



MTFS and Council Budget 2022/23

Corporate Resources Overview
and Scrutiny Committee

July 2021



Purpose of the Presentation

- » 1. To run through the scale and types of cost pressures identified
- » 2. To discuss some of the Strategic Choices that will need to be made
- » 3. To discuss the approach to Member, Stakeholder and Government engagement

Financial Forecast for 2022/23 – 2024/25

- » Forecast minimum requirement significantly increased from the forecast of £9-10m for 2022/23 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 will show a range of possible figures – line by line - from *lower* to *middle* to *higher*
- » All estimates are backed up by *Method Statements*

Financial Forecast for 2022/23

- » Significant change in the budget estimate forecast requirement for 2022/23 to a target estimate of £16.750m
- » Change due in the main to likely cumulative pay award outcomes for 2021/22 and 2022/23 (circa £5.0m), additional cost pressures in Social Care (£1.4m+) and Education (£2.5m), Out of County Placements (£1.0m), Digital (£0.300m), CTRS (£0.600m), and organisational capacity needs e.g. Environmental Health and Flood Prevention (£0.750m+)
- » Wales Fiscal Centre have estimated that on current UK budget planning Welsh Government could afford an average Settlement figure for local authorities of +4.1%



Cost Pressures



Summary Total of Cost Pressures – 2022/23

Summary of Pressures	22/23	22/23	22/23
	L	M	T
	£m	£m	£m
Prior Year Decisions / Approvals	0.806	0.773	0.742
Income Loss	0.200	0.490	0.760
Legislative / Unavoidable Indexation	1.145	1.245	1.345
National Resolution	2.560	2.975	3.864
National Funding Requirement (Pay)	4.918	6.788	10.164
Strategic Decisions	5.807	7.513	10.153
New Posts - Capacity	0.811	0.861	0.911
New Posts - Other (Under Review)	0.502	0.502	0.502
Total Pressures	16.749	21.145	28.440

Prior Year Decisions (£0.806m)

- » Includes:
 - » Minimum Revenue Provision (£0.301m)
 - » Children's Residential Care Home (£0.413m)
 - » Borrowing Costs – 21st C Schools (£0.128m)
 - » Pupil Referral Unit Revenue costs (£0.019m)
 - » One off Pressures from 21/22 dropping out

Loss of Income (£0.200m)

- » Includes:
 - » Car Parking Income Post Covid (£0.150m at lower range)
 - » Garden Waste Income (£0.050m)

Note:

There are other open risks to be kept under review due to the uncertain recovery position that we are in

Legislative / Indexation (£1.145m)

- » Includes:
 - » North Wales Fire and Rescue (£0.331m)
 - » Liberty Protection Safeguards (£0.300m)
 - » Microsoft Licensing (£0.177m)
 - » Parc Adfer (£0.033m)
 - » Coroners Service (£0.027m)
 - » GWE (£0.015m)
 - » Service Contract Inflation (£0.117m)
 - » Independent Review Panel Wales (£0.029m)
 - » Rising Fuel Costs/Other Inflationary Increases (£0.116m)

National Resolution (£2.560m)

» Includes:

» Social Care Commissioning (£1.952m)

» Council Tax Reduction Scheme (£0.608m)

National Funding Requirements

Pay Awards – Non Schools

- » NJC Pay Award (April 2021) – Impact on 2021/22 and 2022/2023
- » Uplift of a minimum of 1.5% will need to be met from Reserves in the current year and built into the budget from April 2022 on a recurring basis. (£0.799m has been included in the forecast for this)
- » NJC Pay Award (April 2022) – a range of potential increases have been included (£1.790m = 1% uplift plus increments)

National Funding Requirements

Pay Awards - Schools

- » NJC Pay Award (April 2021) – Based on 1.5% - Impact of £0.160m in 2021/22 and 2022/23
- » Teachers Pay Award (September 2021) – Based on 1.75% - full year impact of £1.282m on 2022/2023 (Part year 2021/22 - £0.736m)
- » NJC Pay Award (Apr 22) Assumes 1% uplift (£0.455m)
- » Teachers Pay Award (September 2022) – September 2022 – March 2023 7/12ths impact (£0.432m)

Strategic Choices – Education/Social Care

- » Increased Investment in Schools (£1m)
- » Additional Learning Needs (£0.622m)
- » Early Years Additional Learning Needs (£0.050m)
- » Specialist Provision Pen Coch (£0.243m)
- » Outreach Provision Plas Derwen (£0.154m)
- » PRU increased capacity (£0.243m)
- » On-site inclusion Centres (£0.124m)
- » Transition to Adulthood (£0.943m)
- » Children's Group Homes (£0.300m)
- » Increased Homecare Capacity (£0.150m)
- » Special Guardianship Orders (£0.050m)

Other Choices (1)

- » Digital Strategy – various (£0.301m)
- » New Posts – Essential new capacity (£0.811m) Other (£0.502m)
- » Free School Meals – Increase in secondary provision (£0.087m)
- » Out of County Placements (£1m currently included – potential to increase)
- » Investing In Parks – (£0.100m)
- » Wales Rally GB – (£0.030m)

Other Choices (2)

- » Electric/Hydrogen Vehicles Revenue costs (£0.050m)
- » Re-procurement of Transport (£0.185m)
- » Carelink (£0.109m)
- » Members Broadband Allowance (0.025m)
- » E Procurement Tools (£0.041m)

- » Total Cost Pressures is estimated in region of £16.750m



Strategic Solutions



Four Part Solutions

- » Service transformations and efficiencies – low possibilities and £2m as a realistic maximum
- » Taxation and income – up to £4m/£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

Holding to our Position

- » Whilst we progressively find some efficiencies and cost-saving changes year-on-year there are no remaining options of any big financial scale
- » A reminder that we have risk-assessed all services year-on-year and that any major budgets cuts would take a service below our quality/statutory thresholds
- » We have some growing critical capacity needs to meet our corporate priorities and objectives
- » We also have to continue our pandemic recovery plan with all the uncertainties that come with it
- » Our expectations of Governments for full and fair funding and national pay strategies remain unchanged

The 'bottom line'

- » (a) Council Tax at a maximum increase of 5.0% would yield £4.861m less the CTRS benefits increase
- » We are aiming for (b) new efficiencies and additional income of £2.0m
- » (a) + (b) = £6.861 gross
- » This would leave us with a gap of around £10.0-11.0m for national funding
- » A 4% increase in RSG would only give us £8.271 and we would be close but still short
- » We need a minimum 4.5% RSG increase which recognises the costs of pay awards and the need to support us through a long recovery phase

Efficiencies and Income to date

- » Target of £2m with work in hand within Portfolios to review potential efficiencies/cost avoidance and additional income opportunities

Progress to date:

- » Remove contribution to reserves budget included in 2021/22 (£0.471m)
- » Industrial Property Income (£0.300m)
- » Social Services – Sleep In Ruling (£0.123m)

National and Funding

Potential Funding Scenarios 22/23									
Percentage Increase	0%	1%	2%	3%	4%	5%	6%	7%	21/22 206.778 RSG
	£m	£m	£m	£m	£m	£m	£m	£m	
RSG	0	2.068	4.136	6.203	8.271	10.339	12.407	14.474	
Council Tax	0.312	1.222	2.132	3.042	3.952	4.861	5.772	6.682	
Total Potential Funding	0.312	3.290	6.268	9.245	12.223	15.200	18.179	21.156	



Next Steps



Next Steps and Timelines

- » Continue with targeted additional work to assess and prioritise the cost pressures identified
- » Informal Group Leader and Member Briefings this week
- » Formal report to Cabinet and CROSC in July Cycle
- » Work on solutions strategy and early engagement with local stakeholders to build understanding and support, peer councils and the WLGA, and Welsh Government Ministers

Next Steps and Timelines

- » UK Spending Review in the Autumn
- » Provisional Settlement due in October (subject to delay)
- » Final Settlement anticipated in December (subject to delay)
- » Formal Overview and Scrutiny Committee and local stakeholder engagement throughout September and October
- » Formal annual budget setting in early 2022