

Report to	Governance and Audit Committee
Date of meeting	22 nd November 2023
Lead Member / Officer	Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets
Report author	Liz Thomas, Head of Finance and Audit
Title	Budget Process Update

1. What is the report about?

The report sets out the revised financial position as outlined to Members and progress on the budget strategy for setting the budget for 2024/25.

2. What is the reason for making this report?

2.1 To update the committee on the budget strategy agreed by Cabinet for setting the budget for 2024/25.

3. What are the Recommendations?

3.1 To note and consider the budget strategy agreed by Cabinet for setting the budget for 2024/25.

4. Report details

4.1 Summary of information shared at the June Governance and Audit Committee

- Summary 2023/24 budget setting position
- Updated Budget Projections for 2024/25 to 2026/27 including low, medium and high range forecasts. This showed a worst-case scenario of a £28.3m gap for 2024/25 alone, assuming a 3% settlement and a Council Tax increase of 3.8% are taken into account. Noted the 2024/25 budget will be set in a

period of prolonged high inflation and a return to funding settlements well below inflation a situation the Council has not experienced before. Planning had begun to reduce projected net expenditure by c£20m.

- The key areas to contribute to the Budget Strategy for 2024/25, including the Communications Strategy.

4.2 Summary of the current position and progress as at November

A summary of the position and the budget process is contained in Appendix 1, which was shared with all Members in October. A summary of the current financial position is outlined below:

- We are still assuming a 3% increase in Revenue Support Grant – this is not guaranteed and will be affected by budget decisions taken by UK and Welsh Governments.
- Council Tax has been increased to the middle of the forecast at 7%. It is important to note that this is a planning figure but has not yet been agreed and will involve further consultation.
- After both Council Tax and the Revenue Support Grant have been taken into consideration the current gap stands at £15.5m.
- Saving proposals totalling £8m have been identified to date. Many of these will involve reductions to services and will be subject to consultation and further development before any final decision is reached by Cabinet.
- This leaves a remaining gap of approximately £7.5m.

The savings proposals will be shared with Members after they have been reviewed by the Cabinet/CET Budget meetings. There are two all Council Workshops in the diary before Christmas and further specific workshops will also be arranged as necessary.

4.3 Wellbeing Impact Assessment

The Well-being of Future Generations Act 2015 places a Sustainable Development Principle on public bodies. This means that public bodies need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future. Our Well-being Impact Assessment (WIAs) process enables these considerations to be recorded and taken into account. Budget savings proposals that were of significant impact are tabled for discussion with CET and Cabinet through autumn/winter 2023-24. Upon being progressed each

Head of Service are asked to complete a full Well-being Impact Assessment to support understanding more fully the impact of the reduction in service and develop further the possible mitigations.

All assessments will be collated and reviewed by strategic planning and performance officers to highlight any themes and patterns emerging and to provide CET and Cabinet with regular updates on the aggregate impact in respect of each of the well-being goals and whether the savings were disproportionately affecting any particular protected group. This will be collated to form an overall WIA regarding the impact of necessary budget reduction measures.

It should be noted that this WIA focuses on a high-level aggregation of the combined budget reduction measures. Details of the process are included in Appendix 2

5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas. The proposals include allocations to continue to support both corporate and service priorities.

6. What will it cost and how will it affect other services?

Financial implications will become evident during the implementation phases of the budget strategy.

7. What are the main conclusions of the Well-being Impact Assessment?

A Well-being Impact Assessments for all significant budget savings and Council Tax increase will be developed over the coming months to ensure that decisions are well informed. Please see details at section 4.3.

8. What consultations have been carried out with Scrutiny and others?

As noted above a Communication Strategy has been developed to ensure that the following groups are consulted at the appropriate times: Corporate Governance Committee, SLT, Cabinet, Group Leaders, all Council Members, the School Budget Forum, Trade Unions, our employees, local businesses and our residents.

9. Chief Finance Officer Statement

The aim of the budget process is to ensure that the council delivers a balanced budget. The projections and strategy set out in this report will help ensure that the Council is informed and prepared to set a budget at this challenging time

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10. What risks are there and is there anything we can do to reduce them?

The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way. Budget proposals will need to identify and manage risks specific to those proposals.

11. Power to make the decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.