



MTFS and Council Budget 2022/23

Corporate Resources
Overview & Scrutiny
September 2021





Purpose and Background



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- » We are now entering Stage 2 of the budget process for the 2022/23 financial year
- » Stage 1 was completed in July when a minimum additional budget requirement of £16.750m was reported to Cabinet and Corporate Resources Overview and Scrutiny Committee
- » Expectation that all of the Overview and Scrutiny Committees should undertake a rigorous challenge of the pressures which make up the additional budget requirement within their area of responsibility.

Summary Totals of Cost Pressures

Summary of Pressures	2022/23		
	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 Pressures	1.145	1.245	1.345
National Resolution Pressures	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	0.502	0.502	0.502
Total Pressures	16.749	21.145	28.440



Corporate Cost Pressures 2022/23



Governance Pressures (1)

- » Registration Services (£0.036m) – This adjusts for a reduction in income in 21/22 which was one off and will therefore drop out from the base for 2022/23.
- » Independent Review Panel for Wales (IRPW) (£0.029m) – An estimate of the annual increase to Members allowances which is due to be notified to Councils by the end of the year.
- » Increased Microsoft Licencing Costs (£0.177m) – reflects the anticipated increased cost of the renewal of the Microsoft agreement in March 2022 due to enhanced security requirements and an increase in the number of users.
- » Business Systems Inflationary Rises (£0.016m) – represents a 3% increase in the cost of business software maintenance agreements in 2022/23.

Governance Pressures (2)

- » Members Broadband Allowances (£0.025m) – due to the introduction of a Members allowance for broadband as part of the Independent Remuneration Panel for Wales 2020 Annual Report.
- » Digital Strategy Pressures (£0.301m) – to support the delivery of the digital strategy including connectivity upgrades, software and additional resources.
- » Capacity and Resilience – Legal Services (£0.058m) - to address additional workloads in legal services - a number of requests for additional posts have been prioritised and will be included in an accelerated approvals report to Cabinet in September.

Governance Pressures (3)

Pressure Title	£m
Prior Year Decision/Approval	
Unrealised Efficiency	
• Registration Service	(0.036)
Legislative/Unavoidable Indexation Pressures	
• Independent Review Panel for Wales (IRPW)	0.029
• Increased Microsoft Licencing Costs	0.177
• Business Systems Inflationary Rises	0.016
Strategic Decisions	
• Members Broadband Allowance	0.025
• Digital Strategy Pressures	0.301
New Posts	
• Capacity & Resilience – Legal Services	0.058
Total	0.570

People and Resources Pressures (1)

- » P2P Upgrade (£0.019m) – reflects a one off pressure from 21/22 dropping out in 22/23.
- » E Procurement Tools (£0.041m) – reflects Basware software which is linked to the P2P system reducing manual intervention.
- » Occupational Health (£0.074m) - relates to additional demand for support from the Occupational Health Team, in relation to the provision of counselling (often at short notice, for individuals and teams) and rapid access physiotherapy.
- » Employment Services (£0.035m) – a number of Itrent system improvements have been on hold for some time due to the capacity of this team. This pressure is for a fixed term contract for a period of 12 months to implement some key projects.

People and Resources Pressures (2)

Pressure Title	£m
Prior Year Decisions/Approvals	
• P2P Upgrade	(0.019)
Strategic Decisions	
• E Procurement Tools	0.041
New Posts - Capacity	
• Occupational Health	0.074
• Employment Services	0.035
• Total	0.131

Corporate Financing Pressures (1)

- » Minimum Revenue Provision (MRP) (£0.301m) – the amount needing to be set aside for the repayment of debt for historical capital spend following the change of policy to the annuity method.
- » 21st C Schools Band B Borrowing costs (£0.128m) – borrowing costs for schemes that have already been approved.
- » Fee Increase for Coroners Service (£0.027m) – estimate of the increase required for the next financial year.
- » North Wales Fire and Rescue Authority (NWFRA) (£0.331m) - estimate of the increase required for the next financial year.

Corporate Financing Pressures (2)

- » NJC Pay Award 2021/22 (£0.799m) – Potential Pay award in year net of the provision made in the 21/22 budget for posts under £24,000. This is still subject to negotiation and an increased offer has been made since the calculation of this pressure (from 1.5% to 1.75%).
- » NJC Pay Award 22/23 (£1.790m) – Estimate of an additional pay award in 22/23 with a range of scenarios modelled from 1% to 3%. Includes incremental increases and assumes an increase of 1.5% for 21/22. This will be subject to amendment once the final pay offer has been agreed.

Corporate Financing Pressures (3)

Pressure Title	£m
Prior Year Decisions/Approvals	
• Minimum Revenue Provision (MRP)	0.301
• 21 st C Schools Band B Borrowing Costs	0.128
Legislative/Unavoidable Indexation	
• Coroner Service Fee Increase	0.027
• North Wales Fire and Rescue Authority	0.331
National Funding Requirement	
• NJC Pay Award 21/22 (Non Schools)	0.799
• NJC Pay Award 22/23 (Non Schools)	1.790
• Total	3.376

Summary of all Cost Pressures

Portfolio	Low (£m)
Governance	0.570
People & Resources	0.131
Corporate Financing	3.376
Total	4.077



Strategic Solutions



Strategic Solutions remain the same

- » Service transformations and efficiencies – low possibilities – previously advised of a realistic maximum of £2m
- » 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

Update on Efficiencies

- » In July we set a realistic internal target of a maximum of £2m
- » Work has been undertaken over the Summer with all services working to identify areas that can contribute to this target.
- » To date a figure of £1.250m has been identified as a realistic and achievable efficiency figure and work is ongoing on a number of areas.

Budget Timelines

Date	Event
September/October	Overview and Scrutiny Committees
19 October	Cabinet
20/21 December	WG Draft Budget/Provisional Settlement
14 December	Cabinet
18 January	Cabinet
15 February	Cabinet and Council
1 March	WG Final Budget/Settlement