



Council Fund Budget 2024/25 Final Closing Stage

Cabinet and Council
20 February 2024



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Setting a Legal and Balanced Budget

- » The duty to set a legal balanced budget is for Council as a collective (a reserved matter)
- » **Legal:** all budget proposals are within our powers
- » **Balanced:** income and planned cost reductions combined match planned and expected expenditure
- » **Risk Balance:** not overloading the budget with risks e.g. speculative or imprecise/un-costed budget proposals
- » **Implementation:** proposals have realistic timescales
- » **Provisions:** sufficient financial set-aside for main risks
- » **Advice and Opinions:** statutory roles of the S151 Officer and the Chief Executive in advising Council

The Journey so far... (Part 1)

- » In July last year an additional budget requirement of £32.222m was forecast for the 2024/25 financial year – 2 Member Briefings were also held in July
- » The additional budget requirement had increased to £32.386m by September to reflect changes to a small number of cost pressures – the revised position was referred to relevant OSC's in October
- » A further increase to £33.187m was reported in December with proposed funding solutions of £22.097m - this left a remaining 'budget gap' of £11.090m prior to receipt of the Welsh Local Government Provisional Settlement

The Journey so far...(Part 2)

- » A further update was provided in January taking into account the financial impacts of the Welsh Local Government Provisional Settlement which was received on 20 December
- » The position in December assumed an uplift from Welsh Government of 3.1% - the uplift for Flintshire was 2.2% and £1.725m lower than anticipated
- » This and an increased requirement for NDR increased the amount remaining to be found to £12.946m.
- » Portfolios were tasked with finding additional cost reductions – these were considered at two member workshop at the end of January and OSC's in early Feb



Further Changes to the Additional Budget Requirement 2024/25



Homelessness Demand

- » Continuation of high and increasing demand for temporary accommodation to meet statutory obligations
- » Initial budget requirement included an additional £2m
- » Demand has increased throughout 2023/24 and this amount is anticipated to fall short based on current levels
- » Options to reduce cost are being explored but it is difficult to predict the impact for 2024/25
- » An additional pressure of £0.500m has been included in the budget requirement to help mitigate this in part
- » Recommended that a ring-fenced reserve to be set aside to mitigate any further in-year impact until the full effect of the new options are known

Out of County Placements

- » The Council is continuing to experience an increase in the numbers and complexity of children that require support from the Out of County Placement Budget
- » The initial budget requirement included an additional £0.500m
- » Current projections for 2023/24 show a projected overspend of £1.6m based on current demand levels
- » Therefore an additional £1m has been included in the budget requirement bringing the total to £1.5m
- » No additional budget is included for any increase in the number of children supported and this is an open risk for the 2024/25 budget and further evidence of the need for the ringfenced reserve

Additional Budget Requirement 2024/25

Remaining Gap	£m
Remaining Additional Budget Requirement 2024/25	12.946
Additional Pressures:	
Homelessness Demand	0.500
Out of County Placements	1.000
Revised Remaining Gap	14.446



Budget Solutions 2024/25



Aggregate External Finance (AEF) (1)

- » Provisional Settlement - uplift of £5.560m (2.2%) included in previously reported solutions
- » UK Government announcement in January to increase funding to Local Authorities in England by £600m
- » Welsh Government Consequential expected to be £25m and confirmation received of:
 - » Reversal of Social Care Workforce Grant reduction of £10.6m
 - » Remaining amount of £14.4m to be allocated to the Revenue Support Grant at Final Settlement stage
- » Estimate for us based on SSA is £0.675m - considered reasonable to include in our funding estimates

Portfolio Cost Reductions (2)

- » Due to the disappointing provisional settlement, all portfolios were tasked with finding further cost reductions (taking up to 7.5%).
- » The additional options for cost reductions were considered at Overview and Scrutiny meetings held in February and following specific feedback the following amendments have been made:
 - Removal of the bus subsidy cost reduction (£0.510m)
 - Removal of the Food Waste Charging proposal (£0.010m)
 - Removal of the waste collection frequency proposal (£0.274m)
 - Removal of cost reductions on Connects Centres (£0.100m)
 - Removal of Public Conveniences proposal (£0.078m)
 - Removal of Modern Apprentice proposal (£0.138m)
 - Total additional portfolio cost reductions of £3.552m.

Schools – Cost Reductions (3)

- » Schools' Budget is the largest in the Council and a 3% reduction on delegated school budgets is required which provides a contribution of £3.273m
- » A reduction in the numbers of pupils has led to a further adjustment of £0.675m for demography
- » Energy costs and employer pension contributions will also reduce in 2024/25 and have also been included
- » Removal of the contribution of £0.750m to assist schools in deficit in 2024/25. Anticipated to be one off but will be reviewed for subsequent years
- » Budget still provides an uplift of £3.995m for schools

Other Cost Reductions (4)

- » Social Care Commissioning Costs – reduction of £1.686m in the overall pressure due to the inclusion of a more prudent uplift
- » The final North Wales Fire and Rescue Authority Levy has now been confirmed - provides a further reduction of £0.197m
- » There has been a further reduction of £0.010m following a review of borrowing costs

Council Tax (5)

- » Overall annual increase of 8% is required on council tax for Council Services and 1.1% for additional contributions to North Wales Fire and Rescue Service and the Regional Coroners Service - overall uplift of 9.1% which provides an additional yield of £9.072m
- » This amounts to an annual increase of £138.44 per annum and brings the amount to £1,659.77 on a Band D equivalent (£2.66 per week)
- » The Police Precept and Town and Community Council Precepts for 2024/25 have all been notified to the Council as the Council Tax collection authority. The overall impact is set out later in the presentation

Final Proposed Solutions



Summary of Proposed Solutions	£m
Revised Additional Budget Requirement	14.446
Add back previously reported:	
Council Tax Assumption in Solutions	5.431
Adjusted Efficiency from September Options	0.003
Adjusted Efficiency at Final Stage (Previously in September)	0.010
Amount Required to Balance Budget	19.890
Less:	
Additional Contribution from Schools	(4.698)
New Portfolio Cost Reductions (including removal / reduction of pressures)	(3.552)
Commissioning Fees	(1.686)
Reduced Borrowing Costs	(0.010)
Additional Reduction in Fire Levy	(0.197)
Amount Remaining to Balance Budget	9.747
Council Tax (9.1%)	9.072
Additional Welsh Government AEF	0.675
Amount Remaining	0.000

Other Budget Option (1)

Proposed Changes	£m
<u>Included in both options</u>	
Remove Bus Subsidy reduction	0.510
Remove Waste Frequency reduction	0.274
Remove Connects changes proposal	0.100
Remove Public Conveniences reduction	0.078
Remove Food Waste Charging proposal	0.010
<u>Not included in other option</u>	
Remove Black Bin Fee proposal	0.040
Remove Car Parking Charges proposal	0.038
Remove Compost Charging proposal	0.010
Remove Garden Waste Charging proposal	0.002
Transfer to Reserves	<u>0.436</u>
Overall Total	1.498

Other Budget Option (2)

- » Proposal requires the utilisation of the additional Welsh Government AEF and an overall Council Tax Increase of 9%
- » Main difference between options is that there is a contribution to Reserves of £0.436m within this option to safeguard against risks, whereby the other option includes an additional £0.500m directly allocated to the homelessness budget
- » This option also still assumes the cost reduction of £0.138m for Modern Apprentices – adding this back in would require an increase in the Council Tax uplift to 9.1% together with a reduction to the transfer of reserves of £0.026m to £0.410m
- » It is considered that the above proposal does amount to a valid legal and balanced option



Council Tax 2024/25



Bridging the Additional Budget Requirement

- » Overall annual increase of 8.0% is required on council tax for Council Services and 1.1% for additional contributions to the North Wales Fire and Rescue Service and the North-East Wales Coroners Service Overall uplift of 9.1% (or potentially 9.0%) which provides an additional yield of £9.07m in 2024/25.
- » Based upon a 9.1% uplift, this amounts to an annual increase of £138.44 per annum and brings the amount to £1,659.77 on a Band D equivalent (£2.66 per week)
- » Based upon a 9.0% uplift, this amounts to an annual increase of £136.92 per annum and brings the amount to £1,658.25 on a Band D equivalent (£2.63 per week)
- » Total FCC precept (at 9.1%) will be £109,679,261
- » Total FCC precept (at 9.0%) will be £109,578,818

Band D Charges – at 9.1%

Band D Charge	2024/25 £	Annual Difference £	Monthly Difference £	Weekly Difference £
Flintshire County Council (at 9.1%)	1,659.77	138.44	11.54	2.66
North Wales Police & Crime Commissioner	349.65	16.56	1.38	0.32
Town & Community Councils	54.56	2.58	0.22	0.05
Total Band D Charge	2,063.98	157.58	13.13	3.03

Analysis of Band D Charges – at FCC of 9.1%

Band D Charge	2024/25 £	2023/24 £	Difference £	Difference %
Flintshire County Council	1,659.77	1,521.33	138.44	9.10
North Wales Police & Crime Commissioner	349.65	333.09	16.56	4.97
Town & Community Councils	54.56	51.98	2.58	4.97
Total Band D Charge	2,063.98	1,906.40	157.58	8.27

Band D Charges – at 9.0%

Band D Charge	2024/25 £	Annual Difference £	Monthly Difference £	Weekly Difference £
Flintshire County Council (at 9.0%)	1,658.25	136.92	11.41	2.63
North Wales Police & Crime Commissioner	349.65	16.56	1.38	0.32
Town & Community Councils	54.56	2.58	0.22	0.05
Total Band D Charge	2,062.46	156.06	13.01	3.00

Analysis of Band D Charges – at FCC of 9.0%

Band D Charge	2024/25 £	2023/24 £	Difference £	Difference %
Flintshire County Council (at 9.0%)	1,658.25	1,521.33	136.92	9.0
North Wales Police & Crime Commissioner	349.65	333.09	16.56	4.97
Town & Community Councils	54.56	51.98	2.58	4.97
Total Band D Charge	2,062.46	1,906.40	156.06	8.19%

Analysis of Band D Charges

	Charge £	Increase %
Flintshire's Band D Charge	1,659	9.1
Wales Average	1,671	8.1
Difference	-12	1.0
Comparative English Council Average	1,813	5.0
Difference	-154	4.1

Funding v Council Tax Increases

Unitary Authority	2023-24 Final AEF	2024-25 Provisional AEF	Percentage difference (highest to lowest)	Rank
Newport	289,306	302,973	4.7%	1
Cardiff	594,712	618,959	4.1%	2
Swansea	417,588	433,590	3.8%	3
Denbighshire	187,785	194,744	3.7%	4
Merthyr Tydfil	118,886	122,923	3.4%	5
Torfaen	172,265	177,989	3.3%	6
Carmarthenshire	338,439	349,441	3.3%	7
Wrexham	224,722	231,963	3.2%	8
The Vale of Glamorgan	202,631	208,896	3.1%	9
Bridgend	250,557	257,978	3.0%	10
Powys	228,558	234,940	2.8%	11
Neath Port Talbot	276,915	284,624	2.8%	12
Rhondda Cynon Taf	471,049	484,112	2.8%	13
Ceredigion	129,341	132,715	2.6%	14
Blaenau Gwent	139,809	143,433	2.6%	15
Pembrokeshire	212,626	217,999	2.5%	16
Isle of Anglesey	123,866	126,973	2.5%	17
Monmouthshire	122,561	125,355	2.3%	18
Caerphilly	340,037	347,726	2.3%	19
Flintshire	251,959	257,555	2.2%	20
Gwynedd	227,541	232,092	2.0%	21
Conwy	198,736	202,710	2.0%	21
Total unitary authorities	5,519,889	5,689,689	3.1%	

Unitary Authority	Council Tax Increase Percentage (highest to lowest)	Rank
Pembrokeshire	16.3%	1
Ceredigion	13.9%	2
Isle of Anglesey	10.9%	3
Wrexham	10.0%	4
Conwy	9.7%	5
Bridgend	9.5%	6
Denbighshire	9.3%	7
Gwynedd	9.2%	8
Flintshire	9.1%	9
Newport	8.5%	10
Neath Port Talbot	7.9%	11
Carmarthenshire	7.5%	12
Powys	7.5%	12
Monmouthshire	7.5%	12
Caerphilly	6.9%	15
The Vale of Glamorgan	6.7%	16
Swansea	6.0%	17
Torfaen	5.0%	18
Blaenau Gwent	5.0%	18
Rhondda Cynon Taf	4.9%	20
Merthyr Tydfil	4.7%	21
Cardiff	3.0%	22
Total unitary authorities	8.1%	



Schools and Social Care Budgets



Schools' Budget 2024/25 (1)

» Net uplift for Schools' Budget of £3.995m (3.5%):

Pressures / Cost Reductions	£m
Teachers Pay Awards (2023/24 & 2024/25)	5.295
Non-teaching Pay Awards (2023/24 & 2024/25)	2.751
NDR Transitional Rate Relief (Schools Element)	0.065
NDR Multiplier Increase 5% (Schools Element)	0.082
Free School Meals (Term Time)	0.615
Inclusion and Progression - Specialist Mobile Classroom Provision	0.167
Total Increase in Schools Budget	8.975
Less:	
Energy (Reduction in cost)	(0.600)
Demography (Reducing Pupil Numbers)	(0.675)
Schools share of the triennial actuarial review of the Clwyd Pension Fund	(0.432)
3% budget reduction	(3.273)
Total Net Uplift to School Budgets 2024/25	3.995

Schools' Budget 2024/25 (2)

- » In addition to the above the Council will not be able to make its contribution of £0.750m to assist schools in deficit in 2024/25
- » Anticipated this will be for 2024/25 only
- » This will be revisited as part of the work on the 2025/26 budget
- » Increase for employer Teacher Pension contributions from April (5%) is excluded – Expectation that this is to be fully funded by UK Government

Social Care Funding 2024/25

- » Net uplift for Social Care of £7.374m (7.4%) as set out below:

Pressures / Cost Reductions	£m
Social Care Pay Awards (2023/24 & 2024/25)	2.668
Social Care Commissioning Costs	3.451
Out of County Placements	1.125
Transition to Adulthood	0.840
Childrens Services Group Homes	0.400
NEWCES Contribution Increase	0.030
Increased Homecare Capacity	0.100
Social Worker Pay Review	0.115
Newydd and EDT Inflationary Pressures	0.130
Less 2024/25 Portfolio Cost Reductions (including removal of pressures)	(1.040)
Social Care share of the triennial actuarial review of the Clwyd Pension Fund	(0.445)
Total Net Uplift to Social Care Budgets 2024/25	7.374

Open Risks



Open Risks in 2024/25 (1)

- » Potential Annual Pay Awards negotiated higher for 2024/25 and impact of any in year pay modelling
- » Waste Recycling – Infraction Charges
- » Further increases in demand for Out of County Placements
- » Further increases and / or continuation of current demand for temporary accommodation within Homelessness Service

Reserves



Un-Earmarked Reserves (1)

- » Base level is “last line of defence” and has not been increased from £5.769m for some time
- » A balance of £3.212m is remaining in the Emergency Fund which was set aside to meet the ongoing risks of the pandemic
- » Recommended that this is transferred to Base Level Reserves to increase it to £8.981m (2.44% of proposed net 2024/25 budget)
- » Level of unearmarked reserves over and above the Base Level is referred to as the Contingency reserve
- » Projected to be £5.018m at year end based on the Month 9 2023/24 revenue budget monitoring report

Un-Earmarked Reserves

- » Budget proposals within the report also utilise £0.172m of unearmarked reserves for one off pressures and to temporarily bridge the gap of a part year cost reduction proposal
- » In view of the significant risks regarding Homelessness and Out of County Placements, a budget risk reserve of £3m will be ringfenced to provide temporary safeguard whilst options to reduce costs are developed
- » Taking all of the above into account, this would leave a projected contingency reserve of £1.936m
- » Important to retain and build reserves as much as possible to safeguard against open risks and for the medium term in the light of the reduced settlements in 2025/26 and 2026/27



Earmarked Reserves

- » Set aside for specific purposes
- » Regularly reviewed and reported as part of the budget monitoring process under our Reserves and Balances Protocol
- » Appendix 7 of the report lists the reserves to be retained for known future commitments or to mitigate known risks
- » They will be kept under review as and be subject to continual challenge as part of Medium-Term Financial Strategy (MTFS) planning
- » We have one of the lowest reserve levels in Wales

Formal Advice on Reserves

- » Section 25 of the LGA 2003 places a specific duty on the CFO to formally advise Council when considering its budget
- » There are some significant open risks before the Council as we enter 2024/25 and the future is very uncertain due to the current economic situation and the future funding position of Welsh Government
- » The use of reserves of £0.172m is to support one off pressures and temporarily bridge a cost reduction proposal for 2024/25 only
- » The increase in the base level reserve will provide greater resilience for the Council going forward
- » The Budget Risk reserve is in place to provide a temporary safeguard whilst options that have been put in place to reduce external costs become effective
- » Recommend that the Council increases its base level of reserves and safeguards the Contingency Reserve and Risk Reserve

Professional Opinions and Concluding Remarks

Professional Opinions

Section 151 Officer/Corporate Finance Manager:

Setting a budget whilst the Council faces inflationary increases outside of its control is challenging. This together with the disappointing provisional settlement for 2024/25 and the ongoing economic volatility has posed significant financial challenges which will continue; the budget also includes some significant open risks around pay, homelessness, and Out of County Placements together with pressures and demands across all services; The outlook for future years is particularly concerning and we need to start planning immediately to meet the challenges arising from indicative funding settlements; it is essential to protect the Contingency and Risk Reserves to safeguard against these risks; the recommended budget represents a balanced risk based approach within resources available

Professional Opinions

Chief Executive:

The budget has been built-up according to our adopted budget-setting model; we have taken a prudent and balanced approach as required by law and the principles of good governance; the poor settlement by WG created increased challenge and risk; significant open risks remain to be managed and we will again need to adopt ongoing fiscal control in 2024/25; if we are to effectively respond to anticipated future reduced financial settlements, it will require increased emphasis on service transformation and cost reduction.

Conclusions

- » The Council is able to set a legal and balanced budget today based on the recommendations of Cabinet and the advice of officers
- » We have been successful in protecting all services at a safe level whilst meeting known cost pressures and protecting our priorities e.g. schools and social care
- » The recommended Council Tax increase allows us to balance additional responsibilities with risk whilst remaining focussed on the medium term
- » The overall increase of 9.1% means that the overall Band D charges for Flintshire is expected to be marginally lower than the Welsh average. At 9.1%, Flintshire will also be setting the lowest % uplift across the North Wales region.
- » We should not draw upon reserves to fund recurring expenditure as it is unsustainable



Looking Forward

Medium Term Forecast

Minimum Budget Requirement * Estimate	2025/26 £m	2026/27 £m
Pay Inflation	11.172	11.783
Non Pay Inflation	2.442	2.223
Social Care	8.490	8.025
Other Known Costs Pressures	6.147	0.733
Totals	28.251	22.764

Professional Advice – The Future

- » Welsh Government have not included any indication of all Wales revenue allocations for 2025/26 onwards
- » We will need to consider further service change and efficiencies over the medium term as inflationary and service demand will inevitably exceed the resources available.
- » Early planning for 2025/26 - 2026/27 is essential and underway

Next Steps and Timelines

- » **Today:** Final budget setting decision including final agreement on the level of Council Tax and passing of the Council Tax Resolution
- » 27th February: Announcement of the Final Welsh Local Government Settlement
- » **Future dates:** UK Government Budget 6th March 2024.

Recommendations for Cabinet

1. Note and approve the revised budget requirement for 2024/25
2. Approve the final proposals for cost reductions which will contribute to the budget
3. Recommend to Council a legal and balanced budget based on the calculations and two options set out in this report
4. Note the significant 'open risks' which remain to be managed
5. That Cabinet recommends an overall annual increase in Council Tax for 2024/25 based on the two options provided
6. Invite Council to pass the formal Council Tax Resolution
7. Note the medium-term forecast



Recommendations for Council

1. To approve a legal and balanced budget on the recommendation of Cabinet
2. To approve the level of Council Tax for 2024/25