

**APPENDIX A**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2022-2023**

**COMMITTEE:  
COUNCIL**

**8<sup>th</sup> March 2023**

**REPORT OF:**

**THE CABINET**

**AUTHOR: Barrie Davies, Deputy Chief Executive and Group Director – Finance,  
Digital and Frontline Services Tel. No. 01443 424026**

<b>AGENDA ITEM NO.</b>	
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<b>THE COUNCIL'S 2023/24 REVENUE BUDGET STRATEGY</b>	
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**1.0 PURPOSE OF THE REPORT**

1.1 This report provides information on the provisional local government settlement for 2023/24 and sets out the recommendations of the Cabinet with regard to the Council's Revenue Budget and the level of Council Tax for the year ending 31<sup>st</sup> March 2024.

**2.0 RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the written statement from the Minister for Finance and Local Government (Rebecca Evans MS) and the table on the 2023/24 Provisional local government settlement, reproduced at Appendix 1;
- 2.2 Note the implications for the Council and the remaining budget gap as set out at section 5;
- 2.3 Agree a Council Tax increase for 2023/24 of 3.50%;
- 2.4 Agree the uplift to the aggregate Schools Budget as detailed at section 8;
- 2.5 Agree the budget strategy proposals as set out at paragraphs 10.2 to 10.8;
- 2.6 Agree the use of the 'Medium Term Financial Planning & Service Transformation Reserve' as transition funding, totalling £4.115M for 2023/24;

- 2.7 Approve Tables 4 and 5 in Section 13 of the report as the basis of allocating resources to the Individual Schools Budget (ISB), to other Council Services and to meet its corporate financing requirements;
- 2.8 Agree the Council's overall budget for 2023/24 at £609.011M, in order to pass the necessary statutory resolutions to set the Council Tax for the forthcoming financial year by the statutory deadline of the 11<sup>th</sup> March 2023; and
- 2.9 Authorise the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services to amend the final budget consequential to the receipt of the Final Local Government Settlement as set out at para 10.13.

### **3.0 BACKGROUND**

- 3.1 At the Council meeting on the 18<sup>th</sup> January 2023, the Council's audited accounts were presented which reported General Fund Balances amounting to £10.292M.
- 3.2 Given the continuing financial pressures the Council is working under, it remains the view of the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services (Section 151 Officer) that the Council should hold a minimum of £10M as General Fund Balances, (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.
- 3.3 It is pleasing to note the level of reserves have been replenished to the minimum level following their utilisation to support our residents and businesses in the immediate aftermath of Storm Dennis.
- 3.4 Members will be aware that in addition to General Fund Reserves, the Council also holds a number of earmarked reserves that are kept under continuous review and are assessed each year by Audit Wales. Members will be aware that included in these Reserves is a Medium Term Financial Planning and Service Transformation Reserve that has successfully supported transitional funding as part of the Council's Medium Term Service Planning arrangements. It has achieved this through helping to smooth the delivery of budget savings over a number of years, whilst still allowing an annual balanced budget to be delivered. The starting point for the Medium Term Financial Planning and Service Transformation Reserve as at the 31<sup>st</sup> March 2022 is £3.645M. As part of our ongoing strategy, we have continued to identify and deliver savings in-year which means we have been able to increase the level of transitional funding available and the latest position is that this reserve has now increased to £6.648M (additional in year savings to date of £3.003M).

- 3.5 Audit Wales continue to emphasise that we must remain disciplined, if we are to maintain our long-term goal of driving forward continuous improvement of key services, though this becomes increasingly harder to achieve following a period of such severe financial pressures. For the current financial year, these pressures amount to over £21M, and it is against this backdrop that the 2023/24 budget requirement is being assessed.
- 3.6 The Audit Wales assessment is an accurate one and it is clear that Members continue to take their fiduciary duty extremely seriously as evidenced by the positive reports received from the regulators and the track record of budgetary control across services. The challenge, therefore, is to construct a prudent, equitable and fair revenue budget for the financial year ending the 31<sup>st</sup> March 2024. This must involve an approach which publicly demonstrates sound financial stewardship; which does not take unnecessary risks; which maximises income generation; continues to deliver (as far as possible, and where available) year on year efficiency savings and which delivers the services that are needed and we can afford, as well as protecting as many jobs as possible.
- 3.7 In the context of this overall financial position and Medium Term Financial Planning projections, the Cabinet, assisted by the Senior Leadership Team was able to commence early and initial work on its budget strategy for 2023/24. The broad objectives of next year's proposed strategy are to:
- (i) Support the delivery of our key strategic priorities -
    - People – Are independent, healthy and successful
    - Places – Where people are proud to live, work and play
    - Prosperity – Creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper
  - (ii) Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management;
  - (iii) Continue with the delivery of our key services and protect as many local jobs as possible whilst continuing to maximise efficiency; and
  - (iv) Take a responsible approach to the level of Council Tax.

#### **4.0 THE 2023/24 LOCAL GOVERNMENT SETTLEMENT**

- 4.1 On the 14<sup>th</sup> December 2022, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2023/24 Local Government Settlement. The Minister's statement and key data table is attached at Appendix 1.
- 4.2 The "headlines" of the 2023/24 Provisional Settlement are as follows:-

- a. The overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) funding for 2023/24 (of unhypothecated funding) at an all Wales level, after adjusting for transfers is 7.9% (+£403M).
- b. The settlement for Rhondda Cynon Taf, amounts to an increase of 6.6% which is below the average all Wales increase. Settlement figures across Wales range from 6.5% to 9.3%.
- c. No 'floor' protection has been included for 2023/24.
- d. The Settlement figures for 2023/24 include a transfer into the settlement in respect of the Coastal Risk Management Programme (not applicable to this Council).
- e. The Settlement also provides an indicative all Wales settlement level for financial year 2024/25 at 3.1%. This is indicative only and dependent on current estimates of NDR income and on 2024/25 UK budgets.
- f. Provisional figures and indicative estimates for 2023/24 and 2024/25 are also included for specific grants, at an all Wales level. The Social Care Workforce Grant is set to continue at the current level. This continues to fund our core base budget.
- g. The Council's General Capital Funding allocation has increased by £2.287M to £13.886M (having reduced by £2.165M for this financial year).

## **5.0 COUNCIL BASE BUDGET REQUIREMENT 2023/24**

- 5.1 In anticipation of the 2023/24 local government settlement, the Council's service managers have constructed the base budget requirements for next financial year. Those initial calculations provided for:-
  - Estimated national wage awards, pension costs and National Insurance Contribution levels;
  - Non-pay (i.e. goods and services) inflation, including energy and fuel;
  - Corporate financing requirements and levies; and
  - Full year effects of any additional burdens imposed on the Council and the implications of demand led pressures.
- 5.2 The Council's updated budget requirement was presented to Council on the 15<sup>th</sup> December 2022 alongside the implications of the Provisional Local Government Settlement which was announced on the 14<sup>th</sup> December 2022.

- 5.3 After taking into account the updated budget requirement and the provisional settlement increase of 6.6%, in addition to the Council's updated Tax Base, the Council was faced with a **remaining budget gap of £38.326M**.
- 5.4 It was against this position which the Cabinet have considered their further budget strategy options for 2023/24.

## **6.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2023/24**

- 6.1 Whilst the Provisional Settlement is at a higher level than the range modelled in the most recent Medium Term Financial Plan having regard to some of the intense funding and inflationary pressures which are being experienced, it does also recognise the challenge which local government will face, as per the following extract from the Minister's statement.

*"While this is a relatively good Settlement, building on improved allocations in recent years, I recognise that the rates of inflation we have experienced over the last few months and the forecasts from the OBR of continuing significant levels of inflation means that local government will still need to make difficult decisions in setting their budgets."*

- 6.2 It also follows a sustained period of real term reductions to our funding levels and more recently significant storm damage and the pandemic, and it is against this context that we need to develop a balanced budget for next year. There remain significant pressures upon many of our services together with a limited ability to increase Council Tax income, and a low tax base. Within these parameters, we will therefore need to take appropriate decisions to ensure that next year's budget is equitable for all, does not compromise our financial stability and protects and develops our key services.
- 6.3 The Council's overall financial position was set out at Section 3 of the report. It is vital that we continue with the strategy we have adopted to date that takes account of the importance of sound financial management, including the level of General Fund balances and appropriate use of the "Medium Term Financial Planning and Service Transformation Reserve" as transitional funding, whilst targeting any available resources toward our high priority, customer-focused public services.
- 6.4 Every year, there are certain corporate financial provisions that must be "top sliced" locally, before service budgets can be allocated. Next year will be no different. There will be a requirement for:
- a) A provision to meet levies from External Bodies;
  - b) A provision for Capital Charges;

- c) A provision for all other “Miscellaneous Finance” items (Audit Fees, Insurance Costs, Bank Charges, etc.) which are non-specific to any particular Service; and
- d) Resources to fund the Council Tax Reduction Scheme.

6.5 As part of our updated budget requirement, appropriate sums have been set aside for these corporate financial requirements.

6.6 The Council also continues to monitor the financial implications of the recovery from the pandemic and the impact of significant inflationary pressures on the Council services and contractors, including energy costs as a result of the conflict in Ukraine. There will be a need to continue to use flexibility afforded within available reserves to transition any permanent additional costs into the base budget over the medium term.

## **7.0 COUNCIL TAX LEVELS**

7.1 This Council has always acted reasonably when setting its Council Tax, balancing the impact upon services and the ability of the public to pay, recognising that those eligible will receive support through the Welsh Government’s Council Tax Reduction Scheme (CTRS). The proposal is to increase Council Tax in 2023/24 by 3.50%. This proposed increase equates to 70p per week for a person living in a Band A property and £1.05 per week for a person living in a Band D property (42% of properties in Rhondda Cynon Taf are Band A). Increasing Council Tax by 3.50% will reduce the remaining budget gap by £1.433M.

7.2 Members will be aware that the cost of the CTRS is impacted by changes in caseload and by changes to the level of Council Tax. This impacts on the net income generated through any increase in Council Tax. A 1% increase in Council Tax will generate an additional income for the Council of £1.211M (at the 2023/24 tax base level) but will also cost £0.256M in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £0.955M, or stated another way, 21% of any Council Tax increase is lost to support the increased costs associated with Welsh Government’s CTRS.

## **8.0 SCHOOLS BUDGET (ISB)**

8.1 Members have always viewed our schools as being a key priority and have ensured that they have been treated favourably in comparison with other council services.

8.2 The Schools Budget (ISB) has increased and been protected from the worst of the impact of austerity, with an increase over the last 10 years of 28%, at a time when other council budgets have increased by 11%. This would equate

to an extra £25M having been provided to schools as compared to other council services.

- 8.3 The budget gap of £38M which the Council faces equates to 7.7% of our budget, excluding authority wide budgets. Schools have previously been advised, for planning purposes, that they should prepare for a difficult period and a potential 2.75% reduction in funding after having been funded for all pay and non pay pressures. In this regard they were advised to be prepared to use the flexibility of their own reserves to assist them. For context, the aggregate level of school balances increased from £12M to £20M over the course of the last financial year (2021/22).
- 8.4 The strategy now proposed will see schools allocated funding in full to cover costs in respect of pay, inflation, energy cost increases, pupil number changes and additional pressures in respect of ALN. After adjusting the ISB to reflect lower pension and NI costs, this would provide an additional £18.0M of funding to schools.
- 8.5 The reduction of 2.75% already advised to plan for would result in a budget reduction of £5.3M. It is proposed however that an additional £0.5M be set aside as further support with the school based challenges of ALN plus a further £0.5M of general funding be allocated to schools reducing the impact on Schools to £4.3M.
- 8.6 In overall terms, the proposal would mean that the aggregate schools budget would increase by £13.7M, this representing an increase of 7.9% with the level of efficiency also reduced to 2.2%.

## **9.0 EFFICIENCY**

- 9.1 Council services have for many years now delivered against ambitious efficiency targets, making considerable budget reductions without adversely impacting on front line service provision.
- 9.2 As part of the current year's budget strategy, efficiencies of £4.9M were identified and delivered albeit it was noted that the ongoing sustainability of delivering efficiencies at this level would need to be considered.
- 9.3 In light of the emerging financial challenge facing the Council, senior officers were charged with identifying a range of options and opportunities for budget reduction measures. Service managers were engaged across all service areas ensuring that all contributed to closing the likely budget gap which we were going to face.
- 9.4 Over a number of months, including challenge sessions with the Senior Leadership Team, options have been identified and assessed against the service level and resident impact to ensure that our vital services were

protected and maintained wherever possible. Following this assessment the Senior Leadership Team is able to propose budget reductions of £16.164M. This can be delivered from measures which would not significantly impact on service levels nor service delivery albeit would include operational service reconfiguration which might be apparent to residents and service users.

9.5 The proposals can be summarised as follows :

Table 1 : Efficiency and Service Operational Reconfiguration

	<b>£'000</b>
Service Restructurings and Vacancy Management	2,260
Service Redesign / Use of Technology	505
Operational Service Reconfiguration	2,041
Optimisation of Procured and Commissioned Services	2,970
Additional in-year (2022/23) efficiency Requirement	1,500
Use of External Funding / Recharging	2,507
General Efficiency Measures	4,381
<b>Total Efficiency and Service Operational Reconfiguration</b>	<b>16,164</b>

9.6 The measures proposed above can be delivered operationally and without a significant detrimental impact on our front line services.

## **10.0 SPECIFIC SERVICE / EXPENDITURE CHANGES**

10.1 This Council has taken a proactive approach to dealing with the budget pressures it continues to face including delivery of saving proposals early with a clear focus maintained across the medium term planning horizon. The Council has continued to deliver robust, balanced budgets and taken the opportunity to use our Medium Term Financial Planning and Service Transformation Reserve, as transition funding, to sensibly support the overall budget strategy. It is recommended that this approach is continued.

10.2 The Cabinet have also determined to review a number of services and strategy proposals and these are set out below.

### **a. Waste Services Strategy**

Cabinet have agreed, following consultation, to progress with this proposal, namely :

- (i) The collection of residual household waste on a 3-weekly basis for all domestic waste collections.



- (ii) Presentation of waste on a 3-weekly basis will be as follows; strict volume control measures will apply to all domestic waste, namely:
  - a. a maximum of 3 black bags per household, (for those properties with existing black bag waste collections),
  - b. The “no side waste” rule continues for those households with large 240L wheelie bin collections (but 1 bag of side waste, no larger than 70L, is allowed for the standard 120L bins); and
- (iii) Initiate a trial of the use of reusable recycling sacks for the collection of dry mixed recycling, (DMR).

The implementation of the above will reduce the Council's budget by £800k (full year).

#### **b. Community Meals**

Cabinet have agreed, following consultation, to implement a service change proposal namely to reorganise the existing internal service and provide a hot/frozen Community Meal home delivery service with increased service user charges thus reducing the subsidy per meal.

The implementation of the above will reduce the Council's budget by £427k (full year).

#### **c. Council Run Nursery Provision**

To increase the availability of a range of childcare options for families in local communities, a market testing exercise has confirmed that there are a number of experienced providers who have expressed an interest to deliver one or more of the Council run nursery settings. Cabinet have agreed that a procurement process is now to be undertaken.

The implementation of the above will reduce the Council's budget by **£322k (full year)**.

#### **d. Council Tax Premium on Long Term Empty Properties and Second Homes**

Cabinet and Council have already agreed the introduction of a Council Tax Premium on long term empty properties and second homes within the County Borough. The proposal will support the Council to protect and continue with the comprehensive range of packages available to bring

empty properties back into use, through raising extra council tax, estimated to be **£1,500k** (full year).

#### **e. Capitalisation of Spend**

Expenditure has been identified which is currently funded from our revenue budgets which could, in line with accounting rules, be funded from our capital budgets. These expenditure items relate to IT software licence costs, vehicle purchases and our contribution to the Cardiff Capital Region City Deal.

SLT have considered the impact upon our capital programme, in the context of the overall quantum of the programme across 3 years, and concluded that a reduction in our core programme can be delivered. Opportunities will be taken to top up any specific areas of demand or particular impact, using the flexibility provided by the increased capital resources made available as part of next year's settlement, in addition to any one off investment funding opportunities going forward. The Council's updated 3 year capital programme 2023/24 to 2025/26 will set out full details.

The proposal would reduce the revenue budget by **£4,000k**.

#### **f. Fees and Charges**

It is proposed that all Fees and Charges are subject to a 5.0% standard increase, with the Council absorbing the implications of not applying an uplift in line with the CPI rate of inflation recognising the significant increase in our cost base and subsequent level of subsidy. A number of areas are proposed to be subject to specific treatment, as set out in the [Fees and Charges Proposals 2023/24](#) already considered by Cabinet and now consulted upon.

These proposals would generate additional income of **£750k**.

- 10.3 The financial implications (including part-year impact) of the above proposals are shown in the following table.

Table 2 : Specific Service / Expenditure Changes

	<b>£'000</b>
Waste Services - Residual Waste Collection	- 600
Community Meals Service	- 320
Council Run Nursery Provision	- 188
Council Tax Premium (Long Term Empty Properties and Second Homes)	- 1,500
Capitalisation	- 4,000
Fees and Charges	- 750
<b>Total Specific Service / Expenditure Changes</b>	<b>- 7,358</b>

*Note, part year savings have been assumed where appropriate.*

## **10.4 ENERGY**

- 10.5 The latest available forecasted increases for our energy costs for next year show a 283% increase for gas and a 147% increase for electricity. The financial implications of these increases are built into the budget requirement as set out above.
- 10.6 It is apparent from latest available forecasts however, that the likely costs for the year after (2024/25) will be lower and that there is the opportunity to utilise one off funding to smooth the one year spike in energy costs. It is clearly important that we continue to monitor movements in forecasts on a regular basis recognising the extreme volatility in the market at the moment and the most recent announcement regarding the Energy Bills Discount Scheme (EBDS) and the extent of its applicability for non-domestic consumers is being assessed.
- 10.7 It is proposed therefore that a contribution from reserves of £5.0M is made to smooth the impact for financial year 2023/24.
- 10.8 The combined impact of the aforementioned budget strategy components are now set out below.

Table 3 : Impact of the Budget Strategy Components

	<b>£'000</b>
<b>Revised Budget Gap at Provisional Settlement</b>	<b>38,326</b>
<b><u>Budget Strategy Components</u></b>	
Schools	- 4,256
Council Tax at 3.5%	- 1,433
Total Service Efficiencies and Operational Service Reconfiguration Savings	- 16,164
Total Specific Service / Expenditure Changes	- 7,358
<b>Remaining Budget Gap</b>	<b>9,115</b>
Energy Reserve	- 5,000
<b>Remaining Budget Gap</b>	<b>4,115</b>

10.9 *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding)* – We have for many years used our transition funding reserve sensibly as part of our balanced budget strategy, at a level which does not compromise the robustness of our budget and which can be replenished with some certainty, given our ongoing strategy of delivering savings early.

10.10 As previously referenced the reserve currently stands at £6.648M, having been replenished during this year (2022/23) by £3.003M to quarter 2. Accordingly, to address the remaining budget gap, it is proposed that an allocation of £4.115M is made from this reserve for 2023/24. This would facilitate a balanced budget for 2023/24 and would leave £2.533M in the reserve (subject to the year-end assessment of reserves). Processes are now sufficiently well embedded to ensure that savings are achieved in-year and that this reserve can continue to be replenished.

	<b>£'000</b>
Remaining Budget Gap	4,115
Use of Transition Funding	- 4,115
<b>Remaining Budget Gap 2023/24</b>	<b>-</b>

10.11 The above provides a robust and balanced budget strategy for financial year 2023/24 which is now recommended to Council.

10.12 The Final Local Government Settlement for 2023/24 is expected to be received during early March 2023. There is one change planned for the final settlement and that is the intention to transfer funding for the increased employer costs related to Fire and Rescue Authority (FRA) pensions from a grant to the FRAs into the final local government settlement. This should be cost neutral to the Council. There are no indications of any other significant changes between the provisional and final settlement but such a risk clearly remains.

10.13 It is proposed that the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services be authorised to amend the budget to deal with any change between Provisional and Final Settlement. Any change to the net budget requirement is proposed to be dealt with by means of amending the contribution from the Medium Term Financial Planning and Service Transformation Reserve.

## **11.0 SERVICE PRIORITIES**

11.1 Even after a period of significantly reducing resources and hence financial pressure on all services, this Council remains committed as far as it possibly can to continue to deliver its key services, stronger communities and social justice.

11.2 The Council's Corporate Plan 2020-2024 sets out that our key purpose is to provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous.

11.3 In addition to our revenue base budget requirements, opportunities also continue to be taken to deliver investment in key strategic areas through one off funding made available via a risk based review of earmarked reserves and through the early identification of opportunities to deliver in-year savings. The Council has already invested over £146M (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, the latest investment (£2.725M) being agreed by Council in September 2022.

11.4 A report setting out the updated capital programme for 2023/24 to 2025/26 will be reported for Members consideration alongside this revenue budget strategy.

## **12.0 THE 2023/24 BUDGET STRATEGY CONSULTATION PROCESS**

12.1 As in previous years, the Council has been keen to consult with the public and other interested stakeholders on its general budget strategy and how services are delivered.

12.2 The approach to budget consultation for 2023/24 was set out in the Cabinet report dated 17<sup>th</sup> October 2022. It comprises 2 phases as follows:

**Phase 1** - provided residents and stakeholders with the opportunity to feedback their views on some of the key strategic building blocks used to construct the Council's budget.

**Phase 2** - once Cabinet agreed a draft budget strategy, and in light of the provisional local government settlement, then this draft strategy was consulted upon as part of Phase 2.

12.3 The Phase 1 Consultation report was considered by Cabinet on the 23<sup>rd</sup> January 2023 alongside the initial budget proposals which were then consulted upon as part of Phase 2.

12.4 The Phase 2 Consultation report is now attached at Appendix 2. The phase 2 consultation process ran from the 24<sup>th</sup> January 2023 to the 6<sup>h</sup> February 2023 and included:

- On-line questionnaire and Poll via the Let's Talk website;
- Email to all Key stakeholders;
- Young person's engagement through Instagram and face to face engagement at a Secondary School;
- Promotion through social media;
- A telephone consultation option through the Council's Contact Centre and a freepost address for postal responses;
- Meetings with:
  - Older Persons Advisory Group;
  - The Council's Overview and Scrutiny Committee;
  - School Budget Forum; and
  - Joint Consultative Committee.

12.5 With regard to the consultation activity undertaken with the Overview & Scrutiny Committee, School Budget Forum and Joint Consultative Committee, the extracts of the minutes from these meetings are attached at Appendices 3, 4 and 5 respectively.

### **13.0 THE 2023/24 MACRO REVENUE BUDGET**

13.1 In arriving at a strategy for 2023/24, the Cabinet has taken into consideration its key commitments, its views on service delivery and relevant charges for services and the need to minimise the tax burden on local residents. Consequently, and after careful deliberation, the Cabinet has concluded that it can now propose a balanced revenue budget which will meet all of the fundamental requirements of its preferred strategy **and** minimise the Council Tax increase for next year.

13.2 Table 4 below illustrates how the revenue resources available to the Council could be utilised, with a Council Tax increase of 3.50%:

#### **Table 4: Proposed Resources in 2023/24**

	<b>£'000</b>
2023/24 Net Revenue Spending	609,011
<b>LESS:</b> Revenue Support Grant & NDR Contribution	470,847
<b>LESS:</b> Social Care Workforce Grant	3,668
<b>Sub total</b>	<b>134,496</b>
<b>LESS:</b> Energy Reserve	5,000
<b>LESS:</b> Release of Earmarked Reserves	4,115
<b>To be met from Council Taxpayers</b>	<b>125,381</b>

- 13.3 Table 5 below, shows the overall effect on services of applying the principles of the Cabinet's recommended outline 2023/24 budget strategy.

**Table 5: Application of the 2023/24 Outline Budget Strategy**

<b>BUDGET REQUIREMENTS</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Increase/ (Decrease)</b>
	£'000	£'000	£'000
<b><u>Corporate Requirements</u></b>			
Capital Financing	21,308	21,708	400
Levies	13,202	14,502	1,300
Council Tax Reduction Scheme	25,587	25,682	95
Miscellaneous	15,008	12,844	(2,164)
	<b>75,105</b>	<b>74,736</b>	<b>(369)</b>
<b><u>Individual School Budgets (ISB)</u></b>			
Individual School Budgets	174,745	186,976	12,231
<b><u>Other Council Services</u></b>			
Community & Children's Services	182,177	202,458	20,281
Prosperity, Development and Frontline Services	65,269	71,176	5,907
Chief Executive's	35,822	37,975	2,153
Education & Inclusion Services	33,674	35,690	2,016
<b>Net Revenue Spending</b>	<b>566,792</b>	<b>609,011</b>	<b>42,219</b>

## **14.0 SPECIFIC GRANTS**

- 14.1 For next year, the Welsh Government is to provide over £1.3Bn in Specific Revenue Grants to Welsh Local Authorities.

- 14.2 Whilst specific grants dilute local accountability, such funding does enable us to undertake projects and deliver services that otherwise may not have been possible. Whilst we will continue to make representation for such funding to be transferred into the Revenue Support Grant, until they do so then specific grants will continue to supplement our base revenue budget.
- 14.3 By their nature, specific grants are often directed toward specific spend areas or policy objectives and are not certain in terms of their ongoing continuation nor value, presenting uncertainty in terms of forward planning.
- 14.4 The allocation of specific grants, however, remains a key feature of the annual local government settlement, albeit there is a commitment to reduce such hypothecation. There are also a number of specific grants which have been introduced to deal with recurring cost pressures (eg Social Care Workforce Grant) and it is important that we seek to ensure their continuation beyond 2023/24.

## **15.0 EQUALITY AND DIVERSITY / SOCIO ECONOMIC DUTY IMPLICATIONS**

- 15.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.
- 15.2 An Equality Impact Assessment has been completed and concluded that the recommendations set out in the report are in line with the above legislation.

## **16. WELSH LANGUAGE IMPLICATIONS**

- 16.1 The allocation of resources, as set out in the proposed 2023/24 Budget Strategy, is based on supporting the Council's service delivery requirements and associated statutory responsibilities for the forthcoming year. In doing so, the proposed strategy is in line with the Welsh Language (Wales) Measure 2011.

## **17.0 CONSULTATION**

- 17.1 Consultation and engagement has been undertaken as part of formulating the recommended 2023/24 Revenue Budget Strategy, the detail of which is set out in Section 12 of the report.

## **18.0 FINANCIAL IMPLICATION(S)**

- 18.1 The financial implications of the recommendations are set out in the main body of the Report.



## **19.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 19.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget and also a legal duty under the Local Government Act 2000 for it to be reported to and approved by Full Council. The recommended 2023/24 Revenue Budget Strategy and its reporting to full Council ensures compliance with these legal duties.

## **20.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 20.1 The recommended 2023/24 Revenue Budget Strategy has been formulated to support the delivery of the Council's strategic priorities, as set out within the Corporate Plan "Making a Difference" 2020 – 2024. The plan is aligned to the goals and principles included within the Well-Being of Future Generations (Wales) Act.

## **21.0 CONCLUSIONS**

- 21.1 The Council's overall financial position remains sound, with General Reserves now restored to the recommended minimum level of £10M.
- 21.2 On the 14<sup>th</sup> December 2022, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2023/24 Local Government Settlement which showed this Council's increase in resources was set at 6.6%.
- 21.3 The Cabinet's proposals properly address the corporate financial requirements of the Council and allocate an adequate financial uplift to the Individual Schools Budget. The remaining resources available are allocated to fund all other services and to support our key priorities in 2023/24.
- 21.4 The Cabinet has recommended setting the 2023/24 revenue spending and budget at £609.011M which will require a Council Tax increase of 3.50% for the financial year ending the 31<sup>st</sup> March 2024.
- 21.5 The Council continues to deliver year on year balanced budgets alongside an ambitious investment programme supporting key priorities. The challenge does remain for positive and proactive management from the Senior Leadership Team and clear direction from Members to produce a robust and financially sustainable budget into the medium term in what continues to be a challenging financial climate.

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