

Budget Scrutiny Task Group

MTFP (Revenue): Session 2

14 November 2024

Agenda

Medium Term Financial Plan

- Autumn Budget
- Alignment to Fairer Westminster
- Background General Fund Budget
- Updated Budget Position

Budget, key issues, initiatives, pressures and investments for:

- Regeneration, Housing and Planning
- Environment and Communities

Autumn Budget – 30 October

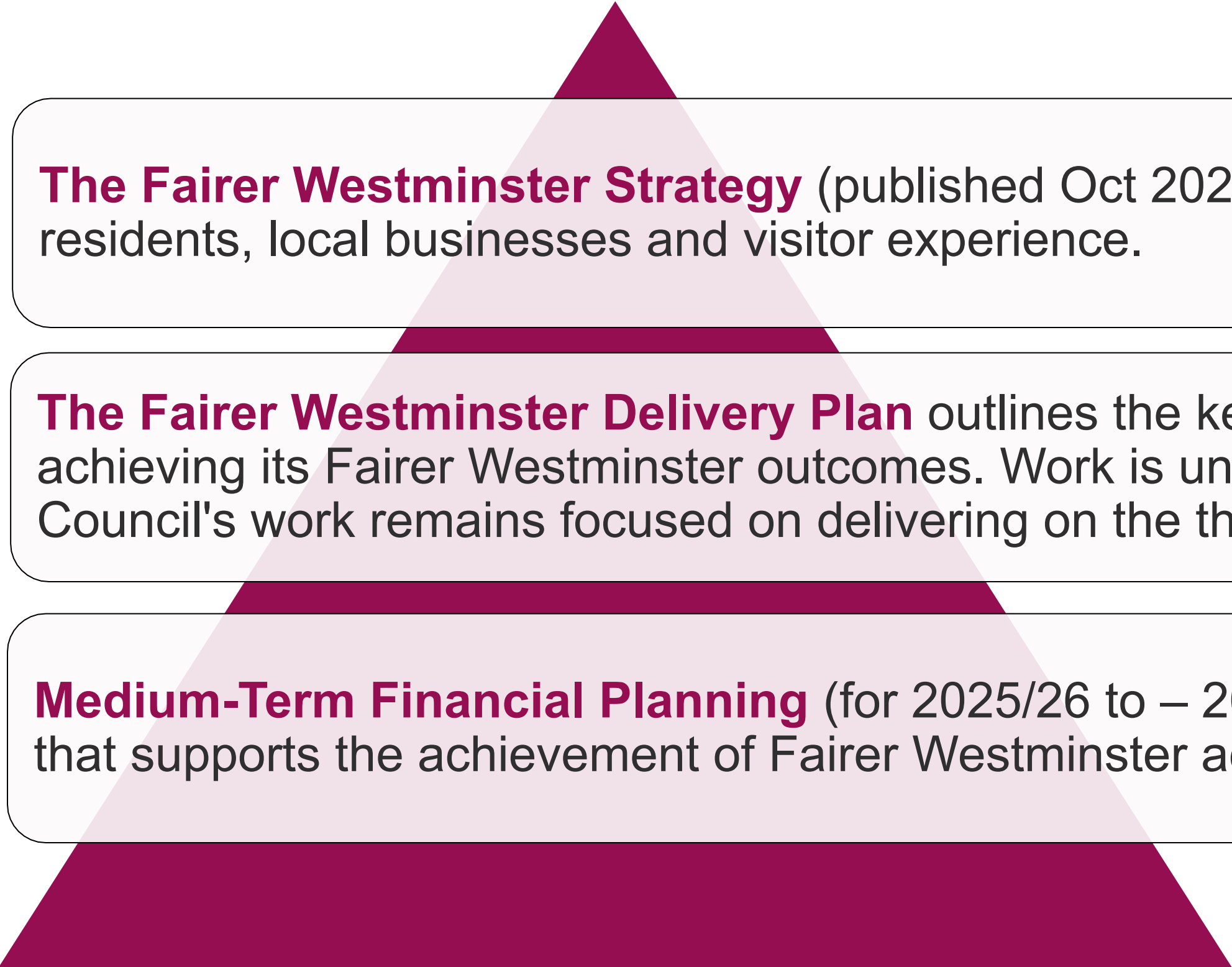
- The outcomes for local government were better than expected with an announcement of a 3.2% increase in Core Spending Power (CSP). This includes £1.3bn additional core spending grant funding including £600m for social care.
- The Chancellor also announced a further £1bn for SEND and £230m for homelessness.
- Settlements for 26/27 onwards are less clear, although indications suggest that future funding increases will be significantly reduced. A full comprehensive spending review will happen in the Spring 2025 to inform the following three years. MHCLG have also suggested that distribution of full Local Govt funding will be reviewed in the next year.
- Whilst individual local authorities have previously been able to broadly estimate how much of the nationally available sums they might receive, this has been made more difficult this time as Government has suggested that it may use different distribution methodologies for this additional funding
- MHCLG noted that the additional funding for 25/26 may be targeted to those with the greatest need, outside of the normal formula allocation system. At this time, it is estimated that WCC will receive an additional £5m grant support in 25/26 from this newly announced funding. Actual allocations will be announced in the provisional local government settlement expected in late December

Autumn Budget – 30 October

- The uplift in employers NI – from 13.8% to 15% will also have an impact on the Council's overall costs. This will be funded by the Government for direct Council employees, although the level of funding is still uncertain.
- Budget included announcement on Business Rates. This included – extension of the Retail, Hospitality and Leisure relief. Local Authorities will be compensated for this relief.
- Increase to the standard business rates multiplier, with the small Business Rates multiplier being frozen.
- Government have also indicated a wider review of Business Rates. To create a system that is fairer, protects the high street, supports investment and is fit for the 21st century.
- Autumn Statement also indicated some changes to the Housing Revenue Account (HRA).
- Consultation on a new long term social housing rent settlement of CPI+1% for five years.
- Reducing discounts on Right to Buy (RtB) schemes and enabling Councils to keep all receipts generated by sales.

Alignment to Fairer Westminster Delivery Planning

The Council's strategy, delivery plan and financial planning are all aligned to ensure that the Council is able to achieve its Fairer Westminster outcomes (and corporate priorities) in a sustainable way.



The Fairer Westminster Strategy (published Oct 2022) is the Council's 4-year vision for improving outcomes for its residents, local businesses and visitor experience.

The Fairer Westminster Delivery Plan outlines the key actions that the Council is taking each year to work towards achieving its Fairer Westminster outcomes. Work is underway to update the Delivery Plan for 2025/26 to ensure that the Council's work remains focused on delivering on the things that matter.

Medium-Term Financial Planning (for 2025/26 to – 2027/28) will ensure that the Council can allocate its resources in a way that supports the achievement of Fairer Westminster actions set out in the Fairer Westminster Delivery Plan.

Alignment to Fairer Westminster Delivery Planning

How it works in practice:

- All **proposals for new investments** (new spend) are scrutinised to ensure they are aligned to (and will further) the Council's Fairer Westminster ambitions.
- **Directorate proposed deliverables for 25/26 Delivery Plan are reviewed alongside savings proposals** to ensure they do not conflict with one another and/or the Council's Westminster priorities.
- **Savings proposals are carefully reviewed** to make sure that they do not have any negative impact on the Council's ability to achieve its Fairer Westminster ambitions.
- **The financial planning timeline is synchronised with Delivery Plan development** to ensure that it is framed around the Council's priorities and that the Delivery Plan is realistic and achievable within the Council's budget and resources.
- **Feedback from the Budget Scrutiny Task Group will be essential in shaping the 2025/26 Delivery Plan.** Insights from these sessions will be discussed with Cabinet Members and Officers to ensure the Delivery Plan aligns with the Council's financial priorities.

What we are looking for:

- **The medium-term financial plan** will act as the financial framework to support the delivery of the Fairer Westminster strategy.
- **The 2025/26 Fairer Westminster Delivery Plan** contains initiatives that are costed in detail and can be delivered within the Council's budget envelope.
- **Ongoing Monitoring and Adaptation** will involve regular tracking and annual review of the Delivery Plan, enabling timely adjustments in response to emerging community priorities, changing financial constraints, and new opportunities.
- **Enhanced Collaboration and Continuous Improvement through regular feedback between Members and Officers** ensuring a collaborative approach to refining initiatives, strategically allocating resources, and maintaining a Delivery Plan that remains responsive, impact-driven, value for money and aligned with Fairer Westminster ambitions.
- **The 25/26 Delivery Plan will be published alongside the budget in March** demonstrating a clear link between our Fairer Westminster strategic priorities and financial planning.

General Fund revenue budget

- The overall MTFP position reported here reflects the currently proposed savings, pressures and investments put forward for consideration by Scrutiny. These are covered in more detail within the service specific presentations and appendices.
- New savings options totalling £28.9m have been identified over the three-year period, with £19.9m in 25/26. Investment proposals of £10.1m in 25/26 are also included. The budget assumes that one off investments will be funded from reserves.
- Service pressures of £12.8m in 25/26 are also included within the budget. Most significantly this includes demand and complexity pressures within Adults Social Care, increases in care leavers and uncertainty over health funding in Children's Services, accommodation for increased rough sleepers and temporary accommodation staffing support
- The MTFP position does not take into account any decision on the level of council tax rises for future years. For every 1% increase the net yield would be £690k.

Updated Budget Position

The budget position has been updated since the position reported to Cabinet in July. The table below summarises those changes. The budget gap has reduced by £14.1m from £54.8m to £40.7m.

	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	2027/28 over 2026/27 £m	Total £m	RAG
Cabinet July - Forecast Gap	15.312	19.832	19.701	54.845	
New Savings	(19.895)	(5.319)	(3.636)	(28.850)	
New Investments	10.142	1.793	(1.094)	10.841	
New Pressures	12.805	3.168	(0.370)	15.603	
Add back provision for policy investments and pressures and fees and charges	(6.390)	0.000	0.000	(6.390)	
Apply reserves to one off investments	(2.386)	1.192	1.094	(0.100)	
Concessionary Fares	(0.708)	(0.939)	1.403	(0.244)	
Estimated additional New Homes Bonus	(1.000)	1.000	0.000	0.000	
Cost of Living fund investment extension	1.000	(1.000)	0.000	0.000	
Estimated additional grant funding	(5.000)	0.000	0.000	(5.000)	
Revised Gap	3.880	19.727	17.098	40.705	

Budget Gap – Risks

Key Macro Risks

- **Funding** – there is continued uncertainty with the level of funding the Council will receive for 2025/26. Local Govt received additional funding in the budget, but the distribution of this is not clear yet. There is also longer-term uncertainty due to proposed changes in the methodology for the funding allocation formulas. Employer's NI in the public sector is to be funded for direct employees – amounts for each Council are yet to be determined.
- **Inflation** – increased inflationary pressures on the cost of pay and contracts always present a risk to the Council. After a period of high inflation stability seems to have resumed with September CPI at 1.7%. The Council budgets for inflation in line with the Bank of England target of 2%. However, every 1% above this would cost c£3.7m.

Key Micro Risks

- **Temporary Accommodation** – every 1% increase in homelessness acceptances (above what we have budgeted for) would cost the Council c£480k.
- **Social Care** – Both Children's and Adults social care is an on-going area of pressure for local authorities with increasing demand and complexity. We have allowed for c£5m in cost pressures for these service areas.

Timelines

Key timelines for the review and agreement of the budget position are set out below.

	Date
Budget Scrutiny Task Group Sessions	12, 14, 19 November and 4 December
Local Government Finance Settlement announcement	Late December
Budget Scrutiny Task Group Review	21 January
Cabinet	17 February
Council	5 March

Pressures

Description	2025/26 over 2024/25 £m	2026/27 over 2025-26 £m	2027/28 over 2026-27 £m	Total £m
1. SELCHP gate fee increase in 2026/27		2.540		2.540
2. Maintenance of Sustainable Drainage Systems (SuDS)	0.050	0.050	0.050	0.150
3. Market Security Barrier Operation and Maintenance	0.050	0.050	0.050	0.150
4. Parks Health and safety & Infrastructure reactive maintenance works and regular surveys	0.340	(0.050)	(0.100)	0.190
Total	0.440	2.590	0	3.030