



Neuadd y Sir / County Hall, Llandrindod, Powys, LD1 5LG

QUESTIONS AT ANY TIME TO CABINET PORTFOLIO HOLDERS

Response by the Portfolio Holder:

The budget development for 2022/23 took place throughout the year and was guided by the principles set out in the Councils Medium Term Financial Strategy approved by Council last February. The strategy set out the opening budget position for 2022/23 in the FRM, but this needed to be further developed until a final budget proposal is presented by Cabinet. The opening budget position although based on 5% Council Tax was not balanced and a budget gap of £11.7 million was reported, at that point significant additional service pressure had not been identified.

No formal budget for 2022/23 is actually confirmed until it is officially proposed by Cabinet. Cabinet approved their draft budget in January 2022 and this then formed the budget proposed to Council. Any budgets submitted after this date are classed as alternative budgets.

As the budget was developed Cabinet considered updated information from services across the Council as they finalised their IBP's and this work highlighted significant financial pressures across service particularly Social Care, this all increased the pressure on the budget. The Council budget seminar in November informed Council that a budget requirement of an additional £22.9 million for 2022/23, was needed in order to balance the budget.

The increased Settlement from Welsh Government when received in December came with significant additional obligations falling on the council, the additional funding to support social care helped to bridge the increased gap being projected in those services as their pressures increased. The settlement also included additional funding to replace the Covid hardship fund with those costs now falling on the Councils budget, and a requirement for the council to ensure that all care workers, including those that work for external providers commissioned by the council to be paid the Real living wage, a new significant pressure for next financial year and Cabinet had to consider this and amend their budget proposal to ensure that services have appropriate levels of funding to deliver the services our communities need.

In summary the Net budget requirement falling on the Council for 2022/23 was finally proposed by Cabinet as an increase of £22.541m, the Welsh government settlement provided £18.374m with the remainder raised through Council Tax £4.166m or 3.9%.

REVENUE FUNDING	2021/22	2022/23	Change
	£'000	£'000	£'000
AEF (RSG & NNDR Allocation)	191,883	210,257	18,374
Council Tax	87,900	92,066	4,166
Total Projected Revenue Funding	279,783	302,323	22,541

The increased cost of living with rising inflation is also impacting on the cost of delivering services and this too creates financial pressure on the Council, some of this has been factored into the service budgets but the Council still carries a level of risk in that costs could rise further.

Cabinet have clearly considered all of these factors in finalising their budget proposal. It is essential that we consider the ongoing financial sustainability of the Council, and ensure that we can maintain the vital local services upon which our communities rely.

The receipt of additional funding during the last quarter of the year provided the Council with further funding, Cabinet reassessed the budget and have utilised this additional funding to reduce the impact on the base revenue budget, which has enabled the Council to reduce the Council Tax increase to the 3.39% approved by Council last week lowering the additional Council tax raised to £3.711M.