

Member Briefing on Progress setting the Budget for 2024/25

Key Aspects of Budget Process

- Fees and Charges – services will be expected to increase fees and charges in line with cost inflation in most cases as per the fees and charges policy.
- Major Projects – large scale service changes – services have developed initial ideas which will be initially reviewed by CET for deliverability and Cabinet for political acceptability.
- Non-Strategic savings – services will be expected to continue to deliver smaller scale savings which do not include gradual increments in fees and charges.
- Reduction of areas of overspend – a request for ideas to reduce areas of overspend has also gone out to services – without keeping a tight control of spend in these areas other services will have to contribute more and more savings.
- Council Tax – consideration of the level of Council Tax will need to be undertaken.
- Pressures – Strategic Pressures will continue to be considered when identified – however service will be expected to mitigate the impact of small pressures.
- Staff involvement – staff are being encouraged to engage with the processes within services – however a staff suggestion scheme has been developed.
- Member involvement – a process of capturing the ideas of backbench and political groupings has been developed including ensuring that detailed budgets are available for members to use in their deliberations.
- CET Lead – CET will lead on driving the significant projects forward.
- Communications Plan - A formal plan has been developed and agreed

Progress so Far

- Initial consultation taken place with:
 - SLT – monthly updates
 - Cabinet – monthly updates – and specific briefings
 - Cabinet / CET Budget meetings twice a from September to January
 - Trade Unions – latest update provided 4th October
 - School Budget Forum – in July and October
 - Full Council Briefings held in July and October on the full Budget Process – next ones are scheduled for November and December – further updates planned as appropriate
 - Meetings with political groups planned for November to discuss suggestions
 - Governance and Audit Committee – June and November
- A Staff Suggestion Scheme was undertaken during September and we had over 150 responses – these have been being analysed and presented for initial considerations to a Cabinet / CET Budget Meeting. They have also been shared with SLT in help inform service savings. Work is on-going to develop the savings proposals.
- A Member Suggestion Scheme was launched in Mid-October which is due to close on 1st December.
- The following changes and risks should be noted:
 - Detailed Social Services pressures paper due towards the end of November once we have a better idea of level of care fees
 - Significant additional pressures may be identified during the autumn – examples include social care fees (annual review currently taking place) and in year overspends could present.
 - Detailed modelling has been concluded on the grading pressure (which is due to the need to modernise our grades in response to the above inflation increases in National Living Wage) and will be considered at the next CET / Cabinet budget meeting.
 - WG Settlement figures are still based on the indicative settlement announced last year – **all indications are that, unlike in previous years, next year's indicative settlement will not increase. This is not guaranteed and will be**

dependent on budget decisions taken by UK and Welsh Governments.

- Any cash reserves used to balance the budget in 2024/25 does not solve the underlying issues of savings needing to be found, it simply buys more time to find those savings. The result is an increase in the pressures, and savings that need to be found, to balance the 2025/26 budget – but due to the scale of the challenge that we face some element of use of reserves is likely to be necessary.
- 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. Schools have been notified of a savings target of between 2-4%, but to plan for 3% (after inflation).
- Savings proposals identified by services, classed as Major Projects, are being reviewed by CET in the first instance and, following additional work, taken to the Cabinet / CET two-weekly budget meetings for initial consideration. If Cabinet / CET decide to take the proposal to the next stage it is developed further and includes completing a full Wellbeing Impact Assessment before any final decision is taken by Cabinet at a future date. This will need to include consultation with relevant stakeholders including all Members, employees, trade unions, partner organisations etc, so they have the opportunity to provide feedback before Cabinet makes its decision. Initial confidential lists of savings proposals have been circulated to all Members.
- The current Medium Term Financial Plan is shown below. This includes the figures as presented in the MTFS and in the Council Briefing in July, but with the addition of a latest estimate column. It shows a significant gap at the moment of £15.5m:

MTFS Summary	Forecast 2024/25			Latest Est. 2024/25 Jul-23 £m
	Low £m	Medium £m	High £m	
Pay Pressure	4,000	5,000	6,000	5,000
Pay Grades Pressure	4,000	6,500	9,000	6,500
Price Inflation (inc Energy)	550	2,500	4,000	1,000
CTRS	350	650	950	350
Fire Levy	100	350	600	500
Social Services	2,000	3,000	4,000	4,000
Childrens Services	2,000	2,500	3,000	2,000
Schools Inflation	4,000	5,000	6,000	6,000
Schools Demography	350	600	800	222
Investment in Priorities	500	500	500	500
Additional Service Pressures	1,000	1,500	2,000	0
Total Pressures	18,850	28,100	36,850	26,072
Increase in Revenue Support Grant	-5,641	-5,641	-5,641	-5,641
Council Tax Increase	-2,952	-4,980	-6,881	-4,980
Total Increase in Revenue	-8,593	-10,621	-12,522	-10,621
Annual Budget Gap	10,257	17,479	24,328	15,451

The following points should be noted:

- The gap of £15.5m assumes the medium forecast Council Tax increase of 7%. It is important to note that this is a planning figure, it has not been agreed and will require further consultation. If this is lowered it obviously increases the gap.
- Savings proposals that have been identified and are currently categorised as set out below:
 - Major Projects – these are significant projects for either reducing expenditure or generating additional income. We understand that some of these will be difficult to deliver.
 - Non-Strategic Savings – Lead Member / Head of Service decision
- The table below summarises the current estimates – the reduction of £1m reflects the impact of ongoing work and challenge of the savings:

Savings Proposals Identified:	£m
Major Projects (Category A's)	4,452
3% Schools Savings	2,700
Non-Strategic Savings (Categories B's and C's)	1,766
Adjustments	-1,000
	7,918
Estimated Budget Gap	15,451
Remaining Budget Gap	7,533

- **It is important to note that even if all the savings above are deliverable and are approved this still leaves a gap of around £7.5m.**

Next Steps...

The timetable / key dates for the rest of the budget process is shown below. These are the dates that are currently in the diary further meetings will be arranged as appropriate:

Date	Description	Comments
September	Staff Suggestion Scheme	Complete - due to come to Cabinet/CET on the 24th October
6th September	Cabinet CET Budget Meeting	
19th September	Cabinet CET Budget Meeting	
4th October	Trade Union Briefing	
5th October	Cabinet CET Budget Meeting	
24th October	Cabinet CET Budget Meeting	
Oct - end November	Member Budget Proposals Scheme	Aim to send out Friday October 6th
November	Lead Member and S151 Meet Group Leaders	
9th November	Cabinet CET Budget Meeting	
16th November	Council Workshop	
21st November	Cabinet CET Budget Meeting	
22nd November	UK Government Budget Announced	
5th December	Council Workshop	
8th December	Cabinet CET Budget Meeting	
19th December	Welsh Government Budget Announced	
19th December	Cabinet CET Budget Meeting	
20th December	Local Government Settlement Announcement	
12th January	Cabinet CET Budget Meeting	
23rd January	Cabinet	Usually get Budget agreed at January meeting
30th January	County Council	Usually get Budget agreed at January meeting
30th January	Cabinet CET Budget Meeting	
27th February	County Council	Council Tax Setting Report