contribution to capital budget which was provided in last year's budget, which provides £550k of additional headroom.

#### **3.4. Schools Delegated Budgets**

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

3.4.2. This approach recognises the significant pressure many school budgets are under and the very significant impact the pandemic has had upon learners as well as day to day school life.

3.4.3. With teachers pay representing the largest line item in school budgets, there remains continued financial risk 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. It is not clear whether this goal has been dropped or deferred. Next year's budget allows for a 4% award in September 2022.

The Minister for Finance's letter which accompanied the provisional settlement stated that the funding provided includes support for next year's pay award (albeit it was not clear at what level this has been assumed).

### **4. FUNDING**

#### **4.1. Revenue Settlement 2022/23**

4.1.1. WG are not due to publish the final local government settlement for 2022/23 until 1<sup>st</sup> March 2022.

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.

- 4.1.3. Our draft budget was based on the actual increase of 0.37% to the tax base in 2022/23, increasing budgeted council tax receipts by around £350k when compared to the current year.
- 4.1.4. When added to the contingency sum in the draft budget, the items highlighted in the report create total budget headroom of £1.795m as set out below:

Paragraph		£000s
	Draft budget headroom	757
3.1.8	Capital Charges	100
3.1.11	National Insurance calculation	500
3.1.12	Increased Fire levy	(120)
3.2.5	Removal of budget savings	(172)
3.3.3	Adjustments to pressures	(261)
3.3.4	Economic recovery budget release	550
4.1.8	Freeze to business rates multiplier	241
5.1.3	Current year underspend/ Earmarked reserve funding	200
	<b>Total</b>	<b>£1,795k</b>

Taking account of the budget amendments outlined above responding to individual pressure points and consultation feedback, it is recommended that this sum be applied to Council Tax. The outcome would allow members to reduce the planned increase to 2.5% in response to the clear consultation feedback from the public. This represents less than half of the prevailing level of inflation at this time.

Taking account of any recommendations made by Cabinet, the Director of Corporate Services will need to make any future

changes necessary in consultation with the Chief Executive, the Leader and the Cabinet Member for Resources, following receipt of the Final Settlement information from WG on 1<sup>st</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 2022/23 gave an increase in Standard Spending Assessment (SSA) for Carmarthenshire of £30.9m (7.9%) with a similar increase on an all Wales basis reflecting the significant pressures the sector is facing.
- 4.1.7. In a break with recent years, indicative figures have been provided for three years, with all-Wales RSG uplifts of 3.5% in 2023/24 and 2.4% in 2024/25. However, as we do not know the assumed increase in SSA, it is not clear what level of pay award, inflation or pressures assumptions underpin these, thus it is hard to judge how generous they are.
- 4.1.8. Welsh Government confirmed in its draft budget on 20<sup>th</sup> December that Business Rate Poundage is to be frozen at the current rate of 53.5p. As the Authority's own annual liability is c. £6m, this provides a further £241k of headroom against our normal assumption that business rates increase in line with prevailing inflation.
- 4.1.9. The table below provides a summary of the overall position for this authority after the final settlement:

	2021/22 Settlement £m	2022/23 Original Notification £m	2022/23 Final Settlement £m
Standard Spending Assessment	391.960	422.878	Available 1 <sup>st</sup> March
Aggregate External Finance	284.820	311.597	Available 1 <sup>st</sup> March
Difference	107.139	111.281	

The difference represents the sum which WG estimates Local Authorities 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 £4.14m (3.9%).

## 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:

- Sustained ongoing additional costs and income loss from the impacts of the pandemic so far, which could exceed our contingency provision
- A resurgence or new variant of the virus, which requires the Authority to return to response mode
- The withdrawal of the WG Covid Hardship Fund.
- Future inflation being higher and / or longer than currently forecast, impacting both 3<sup>rd</sup> party spend as well as future pay settlements
- The challenging labour market for the authority overall, and social care in particular
- The need to deliver challenging efficiency targets in future years
- Additional pressure on demand lead services, especially the long term unknown impact of the pandemic on both adults and childrens social services

Sensitivity impact analysis:

Budget element	Movement	Annual Impact £m
Pay inflation	1%	2.4
General inflation	1% (expenditure only)	2.3
General inflation	1% (income only)	-1.4
WG Settlement	1%	3.1
Specific Grants	1%	1.0
Council Tax	1%	0.95

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

	1 <sup>st</sup> Apr 2021 £'000	31 <sup>st</sup> Mch 2022 £'000	31 <sup>st</sup> Mch 2023 £'000	31 <sup>st</sup> Mch 2024 £'000
Schools Reserves	7,266	2,525	2,525	2,525
General Reserves	12,034	12,613	12,613	12,613
Earmarked Reserves	114,805	76,484	55,294	50,941

#### 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 2021, 23 primary, 4 secondary and one special school were in deficit.

4.3.3. School balances were significantly boosted by grant funding late in 2020/21 and recent announcements from WG suggest this may again be the case. This is not currently factored into forecasts, however members should note that these represent one off sources of funding only.

### 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 2021, General Reserves stood at £12.034m, or 3.1% of the 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 occasions been utilised to augment expenditure/reduce council tax. The 2021/22 budget was set on the basis of a nil transfer from General Reserves.

5.1.3. As outlined in paragraph 3.1.2, the current year forecast is indicating an underspend position of £779k. Due to the combination of the hardship scheme as well as particular staffing challenges in social care, it is unlikely this position will worsen. Given this, it is recommended that £200k could be earmarked for the holding costs of the Carmarthen Hwb, as these are one off pending construction works. Including the £500k capital allocation for Decarbonisation agreed by Cabinet (already factored into the position above), this would give a forecast general balance at 31<sup>st</sup> March 2022 of £12.613m, being 3.03% of the 2022/23 proposed net revenue budget. 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 2021 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2024 £'000
Insurance	12,906	13,658	14,908	15,658
Capital Funds	51,944	19,348	12,440	13,867
Development Fund (inc. Schools Dev Fund)	940	1,075	2,195	2,249
Corporate Retirement Fund	5,276	4,276	3,276	2,276
Joint Ventures	1,427	1,359	1,325	1,276
Other	42,313	36,769	21,151	15,616
<b>TOTAL</b>	<b>114,805</b>	<b>76,484</b>	<b>55,294</b>	<b>50,941</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 2022/23, with the General Reserves as set out in paragraph 5.1.3 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 were updated in April 2021:

### **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

### **Live Well**

3. Support and improve progress, achievement, and outcomes for all learners

4. Tackle poverty by doing all we can to prevent it, help people into work and improve the lives of those living in poverty

5. Create more jobs and growth throughout the county

6. Increase the availability of rented and affordable homes

7. Help people live healthy lives (tackling risky behaviour and obesity)

8. Support community cohesion, resilience and safety

### **Age Well**

9. Support older people to age well and maintain dignity and independence in their later years

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

10. Look after the environment now and for the future

11. Improve the highway and transport infrastructure and connectivity

12. Promote Welsh Language and Culture

### **Corporate governance**

13. Better Governance and use of Resources

## **7. MEDIUM TERM FINANCIAL PLAN AND COUNCIL TAX PROPOSAL 2022/23**

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 is restricted to 2.5%, this will give an estimated income from Council Tax of £104.282m which when added to the

Welsh Government settlement and use of earmarked reserves will provide a net available expenditure budget for the Authority of £416.079m.

	2022 - 2023 £'000	2023 - 2024 £'000	2024 - 2025 £'000
<b>Previous Years Budget</b>	<b>386,185</b>	<b>416,079</b>	<b>430,740</b>
Validations/Adjustments	33,560	18,569	16,291
<b>Validated Budget</b>	<b>419,746</b>	<b>434,648</b>	<b>447,031</b>
less			
Efficiency/Service Rationalisation	-3,667	-3,908	-3,982
<b>Projected Budget</b>	<b>416,079</b>	<b>430,740</b>	<b>443,049</b>
Potential sum available			
	<b>416,079</b>	<b>430,740</b>	<b>443,049</b>
WG Settlement			
RSG & NNDR	-311,597	-322,503	-330,243
Earmarked reserve funded expenditure	-200		
<b>Call on Council Tax</b>	<b>104,282</b>	<b>108,237</b>	<b>112,806</b>
<b>Tax Base</b>	<b>74,699</b>	<b>74,973</b>	<b>75,248</b>
<b>Council Tax Rate (Band D)</b>	<b>£ 1,396.04</b>	<b>£ 1,443.68</b>	<b>£ 1,499.12</b>
<b>Council Tax Increase</b>	<b>2.50%</b>	<b>3.41%</b>	<b>3.84%</b>

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 delivery of the currently identified savings proposals of £3.908m in 2023/24 and £3.982m in 2024/25, however this will be revisited when we are preparing the following years draft budget strategy

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.

### Recommendations

7.2. That Cabinet consider and recommend to County Council:

- 7.2.1. The Budget Strategy for 2022/23;
  - 7.2.2. The Band D Council Tax for 2022/23;
  - 7.2.3. The removal of specific savings proposals as identified in paragraph 3.2.5
  - 7.2.4. The budget amendments as summarised in paragraph 4.1.4 taking into account the range of responses received during the consultation process and the additional pressures as identified in the report;
  - 7.2.5. The Medium Term Financial Plan which will form the basis for future years financial planning;
- 7.3. That Cabinet delegates to the Director of Corporate Services, in consultation with the Chief Executive, Leader and Cabinet Member for Resources, to make any amendments necessary as a consequence of the WG final settlement due on 1<sup>st</sup> March 2022.