

# Public Document Pack



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## CABINET

Tuesday, 13th February, 2024

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The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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## SUPPLEMENTARY PACK

1.	<b>DRAFT BUDGET 2024/25</b>
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Proposed Amendment to the 2024-25 Draft Revenue Budget.

(Pages 3 - 10)

Scrutiny Committee recommendations on the Budget and Cabinet responses to follow.

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## CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE  
Date: 13<sup>th</sup> February 2024

**REPORT AUTHOR:** County Councillor David Thomas  
Portfolio Holder for Finance and Corporate Transformation

**SUBJECT:** Proposed Amendment to the 2024-25 Draft Revenue Budget

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**REPORT FOR:** Decision

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**1. Purpose**

1.1 This report proposes an amendment to the draft revenue budget for 2024-25 to be presented for consideration by Full Council following information received from Welsh Government dated 7<sup>th</sup> February 2024 around additional funding for Welsh Local Authorities (see Appendix A)

**2. Background**

2.1 Cabinet approved their draft Medium Term Financial Strategy (MTFS) for 2024-29, which included a Financial Resource Model (FRM) for 2024-29, a draft revenue budget for 2024-25 and a draft capital programme for 2024-25 to 2028-29 on the 16<sup>th</sup> January 2024.

2.2 On the 24<sup>th</sup> January 2024 the UK Government announced it would increase funding to local authorities in England by £600m. On the 7<sup>th</sup> February 2024 ( see Appendix A) the Minister for Finance and Local Government wrote to local authorities across Wales advising that she expected a consequential allocation for Wales of around £25m for 2024-25 to be confirmed at the UK Spring Budget on 6<sup>th</sup> March. As a result of Cabinet discussions at Welsh Government the Minister advised us about the allocation of this funding as follows:-

- A reversal of the previous reduction to the social care workforce grant reinstating the Grant by £10.6m to £45m in 2024-25;
- Allocation of the remaining £14.4m to the revenue support grant in 2024-25 amongst all Local authorities to support pressures in both social care and education, including teachers' pay, as local need dictates.

2.3 Although the funding is yet to be formally approved by Welsh Government, Cabinet have considered this possible additional allocation and make a proposal to amend the draft Revenue Budget for 2024/25 in the event of additional funding being included in the Final Local Government Settlement from Welsh Government on 27<sup>th</sup> February 2024 either as a result of the consequential allocation of additional funding from the UK Government.

2.4 Discussions also continue at Welsh Government with regard to the Programme for Government commitment to reduce the administrative burden on local authorities.

- 2.5 There is also the possibility of grants transferring into the RSG. There have always been three main options with grants, to transfer into the RSG, amalgamate grants together or leave as they are. Grants are at different stages of their evolution and different solutions will work for different areas. Any changes should not increase the admin burden, whether from a monitoring point of view from Welsh Government or from within local government themselves in their financial and performance monitoring processes.
- 2.6 Should a decision be reached by Welsh Government to transfer existing grant funding into the RSG for 2024-25 then Cabinet have also considered the principles on how this funding should be allocated within the Council's budget for 2024/25.

### **3. Proposals**

#### **Additional £14.4m allocated throughout Wales to the Revenue Support Grant (RSG)**

- 3.1 The provisional settlement sees Powys receive c4% of the overall revenue support grant and based on this we can expect a similar share of the £14.4m consequential funding, which is estimated to be in the region of £570k.
- 3.2 The amendment to the budget being proposed is that Cabinet approve in principle to allocate any additional revenue funding received, as a result of the consequential, in full to the schools delegated budget. In proposing these changes Cabinet have considered the following:-
- The letter states "The remaining £14.4m will be allocated to the revenue support grant in 2024-25 to support pressures in both social care and education, including teachers' pay, as local need dictates."
  - The Social Care Workforce Grant will reinstate funding to Social Care, estimated at £400k
  - The budget proposal already supports social care to fund its pay and inflationary pressures by £8.7m a 10.4% increase.
  - The budget proposal does not fully support increased pay and inflationary pressures across schools.
  - The feedback received from the recent Scrutiny Committees.

#### **Potential Transfer of Grants into the Revenue Support Grant at Final Settlement**

- 3.3 Should a decision be reached by Welsh Government to transfer further grant funding into the RSG for 2024-25 then Cabinet propose that the equivalent funding transferred into the settlement is allocated to the service areas currently in receipt of those grants.
- 3.4 It is also proposed that during 2024-25 a review of how the funding is utilised is undertaken to ensure that the use of funding meets the objectives and priorities of the Council and where this is not the case an exit plan can be established and actioned and any virement of the funds can be subsequently considered.
- 3.5 A full understanding of any funding implications should also be established should the method of allocation via the RSG be amended for the 2025/26 settlement.

3.6 If approved these changes be reflected in the Budget proposed to Council on the 22<sup>nd</sup> February 2024.

#### **4.0 Resource Implications and Section 151 Officer Opinion**

4.1 The proposals set out above are funded by additional allocations received through the Revenue Support Grant Final Settlement therefore a balanced budget is maintained.

4.2 The changes proposed by the amendment does not therefore change the Section 151 Officers' opinion to that expressed in the original report.

#### **5.0 Legal Implications**

5.1 Legal: The recommendations can be supported from a legal point of view

5.2 The Head of Legal Services and the Monitoring Officer has commented as follows: " I note the legal comment and support the recommendations "

#### **6. Members' Interests**

6.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

#### **7. Climate Change & Nature Implications**

7.1 Not applicable.

#### **8. Data Protection**

8.1 Not applicable.

#### **9. Comment from local member(s)**

9.1 Not applicable.

#### **10. Impact Assessment**

10.1 The proposals increase funding allocated to Schools and other services and therefore have a neutral or positive impact on the budget proposal already assessed.

#### **11. Recommendations**

That Cabinet approve the following for inclusion in the Revenue Budget for 2024/25 proposed to Council on the 22<sup>nd</sup> February 2024:-

1. Any additional revenue funding received as a result of the £14.4million consequential and included in the final settlement is allocated in full to the schools delegated budget.
2. Any additional grant funding transferring into the Final Settlement is allocated at an equivalent value to the service areas currently in receipt of those grants.

3. A review of how the funding under 11.2 above is utilised is undertaken during 2024/25 to ensure that the use of funding meets the objectives and priorities of the Council and where this is not the case an exit plan can be established and actioned and any virement of the funds can be considered.



Ein cyf/Our ref

To:  
Leaders of County and County Borough Councils in Wales

Copied to:  
Chief Executives and Directors of Finance, County and County Borough Councils in Wales  
Chief Executive and Director of Finance, Welsh Local Government Association

7 February 2024

Dear Colleagues,

On 24 January, the UK Government announced it would increase funding to local authorities in England by £600m. I am expecting a consequential allocation for Wales of around £25m for 2024-25 will be confirmed at the UK Spring Budget on 6 March.

Given the difficult choices I know you are all facing as part of your budget processes, I wanted to write to you following Cabinet discussions about the allocation of this funding.

As part of addressing the challenges we faced in the Draft Budget, the Minister for Health and Social Services reduced the social care workforce grant by £10.6m – from £45m to £35m. This was not an easy decision, particularly given the challenges facing social care. Leaders have expressed concern at this and it has also been a theme in the Senedd scrutiny sessions on the Draft Budget. I am pleased that I can reverse this and return the grant to £45m for 2024-25.

The remaining £14.4m will be allocated to the revenue support grant in 2024-25 to support pressures in both social care and education, including teachers' pay, as local need dictates. This supports one of our key principles in developing the 2024-25 Draft Budget: to protect core public services as far as possible. The original funding floor remains and the increased funding in the settlement now means no individual authority has an increase lower than 2.3%.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

This funding will be formally allocated at our Final Budget on 27 February and will form part of the Final Local Government Settlement.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca". The script is cursive and fluid.

**Rebecca Evans AS/MS**

Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government





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