

Member Briefing on Progress setting the Budget for 2023/24

Key Aspects of Budget Process

- Process to consider and review non-strategic Budget Pressures
- Process to consider and review Strategic Budget Pressures
- 1% Efficiency Target for services
- Huge uncertainty this year – Autumn Budget Statement now planned for 17th November
- Invest-to-save scheme to help pump prime specific projects through the use of cash – limited take up

Progress so Far

- This has been a particularly difficult year and we are still in a position when many things remain outstanding. The gap could grow considerably if the indicative settlement is revisited. As it stands it is likely that significant reserves will be required in order to balance the budget. This is not ideal but will allow the Council the time to develop plans for significant reductions to budgets for 24/25. This work will commence in January 2023 and be as inclusive as possible.
- Initial consultation taken place with:
 - SLT – monthly updates
 - Cabinet – monthly updates – and specific briefings
 - Trade Unions – planned for November
 - School Budget Forum – in July and October
 - Full Council Briefing held in July on the full Budget Process – next one in November, then January
 - Governance and Audit Committee – November
- The following changes and risks should be noted:
 - Additional strategic pressure amounting to c£5m have been identified since the summer relating to the impact of the projected pay increases and pressures in adults and children's social care.
 - Additional pressures are likely to be identified during the autumn amounting to £ms – Social Care fees are currently

being reviewed and in year overspends in School Transport are particular concerns.

- Savings have now been included in the MTFP – however we are still waiting on final figures from the Pension Fund Valuation (takes place every 3 years) – indications are that savings will be forthcoming from this.
 - WG Settlement figures are still based on the indicative settlement announced last year – this is currently at risk (see below for details).
 - Any cash used to help the budget in 23/24 would just delay savings so would increase the pressure in 24/25 – this is shown in the MTFP table in this briefing.
- Services has submitted non-strategic pressures amounting to £2.5m. It should be noted that these are still being scrutinised by the Budget Board and at the Service Finance Meetings so figures are likely to change throughout the autumn leading up to the Draft Settlement on the 14th December.
 - Services have submitted 1% efficiency proposals which can currently be summarised as:

| Saving Type | Savings £000 |
|--|-------------------------|
| Fees and Charges | 455 |
| Service Change | 372 |
| Service Restructures | 75 |
| Technical Budget Reductions (eg decrease in costs) | 383 |
| TOTAL | 1,285 |

Although these savings are currently under review and are likely to change, it is welcome that services have engaged positively with the process.

- The current proposals for schools remains that we will fund inflationary pressures such as pay and energy and will also fund the impact of demographic change in order to ensure that per pupil funding is maintained. They have been included in the 1% saving request.

- Service Budget Meetings have been set up during November (last one to be held on 22nd November). The meetings are held with the Budget Board, the Heads of Service and relevant Lead Members. The agenda for these meetings include:
 - Review of service pressures submitted - review progress and resolve outstanding queries
 - Review and agree approach to 1% savings submission
 - Medium term project idea to generate savings
 - Review of service reserves

Figures are likely to change as the remaining meetings take place.

- The current Medium Term Financial Plan is shown below alongside the MTFP as presented to Council in July. It shows a significant gap at the moment of £5m. This is likely to change significantly (see risks identified in this paper) as we go through the next 6 weeks or so:

| Summary as at October 2022 | MTFP as published 2023/24 £m | Additional Items 2023/24 £m | as at Oct 22 2023/24 £m | Projection 2024/25 £m |
|------------------------------------|------------------------------------|-----------------------------------|----------------------------------|-----------------------------|
| Pay Pressures (non schools) | 1,519 | 1,981 | 3,500 | 4,000 |
| Price Pressures | 700 | 200 | 900 | 1,000 |
| Inflation Contingency | 2,000 | -2,000 | 0 | |
| Social Care | 2,000 | 2,000 | 4,000 | 2,000 |
| Childrens' Services | 500 | 1,500 | 2,000 | 2,000 |
| Schools Inflation | 1,879 | 2,057 | 3,936 | 4,000 |
| Schools Demography | 700 | 0 | 700 | 700 |
| Non-Strategic Pressures | 1,500 | 1,008 | 2,508 | 1,500 |
| Investment in Priorities | 865 | -365 | 500 | 500 |
| Carry Forward of in year shortfall | | | | 5,156 |
| TOTAL PRESSURES | 11,663 | 6,381 | 18,044 | 20,856 |
| CT Inc Proposed of 3.8% | -2,826 | 0 | -2,826 | -2,822 |
| WG Settlement inc of 3.3% | -5,730 | 0 | -5,730 | -3,946 |
| Review of Contingencies | | -1,700 | -1,700 | |
| Civica Project | | -300 | -300 | |
| 1% Saving Target (non schools) | | -1,285 | -1,285 | |
| 1% Savings Target (schools) | | -816 | -816 | |
| NI Reduction | | -231 | -231 | |
| TOTAL INCOME | -8,556 | -4,332 | -12,888 | -6,768 |
| Current Position | 3,107 | 2,049 | 5,156 | 14,088 |

Next Steps...

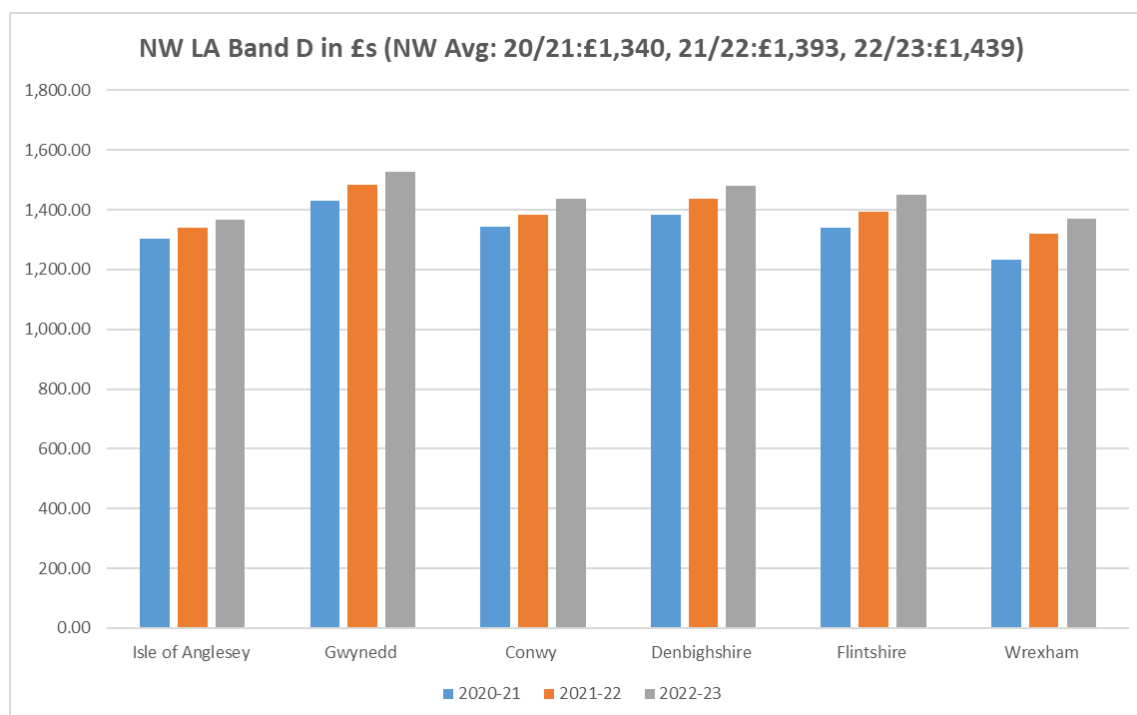
It should be noted that the MTFP is currently assuming an increase of 3.3% (2.2% in 24/25) in Revenue Support Grant (the Welsh Government settlement). RSG makes up around 75% of our funding and we are very reliant on the decisions made by WG. Although this is based on the indicative settlement announced last year – **it should be recognised that this is no longer guaranteed** and is largely dependent on UK government decisions. We should have a clearer picture in the days after the UK Autumn Budget Statement. Obviously if this figure changes then the budget position would worsen severely and involve further identification of budget reductions. The table below is a sensitivity analysis on the settlement (eg a cash flat settlement would increase the budget gap by £5.7m):

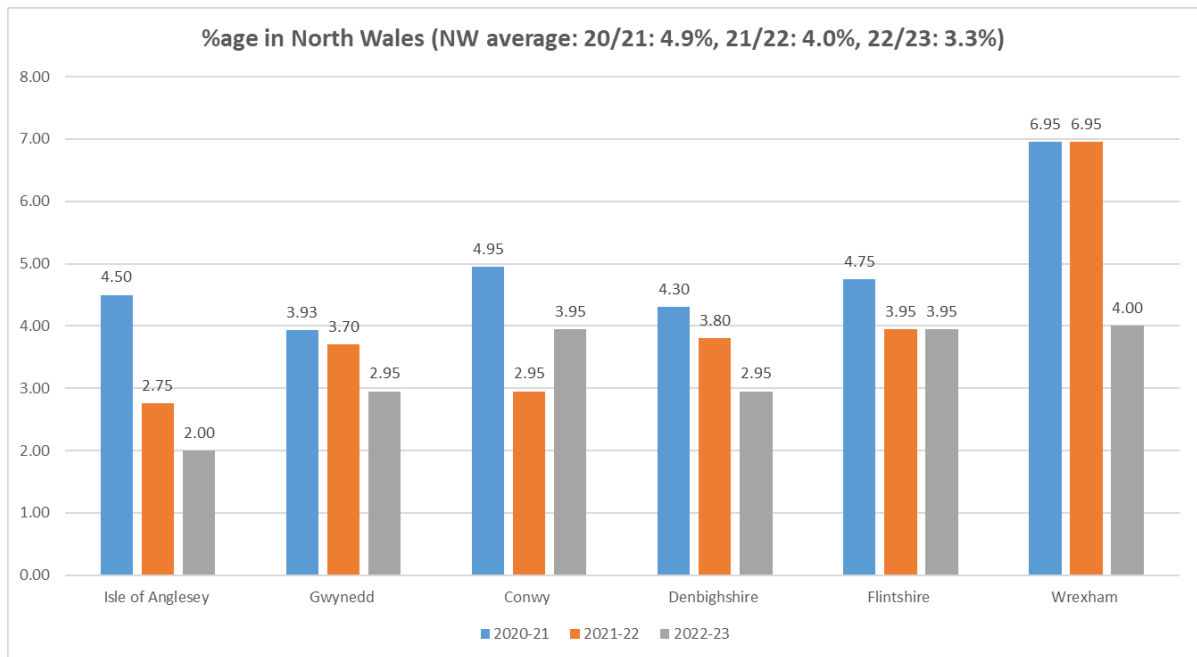
| RSG 2022/23 | | 173,637 | |
|-------------|------------------|-----------------------------|--------------------|
| %age Change | Cash Impact £000 | Change from MTFP Assumption | |
| 9.20% | 15,975 | 15,975 | Last Years |
| 5.00% | 8,682 | 8,682 | |
| 4.50% | 7,814 | 7,814 | |
| 4.00% | 6,945 | 6,945 | |
| 3.60% | 6,251 | 6,251 | 21/22 |
| 3.30% | 5,730 | 5,730 | Current Assumption |
| 3.00% | 5,209 | 5,209 | |
| 2.45% | 4,254 | 4,254 | 8 Year Average |
| 2.00% | 3,473 | 3,473 | |
| 1.50% | 2,605 | 2,605 | |
| 1.25% | 2,170 | 2,170 | |
| 1.00% | 1,736 | 1,736 | |
| 0.50% | 868 | 868 | |
| 0.00% | 0 | 0 | |
| -0.50% | -868 | -868 | |
| -1.00% | -1,736 | -1,736 | |

Council Tax is the other major lever to allow us to balance the budget and a sensitivity analysis is shown below (please note this does not include estimated increase in CT Base, which is included in the MTFP figures above):

| 2023/24 | Increase % | Increase in Band D £ | Proposed Band D £ | Total Funding £000 | Inc/Dec in Funding £000 | |
|---------------------------|--------------|----------------------|-------------------|--------------------|-------------------------|--------------|
| | 0.00% | 0.00 | 1,436.76 | 58,839 | 0 | |
| | 0.50% | 7.18 | 1,443.94 | 59,134 | 294 | |
| | 1.00% | 14.37 | 1,451.13 | 59,428 | 589 | |
| | 1.50% | 21.55 | 1,458.31 | 59,723 | 883 | |
| | 2.00% | 28.74 | 1,465.49 | 60,017 | 1,178 | |
| | 2.50% | 35.92 | 1,472.68 | 60,312 | 1,472 | |
| | 2.75% | 39.51 | 1,476.27 | 60,459 | 1,620 | |
| 2022/23 Increase | 2.95% | 42.38 | 1,479.14 | 60,577 | 1,738 | -501 |
| | 3.00% | 43.10 | 1,479.86 | 60,606 | 1,767 | |
| | 3.25% | 46.69 | 1,483.45 | 60,753 | 1,914 | |
| 15 Year Average | 3.31% | 47.56 | 1,484.31 | 60,789 | 1,950 | -289 |
| | 3.50% | 50.29 | 1,487.04 | 60,901 | 2,061 | |
| 7 Year Average | 3.77% | 54.17 | 1,490.92 | 61,060 | 2,220 | -18 |
| Current Assumption | 3.80% | 54.60 | 1,491.35 | 61,077 | 2,238 | |
| | 4.00% | 57.47 | 1,494.23 | 61,195 | 2,356 | |
| 2020/21 Increase | 4.30% | 61.78 | 1,498.54 | 61,372 | 2,533 | 294 |
| | 4.50% | 64.65 | 1,501.41 | 61,490 | 2,650 | |
| | 5.00% | 71.84 | 1,508.60 | 61,784 | 2,945 | |
| | 5.50% | 79.02 | 1,515.78 | 62,079 | 3,239 | |
| | 6.00% | 86.21 | 1,522.96 | 62,373 | 3,534 | |
| 2019/20 Increase | 6.35% | 91.23 | 1,527.99 | 62,579 | 3,740 | 1,502 |
| | 6.50% | 93.39 | 1,530.15 | 62,668 | 3,828 | |
| | 7.00% | 100.57 | 1,537.33 | 62,962 | 4,123 | |

To help give context to Council Tax please find below two graphs to show DCC's CT levels compared to other North Wales LA's:





The timetable / key dates for the rest of the budget process is shown below:

- 3rd November – Trade Union Consultation
- 7th November – Full Council Briefing
- 14th November – Cabinet Briefing Paper
- 16th and 22nd November – Service Budget Meetings
- **17th November – UK Government Autumn Statement**
- 23rd and 30th November – Group Meetings with Lead Member and S151 Officer
- 23rd November – Governance and Audit Committee (on the process)
- **13th December – Welsh Government Budget expected**
- 13th December – Cabinet Budget Workshop
- 14th December – Update to Group Leaders Meeting
- **14th December – WG Draft LA Settlement**
- 17th January – Full Council Briefing
- 24th January – Cabinet Budget Report
- 31st January – Council Budget Report