

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
- The better settlement resulted in additional income of £8.2m. At the time the budget gap was at £4.8m and proposals to fill that gap relied on further increasing Council Tax by 1% to 4.8% and using £4m of cash which just delays the need to find savings. **We now do not need to consider these options.** Unfortunately, just before Christmas, we received further bad news about our expected energy bills for next financial year which has required an additional pressure of £2.6m. This left £0.8m which it is proposed is used to accept additional base budget pressures submitted by services which had previously been accepted only on a cash basis (ie temporary funding).

Proposals going to Cabinet on 24th January

The Draft Local Government Settlement for 2023/24 was received by the council on 14th December and resulted in a positive settlement of 8.2%, compared to the Welsh average of 7.9%. The Final Settlement is expected in early March but Welsh Government (WG) have indicated that there should be very few changes. Within the announced figure WG have advised the following:

- All pay increases for both teaching and non-teaching posts are included within the RSG.
- The responsibility to pay both our own Social Care and the private sector Social Care sector the Real Living Wage.

The draft settlement includes a slightly increased indicative average settlement increases of 3.0% for 2024/25. Although this is very welcome from a planning perspective it does indicate that difficult decisions will be required over the coming years.

There were no 'transfers in' included in the draft settlement.

The final proposals to balance the 2023/24 budget are shown in the Medium Term Financial Plan (MTFP) in Appendix 1. The main areas of growth and pressures are:

- Pay pressures (including net impact of decrease in National Insurance) of £3.269m
- Price and energy inflation of £2.897m – this includes the latest energy increase estimates received on the 22nd December (increase of £2.6m)
- Fire Service Charge of £535k
- Allowance for increase in Council Tax Reduction Scheme of £350k
- Schools inflationary pressures are recognised amounting to £3.936m
- Schools demographic pressure of £310k
- £8.187m to recognise demand pressures and forecasts in Community Support Services as part of the council's long term strategy to manage care budgets as well as recognising the agenda to ensure all care staff are paid the Real Living Wage
- £2.700m to recognise existing pressures in Education and Children's Services relating to Out of County Placements and Recoupment.
- £1.000m pressure to meet the increased costs within School Transport which is becoming evident in the monthly monitoring
- Increase in insurance costs relating to impact of inflation of £150k
- Investment in priorities amounting to £0.500m:
 - Further investment in Carbon Zero Project of £134k for additional staff to undertake the necessary work. The programme proposes to use the existing allocation of prudential borrowing to fund capital spend in 23/24 due to underspends over the last two years.
 - Increased Investment in Highways Capital Programme as proposed by Council (£4m capital) – requires an estimated £235k in Capital Finance Budget
 - This leaves £131k which it is proposed will be used in year to continue to fund capital projects in year (eg those that were brought forward by the Horizon Scanning exercise or that come out of the new Capital Plan) - £131k would equate to capital investment of c£2.2m.

- Service non-strategic pressures of £1.282m – pressures and requirements for investments identified by services themselves and summarised in Appendix 2.

The pressures identified above amount to £25.116m. A draft settlement of around 14.5% would have been required in order to fund all these pressures. The net +8.2% settlement generates £14.231m additional revenue leaving a funding gap of £10.885m. The following items are included in the proposals in order to bridge that gap:

- There are savings in the Capital Financing Budget amounting to £1.067m – these do not reflect reductions in the capital programme but an increase use of cash and delays to some projects.
- Corporate contingencies relating to the unused element of the Covid Contingency put aside as part of last year's budget process amounting to £1.200m.
- The impact of the triennial actuarial review of the Clwyd Pension Fund means that the Council now finds itself in a position of a small surplus instead of a significant deficit that required repaying. This results in a saving of £3.828m.
- The savings from bringing the Revenues and Benefits Service back in house are now confirmed and a further £300k can be released.
- Services were asked to identify 1% savings/efficiencies and were able to identify £961k of savings as summarised below (and included in full at Appendix 3):
 - Fees and Charges Income Budgets have been inflated in line with agreed Fees and Charges policy which increases external income by £423k.
 - Savings involving some element of service change amount to £371k
 - Technical budget reductions which have no impact on service delivery amount to £167k
- Schools were also asked to plan for 1% efficiencies which amount to £816k.
- It is recommended that the Council Tax increases by 3.8% which, along with minor changes to the Council Tax Base, will generate £2.713m additional revenue. This level is at the lower end of indicative increases across Wales. It is also lower than the average of 4.35% over the last four years.

App 1: Medium Term Financial Plan:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Funding				
Revenue Support Grant & NNDR (RSG)	173,640	187,871	193,507	197,764
Council Tax	60,055	62,768	65,720	68,668
SSA / Budget Requirement	233,696	250,639	259,227	266,433
Use of Balances				
Total Funding	233,696	250,639	259,227	266,433
Expenditure				
Base Budget	216,819	233,696	250,640	265,590
Inflation / Pressures:				
Pay	3,000	3,269	4,000	1,019
Price - targeted		2,897	400	100
Price	250	150	150	150
CTRS	350	350	350	350
Fire Levy	321	535	100	100
Income Inflation	(120)		(250)	(250)
Social Services	3,127	8,187	2,000	1,000
Childrens Service	750	2,700	2,000	1,000
Other Service Pressures	500			
Covid Contingency	1,991	(1,000)		
CJCs	300	(200)		
School Transport		1,000		
Schools Inflation	3,769	3,936	4,000	2,000
Schools Demography Adjustment	606	310	700	700
Other known items:				
Investment in Priorities 1	81			
Investment in Priorities 2	1,200	500	500	700
Service Non-Strategic Pressures	1,111	1,282	1,000	1,500
Transfers into/out of Settlement	275			
New Responsibilities				
EFFICIENCIES / SAVINGS:				
Capital and Corporate Savings		(1,067)		
Pensions Triennial Review		(3,828)		
Service Efficiencies - 1%	(634)	(961)		
Service Savings - Projects		(300)		
Schools Efficiency Target		(816)		
Total Expenditure	233,696	250,640	265,590	273,959
Funding Shortfall / (Available)	0	0	6,362	7,526
Annual increase/(decrease) in shortfall	(0)	0	6,362	1,164
Key Assumptions				
Settlement %	9.20%	8.20%	3.00%	2.20%
Council Tax Increase % Band D	2.95%	3.80%	3.80%	3.80%

App 2: Non-Strategic Pressures

NON-STRATEGIC PRESSURES				
REF	SERVICE	TITLE	DETAILED DESCRIPTION	CUMULATIVE BUDGET A/O REED 2023/24 £
C&C-P02	Communications and Customers	Blue Badge Support	20 hours - Libraries Grade 5 /37 hours - Grade 2 @ Contact Centre: originally £64K now £49K. Covered under slippage this year, but pressure for next year	49,000
C&C-P06	Communications and Customers	Youth Service	We have seen a significant increase in personal support and targeted 1 to 1 interventions with young people especially after Covid and an increase in more complex cases being referred to the service. To reduce pressure on the team's waiting list we would need an increase in staffing to reduce the current waiting list of 72 young people. 2X Full Time youth workers with all included costs including programme costs would be £84,000 per year (with recruitment April 23-June 24 would be an overall cost of £112,000) which could reduce the current waiting list by approx. 60 young people by the end of June 2024.	84,000
ECS-P01	Education and Children's Service	Sensory Service	Tri sensory service WCBC, DCC & FCC. FCC are host authority original cost £175k, increased to £194k	19,000
BIM-P01	Business Improvement and Modernisation	Internal Audit Structure	As Audit Wales have reduced their performance auditing work for DCC it is vital that we have an Internal Audit structure which can repond to this and maintain a lower level of input from Audit Wales . The team requires an additional Senior Auditor who is able to work independently and therefore enable the team to succeed in delivery.	8,700
BIM-P03	Business Improvement and Modernisation	Strategic Planning & Performance Team	1 FTE @ G9. With an increase in Corporate Plan themes from 5 to 9, there will be added work required for this team to provide strategic support to boards/groups, develop and monitor performance, write reports, etc.	17,581
LHR&D-P01	Legal, HR and Democratic Services	Electoral and Election Services	A re-structure of the existing unit to add sufficient capacity to sustainably support electoral and election services in Denbighshire.	34,302
LHR&D-P02	Legal, HR and Democratic Services	Legal services	Trainees have applied for and been successful in securing permanent positions that we have been struggling to fill. We wish to submit a pressure to continue with this strategy to recruit 2 further trainees. These are 2 year fixed term posts.	64,000
LHR&D-P03	Legal, HR and Democratic Services	HR	The HR software system, I-Trent has a cloud based module for onboarding which would make it easier for applicants and succesful candidates to self serve. This would make the process easier for managers and would relieve some oressure in the HRA team that currently has to provide significant support to the process.	23,000
F&P-P01	Finance and Property	Property: Building Maintenance Revenue Budgets.	Increased construction material and labour costs impacting on building maintenance budgets. Costs have been increasing at unprecedented rates since Coved/Brexit.	228,000
HES-P01	Highways and Environmental Services	Highways	Increased demand has out-stripped available resources in highways	196,312
HES-P02	Highways and Environmental Services	Streetscene	Increased demand has out-stripped available resources for public realm and grounds maintenance functions	110,258
HES-P03	Highways and Environmental Services	Waste	Increased demand has out-stripped available resources in the Waste and Recycling Service	58,359
HES-P04	Highways and Environmental Services	School Catering and Cleaning	Increased revenue pressures and demands on the service realting to rollout of Universal Primary Free School Meals programme	288,000
PPP-P07	Planning and Public Protection	Food Safety - EHO Officer (NB Last Years Bid accepted in principle)	Previously EU grant funded post - funding running out in 23/24	48,500
PPP-P08	Planning and Public Protection	Bodelwyddan Country Park (NB Last Years Bid accepted in principle)	Revenue capacity to manage the Park - cash used in 22/23	52,537
				1,281,549

App 3: 1% Efficiency Savings

1% EFFICIENCY SAVINGS						
REF	SERVICE	TITLE	Description	Category	SAVING 2023/24 £	
C&C-E01	Communications and Customers	Library New Income Stream	New SLA with Grwp Llandrillo Menai for use of Library Buildings for community teaching	Fees and Charges	18,000	
C&C-E02	Communications and Customers	Library Income Target Increase	Work to improve income from hosting external events in Libraries	Fees and Charges	3,000	
C&C-E03	Communications and Customers	Design Income	Increase in fee income from services using the corporate Design and Print Framework	Fees and Charges	1,000	
C&C-E04	Communications and Customers	Tourism Savings	Reduce number of face-to-face Tourism Forums to one per year.	Service Change	5,000	
C&C-E05	Communications and Customers	Major Events Budget Savings	Reserve now held corporately with no annual contribution required	Technical Budget Reduction	2,000	
C&C-E06	Communications and Customers	Youth Service Savings	Reduce programme costs budget across the County	Service Change	6,000	36,000
EC&S-E01	Education and Children's Service	Childrens: Family Resource Centre relocation	Property savings from transferring services from the Famil Resource Centre at Bedford Street Rhyd to vacant space within the Oaktree Centre which is a more child focussed environment that also has the added benefit of parking and a reception area (which Bedford Street does not have) and will mitigate lone working & health and safety issues for the staff members.	Service Change	25,604	
EC&S-E02	Education and Children's Service	Childrens: Childcare costs review	Increase of Childcare Fees at the Oaktree which have not been reviewed since September 213 despite rapidly increasing costs. The fees will still be the lowest in the county and still include a hot meal. 34% of children are fully grant funded, with a further 16% part funded.	Fees and Charges	20,000	
EC&S-E03	Education and Children's Service	Childrens: Budget reduction Direct Payments.	The budget has underspent over the last few years. This reduction is based on current spending requirements so the budget is no longer required. If provision increases in future years the service will submit a service pressure to cover the costs.	Technical Budget Reduction	20,000	
EC&S-E04	Education and Children's Service	Education: Review of Service underspends	Budgets have been reviewed and small areas of underspend identified. In previous years these have been used to offset overspends - however pressures have now been recognised in the budget proposals	Technical Budget Reduction	57,292	122,896
HE&S-E01	Highways and Environmental Services	Catering and Cleaning	Increased income from school catering and public convenience services	Fees and Charges	25,500	
HE&S-E02	Highways and Environmental Services	Highways	Increased income from streetworks charges along with straffing restructure	Fees and Charges	26,000	
HE&S-E03	Highways and Environmental Services	Waste	Increased income from garden waste, bulky waste and trade waste services. Review of HRC waste treatment cost.	Fees and Charges	102,200	
HE&S-E04	Highways and Environmental Services	Streetscene	Increased income from Cemeteries and roundabout sponsorships	Fees and Charges	18,000	
HE&S-E05	Highways and Environmental Services	Street Lighting	Increased income from external work along with savings from reduction in service fleet requirements	Fees and Charges	20,000	
HE&S-E06	Highways and Environmental Services	Fleet and Service Improvement	Increased income from external customers	Fees and Charges	15,000	208,700
LHR&D-E01	Legal, HR and Democratic Services	Legal Services Income	Review of fees and charges for externally funded legal work	Fees and Charges	5,000	
LHR&D-E02	Legal, HR and Democratic Services	Registrars Fee Income	Review of discretionary fees and charges for registrars' services such as weddings etc.	Fees and Charges	5,000	
LHR&D-E03	Legal, HR and Democratic Services	Service Wide	Budget alignment exercise	Technical Budget Reduction	15,000	26,000
PPP-E01	Planning and Public Protection	Increased parking tariffs	Increased tariffs at Loggerheads, Moel Farnau and Llantysilio	Fees and Charges	50,000	
PPP-E02	Planning and Public Protection	Pias Newydd - Admissions	Increased admission price for adults at Pias Newydd to £7	Fees and Charges	1,500	
PPP-E03	Planning and Public Protection	Price Increases Pias Newydd shop and tea rooms	10% increase in pricing	Fees and Charges	7,500	
PPP-E04	Planning and Public Protection	Management Budget Efficiency	Savings already achieved in year	Technical Budget Reduction	14,000	
PPP-E05	Planning and Public Protection	Increased Building Control Fees	Income has increased through an increase in fees and also take up of the service	Fees and Charges	30,000	103,000

App 3 continued

REF	SERVICE	TITLE	Description	Category	SAVING 2023/24 £	
F&P-E01	Finance and Property	Efficiencies within Property	A number of small efficiencies already achieved in year - budget now held in management codes	Technical Budget Reduction	13,500	
F&P-E02	Finance and Property	Finance Budget Re-alignment	Re-alignment following bringing in of Civica and changes to staffing arrangements due to retirements	Technical Budget Reduction	45,500	68,000
CSS-E02	Community Support Services	Right Sizing Care and Support	Review existing packages of care through 'right-sizing' e.g. reducing the number of double-handed care calls and increasing our use of Micro-Providers and volunteers.	Service Change	327,717	
CSS-E03	Community Support Services	Review of Telecare Charging	The monthly fee for Telecare has remained static for a number of years, a review of the costs and monthly charges will be completed, a rise from £15 to £17 per month for example will generate additional income of £55K	Fees and Charges	55,000	382,717
BIM-E01	Business Improvement and Modernisation	Increase in daily recharge rate for Project Management	The daily recharge rate for Corporate Project Management has not increased in quite a number of years. It is proposed to increase the rate from £250 to £284 per day. This daily rate will support the team of 7 PMs plus the Lead Project Manager.	Fees and Charges	18,000	
BIM-E02	Business Improvement and Modernisation	Increase charges for Archives services and materials	Increase the charges for have not been reviewed or increased for many years doing so now will yield a relatively low sum.	Fees and Charges	1,800	
BIM-E03	Business Improvement and Modernisation	Shared Archives Service	Reduce budget in line with budget savings set by Flintshire for their contribution to the shared service. Likely to be achieved by reviewing current vacancies.	Service Change	7,200	27,000
						981,313

Appendix 4

Council Tax Sensitivity Analysis

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	58,734	0	
	0.50%	7.18	1,443.94	59,028	294	
	1.00%	14.37	1,451.13	59,322	588	
	1.50%	21.55	1,458.31	59,616	882	
	2.00%	28.74	1,465.49	59,910	1,176	
	2.50%	35.92	1,472.68	60,204	1,470	
	2.75%	39.51	1,476.27	60,351	1,617	
2022/23 Increase	2.95%	42.38	1,479.14	60,468	1,734	-500
	3.00%	43.10	1,479.86	60,498	1,764	
	3.25%	46.69	1,483.45	60,645	1,911	
15 Year Average	3.31%	47.56	1,484.31	60,680	1,946	-288
	3.50%	50.29	1,487.04	60,792	2,058	
7 Year Average	3.77%	54.17	1,490.92	60,950	2,217	-18
Current Assumption	3.80%	54.60	1,491.35	60,968	2,234	
	4.00%	57.47	1,494.23	61,086	2,352	
2020/21 Increase	4.30%	61.78	1,498.54	61,262	2,528	294
4 Year Average	4.35%	62.50	1,499.26	61,291	2,558	323
	4.50%	64.65	1,501.41	61,380	2,646	
	5.00%	71.84	1,508.60	61,674	2,940	
	5.50%	79.02	1,515.78	61,968	3,234	
	6.00%	86.21	1,522.96	62,261	3,528	
2019/20 Increase	6.35%	91.23	1,527.99	62,467	3,733	1,499
	6.50%	93.39	1,530.15	62,555	3,822	
	7.00%	100.57	1,537.33	62,849	4,116	