

# Medium Term Financial Strategy and Budget Setting 2024/25



**Environment & Economy**

**Overview & Scrutiny Committee**

**10<sup>th</sup> October 2023**

# Purpose and Background



# Purpose and Background

- We are now entering Stage 2 of the budget process for the 2024/25 financial year.
- Cabinet have formally referred specific cost pressures and initial cost reductions to a series of Overview and Scrutiny meetings taking place throughout October and November.
- Expectation that all of the Overview and Scrutiny Committees should undertake a rigorous challenge of the cost pressures and cost reductions within their area of responsibility and to advise of any additional areas to be explored
- Today we consider pressures and cost reductions for Planning, Economy and Environment and Streetscene and Transportation Portfolios

# The Additional Budget Requirement for the Council 2024/25

Summary of Pressures	£m
Prior Year Decisions / Approvals	0.986
Legislative/Unavoidable Indexation	2.260
National Funding Requirement (Pay Awards)	14.506
Social Care	7.022
Education & Youth	0.511
Out of County Placements	0.500
Planning, Environment & Economy	0.191
Housing & Communities	2.518
Streetscene & Transportation	2.759
Governance	0.732
Corporate	0.401
<b>Total Pressures</b>	<b>32.386</b>

# Additional Budget Requirement – Ongoing Risks

- Education and Youth – uncertainty around the potential increase in employer teacher pension contributions and risks around continuation of grant funding
- Social Care – ongoing recruitment and retention challenges, new statutory responsibilities and continuing high service demand and inflation
- Out of County Placements – remains a significant risk with a projected in-year overspend of £1m and expected to continue to rise
- External Partners – subject to same cost pressures on pay and inflation and a risk and likelihood that additional funding contributions will be sought

# Additional Budget Requirement – Ongoing Risks

- In-year pay awards for both teaching and non-teaching have yet to be concluded. Impact of current offers are included in the forecast - any increases will add to additional budget requirement in 2024/25
- No figures are currently included for any impact of the pay modelling review which has commenced to address the difficulties currently being experienced in recruitment and retention. The review is due to be concluded later this year.
- Homelessness Service – continuing to see increasing numbers presenting for support with a projected net overspend of £2.7m in the current financial year
- Streetscene and Transportation – potential infraction fines, risks and uncertainty around key grants e.g. SWMG

# Overall Position after initial solutions

	£m	£m
<b>Additional Budget Requirement 2024/25</b>		<b>32.386</b>
<b>Budget Solutions</b>		
Increase in AEF 3.1%	7.800	
Council Tax (Indicative figure only 5%)	5.600	
Review of Pressures	0.718	
Review of Outturn	0.150	
Efficiencies (Subject to RAG)	1.766	
Fees and Charges 2023 Review	0.310	
Actuarial Review (Year 2 of 3)	2.000	
Total Solutions		18.344
<b>Remaining Gap</b>		<b>14.042</b>

# Summary and Conclusions

- The Council clearly has a major budget challenge for the financial year 2024/25 if there is no movement in the indicative uplift of 3.1% in the settlement.
- An increase is extremely unlikely unless there is significant 'consequential funding' arising from the UK Budget announcement on 22 Nov – this cannot be assumed
- A 'minimum' amount of cost reductions of £14m remains to be identified to enable the Council to meet its statutory obligation of setting a legal and balanced budget
- A need for a strategic programme of transformational change to ensure that the Council is developing cost reductions over the medium term to protect its ongoing future financial position and ensure it is prepared for inevitable future budget challenges

# Planning, Environment and Economy Cost Pressures



# Summary P,E&E Cost Pressures

Cost Pressure Title	£m
Private Water Supplies (Prior Year Decision)	-0.052
Private Water Supplies	0.047
Additional Licencing Schemes for HMO's	0.144
<b>Total Cost Pressures</b>	<b>0.139</b>

# Planning, Environment and Economy Cost Pressures (1)

## 1. Prior Year Decision - Private Water Supplies (£0.052m)

- The budget to undertake Private Water Supply work is being removed in 2024/25, however, the demand on the service with respect to this area of work continues to be high. The work can be time consuming and highly technical. It is forecast that the current backlog of outstanding risk assessments and monitoring will not be completed by March 2025. The Council has a statutory responsibility to undertake this work and is subject to the scrutiny of the Drinking Water Inspectorate.

## 2. Private Water Supplies £0.047m

- It is requested that budget provision for the single post funded is continued, and made permanent, as we will also have on-going risk assessment and monitoring requirements in the future. In addition, it is vital that the service retains the specialist officer, who has achieved accreditation to undertake this work.

# Planning, Environment and Economy Cost Pressures (2)

## 3. Additional Licencing Scheme for HMOs £0.144m

- Subject to Member approval the Council could introduce a new scheme that would require smaller HMO's to be licensed. This would be dependent on the Councils determination that it was satisfied that the current market conditions are such that it believes a significant proportion of the county's HMOs are being poorly managed and are giving rise, or likely to give rise, to problems affecting their occupiers or members of the public. A Licencing scheme already exists to identify and monitor larger HMOs.

# Planning, Environment and Economy Budget Reductions



# The 2024/25 Budget Challenge – our approach

- Review of previous efficiencies achieved
- Review of Outturn from 2018/19 to 2022/23
- Review of current budget pressures for 2024/25
- Any new efficiencies
- Review of Balances and Reserves



# Summary P,E&E Budget Reductions

Budget Reductions	£m	RAG
Increase in Income Budget for Planning Fee	0.100	Amber
<b>Total Budget Reductions</b>	<b>0.100</b>	

# Planning, Environment & Economy

## Budget Reductions (1)

### **1. Increase in Planning Fee Income (£0.100m Amber risk)**

Increasing Fee Income target in line with anticipated higher income levels. This follows a review of recent years' income levels and an expectation that, as the LDP moves towards adoption, investors will be more comfortable in bringing forward sites for development, resulting in a rise in the quantum of planning fees.

# Planning, Environment & Economy Budget Reductions(2)

## Use of Balances and Reserves

In addition to the budget reduction, following a review of the portfolio's balances and reserves, there is a one-off amount of £0.275m which will contribute to the overall general reserves.

# Streetscene & Transportation Cost Pressures



# Summary Streetscene & Transportation Cost Pressures

Cost Pressure Title	£m
Fleet Contract Renewal	2.000
Business Recycling Collections (New Duties)	0.438
Mayrise Replacement	0.085
Recycling & Compliance Officers	0.133
Assistant Fleet Manager	0.055
ULEV Transition Manager	0.049
<b>Total Cost Pressures</b>	<b>2.759</b>

# Streetscene & Transportation Cost Pressures

- Fleet Contract Renewal £2.000m – The previous contract expired in early October 2023 and will be extended for an initial 6 months within a further 7 year agreement. However, due to current market conditions, the annual cost of the contract will increase significantly and negotiations continue for the period from April 2024.
- Business Recycling Collections (New Duties) £0.438m – The Welsh Government is introducing new regulations from April 2024 that will require all businesses, the public sector and third sector organisations in Wales to separate recyclable materials in the same way that most householders do now, which will mean local authorities having to collect or arranging for the collection of and receive, keep, treat or transport waste to not mix the separately collected recyclable waste streams with any other recyclable waste stream or with other types of waste or other substances or articles.

# Streetscene & Transportation Cost Pressures

- Mayrise Replacement £0.085m – The Mayrise system is the back-office system that is used in Streetscene for all operational services and asset management for highways, grounds, street cleansing and waste and recycling collection rounds, which is linked to CRM and FCC mapping. The pressure relates to technical consultancy costs of £0.040m, with the costs of a new system estimated at £0.045m.
- Additional Resourcing
- 3 x Recycling and Compliance Officers £0.133m
- Assistant Fleet Manager £0.055m
- Ultra-Low Emission Vehicle Transition Manager £0.049m

Costs are based on interim support for the fleet services and waste strategy teams and creation of additional posts within the structure to ensure resilience and capacity. Figures are estimated and the grades of the posts would be subject to job evaluation

# Streetscene & Transportation Budget Reductions



# The 2024/25 Budget Challenge – our approach

- Review of previous efficiencies achieved
- Review of previous Outturn
- Review of current budget pressures for 2024/25
- Any new efficiencies
- Review of Balances and Reserves



# Summary S&T Budget Reductions

Budget Reductions	£m	RAG
Part time opening of HWRC sites	0.150	Amber
Garden Waste Collections	0.025	Green
Review/Reduce Service Standards - Grass Cutting and Weed Spraying	0.025	Amber
Food Waste Bag Charges	0.010	Red
Review/Reduce Service Standards - Cemetery Maintenance	0.025	Amber
Review of Hazardous Transport Routes	0.035	Red
Introduce Night Working	0.025	Red
Cleansing Standards/Zero Tolerance - Littering	0.030	Red
Charge for Compost Material at HWRC sites	0.010	Amber
Provision of In-house services for weed spraying and traffic management	0.010	Green
Increased charging for car parking including changes to permit schemes	0.050	Red
Full cost recovery for supporting community events	0.010	Amber
<b>Total Budget Reductions</b>	<b>0.405</b>	

# Streetscene & Transportation Budget Reductions(2)

## Use of Balances and Reserves

In addition to the budget reduction, following a review of the portfolio's balances and reserves, there is a one-off amount of £0.008m which will contribute to the overall general reserves.

# Next Steps for the Budget Setting Process 2024/25



# Budget Process – Stage 2

- 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 outcome of all OSC sessions.
- The draft Welsh Government budget is now scheduled on 19<sup>th</sup> December with the Welsh Local Government Provisional Settlement expected on 20<sup>th</sup> December.
- The latest budget position and the implications of the Provisional Settlement will be reported to members in December

**This will close Stage 2 of the Budget Process**

# Budget Process – Stage 3 (Final)

- Further overview and scrutiny meetings are likely to be needed in January to consider the further budget reductions required to meet the remaining budget gap.
- Update to Cabinet and Corporate Resources Overview and Scrutiny 2024– Initial Budget Proposals
- 20th February – Cabinet and Council – Final Budget Proposals and the setting of Council Tax
- WG Final Budget – To be confirmed