



# MTFS and Council Budget 2021/22

Corporate Resources  
Overview & Scrutiny  
November 2020





# Financial Forecast 2021/22



# Financial Forecast for 2021/22

- » Appendix 1 provides a detailed list of cost pressures included in the forecast
- » Forecast minimum requirement significantly increased from the forecast of £9-10m for 2021/22 reported to Council in February
- » This is a forecast and not a budget at this stage
- » It does not become a budget until it is (1) refined (2) choices are made and (3) there are funding solutions
- » The forecast shows a range of possible figures – line by line - from lower to middle to higher
- » All estimates are backed up by *Method Statements*

## Forecast for 2021/22

- » No assumptions are made on local taxation at this point
- » Fees and charges are as now and will be subject to indexation as per the *Council Policy for Fees and Charges*
- » There are no local budget choices presented at this stage
- » There are no efficiencies of scale available to us – the situation has not changed since we set the last annual budget – in fact the opposite is true. We have warned of the need to have safe and resilient services – the experience of the emergency has illustrated what resilience is, and why it is needed

# The Future – What we advised back in February

- » For the Council to be sustainable future local government settlements will need to have in-built minimum 4% annual increases
- » Specific grants need to be stable and index-linked
- » 3 year forward planning by Governments is needed
- » The sustainability of Council budgets will be under serious threat without the above
- » There are no local service choices or corporate financing options of scale remaining
- » Early planning for 2021/22 - 2023/24 underway with an updated forecast planned for May



# Cost Pressures 2021/22



# Summary Totals of Cost Pressures

Summary of Pressures	21 / 22		
	L	M	T
	£m	£m	£m
Prior Year Decisions/Approvals	1.257	1.257	1.257
Income Loss	0.708	0.876	1.261
Legislative/Unavoidable Indexation Pressures	0.576	0.576	0.576
National Resolution Pressures	3.652	4.359	7.079
National Funding Requirement (Pay)	5.787	6.949	8.073
Strategic Decisions	2.444	5.619	9.090
<b>Total Pressures</b>	<b>14.423</b>	<b>19.636</b>	<b>27.336</b>



# Strategic Solutions





# Three Part Solutions and Risk-Taking

- » Service transformations and efficiencies – low possibilities and a realistic minimum £1m assumed as a contribution to the budget gap
- » Taxation and income – up to £5m as a realistic maximum
- » Government funding – high reliance on national RSG and specific grant funding as the predominant solution
- » Taking some ‘open risks’ in-year – on variable cost pressures - with limited budget protection

# National Position and Funding (1)

Welsh Government depended upon to meet the following in full (shown at low estimate levels):-

- » Legislative Cost Pressures: £0.391m
  - » CTRS/Council Tax Collection Levels: £1.772m
  - » Social Care Commissioning: £1.880m
  - » Pay Awards: £5.787m
  - » Total: £9.830m
- » A general uplift in RSG and specific grants is also needed for indexation, a sustainable schools system e.g. ALN and FSM, depleted income e.g. school transport charging, and capital borrowing costs

## National Position and Funding (2)

- » A national survey to capture the sum total of cost pressures across all Welsh Councils has been undertaken through the Welsh Local Government Association (WLGA)
- » The outcome of this work will be analysed and shared with Welsh Government to help support the case for adequate funding uplifts to meet rising inflationary impacts and service demands

# Potential Funding Scenarios

Gap at the Lower Level	14.423	14.423	14.423	14.423	14.423	14.423
Percentage Increase	0%	1%	2%	3%	4%	5%
	£m	£m	£m	£m	£m	£m
RSG	0	1.994	3.988	5.982	7.975	9.969
Efficiencies	1.000	1.000	1.000	1.000	1.000	1.000
Council Tax	0.677	1.550	2.423	3.296	4.169	5.041
<b>Total Potential Funding</b>	<b>1.677</b>	<b>4.544</b>	<b>7.411</b>	<b>10.278</b>	<b>13.144</b>	<b>16.010</b>
<b>Remaining Gap</b>	<b>12.746</b>	<b>9.879</b>	<b>7.012</b>	<b>4.145</b>	<b>1.279</b>	<b>(1.587)</b>

# Budget Timetable

<b>Date</b>	<b>Event</b>
20 October	Cabinet
November	Overview & Scrutiny Committees
8/9 December	WG Draft Budget/Provisional Settlement
15 December	Cabinet
19 January	Cabinet
16 February	Cabinet and Council
2/3 March	WG Final Budget/Settlement

# Support and Challenge Today

- » review of all cost pressures
- » advise on risk-taking on Low, Medium and High budgeting scenarios
- » advise on any efficiency options to explore
- » advise on local taxation policy
- » advise on expectations of Governments
- » advise on messages for public communications