

Report Title:	Budget paper questions
Lead Officer:	Head of Finance

Key Issues in the report highlighted by Lead Officer

The budget pack has the main report setting out the budget proposal, and a series of supplementary appendices. Scrutiny needs to establish if the budget setting proposal is realistic, deliverable, legal and affordable within the timescales proposed. A 5-year MTFS is set out and the funding plan as well as the Capital and Treasury Strategy.

The budget setting in the main has been led by Heads of Service, establishing what the cost pressures are and, what savings they can deliver, alongside preparing impact assessments to show the level of impact / risk on those savings. With oversight from Corporate Leadership Team, Directors ensuring that what is being proposed has appropriate challenge and then sign off through the process.

The Capital Strategy has a similar overview, in terms of affordability of the programme and a 5-year plan.

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report		Performance / Finance Issue	X
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan	X	Impacting Public / other services	X
Service Integrated Business Plan	X		
Suggestion from Members			
Partnerships			

Scrutiny Impact (tick all that apply)

Policy Review		Performance	X
Informing Policy Development – Financial Regulation compliance	X	Evidence Gathering	
Risk		Corporate Improvement Plan	X
Service Integrated Business Plan	X	Partnerships	
Pre-Decision Scrutiny		Finance / Budget	X

Other (please specify)

Not applicable

Suggested scrutiny activity - Committee's Role:

Questioning and analysing service levels, costs (use of public money) and ensuring the Council budget plans are realistic, legal and deliverable (raising areas of concern and clarification to Heads of Service and asking for their comments)

a) In the covering Budget Report – through to page 8 sets the scene, including the challenges the council faces, the role of Sustainable Powys and provides the background in terms of council, wider economy and Welsh Government. Providing an overview on the Welsh Government Settlement for Wales for 2025-26.

Section 3.74 onwards summarises the Councils budget requirements and the funding required. Table 5 provides more detailed analysis at a service level. Information behind these service

requirements are shown in Appendix C – Cost reductions and Appendix F Cost Pressures. It is important to understand the impact of these and scrutinise appropriately.

Section 3.79 onwards provides more detail on the budget proposal – pressures for the Council, proposed funding for schools, increasing fees and charges to bridge the gap (see Appendix E for the fees and charges list or what the Council charges and proposed increases) and the Welsh Government Settlement for Powys.

Section 3.93 confirms the level of Council Tax rise needed to balance the budget.

The proposed draft net budget for 2025-26 is £365.8 million, including the Delegated Schools' Budget, a £24.2 million a 7.1% increase on last years budget. This is after identifying savings of £12.3 million. The level of increase across the Councils services cannot be fully supported by Welsh Government funding and an increase in Council Tax at 8.9%.

In proposing this increase, there has been careful consideration to affordability for Powys residents in light of the cost-of-living crisis, together with the ongoing need to meet increasing demand and inescapable cost pressures on vital local services upon which they rely.

Section 3.95 onwards summarises the Capital and Treasury Management Strategy and Prudential Indicators.

b) The MTFs and FRM (Appendix A & B) provide greater detail about the Councils financial planning framework within which the budget and future plans are developed and the assumptions upon which it is based. The FRM sets out the financial calculations that support the Councils 5-year financial plan. It provides a wider overview but has less specific service information – which are covered off in the other appendices

Question – does the narrative clearly articulate the assumptions and the environment within which the budget is developed, and budgets being proposed. Is the Committee assured that the allocations proposed have considered the requirements of each service, the impact and consequences of the funding allocated?

c) Appendix C Cost Reductions - lists the savings of £12.3 million to bridge the gap. Heads of Service should have ensured that these reductions are focused on delivering services that are more efficient or that can be delivered at a reduced cost, alternative sources of income and increased fees and charges have also been implemented. Limiting the impact on the delivery of front-line services wherever possible.

Question - Do you think the savings outlined are set on reasonable assumptions, is there assurance that they are achievable in 2025-26, and has the impact of the proposal been carefully considered and any risks or mitigating action been identified.

The corresponding impact assessment explains what the consequences are of implementing it, but most of the savings are explained in the overarching impact assessment, because they do not require an individual assessment.

Question - Are there any of these savings that should have a separate impact assessment because there is a resident and community impact that needs to be explained?

Question – is more information required for anything proposed, are there any further concerns that should be considered?

d) Appendix D & E Fee and Charges Register

Question – have the charges been proposed on appropriate assumptions? has the impact of increasing the charge been considered against take up and reflected in the service budget?

Question – do any of the proposals need an impact assessment as they will have a big effect on communities etc

e) Appendix F - Inflationary Pressures and additional service cost pressures of £26.7 million

Question – Are the service pressures realistic and are they underpinned by appropriate assumptions, or is further explanation required for the rationale in identifying the pressure, or how it was calculated to arrive at the value ?

Question – is the pressure likely to occur or just a risk – that could be managed at “risk”

f) Appendix G – Reserve’s Policy- In assessing the appropriate level of reserves, the Authority will ensure that the reserves are not only adequate, but also necessary and will be appropriate for the risk (both internal and external) to which it is exposed. The Reserves Policy shown in Appendix G establishes a framework within which decisions are made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used. In the context of the need to maintain financial stability and flexibility moving forward on the advice of the Section 151 Officer, it is Cabinet’s **intention not to make any use of the General Reserve to fund the 2024-25 Budget.**

Questions – is the use of reserves clearly set out? is the service budget supported by reserves during 2025-2026? do you consider any proposed use is in line with policy set?

g) Appendix H - The Capital and Treasury Management Strategies are fundamental to the effective delivery of the Council’s priorities and Vision. The draft provides a high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, whilst considering the risks, how these will be managed and the implications for future financial sustainability.

Question - Do you think the strategy captures the risks and uncertainties and affordability of the programmes. Does it reflect the schemes required to support the services considered?

Question – Does the programme include projects that align to the strategic priorities of the Council?

Question - The cost of borrowing creates a pressure on the revenue budget, ensuring that only those capital projects delivering a tangible benefit should be funded, is the capital strategy clear in its priorities?

h) Appendix I – these are the impact assessments (IA) that provide greater detail and consequences of the savings. There is an overall impact assessments for the council budget and council tax level

Question – are the IAs clear enough to help you understand the impact of the savings being made, highlight the level of risk and consider the consequences, does any of this information need clarifying ?