

COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 7 th February 2024
Report Subject	Council Fund Budget 2024/25
Cabinet Member	Cabinet Member for Housing and Regeneration Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value & Procurement
Report Author	Corporate Finance Manager and Chief Officer (Housing and Communities)
Type of Report	Strategic

EXECUTIVE SUMMARY

Since last summer Members have received regular updates on the Council's challenging budget position for the 2024/25 financial year.

The Welsh Local Government Provisional Settlement was announced on 20 December 2023 as planned, with responses to the consultation on the settlement invited by the deadline of 2 February 2024. A summary of the key headlines was set out in a report to Cabinet on 16 January. The report also provided an update on the 'remaining gap' of £12.946m which the Council will need to bridge to enable it to set a legal and balanced budget.

As a result of this position, all Portfolios were asked to revisit their cost base to consider potential ways of reducing budgets or removing cost pressures to contribute more to meeting the remaining gap.

The purpose of this report is to provide details of additional proposals for the Housing and Communities portfolio.

The Committee is invited to review and comment on the Portfolio's options to reduce budgets.

RECOMMENDATIONS

1	Review and comment on the Housing and Communities portfolio's options to reduce budgets.
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REPORT DETAILS

1.00	EXPLAINING THE BUDGET POSITION 2024/25														
1.01	Since last summer Members have received regular updates on the Council's challenging budget position for the 2024/25 financial year.														
1.02	<p>The Welsh Local Government Provisional Settlement was announced on 20 December 2023 as planned, with responses to the consultation on the settlement invited by the deadline of 2 February 2024. A summary of the key headlines were set out in a report to Cabinet on 16 January which also updated on the 'remaining gap' of £12.946m which the Council will need to bridge to enable it to set a legal and balanced budget.</p> <p>As a result of this position, all Portfolios were asked to revisit their cost base to consider potential ways of reducing budgets or removing cost pressures to contribute more to meeting the remaining gap.</p>														
1.03	The purpose of this report is to provide details of additional proposals for the Housing and Communities Portfolio that will go towards meeting the gap to enable the Council to set a legal and balanced budget.														
1.04	<p>Housing and Communities Portfolio – Proposals for budget reductions</p> <p>These are set out in the paragraphs which follow.</p>														
1.05	<p><u>Table 1: Housing and Communities – Budget Reductions</u></p> <table border="1"> <thead> <tr> <th>Budget Efficiency Proposals</th> <th>£m</th> <th>RAG</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td>Council Tax Reduction Scheme (CTRS) - use of reserve</td> <td>0.254</td> <td>A</td> <td>1.</td> </tr> <tr> <td>Total</td> <td>0.254</td> <td></td> <td></td> </tr> </tbody> </table> <p>Notes:</p> <p>Use of reserves on a one-off basis for 2024/25 only. The reserve funds to be utilised arose from the carry forward of previous year underspends against budget provision for CTRS. This will significantly increase the amount required for 2025/26 which will be further influenced by the level of increase in the Council Tax for 2024/25, potential growth (or reduction) of eligible take-up between now and the end of March 2026, and the level of Council Tax increase for 2025/26.</p>			Budget Efficiency Proposals	£m	RAG	Note	Council Tax Reduction Scheme (CTRS) - use of reserve	0.254	A	1.	Total	0.254		
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1.06	<p>Ongoing risks - Homelessness:</p> <p>As previously reported there is an additional amount of £2m in the current 2024/25 budget proposals. Due to continued high and growing demand however,, there is a significant risk that this amount will still be insufficient to meet potential additional costs..</p>														

	<p>This is despite the adoption and ongoing implementation of a range of mitigation measures intended to increase the supply of available social housing with a view to reducing the number of rooms of emergency accommodation needed to accommodate homeless persons and families.</p> <p>This area will therefore need to remain as a significant open risk with sufficient reserves set aside as a safeguard.</p>								
1.07	<p>Budget Timeline</p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><u>Table 2: Budget Timeline</u></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>1 to 9 February 2024</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>20 February 2024</td> <td>Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td>27 February 2024</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	1 to 9 February 2024	Overview and Scrutiny Committees	20 February 2024	Cabinet and Council – Final Budget Setting	27 February 2024	WG Final Budget/Settlement
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: the revenue implications for the 2024/25 budget are set out in the report.</p> <p>Capital: there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<ul style="list-style-type: none"> • Cabinet • Member Budget Briefings July and October 2023 • Specific Overview and Scrutiny Committees • Corporate Resource Overview and Scrutiny Committee Meetings

4.00	RISK MANAGEMENT
4.01	As set out in the report.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • MTFS and Budget 2024/25 Cabinet Report July 2023 • MTFS and Budget 2024/25 Cabinet Report September 2023 • Member Briefing Slides • Cabinet Report December 2023 • Cabinet Report January 2024 • Member Briefings January 2024

7.00	GLOSSARY OF TERMS
7.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Budget Requirement: The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p>Forecast: An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p>Capital: Expenditure on the acquisition of non-current assets or expenditure which extends the useful life of an existing asset.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which</p>

each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.