

REPORT OF DIRECTOR OF CORPORATE SERVICES

Cabinet

20th February 2023

REVENUE BUDGET STRATEGY 2023/24 to 2025/26

DESIGNATION:	DIRECTORATE	TELEPHONE NO.
C Moore, Director of Corporate Services	Resources	01267 224120
AUTHOR & DESIGNATION	DIRECTORATE	TELEPHONE NO
R Hemingway, Head of Financial Services	Resources	01267 224886

1. INTRODUCTION

1.1. The Cabinet in January 2023 considered and endorsed the Revenue Budget Strategy 2023/24 to 2025/26 for consultation. The report indicated, after taking account of the provisional settlement, a Council tax increase of 7.00%. The Cabinet, in endorsing the report for consultation, specifically sought comments from consultees on the detailed efficiency proposals appended 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 2023/2024.

The final proposals have endeavoured to meet the aspirations of the Authority, whilst recognising the extraordinary inflationary environment prevailing 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 there remains considerable uncertainty facing local authority finances, as outlined in this report. Local Government financing remains on a precarious footing and is likely to remain so for a number of years. 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 wide ranging consultation exercise since the Budget Strategy. In order to seek the widest possible response, the public consultation was launched on 21st December 2022, ahead of the budget reports presented to the Cabinet on the 9th January 2023. with the groups and committees being invited to comment:-

- Public Consultation
- Town and Community Councils
- School Budget Forum
- Member Seminars
- Scrutiny Committees
- Trade Union meetings
- Secondary Schools Insight Day

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

3. BUDGET REQUIREMENT 2023/24

3.1. Current Year Performance (2022/23) and Pay award 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 2022/23 (based on the October 2022 monitoring) is as follows:

Service	Approved Budget £'000	Total Expenditure Forecast £'000	Variance Forecast For Year £'000
Chief Executive	17,218	16,687	-531
Communities	119,589	122,223	2,634
Corporate Services	29,116	28,235	-881
Education and Children's Services	187,394	191,091	3,697
Environment	65,784	65,709	-75
Departmental Expenditure	419,101	423,945	4,844
Unfunded Pay offers		6,300	6,300
Corporate contingency	3,000	200	-2,800
Capital Charges	-17,694	-20,194	-2,500
Levies and Contributions	11,479	11,477	-2
Transfer to/ from Reserves	0	-2,370	-2,370
Net Expenditure	415,885	419,358	3,473

The main reasons for the departmental variances are as follows:

- Chief Executive's Department: underspends on member pay and travelling, registrars and vacant posts across the department, offset by People Management overspends
- Education and Children's Services: Significant overspends in Children's services due to increased demand and agency costs, overspends in ALN budgets and School Meals Service, offset by additional grants in Early Years non-maintained provision.
- Communities Department: underspends in Older Peoples and Physical Disabilities budgets are offset by overspends in Learning Disabilities and Mental Health divisions. Additionally, Leisure income levels have been gradually returning to pre-pandemic levels, however this creates an in-year overspend. It should also be noted that without the sectoral staffing shortages in social care, the overspend could be significantly higher.
- Corporate Services: there are underspends on pre-Local Government Reorganisation pension costs, and Council Tax Reduction, partially offset by an overspend in Rent Allowances.
- Environment Department: Overspends in waste services, school transport and reduced car park usage post-pandemic,

offset by vacant posts and reduced property maintenance activity due to contractor capacity.

The teachers enhanced pay offer made by Welsh Government is not included in the above figures however it is assumed that in respect of 2022/23 it will be funded.

3.1.3. In planning for next year’s budget and the medium term, the single largest financial risk is the level of inflation, including how it affects the level of nationally agreed pay awards and the cost of purchasing 3rd party goods and services, in particular commissioned care.

Validation

3.1.4. 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.

3.1.5. At the time of last year’s report, CPI inflation was at 5.4% and was forecast by the Bank of England to peak at over 7% and then reduce. Against this, CPI reached 11.1% in October 2022 and has remained above 9% since last April. In line with its overarching mandate to target a 2% level, the Bank of England has responded with multiple interest rate rises, most recently to 4%. Given the current uncertainty, our budget strategy is to set inflationary assumptions for next year at 5% generally, with specifically higher allowances for energy, transport fuel and food purchases. Further ahead, we have assumed a gradual easing over years 2 and 3 of the Medium Term Financial Plan (MTFP). This provides departments with an element of protection against price movements, however this is recognised as a key risk. The proposed validation factors are detailed below:

	<u>2023/24</u> <u>Original</u>	2023/24 Proposed	2024/25	2025/26
General inflation - Expenditure	3.0%	5.0%	3.0%	2.0%
General inflation - Fees & Charges	2.5%	10.0%	3.0%	2.0%
Electricity & Gas	5.0%	£8.4m	-10.0%	0.0%
Fuel	5.0%	50.0%	3.0%	5.0%
Pay Inflation - non teaching	2.5%	5.0%	3.0%	2.5%
Pay Inflation - Teaching	2.5%	5.0%	3.0%	2.5%
NI increase	nil	-1.25%	nil	nil
Levies (see para 3.2.9)	2.5%	16.5%	3.0%	2.0%
Pension Contributions	nil	-1.8%	nil	nil
Capital Charges	£500k	nil	£500k	£500k

When considering changes to the final budget, members should note that the whilst the 10% income validation was set as a

corporate approach where possible, individual service changes are expected to follow the detail charging digests provided to scrutiny committees as part of the consultation process. Many of our charges are not able to be varied from nationally set levels or caps. On this basis, income was estimated on a conservative basis in the draft budget, and following more detailed calculations, can now be uplifted by £850k.

3.1.6. It is proposed that for 2023/24, the requirement to increase capital charges can be removed. Challenging contractor capacity constraints have caused delays to existing capital schemes, which has lessened our need to borrow, and there is currently an increased offset from the increased investment income generated from positive cash balances. This is however expected to be only temporary, as interest rates are expected to reduce again over the medium term, and industry capacity issues ease, leading to greater delivery, not least of which is our investment in the coming years as part of the Swansea Bay City Region.

3.1.7. 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 ideas for Phase 2 are being developed. The Pentre Awel project, which is the County Council's main strategic project is at an exciting position, where enabling works has commenced and the main contractor for the Zone 1 contract is imminently due to be signed for the delivery of the core elements of the project including the Leisure, Health and Academic elements of the build. This key development is due to be completed and occupied in Autumn 2024.

The value of the Pentre Awel project (Zone 1) and the funding has been included within the Capital Programme, as the County Council will be required to borrow against this scheme.

3.1.8. In large part driven by inflationary forces, there is significant uncertainty in the budget which relates to pay costs for all staff.

This final budget maintains the budget strategy assumption of a 5% award for our NJC staff in April 2023.

For staff on NJC terms and conditions, the nationally set April 2022 award of a fixed cash sum of £1,925 was predicated on the need to deliver against a substantial increase in the National Living Wage. In order to maintain pay differentials between spinal pay points, the fixed sum was for employers the most affordable way to achieve this, and delivered an increase of more than 10% at the lowest point, with the percentage reducing gradually, the higher the grade.

It is possible that a similar approach may again be applied next year – should this be the case, our 5% assumption would allow for an increase of around £1,400 - £1,500 – anything above this would represent an unfunded budget pressure.

Calculations on our pay budgets this year have been particularly detailed – in addition to the normal uplifts, the following amendments have been incorporated:

- The required budgetary “catchup” for the April 2022 award, previously estimated at an additional 3.1%
- Application of reductions from top of scale budgeting to exact pay points, including incremental drift for around 1,500 staff, and adjustments for income generating services, Housing Revenue Account funded roles and capitalised salaries
- Applying the reversal of the health and social care levy of 1.25% National Insurance
- A reduction of 1.8% to Employer pension contributions

3.1.9. For teachers pay, the picture is likewise complicated:

- There is a similar need to build in “budgetary catchup” for the full year effect of the September 2022 pay award. The previous offer was 5% versus a 4% assumption – i.e. a 1% catchup.
- However, less than a fortnight ago, an improved offer of 6.5% was made by Welsh Government plus a one-off sum of 1.5% extra. Our budget assumption is that additional funding will be forthcoming from Welsh

Government to meet this additional cost, either through specific grants or increased Aggregate External Finance.

- Looking ahead to the September 2023 award, the recommendation of the Independent Welsh Pay Review Body was an increase of 3.5%, which would raise teachers starting salaries to above £30,000. However, media outlets are now reporting that Ministers have agreed to relook at this as part of current pay negotiations with Unions. Given this, it is questionable how deliverable the 3.5% now is. As such it seems prudent to maintain our 5% assumption.

3.1.10. The budget strategy provided for an increase in the Fire Levy of 13%, as well as an explicit pressure in respect of Welsh Government withdrawal of grants. The Fire Authority has now agreed its final budget, including the reserve funding to meet additional costs arising from the cessation of the Emergency Services Network grant, but have increased the Levy to cover the the redesignation of a pensions grant by Welsh Government – we are informed that this will be added into the final Local Authority settlement. Pending formal confirmation of figures, our assumption is that the original £150k pressure allowed for will be sufficient to meet any shortfall, but this will not be clear until the final settlement is received on 1 March.

There are minor changes to the Levies of the Brecon Beacons National Park Levy and South West Wales Corporate Joint Committee

3.1.11. 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. Following the removal of £1.5m from the corporate contingency as proposed in the budget strategy report, this budget currently stands at £1.3m pending any future allocations. This risk is something that will require close monitoring during the year.

3.1.12. In total validation adds £30.3m onto the current year's budget.

3.2. **Cost Reduction Programme**

3.2.1. As detailed in the report to Cabinet on 9th January 2023, 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 more than 100 individual savings proposals were included for consideration.

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, and updated where necessary.

3.2.5. The cost reductions included in the draft budget strategy were as follows:

	2023/24 £m	2024/25 £m	2025/26 £m
Managerial	6.136	3.641	2.755
Existing Policy	Nil	0.200	0.952
New Policy	3.241	0.543	0.289
Total	9.377	4.384	3.996
Shortfall	Nil	2.064	0.535

Following feedback from the budget consultation activities undertaken, it is recommended that the following amendments are made to the budget:

Proposal	2023-24 Value (£000)	Recommendation
Rising 4s Policy	Nil	Recognising concerns from both Public and Members, defer proposed implementation from September 2024 to September

		2025, allowing for wider consultation and full evaluation of different operating models
Youth Support Services	100	Withdraw saving proposal following concerns raised by councillors and public
School Music Service	35	Recognising member seminar comments, split saving over two years (defer £35k to Y2) to allow impact to be monitored/mitigated where possible
Children & Communities Grant	150	Withdraw saving proposal, recognising member comments regarding the importance of early intervention & prevention
St Clears Leisure Centre	35	Defer proposal by a year to give time for local community/ sports clubs to increase usage/ improve financial viability of the centre
Civic vehicles	19	Remove saving pending a report on a wider review of civic vehicles and better use of pool cars
Citizens Advice Bureau	10	Withdraw saving given increased demand for the service at the current time
Supported Living	250	Reduce saving target on the basis of current deliverability delays, as the service has not yet caught up following successive lockdowns impact assessments and construction capacity issues (these have delayed the planned reduction of residential care placements)
Delegated schools budgets	700	Lower proposed reduction from £2.7m to £2.0m, recognising this was the most negative response arising from the public consultation

	1,299	TOTAL SAVINGS ADJUSTMENTS
OTHER CHANGES IN RESPONSE TO THE CONSULTATION		
Car park charges	135	Restrict the parking charges increase to 5%
School Meals prices	250	Restrict the School Meals price increase to 5%
	385	TOTAL CHARGES ADJUSTMENTS
Highways & Town Centres	294	Recognise concerns raised by Members regarding the year on year reductions which have been borne by this service since the start of austerity
	294	TOTAL PRESSURES ADJUSTMENTS

Adjustments to savings proposals have been reflected in the detailed list provided in **Appendix B**, giving a revised total for 2023/24 of £8.078m.

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 £12.150m of funding towards known and unavoidable service pressures. This included a sum of £250k unallocated, to provide for any new risks that were identified. As this has not been the case, this sum can now be released.

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

- 3.3.3. After pay awards, the single largest budget increase for the authority next year is the uplift in energy costs. At the time of

draft budget preparation, around two thirds of energy volumes had been secured by Crown Commercial Services, with a forecast increase of £9.5m required. Now that almost all purchases have been completed for next year, a reduction in wholesale market prices over recent months has reduced this sum to £8.4m, reducing the budget requirement by £1.1m.

In addition, members should note that there were increases to specific grant funding allocations made by Welsh Government alongside the provisional settlement in respect of Additional Learning Needs, Pupil Development Grant, and Recruit Recover Raise Standards funding.

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. Against this, an explicit reduction of £2.7m (2.1%) was proposed, which recognised the scale of overall budget shortfall and the need for all areas of Council services to find efficiencies. As referenced in the table at paragraph 3.2.5 above and in appendix C, this sum has been reduced by £700k to £2.0m in recognition of the public consultation responses.

3.4.2. With teachers pay representing the largest line item in school budgets, there remains continued financial risk over pay rises, and the funding required by schools to meet them. As identified in paragraph 3.1.3 above, there is this year a double risk with not only uncertainty about the September 2023 award, but the current negotiations regarding the September 2022 award. This remains a considerable risk to school finances. Should any further increase agreed by Welsh Government not be accompanied by additional funding, this would fall upon Council/school budgets.

4. FUNDING

4.1. Revenue Settlement 2023/24

4.1.1. WG are not due to publish the final local government settlement for 2023/24 until 1st March 2023.

4.1.2. Consequently, this paper is based on information already released in relating to specific funding elements as well as officers' assumptions where appropriate. Our working assumption is that the only change WG will make to the headline level of funding is the transfer in of the firefighters pension funding as explained in paragraph 3.1.4 above. This

sum, calculated at £383k, has been added to our provisional settlement for final budget calculations.

- 4.1.3. Our draft budget was based on the actual increase of 0.50% to the tax base in 2023/24, increasing budgeted Council Tax receipts by around £0.5m 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 £1.790m as set out below:

Paragraph		£000s
	Draft budget – unallocated sum	716
3.1.6	Capital Charges	500
3.1.8 & 3.1.9	Pay calculations	(1,257)
3.1.5	Income calculations	850
3.3.2	Pressures contingency removal	250
3.3.3	Energy calculations	1,100
3.1.10	Changes to Levies (MAWWFRS, BBNPA, SWWCJC)	(369)
	Total	1,790

Bringing together all the proposals contained in the paper, the final budget amendments are summarised below:

	£000s
Total Budget Headroom	1,790
Assumed increase in WG funding for Firefighter Pensions	383
Savings proposals removed from 2023/24	(1,299)
Charges capped at 5%	(385)
Discretionary pressures funded (highways &	(294)

town centres)	
Budget headroom remaining	195

Taking account of the budget amendments outlined above responding to individual pressure points and consultation feedback, it is recommended that the remaining sum be applied to Council Tax. The outcome would allow members to reduce the planned increase slightly to 6.8% in response to the clear consultation feedback from the public. Whilst this is higher than desirable, this is nevertheless considerably lower than the prevailing level of inflation at this time, and represents a reasonable balance between Council Tax and the need to protect essential daily services.

Taking account of any recommendations made by Cabinet to County Council, 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 1st 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 2023/24 gave an increase in Standard Spending Assessment (SSA) for Carmarthenshire of £28.0m (6.6%) with a similar increase on an all Wales basis reflecting the significant pressures the sector is facing.
- 4.1.7. There remains considerable uncertainty in future years. Whilst Welsh Government did announce an uplift from 2.4% to 3.0% for 2024/25, this change is dwarfed by other figures such as pay awards, inflation, and even the variation between individual local authorities. As we do not know what these assumptions are, it is hard to assess how generous the uplift is.
- 4.1.8. Welsh Government confirmed in its draft budget on 20th December that Business Rate Poundage is to be frozen at the current rate of 53.5p, providing at least some budgetary relief, the Authority's own business rates bill is c. £6m, with the lion's share of costs borne by schools, car parks and leisure centres.

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

	2022/23 Settlement £m	2023/24 Original Notification £m	2023/24 Final Settlement £m
Standard Spending Assessment	422.884	450.911	Available 1 st March
Aggregate External Finance	311.603	338.017	Available 1 st March
Difference	111.281	112.893	

The difference represents the sum which WG estimates Local Authorities will need to raise through taxation or charging. The SSA update this year has incorporated some unusual changes, including a 7% reduction in the assumed cost of debt financing (vs rising interest rates) and a fire levy uplift assumption of 3%, versus 16.5% notified.

Internal Funding

4.1.10. 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.

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

- Sustained high level of inflation, which may take longer to come down than current Bank of England forecasts
- Significant uncertainty over the level of future pay awards (linked to inflation)
- Welsh Government may not be able to fully fund revised Teachers pay offer
- Schools' ability to deliver efficiency savings
- Continued challenges recruiting staff due to a challenging labour market. In particular this may continue to negatively affect social care delivery
- The need to deliver challenging efficiency targets
- Additional pressure on demand lead services, particularly Childrens services and Education
- Schools' ability to deliver efficiency savings

- Confirmation of final WG settlement

Sensitivity impact analysis:

Budget element	Movement	Annual Impact £m
Pay inflation	1%	2.6
General inflation	1% (expenditure only)	2.4
General inflation	1% (income only)	-1.5
WG Settlement	1%	3.4
Specific Grants	1%	1.0
Council Tax	1%	0.97

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

	1st Apr 2022 £'000	31st Mch 2023 £'000	31st Mch 2024 £'000	31st Mch 2025 £'000
Schools Reserves	15,205	7,815	7,815	7,815
General Reserves	13,468	9,995	9,995	9,995
Earmarked Reserves	139,328	112,131	77,955	61,744

4.2. School Reserves

4.2.1. 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.

4.2.2. 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 31st March 2022, 17 primary, 2 secondary and one special school were in deficit.

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, the Authority has previously deemed 3% of net expenditure as being a prudent level, which has been accepted by our Auditors as being reasonable. As at 31st March 2022, General Reserves stood at £13.468m, or 3.2% of the 2022/23 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 2022/23 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 overspend position of £3.5m. This prudently assumed an in-year overspend on grant funded posts which would need to be met from core budgets – as such the overspend is expected to reduce somewhat, though it is likely an overspend position will remain. On this basis 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	March 2022 £'000	March 2023 £'000	March 2024 £'000	March 2025 £'000	March 2026 £'000
Insurance	13,536	14,286	15,536	15,536	15,536
Capital Funds	47,557	38,896	19,681	15,202	9,702
Development Fund (inc Schools Dev Fund)	1,033	1,131	2,185	2,191	2,191
Corporate Retirement Fund	6,171	6,493	6,108	5,747	5,403
Joint Ventures	1,538	1,504	1,455	1,406	1,387
Other	69,492	49,819	32,989	21,661	15,694
TOTAL	139,328	112,131	77,955	61,744	49,915

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 2023/24, with the General Reserves as set out in paragraph 5.1.1 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 2023/24

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 set to 6.8%, this will give an estimated income from Council Tax of £111.930m which when added to the Welsh Government settlement will provide a net available expenditure budget for the Authority of £450.330m.

	2023 - 2024 £'000	2024 - 2025 £'000	2025 - 2026 £'000
Previous Years Budget	415,885	450,330	463,357
Validations/Adjustments	42,523	19,475	17,049
Validated Budget	458,408	469,805	480,406
less			
Efficiency/Service Rationalisation	-8,078	-6,448	-4,445
Projected Budget	450,330	463,357	475,961
Potential sum available			
	450,330	463,357	475,961
WG Settlement			
RSG & NNDR	-338,400	-346,522	-355,179
Earmarked reserve funded expenditure			
Call on Council Tax	111,930	116,835	120,783
Tax Base	75,072	75,348	75,624
Council Tax Rate (Band D)	£ 1,490.97	£ 1,550.62	£ 1,597.14
Council Tax Increase	6.80%	4.00%	3.00%

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 of a further £2.329m and £0.314m savings proposals in 2024/25 and 2025/26 respectively, and delivery of all proposals in full in order to achieve a balanced budget. These will be re-visited 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 2023/24, which includes the amendments at paragraph 4.1.4;
 - 7.2.2. The Band D Council Tax for 2023/24 of £1,490.97 (an increase of 6.80%);
 - 7.2.3. The removal of specific savings proposals as identified in paragraph 3.2.5
 - 7.2.4. The restriction of income uplifts to school meals and car parks as identified in paragraph 3.2.5
 - 7.2.5. The discretionary allocation of pressures funding to highways and town centres as identified in paragraph 3.2.5
 - 7.2.6. The Medium Term Financial Plan which will form the basis for future years financial planning;
- 7.3. That Cabinet/County Council 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 1st March 2023.