

COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 11 th October 2023
Report Subject	Budget 2024/25 – Stage 2
Cabinet Member	Cabinet Member for Housing and Regeneration Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value & Procurement
Report Author	Corporate Finance Manager and Chief Officer (Housing & Communities)
Type of Report	Strategic

EXECUTIVE SUMMARY

As in past years, the budget for 2024/25 will be built up in stages.

The first stage has been concluded by the establishment of a robust baseline of cost pressures together with Member workshops to ensure Members had a full understanding of service budgets including current cost pressures and risks.

In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2024/25, which showed that we had a minimum additional revenue budget requirement estimated at £32.386m.

The report also provided an update on the work undertaken by portfolios over the Summer to review pressures, the outturn position and to consider further proposals for efficiencies to be considered as part of strategy to balance the budget.

The review by Overview and Scrutiny Committees throughout October and November of budget pressures and proposed efficiency options will form Stage 2 of the budget setting process, alongside the receipt of the Welsh Local Government Provisional Settlement on 20th December - Stage 3 will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set.

A further meeting of the Corporate Resources Overview and Scrutiny Committee (open to all members) will be held on 16th November 2023 which will summarise the work undertaken so far to meet the budget gap.

The details of the cost pressures and proposed efficiency options for the Housing and Communities Portfolio, which fall within the remit of this Committee are included within

this report. The Committee is invited to review and comment on these cost pressures, proposed efficiencies and associated risks.

The Committee is also invited to advise on any additional areas of cost efficiency it believes should be explored further and the reasoning behind the request.

A slide presentation will be made at the meeting.

RECOMMENDATIONS

1	Review and comment on the Housing and Communities portfolio's cost pressures.
2	Review and comment on the Housing and Communities portfolio's options to reduce budgets.
3	To advise on any areas of cost efficiency it believes should be explored further.

REPORT DETAILS

1.00	EXPLAINING THE BUDGET POSITION 2024/25
1.01	The first stage for budget setting was concluded in September where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout October and November of these cost pressures and proposed efficiency options will form part of stage 2 with stage 3 being the identification of the full set of budget solutions required to ensure a legal and balanced budget is set.
1.02	<p>In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2024/25, which showed that we had a minimum additional revenue budget requirement estimated at £32.386m.</p> <p>The report also provided an update on the work undertaken by portfolios over the Summer to review pressures, the outturn position and to consider further proposals for efficiencies to be considered as part of strategy to balance the budget.</p>
1.03	<p>The purpose of this report is to set out in detail the cost pressures and proposed efficiency options for the Housing and Communities portfolio, for consideration by the members of this Committee.</p> <p>Given the scale of the potential budget gap all services have been tasked with generating options to manage their service with a reduced budget. These options are included in the report for consideration by members of this Committee.</p>

1.04	<p>Housing and Communities – Cost pressures and proposals for budget reductions</p> <p>These are set out in the paragraphs which follow.</p>																					
1.05	<p><u>Table 1: Housing and Communities – Cost Pressures</u></p> <table border="1" data-bbox="292 409 1412 689"> <thead> <tr> <th data-bbox="292 409 1129 454">Cost Pressure Title</th> <th data-bbox="1129 409 1289 454">£m</th> <th data-bbox="1289 409 1412 454">Note</th> </tr> </thead> <tbody> <tr> <td data-bbox="292 454 1129 499"></td> <td data-bbox="1129 454 1289 499"></td> <td data-bbox="1289 454 1412 499"></td> </tr> <tr> <td data-bbox="292 499 1129 533">Strategic Decisions</td> <td data-bbox="1129 499 1289 533"></td> <td data-bbox="1289 499 1412 533">.</td> </tr> <tr> <td data-bbox="292 533 1129 566">Homelessness demand</td> <td data-bbox="1129 533 1289 566">2.000</td> <td data-bbox="1289 533 1412 566">1.</td> </tr> <tr> <td data-bbox="292 566 1129 611">Benefits – Council Tax Reduction Scheme (CTRS)</td> <td data-bbox="1129 566 1289 611">0.518</td> <td data-bbox="1289 566 1412 611">2.</td> </tr> <tr> <td data-bbox="292 611 1129 645"></td> <td data-bbox="1129 611 1289 645"></td> <td data-bbox="1289 611 1412 645"></td> </tr> <tr> <td data-bbox="292 645 1129 689">Total Cost Pressures</td> <td data-bbox="1129 645 1289 689">2.518</td> <td data-bbox="1289 645 1412 689"></td> </tr> </tbody> </table> <p>Notes:</p> <p>1. Strategic Decision – Homelessness demand (£2.000m)</p> <p>Following significant growth in demand for emergency accommodation for homeless persons and families which commenced in October 2022 and has continued significantly from the start of 2023, there is a significant projected overspend of over £2.7m within the Housing Solutions service in 2023/24, A number of potential mitigation measures are currently being considered with the intention to accelerate the rate at which homeless persons and families can be moved on from emergency accommodation into permanent accommodation. The key demand influences include the shortage of affordable supply in the private rented sector together with increasing numbers of no-fault evictions and an expectation of future growth arising from mortgage repossessions.</p> <p>2. Strategic Decision – Benefits – Council Tax Reduction Scheme £0.518m</p> <p>Although there is currently a small projected underspend for the CTRS in 2023/24, a 2024/25 budget pressure exists due to the expected impact on the current cost base of the level of increase in Council Tax to be determined for 2024/25.</p>	Cost Pressure Title	£m	Note				Strategic Decisions		.	Homelessness demand	2.000	1.	Benefits – Council Tax Reduction Scheme (CTRS)	0.518	2.				Total Cost Pressures	2.518	
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1.06	<p>Potential budget solutions/budget savings workstreams</p> <p>Following the Member workshop held on 31st July, a number of workstreams were established to seek to identify potential solutions to reducing the current budget gap. As part of the workstream to review reserves and balances, an opportunity has been identified which may enable removal of the pressure item for the Council Tax Reduction Scheme.</p>																					
1.07	<p>Budget Reduction option for consideration</p> <p>Following approval of carry forward of underspends against the budget for the Council Tax Reduction Scheme in previous years there is currently an amount of £0.877m in reserves being held as a buffer against potential future pressures. It is considered that the CTRS pressure sum for £0.518m can be funded in 2024/25 only by use of £0.518m from the reserve. It should be noted</p>																					

	however that a knock-on impact of this approach would be to increase the amount of the pressure identified for the CTRS within the MTFS for 2025/26.																		
1.08	<p>Budget Timeline</p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><u>Table 5: Budget Timeline</u></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>October/November 2023</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>19 December 2023</td> <td>Welsh Government Draft Budget</td> </tr> <tr> <td>19 December 2023</td> <td>Cabinet</td> </tr> <tr> <td>20 December 2023</td> <td>Provisional Local Government Settlement</td> </tr> <tr> <td>11 January 2024</td> <td>Corporate Resources Overview and Scrutiny Committee</td> </tr> <tr> <td>16 January 2024</td> <td>Cabinet – Budget Review</td> </tr> <tr> <td>20 February 2024</td> <td>Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td>1 March 2024</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	October/November 2023	Overview and Scrutiny Committees	19 December 2023	Welsh Government Draft Budget	19 December 2023	Cabinet	20 December 2023	Provisional Local Government Settlement	11 January 2024	Corporate Resources Overview and Scrutiny Committee	16 January 2024	Cabinet – Budget Review	20 February 2024	Cabinet and Council – Final Budget Setting	1 March 2024	WG Final Budget/Settlement
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: the revenue implications for the 2024/25 budget are set out in the report.</p> <p>Capital: there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<ul style="list-style-type: none"> • Cabinet • Member Budget Briefings July and October 2023 • Specific Overview and Scrutiny Committees • Corporate Resource Overview and Scrutiny Committee Meetings

4.00	RISK MANAGEMENT
4.01	As set out in the report.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • MTFS and Budget 2024/25 Cabinet Report July 2023 • MTFS and Budget 2024/25 Cabinet Report September 2023 • Member Briefing Slides

7.00	GLOSSARY OF TERMS
7.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Budget Requirement: The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p>Forecast: An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p>Capital: Expenditure on the acquisition of non-current assets or expenditure which extends the useful life of an existing asset.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which</p>

each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.