

COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 13 th November 2024
Report Subject	Budget 2025/26 – Stage 2
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing and Communities
Report Author	Corporate Finance Manager and Chief Officer (Housing & Communities)
Type of Report	Strategic

EXECUTIVE SUMMARY

As in past years, the budget for 2025/26 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 and individual Group Briefings to ensure Members had a full understanding of the Council's concerning overall financial position.

In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2025/26, which showed that we had an additional revenue budget requirement estimated at £38.420m which presents a serious and major budget challenge for the Council – proposed solutions to bridge this gap are currently being developed and will be shared with members in due course.

This review by Overview and Scrutiny Committees throughout October and November is aimed at reviewing and scrutinising the portfolio cost pressures to provide assurance that they are an essential requirement for the 2025/26 budget and that there is no scope to remove / defer them to assist with dealing with the budget challenge.

The draft Welsh Government Budget is scheduled to be announced on 10 December and the Provisional Welsh Local Government Settlement is expected to be received on 11 December.

Stage 3 of the budget process will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set in line with the Council's overall available funding envelope.

The details of the cost pressure options for the Housing & Communities Portfolio which fall within the remit of this Committee are included within this report. The Committee is invited to review and challenge these cost pressures and associated risks.

RECOMMENDATIONS

1	Review and comment on the Housing & Communities portfolio's cost pressures.
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REPORT DETAILS

1.00	EXPLAINING THE BUDGET POSITION 2025/26																				
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1.05	<p><u>Table 1: Housing & Communities – Cost Pressures</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Cost Pressure Title</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">Note</th> </tr> </thead> <tbody> <tr> <td>Strategic Decisions</td> <td></td> <td></td> </tr> <tr> <td>Homelessness demand</td> <td style="text-align: center;">7.517</td> <td style="text-align: center;">1.</td> </tr> <tr> <td>Benefits – Council Tax Reduction Scheme (CTRS)</td> <td style="text-align: center;">1.643</td> <td style="text-align: center;">2.</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Cost Pressures</td> <td style="text-align: center;">9.160</td> <td></td> </tr> </tbody> </table>			Cost Pressure Title	£m	Note	Strategic Decisions			Homelessness demand	7.517	1.	Benefits – Council Tax Reduction Scheme (CTRS)	1.643	2.				Total Cost Pressures	9.160	
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Notes:

1. Strategic Decision – Homelessness demand (£7.517m)

Following significant growth in demand for emergency accommodation for homeless persons and families there continues to be significant overspend within the Housing Solutions service. A number of potential mitigating 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.

2. Strategic Decision – Benefits – Council Tax Reduction Scheme (£1.643m)

There is currently a pressure for CTRS in 2024/25. There was no increase to this budget in 2024/25, instead it was agreed that reserves would be utilised in year to offset overspends. A budget pressure for 2025/26 exists due to the expected impact on the current cost base of the level of increase in Council Tax to be determined for 2025/26.

1.06

Potential budget solutions/budget savings workstreams for Homelessness.

Developing other homeless accommodation solutions is a priority task for the Housing and Prevention Service and options are actively being explored to reduce the financial pressure.

1.07

Budget Timeline

An outline of the local budget timeline at this stage is set out in the table below:

Table 5: Budget Timeline

Date	Event
October/November 2024	Overview and Scrutiny Committees
10/11 December 2024	Draft Welsh Government Budget and Provisional Local Government Settlement
17 December 2024	Cabinet
16 January 2025	Overview and Scrutiny Committees – as required
21 January 2025	Cabinet – Budget Review
18 February 2025	Cabinet and Council – Final Budget Setting
February 2025	Welsh Government Final Budget/Settlement

2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: the revenue implications for the 2025/26 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 2024 • 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 2025/26 Cabinet Report July 2024 Agenda - Cabinet 23.07.2024 • MTFS and Budget 2025/26 Cabinet Report September 2024 Agenda - Cabinet 25.09.2024 • 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</p>

the repayment of debt, including interest, and may include direct financing of capital expenditure.

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.

Budget Requirement: The amount of resource required to meet the Councils financial priorities in a financial year.

Forecast: An estimate of the level of resource needed in the future based on a set of demands or priorities.

Capital: Expenditure on the acquisition of **non-current assets** or expenditure which extends the useful life of an existing asset.

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.

Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

Financial Year: the period of 12 months commencing on 1 April.

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.

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.