

**APPENDIX A**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2023-2024**

**COMMITTEE:  
COUNCIL**

**6<sup>th</sup> March 2024**

<b>AGENDA ITEM NO.</b>	
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<b>THE COUNCIL'S 2024/25 REVENUE BUDGET STRATEGY</b>	
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**REPORT OF:**

**THE CABINET**

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

**1.0 PURPOSE OF THE REPORT**

1.1 This report provides information on the provisional local government settlement for 2024/25 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 2025.

**2.0 RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the letter from the Minister for Finance and Local Government (Rebecca Evans MS) and the table on the 2024/25 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 2024/25 of 4.90%;
- 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 10.4;
- 2.6 Agree the use of the 'Medium Term Financial Planning & Service Transformation Reserve' as transition funding, totalling £7.003M for 2024/25;

- 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 2024/25 at £630.861M, 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 2024; 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 paragraph 10.9.

### **3.0 BACKGROUND**

- 3.1 At the Council meeting on the 29<sup>th</sup> November 2023, the Council's audited accounts were presented which reported General Fund Balances amounting to £10.240M.
- 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 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 been used successfully as 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 2023 is £4.887M. As part of our ongoing strategy, we have continued to identify and deliver savings in-year. We have also been able to reprioritise existing earmarked reserves. This 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 £9.529M (additional in year savings to date of £2.142M plus £2.500M of reprioritised funding).
- 3.4 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, the budget strategy balanced a

£38.3M budget gap, the largest this Council has ever faced, and it is against this backdrop that the 2024/25 budget requirement is being formulated.

- 3.5 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.
- 3.6 The latest Audit Wales Assurance and Risk Assessment Review (Nov 2022) referenced :
- *The Council is now facing significant financial pressures, but remains well-placed to respond to these;*
  - *We remain assured about the Council's financial position and its arrangements to help it address these pressures;*
  - *The Council has not yet set out in detail how it will meet the increased budget gap. However, overall, we remain assured that the Council has a solid financial position and arrangements to help it prepare for the pressures it is facing. It continues to have a range of options available to it to manage its budget pressures;*
  - *We have continued to find no major concerns about the Council's management of its reserves;*
  - *It continues to have a healthy reserves position. This gives the Council a degree of resilience to help it manage its budgetary pressures.*
- 3.7 The challenge once again, therefore, is to construct a prudent, equitable and fair revenue budget for the financial year ending the 31<sup>st</sup> March 2025. 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.
- 3.8 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 2024/25. The broad objectives of next year's recommended strategy are to:
- (i) Support the delivery of our key strategic priorities;
  - (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 2024/25 LOCAL GOVERNMENT SETTLEMENT**

4.1 The timing of the Local Government Settlement in Wales for 2024/25 has followed the UK Government Autumn Statement as announced on the 22<sup>nd</sup> November 2023.

4.2 On the 20<sup>th</sup> December 2023, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2024/25 Local Government Settlement. The Minister's letter and key data table is attached at Appendix 1<sup>1</sup>.

4.3 The "headlines" of the Provisional 2024/25 Settlement are as follows:-

- a. The overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) funding for 2024/25 (of unhypothecated funding) at an all Wales level, after adjusting for transfers is 3.1% (+£169.8M).
- b. The settlement for Rhondda Cynon Taf, amounts to an increase of 2.8% which is below the average all Wales increase. Settlement figures across Wales range from 2.0% to 4.7%.
- c. A funding 'floor' protection has been included for 2024/25 so that no Council receives a settlement below 2.0%.
- d. There are no transfers into / out of the Settlement for 2024/25.
- e. The Settlement provides no indication of future year settlement levels.
- f. Provisional figures and indicative estimates for 2024/25 are also included for specific grants, at an all Wales level. The Social Care Workforce Grant will reduce from £45M to £35M (all Wales level), a reduction of £0.815M for this Council. This funds our core base budget.
- g. The Council's General Capital Funding allocation is reduced by £0.058M to £13.828M<sup>1</sup>.

#### **5.0 COUNCIL BASE BUDGET REQUIREMENT 2024/25**

5.1 In anticipation of the 2024/25 local government settlement, the Council's service managers have constructed the base budget requirements for next financial year. Those initial calculations provided for:-

- Estimated employee costs, pension costs and National Insurance Contribution levels;

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<sup>1</sup> Provisional Local Government Settlement - as reissued with minor updates 11<sup>th</sup> January 2024.

- Non-pay (i.e. goods and services) inflationary implications, 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 17<sup>th</sup> January 2024 alongside the implications of the Provisional Local Government Settlement which was announced on the 20<sup>th</sup> December 2023.

5.3 After taking into account the updated budget requirement and the provisional settlement increase of 2.8%, the Council's updated Tax Base plus the already agreed budget reduction measures of £10.743M, the Council was faced with a **remaining budget gap of £25.910M**.

5.4 It was against this position which the Cabinet have considered their further budget strategy options for 2024/25.

## 6.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2024/25

6.1 Whilst the overall settlement has been protected at +3.1% in line with the indicative settlement provided alongside the current year's budget, it remains a challenge for local government, as the following extract from the Minister's statement recognises :

*"I recognise that while the recent very high rates of inflation are now decreasing, they are still high by the standards of the last 15 years. Baseline costs for staff and services have increased and are not reducing. Demand for services, alongside cost pressures mean that your Authorities will need to make difficult decisions on services, efficiencies, and council tax in setting your budgets."*

6.2 It also follows a sustained period of real term reductions to our funding levels, recovery from significant storm damage, the pandemic and a cost of living crisis, 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 along with any other available reserves, whilst targeting and protecting resources for 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 service demand post pandemic, alongside ensuring ongoing service continuity at a time of unprecedented cost increases both to the Council and its partners and contractors.

## **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 2024/25 by 4.90%. This proposed increase equates to £1.01 per week for a person living in a Band A property and £1.52 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 4.90% will reduce the remaining budget gap by £1.029M.

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 £1.287M (at the 2024/25 tax base level) but will also cost £0.258M in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £1.029M, or stated another way, 20% 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 34%, at a time when other council budgets have increased by 17%. This would equate to an extra £26M having been provided to schools as compared to other council services.
- 8.3 The restated initial budget gap at provisional settlement of £36.6M which the Council faced equated to 6.6% of our budget, excluding authority wide budgets. Schools have benefitted from significant one off resources from Welsh Government over recent years and have been previously advised to use their reserves responsibly to assist them in their financial planning over this challenging period. For context, the aggregate level of school balances increased from £12M to £20M over the course of the financial year 2021/22 and were £15M as at the 31<sup>st</sup> March 2023. It is noted that schools will have used reserves as part of agreeing their budget for this financial year (2023/24).
- 8.4 The strategy now proposed will see schools allocated funding next year to cover in full all their pay pressures including all pay awards. This is notwithstanding the fact that Welsh Government have not provided additional funding in respect of the costs of increased teacher pay awards for the current year.
- 8.5 Over and above this and after adjusting for reduced energy costs, the Council will provide schools with a further £1M base budget toward their non pay costs. This includes the funding from the charge for the additional childcare available alongside free breakfast club provision. This will see the schools budget increase by £11.9M for next year, or 6.4%.
- 8.6 After absorbing non pay inflationary costs, as all other Council Services are being required to do, this would mean that schools would have to contribute to balancing the overall budget gap by delivering an efficiency of 1.3%.
- 8.7 Funding in respect of the additional costs associated with Teachers Pensions remains expected to be provided by UK Government so these costs are assumed to be fully funded.

*“The Chancellor’s Autumn Statement referred to the changes to the SCAPE rate, which has implications for the costs of employers’ contributions to teachers and fire-fighter pensions. This in turn has implications for Local Authority budgets. Funding for this is expected to be provided by UK Government but not until 2024-2025. I will be writing to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. My officials will keep your officers informed.”*

## 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, £16.1M of Efficiency and Service Operational Reconfiguration measures were identified and delivered.
- 9.3 Senior officers continued to work through the year to identify options to deliver budget reduction measures early and to ensure that front line services continue to be protected as much as possible. Service managers were engaged across all service areas ensuring that all contributed to the challenging position which we were facing.
- 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 have already been able to agree proposals amounting to £8.245M as was reported to Cabinet on the 20<sup>th</sup> November 2023.
- 9.5 Following the continuation of this work, the Senior Leadership Team have been able to identify a further range of measures which would reduce our base budget requirement by **£5.246M**.
- 9.6 The proposals can be summarised as follows :

Table 1 : Efficiency and Service Operational Reconfiguration

<b>Categorisation</b>	<b>£'000</b>
General Efficiency Measures - cost reduction / additional income	2,104
General Efficiency Measures - service restructuring and vacancy management	1,081
Operational Service Reconfiguration	905
General Efficiency Measures - Recharge of costs / use of external funding	1,156
<b>Grand Total</b>	<b>5,246</b>

- 9.7 The Senior Leadership Team can again provide assurance to Cabinet, that the measures proposed 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 proactive steps 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. This approach is one which I would recommend is continued.

10.2 As part of this budget strategy, a number of reviews have also been undertaken to ensure that the budget reflects updated projections of demand and cost.

### **a. Energy**

The current year increases for our energy costs were around a 283% increase for gas and a 147% increase for electricity. At the time we set the budget, latest forecasts were projecting likely lower costs for the following year 2024/25, and to recognise this “spike” in costs an energy reserve (£5M) was set up to fund the costs during 2023/24.

Detailed monitoring and scrutiny has taken place across our energy budgets during the current year alongside the most up to date forecasts for costs into next financial year.

The position anticipated above (i.e. a spike in cost for the current year and lower tariff rates for 2024/25) materialised and we are consequently able to reduce our base budget requirement for next financial year.

In addition, the development of a proposed Council owned solar farm is now progressing with completion anticipated during 2024/25 financial year. The funding arrangements will be set out in the Council’s new 3 year capital programme but we are now able to factor in a part year income stream from the generation and sale of energy in line with an agreement already in place.

As a consequence of the above, it is possible to reduce the Council’s budget requirement by **£4,479k**.

### **b. Base Budget Updates**

The Council has reviewed its base budget requirements in light of ongoing service requirements and pressures and can make a number of adjustments in this respect. This includes :

- Funding arrangements in respect of Graduates and Apprentices, recognising that such roles are now being mainstreamed and funded by service areas as part of their workforce planning arrangements;

- Income being generated from the successful roll out of our staff benefits scheme and over and above the level which has already been reinvested back into our staff development programmes;
- Reflecting the updated contribution levels to joint arrangements including the Central South Consortium Joint Education Service and the updated arrangements for the delivery of the Council's Internal Audit Service; and
- Reflecting up to date caseload and demand pressures for the Council Tax Reduction Scheme.

The above base budget updates reduce the Council's budget requirement by **£1,338k**.

**c. Additional Childcare prior to the Commencement of Free Breakfast Club Provision**

The Cabinet have now agreed to implement a proposal to charge for the wraparound childcare element which is provided alongside the Free Breakfast Club provision at £60 per term for 5 days per week or £40 per term for up to 3 days per week.

The implementation of this proposal would reduce the Council's budget by **£495k** (full year) with this income being ringfenced and reinvested into our schools' budget.

**d. Capitalisation**

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 and vehicle purchases.

The Senior Leadership Team 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 areas of particular impact through one off investment funding opportunities and / or additional in-year funding approvals going forward. The Council's updated 3 year capital programme 2024/25 to 2026/27 will set out full details.

The proposal would reduce the revenue budget by **£500k**.

**e. Fees and Charges**

It is proposed that all Fees and Charges are subject to a 5.0% standard increase, 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 2024/25](#) already considered by Cabinet and now consulted upon.

These proposals would generate additional income of **£452k**.

- 10.3 On 24<sup>th</sup> January 2024, the UK Government announced it would be increasing its 2024/25 local government settlement by £600M in England, with a consequential allocation of around £25M for Wales. On the 7<sup>th</sup> February 2024, the Welsh Government Minister for Finance and Local Government announced that the £25M would be allocated to local government in the Final Budget, restoring the Social Care Workforce Grant to £45M (all Wales) with the remaining balance allocated to the Revenue Support Grant. This Council can expect to receive additional resources amounting to circa £1.950M as a result of this.
- 10.4 The financial implications (including part-year impact) of the above proposals are shown in the following table.

Table 2 : Budget Strategy - Specific Service / Expenditure Changes

	£'000	£'000
<b>Remaining Budget Gap at Provisional Settlement</b>		<b>25,910</b>
Schools Budget	- 3,418	
Council Tax	- 1,029	
Service Efficiencies	- 5,246	
Energy Budget Requirement	- 4,479	
Base Budget Adjustments	- 1,338	
Charging for Childcare (alongside free breakfast clubs)	- 495	
Capitalisation	- 500	
Fees and Charges	- 452	
		- 16,957
Additional Resources at Final Settlement		- 1,950
<b>Remaining Budget Gap</b>		<b>7,003</b>

- 10.5 *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.
- 10.6 As previously referenced at section 3, the reserve currently stands at £9.529M, having been replenished and increased during this year (2023/24). Accordingly, to address the remaining budget gap, it is proposed that an

allocation of £7.003M is made from this reserve for 2024/25. This would facilitate a balanced budget for 2024/25 and would leave £2.526M 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.

Table 3 : Balancing the Budget 2024/25

	£'000
Remaining Budget Gap	7,003
Use of Transition Funding / Reserves	- 7,003
<b>Remaining Budget Gap 2024/25</b>	<b>-</b>

- 10.7 The above provides a robust and balanced budget strategy for financial year 2024/25 which is now recommended to Council.
- 10.8 The Final Local Government Settlement for 2024/25 is expected to be received late February / early March 2024.
- 10.9 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 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 early identification of in-year savings opportunities. The Council has already invested over £161M (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, the latest investment (£7.730M) being agreed by Council in September 2023.

11.4 A report setting out the updated capital programme for 2024/25 to 2026/27 will be reported for Members consideration alongside this revenue budget strategy.

## **12.0 THE 2024/25 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 2024/25 was set out in the Cabinet report dated 23<sup>rd</sup> October 2023. 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 24<sup>th</sup> January 2024 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 2024 to the 9<sup>th</sup> February 2024 and included:

- On-line questionnaire and Poll via the Let's Talk website;
- Email to all Key stakeholders;
- Young person's face to face engagement via schools;
- 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 2024/25 MACRO REVENUE BUDGET

- 13.1 In arriving at a strategy for 2024/25, 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 4.90%:

**Table 4: Proposed Resources in 2024/25**

	£'000
2024/25 Net Revenue Spending	630,861
<b>LESS:</b> Revenue Support Grant & NDR Contribution	485,247
<b>LESS:</b> Social Care Workforce Grant	3,668
<b>Sub total</b>	<b>141,946</b>
<b>LESS:</b> Release of Earmarked Reserves	7,003
<b>To be met from Council Taxpayers</b>	<b>134,943</b>

- 13.3 Table 5 below, shows the overall effect on services of applying the principles of the Cabinet's recommended outline 2024/25 budget strategy.

**Table 5: Application of the 2024/25 Outline Budget Strategy**

<b>BUDGET REQUIREMENTS</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Increase/ (Decrease)</b>
	£'000	£'000	£'000
<b><u>Corporate Requirements</u></b>			
Capital Financing	21,708	21,708	0
Levies	14,960	15,728	768
Council Tax Reduction Scheme	25,784	26,547	763
Miscellaneous	14,261	13,215	(1,046)
	<b>76,713</b>	<b>77,198</b>	<b>485</b>
<b><u>Individual School Budgets (ISB)</u></b>			
Individual School Budgets	186,976	197,962	10,986
<b><u>Other Council Services</u></b>			
Community & Children's Services	202,148	210,100	7,952
Finance, Digital and Frontline Services	79,595	82,247	2,652
Chief Executive's	28,499	27,177	(1,322)
Education & Inclusion Services	36,024	36,177	153
<b>Net Revenue Spending</b>	<b>609,955</b>	<b>630,861</b>	<b>20,906</b>

#### **14.0 SPECIFIC GRANTS**

- 14.1 For next year, the Welsh Government is to provide around £1.4Bn 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 2024/25.

#### **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 recommended 2024/25 Budget Strategy, is based on supporting the Council's service delivery requirements and associated statutory responsibilities for the forthcoming year. In doing so, the recommended 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 2024/25 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 2024/25 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 2024/25 Revenue Budget Strategy has been formulated to support the delivery of the Council's strategic priorities and Corporate Plan. 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 maintained at the recommended minimum level of £10M.
- 21.2 On the 20<sup>th</sup> December 2023, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2024/25 Local Government Settlement with this Council's increase in resources set at 2.8%. This was followed up with additional resources being announced for local government in Wales on the 7<sup>th</sup> February 2024, which will be formalised within the final settlement.
- 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 2024/25.
- 21.4 The Cabinet has recommended setting the 2024/25 revenue spending and budget at £630.861M which will require a Council Tax increase of 4.90% for the financial year ending the 31<sup>st</sup> March 2025.
- 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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