

COMMUNITY, HOUSING & ASSETS OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 13 th October, 2021
Report Subject	Budget 2022/23 – Stage 2
Cabinet Member	Cabinet Member for Finance, Procurement and Social Value Cabinet Member for Housing
Report Author	Chief Executive, Chief Officer Housing & Assets, and Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

As in past years the budget for 2022/23 will be built up in stages.

The first stage was concluded in July where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout September and October will form stage 2 with Stage 3 being the identification of the funding solutions to ensure a legal and balanced budget.

In July, Cabinet and Corporate Resources Overview and Scrutiny Committee received the updated position on the budget for 2022/23 which showed that we have a minimum additional revenue budget requirement of an estimated £16.750m. The cost pressures identified were referred to the respective Overview and Scrutiny Committees with a request that they all undergo a rigorous review.

The details of the cost pressures for the Housing & Assets portfolio - which fall within the remit of this Committee - are included within this report. The Committee is invited to review these cost pressures and risks, and to advise on any 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	That the Committee reviews and comments on the Housing & Assets Portfolio's cost pressures.
2	That the Committee advises on any areas of cost efficiency it believes should be explored further.

REPORT DETAILS

1.00	EXPLAINING THE BUDGET POSITION 2022/23																													
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1.03	The purpose of this report is to set out in detail of the cost pressures for Housing & Assets that are included within the minimum budget requirement.																													
1.04	<p>Housing & Assets Portfolio Pressures</p> <p>These are set out in the paragraphs which follow.</p>																													
1.05	<p><u>Table 1: Housing & Assets Portfolio Pressures</u></p> <table border="1"> <thead> <tr> <th>Pressure Title</th> <th>£m</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td colspan="3">Requiring National Resolution</td> </tr> <tr> <td>• Benefits – Council Tax Reduction Scheme (CTRS)</td> <td>0.608</td> <td>1.</td> </tr> <tr> <td colspan="3">Strategic Decisions</td> </tr> <tr> <td>• Carelink Budget Issue (HSG)</td> <td>0.109</td> <td>2.</td> </tr> <tr> <td colspan="3">New Posts</td> </tr> <tr> <td>• Homelessness - additional capacity</td> <td>0.090</td> <td>3.</td> </tr> <tr> <td>• Programme Manager</td> <td>0.014</td> <td>4.</td> </tr> <tr> <td>Total Cost Pressures</td> <td>0.821</td> <td></td> </tr> </tbody> </table>			Pressure Title	£m	Note	Requiring National Resolution			• Benefits – Council Tax Reduction Scheme (CTRS)	0.608	1.	Strategic Decisions			• Carelink Budget Issue (HSG)	0.109	2.	New Posts			• Homelessness - additional capacity	0.090	3.	• Programme Manager	0.014	4.	Total Cost Pressures	0.821	
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	<ol style="list-style-type: none"> 1. Benefits - Council Tax Reduction Scheme – This reflects the level of potential pressure on CTRS in 2022/23 taking account of the potential increase in take-up and the inflationary impact of a potential 2022/23 Council Tax increase. 2. Carelink Budget Issue (HSG) – Final element of a phased pressure to reflect the reduction of Housing Support Grant (HSG) allocation to the Carelink budget due to eligibility issues. 3. Homelessness - additional capacity to meet expected additional demands on the service due to potential lasting economic impacts of the COVID-19 pandemic leading to possible repossession in owner-occupier sector and evictions in the Registered Social Landlord (RSL) and private rented sectors 4. Programme Manager – additional short term capacity to progress a number of large complex programmes of work across the Housing & Assets portfolio – 70% of the total costs are to be funded by the Housing Revenue Account (HRA)
1.06	<p>Organisational Capacity</p> <p>The capacity of the organisation has been reduced over a number of years, in some areas of service management and operations, due to the need to reduce budget overheads to achieve our efficiency targets. The experience of managing the pandemic and endemic situation over the past 18 months has led to some increases in workload in certain areas, and the Council has set out some priorities which will require additional capacity in the Council Plan and through the leadership of the Council.</p> <p>The Chief Executive and Chief Officer Team have reviewed these capacity needs in depth. We have prioritised a number of requests for additional posts to supplement operational teams for consideration by the Overview and Scrutiny Committees as potential cost pressures for 2022/23 onwards. These requests are all supported by business cases. Our recommendation to Council will be that these requests are supported in order of priority. The extent to which this list of requests can be funded will depend on the financial “headroom” we will have when we are on the verge of setting the annual budget in the new year.</p> <p>From amongst this set of requests a small number have been prioritised for accelerated approval within 2021/22 and in advance of the annual budget setting. This accelerated approval was the subject of a separate report to Cabinet in September.</p>
1.07	<p>Budget Timeline</p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p>

Table 2: Budget Timeline	
Date	Event
September/October	Overview and Scrutiny Committees
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

2.00	RESOURCE IMPLICATIONS
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2.01	<p>Revenue: the revenue implications for the 2022/23 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>
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	<p>Member and Group Leader Briefings June/July 2021</p> <p>Corporate Resource Overview and Scrutiny Committee</p> <p>Individual Scrutiny Meetings September/October</p>
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4.00	RISK MANAGEMENT
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4.01	As set out in the report.
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5.00	APPENDICES
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5.01	No appendices.
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<p>MTFS and Budget 2022/23 Cabinet Report 13th July 2021</p> <p>Presentation to CROSC July 2021</p> <p>Summary Budget 2022/23 report to Corporate Overview and Scrutiny Committee 16th September 2021</p>
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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 each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.</p> <p>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.</p>

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.