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THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND

Dydd Gwener, 11 Chwefror 2022 Dydd Gwener, 11 Chwefror 2022

Dear Sir/Madam

CYFARFOD ARBENNIG O'R CYNGOR

A meeting of the Cyfarfod Arbennig o'r Cyngor will be held in Siambr y Cyngor, Canolfan Ddinesig on Dydd Iau, 17eg Chwefror, 2022 at 10.00 am.

Yours faithfully

Michelle Morris
Managing Director

AGENDA

Pages

1. CYFIEITHU AR Y PRYD

Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o hysbysiad ymlaen llaw os dymunwch wneud hynny. Darperir gwasanaeth cyfieithu ar y pryd os gwneir cais.

2. YMDDIHEURIADAU

Derbyn ymddiheuriadau.

We welcome correspondence in the medium of Welsh or English. / Croesawn ohebiaith trwy gyfrwng y Gymraeg neu'r Saesneg.

3. DATGANIADAU BUDDIANT A GODDEFEBAU

Ystyried unrhyw ddatganiadau buddiant a goddefebau a wnaed.

**4. CAIS – CAIS I'R GYNGOR I GYWIRO 5 - 6
ANGHYFIAWNDER CYDRADDOLDEB A
DDIODDEFODD GWEITHWYR CYFLOGEDIG A
GOLLODD MAS AR GYNLLUN CYDNABYDDIAETH
ARIANNOL LLYWODRAETH CYMRU**

Ystyried y Cynnig a atodir.

5. CYLLIDEB REFENIW 2022/2023 7 - 28

Ystyried adroddiad y Prif Swyddog Adnoddau.

6. EITEM EITHRIEDIG

Derbyn ac ystyried yr adroddiad(au) dilynol sydd ym marn y swyddog priodol yn eitem(au) eithriedig, gan roi ystyriaeth i'r prawf budd cyhoeddus ac y dylai'r wasg a'r cyhoedd gael eu heithrio o'r cyfarfod (mae'r rheswm am y penderfyniad aam yr eithriad ar gael ar restr a gedwir gan y swyddog priodol).

7. TREFNIADAU INTERIM – SWYDD WAG 29 - 42

Ystyried adroddiad y Pennaeth Datblygu Sefydliadol.

To: J. Holt (Cadeirydd)
M. Day (Deputy Chair)
G. A. Davies
G. Paulsen
L. Winnett
P. Edwards
G. Collier
J. Collins
M. Cook
M. Cross
N. Daniels
P. Baldwin
D. Davies
G. L. Davies
D. Bevan
L. Elias

D. Hancock
K. Hayden
S. Healy
J. Hill
W. Hodgins
M. Holland
J. Mason
H. McCarthy
C. Meredith
J. Millard
M. Moore
J. C. Morgan
J. P. Morgan
L. Parsons
K. Pritchard
K. Rowson
T. Sharrem
T. Smith
B. Summers
B. Thomas
G. Thomas
S. Thomas
H. Trollope
J. Wilkins
D. Wilkshire
B. Willis

All other Members (for information)
Manager Director
Chief Officers

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Motion to Council—*Request for Council to correct an equality injustice suffered by employees who missed out on Welsh Government's Financial Recognition Scheme.*

This Council recognises and recompenses the hard work and dedication of employees from ***Workforce Development, Early Years Childcare and Play, Families First, and Flying Start***, who are all part of the Social Services Directorate. These staff members did not receive payment from Welsh Government's NHS and Social Care Financial Recognition Scheme despite carrying out the same duties throughout the Covid 19 pandemic as their colleagues in the Health and Social Care sectors, who have benefitted from the scheme.

Council notes:

1. There was a profound injustice in this situation; Initial guidance in April 2021 stated that all employees under the Director of Social Services were included. Two weeks later, the direction was changed, resulting in staff from the areas above losing the payment.
2. Our employees were actively on the front line at the very onset of Covid 19 and have continued to support the most vulnerable children and families in Blaenau Gwent. Flying Start Childcare staff have kept all Flying Start childcare settings open in the County. These settings were repurposed to take children of critical workers and our most vulnerable children so that keyworkers could continue to work for the NHS etc.
3. While schools were closed and school-age children were taught from home, our staff opened their childcare settings and went to work every day through lockdown, putting themselves and their families in the path of the unknown.
4. Our Family Support Workers have continued face to face contacts throughout the pandemic while some of their Health Colleagues from the same teams, who received the payment, worked from home and carried out virtual visits.
5. Our staff delivered food parcels, children's activity parcels, heating and lighting tokens etc. They did welfare checks on the doorstep and visits to the parks in the open air to keep families safe and stop their needs from escalating into crisis. At the same time, some higher-paid colleagues worked from home utilising telephone and video calls.
6. Many of the staff in this sector are amongst the lowest-paid employees in the Authority starting from a scale 3 grade; this payment would significantly benefit them in difficult times. On hearing the news of the scheme, one employee was heard to say, "*it's like winning the lottery; I can take my children for a weekend away after all this*". Two weeks later, the rules changed, and the employee was no longer eligible for the payment.
7. The one-off payment is £735 per person for approximately 100 members, around £73,500 in total. During the past four years, the Council has enjoyed the most positive increase in RSG in decades, including an 8.4% rise this year; we have the financial means to right this wrong.

Therefore, this Council resolves:

To recognise the dedication and hard work of our employees from ***Workforce Development, Early Years, Childcare and Play, Families First and Flying Start*** and to put right the injustice suffered by them by paying each member a one-off payment of £735 from the Council's Corporate Budget.

Signed: Cllr S C Thomas, Cllr P Edwards, Cllr H Trollope, Cllr J Millard, Cllr P Baldwin.

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Agenda Item 5

Executive Committee and Council only

Date signed off by the Monitoring Officer: 27.01.2022

Date signed off by the Section 151 Officer: 26.01.2022

Committee: **Special Council**

Date of Meeting: **17th February, 2022**

Report Subject: **Revenue Budget 2022/2023**

Portfolio Holder: **Councillor Nigel Daniels – Leader of the Council/Executive Member – Corporate Services**

Report Submitted by: **Rhian Hayden – Chief Officer Resources**

Report Written by: **Gina Taylor – Service Manager Accountancy**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	20/01/2022				08/02/2022	9/02/2022	17/02/2022	

1. Purpose of the Report

1.1 This report is presented to Members to:-

- i) provide an update on the positive provisional local government settlement for 2022/23 and its impact upon the Council's budget
- ii) consider and agree the detailed revenue budget for 2022/23
- iii) agree the level of Council Tax increase for the 2022/2023 financial year.

2. Scope and Background

2.1 The revised Medium Term Financial Strategy was agreed by Council in November 2021, this report updates Members with the latest financial position regarding the budget following the announcement of the provisional local government settlement for 2022/23. The report covers the following:

Section	Contents
2.7 – 2.17	National Aggregate External Finance (AEF) Position
2.18 – 2.24	Blaenau Gwent AEF position
5.1.1 - 5.1.3	Aggregated External Finance (AEF) funding compared to MTFS
5.1.7 – 5.1.10	Cost Pressures and Growth
5.1.11 – 5.1.15	Treatment of Grants transferring into the Settlement
5.1.16-5.1.19	Individual Schools Budget
5.1.26	Revised funding gap
5.1.21–5.1.28	Bridging The Gap Programme
6.1.1	Revenue Budget 2021/22 – half year position
6.1.2	General Revenue Reserves 2021/22 – half year position

- 2.2 The Provisional Settlement contains details of the revenue funding that Welsh Authorities can expect to receive in 2022/23 in order to allow them to set their budgets and determine levels of Council Tax for that year. It also provides details of the Capital funding that Authorities can expect to receive to fund their Capital Programmes (indicative figures per Local Authority for the 2023/24 financial year and beyond have not been provided at this stage). The written statement from the Minister for Housing and Local Government is attached as Appendix 1.
- 2.3 Revenue funding from Welsh Government (WG) is provided in the form of Aggregate External Finance (AEF) which is made up of the Revenue Support Grant (RSG) and National Non Domestic Rates (NNDR). This AEF funding is un-hypothecated i.e. it is not earmarked for specific services and it is up to individual Councils to decide how to allocate to services in order to fit with their priorities (while taking into account statutory responsibilities).
- 2.4 Revenue funding also comes in the form of specific grants, in which case the funding is earmarked for a particular purpose. It is the long term intention of the WG that the number of specific grants is reduced, with funding being transferred into the AEF, giving Local Authorities more flexibility on distributing funding to services. Hence, this form of funding should diminish over time.
- 2.5 Capital funding is provided in the form of General Capital funding, made up of an Un-hypothecated Supported Borrowing (USB) approval and General Capital Grant approval. The USB approval is a borrowing approval for which revenue support is provided within the AEF to cover debt financing costs i.e. principal and interest. It is un-hypothecated, meaning that borrowing can be carried out for any capital purpose. The General Capital Grant is, as its name suggests, a grant that can be used for any capital purpose.
- 2.6 The positive provisional settlement combined with the opportunities identified in the Bridging the Gap programme means that the Council is able to invest in key priorities, avoid cuts to services and enhance its financial resilience.
- 2.7 **National Position (All Wales)**
- 2.8 On the 21 December 2021, the Minister for Housing and Local Government published the provisional local government settlement. The overall headline increase in AEF quoted by WG is 9.4%, after taking into account transfers into the settlement. Compared to the Welsh average the 8.4% increase for Blaenau Gwent places us at the bottom of the all-Wales table.
- 2.9 There have been three transfers into the settlement:-
- £13.3m for Gate fees grant
 - £0.29m for the Coastal Risk Management Programme (no impact for this Council)
 - £5m for the Social Care Workforce Grant.
- 2.10 Certain Specific Revenue Grants data has only been published on an all-Wales basis, totalling £1.16b for 2022/2023, along with projections for the following 2

financial years. Funding for some grants has increased e.g. Childcare Offer (£22.8m), Pupil Development Grant (£12m), a number of grants have decreased e.g. Regional Consortia School Improvement Grant (£14m), Recruit, Recover Raise Standards – the Accelerated Learning Programme (£31m), and a new grant for Free School Meals of £40m, increasing to £90m for 2024/25.

- 2.11 In terms of capital grants, the non-hypothecated general capital funding for 2022-23 is reducing from £178 million across Wales to £150m and increasing to £180m for the following 2 financial years. Included within this amount is £20 million allocated for 2023/24 and 2024/25 for Local Government Decarbonisation.
- 2.12 Further details of the specific grants for local government will be published alongside the final RSG settlement in March 2022.
- 2.13 The funding provided through this settlement recognises the impact of:
- Teachers pay award for 2022/23, with no further funding being made available in year
 - Increase in employers NI contributions in respect of the social care levy
 - Additional costs of introducing the real Living Wage for care workers
 - Pandemic Support
 - Ongoing funding to support core operations of corporate joint committees
 - Welsh Electoral Reform
- 2.14 The current policy and funding arrangements for Council Tax Reduction Schemes (CTRS) continues into 2022/23. Consequently, £244 million continues to be included in the Settlement for funding the Council Tax Support Scheme. This reflects the costs of the Scheme when it was first established in 2013/14, but again means that any additional costs resulting from increases in council tax levels or caseload for 2022/23 will fall to Local Authorities (of the £244m, the Council receives £8m towards costs of £9.9m).
- 2.15 The Minister states that the significantly increased settlement should enable Councils to continue to deliver the services our communities want and need.
- 2.16 The provisional settlement announcement marked the start of a seven week consultation period which ends on 8th February 2022. After this the Minister will consider whether further amendments are to be made, before the final settlement is announced on 2 March 2022.
- 2.17 The provisional settlement included indicative revenue funding on an all Wales basis for 2023/24 and 2024/25 and this indicates an uplift of 3.5% and 2.4% respectively. These figures are dependent on the funding provided by UK Government and NDR income.
- 2.18 **Blaenau Gwent Position**
- 2.19 The headline increase for BGCBC after allowing for transfers is 8.4% (£10.4m), compared to the all Wales increase of 9.4%. This positive settlement combined

with the opportunities identified in the Bridging the Gap programme means that subject to the recommendations in the report being agreed, the Council is able to agree a budget for 2022/23.

- 2.20 The Standard Spending Assessment (SSA) increase, quoted as 7.7%, is the joint 3rd lowest in Wales (compared to an all Wales increase of 8.2%).
- 2.21 The SSA is the detailed funding formula that is intended to reflect variations in the need to spend which might be expected if all Welsh Authorities responded in a similar way to the demand for services in their area. Indicators of need include population, pupil numbers, deprivation factors, population dispersion etc. The SSA is the mechanism for distributing RSG which enables Authorities to **theoretically** charge the same council tax for the provision of a similar standard of service. However, if Authorities don't spend at SSA level, then council tax levels will not be the same, which in practice, is what happens.
- 2.22 Changes in SSA data and formulae with a significant impact in Blaenau Gwent are explained below:

Population – Blaenau Gwent's population has decreased by 0.1% compared to the Welsh average increase of 0.3%.

Population indicators make up a large proportion of the cost driver indicators within the SSA formula.

Education Demographics –

- Nursery & Primary pupil numbers have reduced by 0.8% compared to the Welsh average reduction of 0.5%.
- Secondary school pupil numbers have increased by 1.4%, compared to the Welsh average increase of 1.8%.
- Free School meals pupils have increased by 7.4% in the Primary Sector and 5.7% in the Secondary Sector, compared to the Welsh average of 7% and 8.8% respectively.

All these factors have resulted in an overall increase to Blaenau Gwent's Education SSA. For information, BGCBC has consistently spent above the Education SSA on the Education services it provides.

Deprivation Indicators - IS (Income Support)/ JSA (Job seekers Allowance) /PC (Pension Credit)/ UC (Universal Credit)/ not in employment claimants have increased by 15.3% compared to the Welsh average increase of 19.7%. This has had an impact on the SSA increase.

- 2.23 The Authority remains the highest receiver of Aggregate External Finance (RSG plus NNDR) on a per capita basis.

2.24 General Capital Funding has reduced by £0.6m from 2021/22 to £3.2m, of which General Capital Grant is £1.3m and Supported Borrowing is £1.9m.

3. Options for Recommendation

3.1 Option 1 (preferred option)

3.1.1 Subject to the decisions on the following recommendations, Members agree the 2022/23 revenue budget as shown in table 2 in paragraph 5.1.13.

3.1.2 Members to provide comment on the outcomes within the overall provisional RSG Settlement and note the potential for further change in the Final RSG Settlement (paragraphs 2.7 – 2.17).

3.1.3 Members to provide comment on the outcomes within the BGCBC provisional RSG Settlement and its impact upon the Medium Term Financial Strategy (paragraphs 2.18 – 2.24).

3.1.4 Members to consider and agree the updated cost pressures and growth items (£4m in total) identified in Appendix 2 (paragraphs 5.1.9 – 5.1.12) for inclusion in the Council's budget.

3.1.5 Members to consider and agree passporting the grants transferring into the Settlement of £265,000 to the relevant services (paragraphs 5.1.14 – 5.1.18).

3.1.6 Members consider and agree an uplift of £3.91m which equates to 8.4% increase to the ISB (paragraphs 5.1.19 to 5.1.22).

3.1.7 Members consider and approve that any achievement of Bridging the Gap proposals which exceeds the in-year budget requirement be transferred into a contingency budget to support pay increases during 2022/23 over and above that provided in the Medium Term Financial Strategy of £0.95m and £1.5m to be transferred to the Financial Resilience Reserve (paragraph 5.1.32 & 5.1.34).

3.1.8 Members agree a Council tax increase of 4% for 2022/23 (paragraph 5.1.3) as per the MTFS assumptions.

3.2 Option 2

3.2.1 Members consider and do not agree the recommendations in the report.

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

4.1 The budget setting process and the Medium Term Financial Strategy (MTFS) supports the Corporate Plan outcome “an ambitious and innovative Council delivering the quality services we know matter to our communities” and ensures

effective forward planning arrangements are in place to support the Council's financial resilience.

4.2 The revenue & capital budgets support the delivery of all the Council priorities.

4.3 To comply with statutory responsibilities, the Council must set a balanced budget and set its Council Tax for the forthcoming year by 10 March 2022.

5. **Implications Against Each Option**

5.1 **Impact on Budget (short and long term impact)**

5.1.1 The most recent iteration of the MTFs (agreed by Council on 25 November 2021) indicates (prior to the identification of budget reductions or increased income) budget gaps of:-

5.1.2 **Table 1 – MTFs Budget Gap (as at November 2021)**

2022/23	2023/24	2024/25	2025/26	2026/27	Total
£6.7m	£3.5m	£3.5m	£3.5m	£3.5m	£20.7m

5.1.3 This is based upon a number of assumptions including:

- cash flat level of funding from WG for 2022/23 onwards
- a Council Tax increase of 4% per annum
- an annual contribution to General Reserve of £200,000

5.1.4 **Comparison to MTFs**

5.1.5 AEF Funding

5.1.6 Clearly, the unadjusted provisional settlement increase in funding of £10.4m (8.4%) for 2022/23 for Blaenau Gwent is better than the MTFs modelled position.

5.1.7 The MTFs assumption of cash flat funding for 2023/2024 and 2024/25 can also be revised based on the indicative increase in Welsh Government funding of 3.5% and 2.4% respectively. Given that the Council's increase in AEF has in recent years been on or below the Welsh average, it is proposed the revised assumption be 3% for 2023/24 and 2% for 2024/25.

5.1.8 As a result, the original budget gaps can now be revised. Table 2 below takes account of the provisional settlement and revised cost pressures.

5.1.9 Service Cost Pressures and Growth

5.1.10 Existing, new service cost pressures and growth items totalling £4.2m for 2022/23, have been included in the MTFs and the budget gap identified in table 1 above. £2m per annum has been assumed for 2023/24 onwards.

5.1.11 Following the provisional settlement, these have been reviewed and updated and now total £4m for 2022/23 financial year. These revised cost pressures and growth items are included at Appendix 2.

5.1.12 It is proposed that the revised cost pressures totalling £4m are agreed and built into the Council's budget from 2022/23.

5.1.13 Table 2 below details the impact the Provisional Settlement and the cost pressures have on the budget gap.

Table 2 - Budget Gap based on 2022/23 Provisional RSG*

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£000s	£000s	£000s	£000s	£000s
Funding					
AEF	(130,795)	(134,719)	(137,413)	(137,413)	(137,413)
Council Tax @ 4%	(38,242)	(39,772)	(41,362)	(43,017)	(44,738)
Total Funding	(169,037)	(174,491)	(178,775)	(180,430)	(182,151)
Draft Estimates - Prior to savings	160,803	167,942	173,141	178,408	183,743
Budget Gap /(surplus)	(8,234)	(6,549)	(5,634)	(2,022)	1,592
Cost Pressures/growth	4,007	2,000	2,000	2,000	2,000
Contribution to Reserves	200	200	200	200	200
Budget Gap /(surplus) (1)	(4,027)	(4,349)	(3,434)	178	3,792

**MTFS settlement assumptions also updated and assumes a 3% & 2% WG settlement for 2023/24 and 2024/25 respectively reverting to cash flat from 2025/26.*

5.1.14 Treatment of Grants transferring into the Settlement

5.1.15 The draft estimate figures currently do not include these amounts transferring into the budget as they were only announced as part of the 2022/23 provisional settlement. As the grants are transferring into the settlement, they will no longer be received as a specific grant, but instead are built into the AEF funding.

5.1.16 The provisional settlement includes the transfer of two specific grants which will impact on the Council:

- Social Care Workforce Development Grant - £127,000
- Waste Gate Fees - £138,000

5.1.17 All Councils will need to consider whether they want to continue to support the activity formerly funded by specific grant and additional funding or use the resources for other purposes. If the Council does not agree to passport funding in this way, there will be a new cost pressure within these budgets.

5.1.18 It is proposed that the grants transferring into the settlement are passported to relevant budgets from 2022/23.

5.1.19 ***Individual Schools Budget (ISB)***

5.1.20 Given that the Council will receive an uplift of 8.4%, it is proposed to also uplift the ISB by 8.4%. The financial impact would increase the ISB by £3.91m. The increase would be inclusive of the £0.64m identified cost pressure as a result of increasing demographics.

5.1.21 The increase in funding will need to provide for:

- the cost of the pay awards during 2022/2023, as Welsh Government have indicated that there will be no further financial support for pay awards during 2022/23, and
- additional expenditure incurred relating to the pandemic such as supply costs currently funded from the Hardship Fund, as this will no longer be available.

5.1.22 The MTFs assumption of cash flat funding for 2023/24 and 2024/25 can also be revised for the ISB to 3% for 2023/24 and 2% for 2024/25 in line with the assumed increase to AEF.

5.1.23 The table below shows the financial impact on the funding gap should the transfer of grants of £0.27m and the increase in the ISB of £3.91m be approved.

5.1.24 **Table 3 - Impact of ISB increase and Grants Transferring**

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£000s	£000s	£000s	£000s	£000s
Budget Gap / (surplus) (1)	(4,027)	(4,349)	(3,434)	178	3,792
Grants Transferring	265	265	265	265	265
Increase In ISB	3,910	1,398	932	0	0
Increase in ISB (prior years)		3,910	5,308	6,240	6,240
Total Budget Increase	4,175	5,573	6,505	6,505	6,505
Adjusted Budget Gap / (surplus) (2)	148	1,224	3,071	6,683	10,297

5.1.25 **BRIDGING THE GAP – Position Statement**

5.1.26 The pandemic has had a significant impact on the progress of delivering the outcomes of the strategic business reviews as the Council continues to respond to Covid-19. In light of this the estimated financial impact has been reviewed and updated.

5.1.27 The table below provides a summary of the estimated achievement of the Strategic Business Reviews, details of the individual strategic reviews are attached at Appendix 3.

5.1.28 **Table 4 – Estimated Achievement of Bridging the Gap Strategic Business Reviews**

Estimated Achievement:	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£'000	£'000	£'000	£'000	£'000
Total Estimated Financial Achievement	2,588	1,180	1,262	846	846

5.1.29 Factoring in this revised amount the impact for 2022/23 and future years on the budget gap/(surplus) is as follows:-

5.1.30 **Table 5 – Budget Gap / (Surplus) After Applying the Bridging The Gap Estimated Achievement**

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£000s	£000s	£000s	£000s	£000s
Revised Funding Gap	148	1,224	3,071	6,683	10,297
BTG Estimated Achievement	(2,588)	(1,180)	(1,262)	(846)	(846)
BTG prev. year		(2,588)	(3,768)	(5,030)	(5,876)
Final Budget Gap/(surplus)	(2,440)	(2,544)	(1,959)	807	3,575

5.1.31 When factoring in the achievement of Bridging the Gap for 2022/23, there is a budget surplus of £2.4m.

5.1.32 **Pay Award**

5.1.33 The Draft Estimates have been prepared on the assumption of a 2% pay award for all staff. Given the current increase in the cost of living (inflation currently at 5.1% and rising energy bills), there is a potential for the pay award to be higher than 2%, it is therefore appropriate to reconsider the assumptions around pay. It is proposed that a contingency budget of £0.95m be included within the Council's budget for 2022/23 to fund increases to pay above the 2% assumed in the MTFS / draft budget.

5.1.34 **Transfer to Earmarked Reserves**

5.1.35 It is proposed that the achievement of Bridging the Gap which exceeds the budget requirement (Budget surplus after allowing for the pay award contingency of £0.95m) of £1.5m be transferred into the Financial Resilience reserve to support medium term financial planning, specifically for the later years of the Medium Term Financial Strategy.

5.1.36 **Pandemic Support**

5.1.37 During the last two years, WG has provided financial support to local authorities to reimburse them for additional costs incurred responding to the pandemic, loss of income as a consequence of the pandemic and support to the care sector. This financial support has been provided via the Hardship Fund which is ending on 31 March 2022.

5.1.38 Any ongoing costs relating to Covid will therefore need to be funded by the Council, WG's announcement on the provisional settlement indicated that the settlement recognises the impact of pandemic support.

- 5.1.39 An assessment of likely costs relating to Covid response & recovery has been undertaken and where these costs are considered to now be business as usual they have been identified within cost pressures for inclusion in the revenue budget for 2022/23 onwards of £82,000.
- 5.1.40 Other costs have been identified as short term (1 – 2 years) i.e. the continuation of additional capacity within Civil Contingencies, Health & Safety and Public Protection of circa £0.4m.
- 5.1.41 At the end of 2020/21, the Council established a COVID earmarked reserve to fund the short term costs resulting from the impact of the pandemic, it is therefore proposed that this reserve be utilised to fund the short term costs identified in 5.1.40.

5.2 Risk including Mitigating Actions

- 5.2.1 MTFs Outcomes are not delivered as expected – this risk will be mitigated by regular monitoring of proposals, which will also be reported through the quarterly budget monitoring reports to the Joint Budget Scrutiny Committee and Executive.
- 5.2.2 Council may fail to set a balanced budget within the legal timeframe. This will be mitigated by ensuring that Members consider the final budget report (including statutory resolutions) on 3 March 2022.
- 5.2.3 If grant funding does not continue at the current level, there is a risk that cost pressures will emerge particularly where grants are used to support core services, e.g. sustainable social services grant. This can be mitigated by close monitoring of the budget and consultation with Welsh Government/WLGA on service pressures.
- 5.2.4 If Welsh Government does not provide indicative figures for Revenue Support Grant into the medium / longer term, there is a risk that budget planning will be adversely affected. This risk can be mitigated somewhat by robust medium term financial planning.
- 5.2.5 There is a risk that there will be an adverse financial impact on the procurement of goods and services as a result of the UK Exiting the EU. This risk can be mitigated through the governance processes that the Council has introduced to monitor the impact.

5.3 Legal

- 5.3.1 The Council has a legal duty to set a balanced budget.

5.4 Human Resources

5.4.1 The positive provisional settlement combined with the opportunities identified in the Bridging the Gap programme means that the Council is able to invest in key priorities and avoid cuts to services.

5.4.2 There will be service change implications arising from the continued commercial activity and transformation of services, which may impact upon staff in the future.

6. **Supporting Evidence**

6.1 *Performance Information and Data*

6.1.1 **Revenue Budget 2021/22 – Half Year Position**

At the end of September 2021, i.e. the half year position for the current financial year, Portfolios and Committees forecast an underspend of £2.495m.

6.1.2 **General Revenue Reserves 2021/2022 – Half Year Position**

As at the end of September 2021 it is forecast that the General Reserve will increase from the 31st March 2021 provisional level (subject to external audit) of £7.6m, to £10.57m. Over the last 5 years the level of the General Reserve has increased by £2.52m, addressing the improvement needed in reserves which was highlighted by Audit Wales and supports the strengthening of the Council's financial resilience.

6.2 **Expected outcome for the public**

6.2.1 The proposed budget will enable the Council to protect front line services and jobs, to invest in its priority areas and to continue its work to become a more commercial and resilient organisation.

6.3 **Involvement (consultation, engagement, participation)**

6.3.1 The Council's approach to financial planning and the positive Welsh Government settlement means that there will be no detrimental impact on frontline services in the financial year 2022/23. As a result, the consultation on the budget focuses on people's views on the Council's priorities and the proposed Council Tax increase for 2022/23.

6.4 **Thinking for the Long term (forward planning)**

6.4.1 The Council continues its move to medium to long term financial planning. This is evidenced by:-

- Budget proposals being considered on a five year rolling programme basis.
- The MTFS as agreed by Council in November 2021 covers the period 2022/2023 to 2025/2026 and will roll forward one year, every year. The MTFS will be reviewed and updated during 2022/2023.

- Proposals within the Bridging the Gap programme are taking a long term view of opportunities for development.
- The current approved capital programme covers the period 2019/2020 to 2025/2026 in line with the 21st Century schools programme and it is reviewed and updated periodically.

6.5 **Preventative focus**

6.5.1 An increasing proportion of the Council's budget is invested into early intervention and prevention activities to prevent the escalation into more complex, high cost services.

6.6 **Collaboration / partnership working**

6.6.1 The report and accompany information has been developed in partnership with budget holders across all service areas.

6.7 **Integration(across service areas)**

N/A

6.8 **EqlA(screening and identifying if full impact assessment is needed)**

6.8.1 Screening has been undertaken on the Bridging the Gap proposals.

7. **Monitoring Arrangements**

7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

7.1.1 Wider Corporate Leadership Team, political groups, Joint Budget Scrutiny, Executive and Council.

Background Documents /Electronic Links

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Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Provisional Local Government Settlement 2022-23**
DATE **21 December 2021**
BY **Rebecca Evans MS, Minister for Finance and Local Government**

Today, I am publishing details of the core funding allocations for local authorities for the forthcoming financial year through the Provisional Local Government Revenue and Capital Settlements for 2022-23 (the Settlement). I am also publishing Wales-level indicative core funding allocations for 2023-24 and 2024-25.

Adjusting for transfers, the core revenue funding for local government in 2022-23 will increase by 9.4% on a like-for-like basis compared to the current year. No authority will receive less than an 8.4% increase. In 2022-23, local authorities will receive £5.1bn from the Welsh Government in Revenue Support Grant (RSG) and non-domestic rates (NDR) to spend on delivering key services.

In addition to this, I am publishing information on revenue and capital grants planned for the following three years. For 2022-23, these amount to more than £1.1bn for revenue and over £700m for capital. We are providing these indicative grant values now so local authorities are able to plan their budgets efficiently. This information will be further updated in the final settlement.

The indicative Wales-level core revenue funding allocations for 2023-24 and 2024-25 are £5.3bn and £5.4bn respectively – equating to an uplift in the first year of £177m (3.5%) and, in the second year, of £128m (2.4%). These figures are indicative and dependent on both our current estimates of NDR income over the multi-year settlement period, and the funding provided to us by the UK Government through the 2021 Comprehensive Spending Review.

Indications are that specific revenue grant funding will continue to be above £1.1bn annually for the duration of this multi-year settlement, and capital grants will be in excess of £700m each year.

As in recent years, our priorities continue to be health and local government services. This significantly increased Settlement will enable local authorities to continue to deliver the services their communities want and need as well as supporting national and local ambitions for the future, including responding to the climate and nature emergency and contributing to our Net Zero Wales plan.

This is a good Settlement for local government, including Wales-level core funding allocations for 2023-24 and 2024-25. It provides local authorities with a stable platform on which to plan their budgets for the coming financial year and beyond. We have worked closely with local government and we appreciate the pressures local government is facing. We will continue to protect local government, particularly at this difficult and challenging time.

In making decisions about the level of funding for local government, I have responded to the need to ensure that hardworking staff receive well-deserved pay rises in the future. In particular I have included funding to enable local authorities to meet the additional costs of introducing the real Living Wage for care workers as set out by the Minister for Health and Social Services yesterday. This allocation includes a transfer of £5m, for which the base of the Settlement has been adjusted, from the Social Care Workforce and Sustainability grant.

The funding provided through this Settlement also recognises the decision made around the 2021/22 teachers' pay deal and includes funding for the costs arising from the 2022/23 pay deal, which fall within this Settlement year. Accordingly, I will not be making any further funding available in-year in recognition of the 2022/23 teachers' pay deal, and authorities' budget planning must accommodate these costs in the light of this Settlement.

More widely on public sector pay, this Settlement includes funding to cover the increased costs local authorities will face arising from the UK Government's announcement to increase National Insurance contributions for employers.

Alongside the Settlement, we are continuing to provide funding to support local government to waive fees for child burials. This shared commitment ensures a fair and consistent approach across Wales.

In line with our focus on countering the effects of poverty, we remain committed to protecting vulnerable and low-income households from any reduction in support under the Council Tax Reduction Schemes, despite the shortfall in the funding transferred by the UK Government following its abolition of council tax benefit. We will continue to maintain full entitlements under our Council Tax Reduction Scheme (CTRS) for 2022-23 and are again providing £244m for CTRS in the Settlement in recognition of this.

As I announced yesterday, I am maintaining the approach taken in 2021-22 and am continuing to freeze the non-domestic rates multiplier for 2022-23. I have provided an additional £35m in RSG in 2022-23 to offset the reduced income and a further £1m for the following two years. Through this Settlement, I am also continuing to provide £4.8m for authorities to deliver additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues.

The Local Government and Elections (Wales) Act 2021 (the Act) provides for the creation and ongoing development of corporate joint committees to allow authorities to work together on specific functions such as transport, economic development and planning. Following one-off specific grant funding this financial year to support preparatory work, I am delivering ongoing additional funding to support the core operation of these committees through the Settlement.

A robust democracy is an essential feature of local government. In determining the overall Settlement, I have sought to recognise the need to build the capacity of electoral services to deal with Welsh electoral reform, following our reforms in the Act and to support our future work.

The progress of the pandemic and its ongoing impact on public services continues to be highly uncertain. The comprehensive spending review did not provide any additional financial support, which is a concern, especially following the emergence of the new Omicron variant. I have carefully considered how to manage pandemic support for local authorities and concluded the balance lies in providing funding in the first year through the Settlement. But in determining the overall Settlement, I have recognised the ongoing impact of the pandemic on services which authorities will need to manage.

I will continue to engage closely with local government through the WLGA.

I set out the position on capital funding for the Welsh Government as part of my budget statement on Monday. The capital funding we received from the UK Government was disappointing and is not sufficient to meet our ambitions to invest in Wales' future.

Following a review of our capital budgets, general capital funding for local government for 2022-23 will be set at £150m. This will increase to £200m for the following two years, including £20m in each year to enable authorities to respond to our joint priority of decarbonisation.

Attached to this statement is a summary table setting out the Settlement allocations (Aggregate External Finance (AEF)) by authority. The allocations are derived using the formula agreed with local government. As a result of the formula and related data, the table shows the range of the funding allocations, from an 8.4% increase over the 2021-22 settlement to an 11.2% increase. Given the significant increases, I am not proposing to include a floor this year and have allocated all the available funding in this Settlement.

Further details will be sent to all local authorities and published on the Welsh Government's website: <https://gov.wales/local-government-revenue-and-capital-settlement-2022-2023>

While this is a good Settlement building on improved allocations in recent years, I recognise that this does not reverse the years of constraint as a result of overall austerity in public finances. Local authorities will still need to make some difficult decisions in setting their budgets and it is important they engage meaningfully with their local communities as they consider their priorities for the forthcoming year.

The setting of budgets, and in turn council tax, is the responsibility of each local authority. They will need to take account of the full range of funding sources available to them, as well as the pressures they face, in setting their budgets for the coming year.

This announcement commences the formal seven-week consultation on the Settlement. This will end on 8 February 2022.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns, I would be happy to do so.

Summary Table

2022-23 provisional Settlement – comparison of 2021-22 AEF (adjusted for transfers) and 2022-23 provisional AEF, and distribution of the 2021-22 Council Tax Reduction Schemes funding (distributed within AEF) (£000s)

Authority	2021-22 adjusted AEF ¹	2022-23 provisional AEF	% change on adjusted 2021-22 AEF	Rank	Council Tax Reduction Schemes (within AEF)
Isle of Anglesey	104,872	114,549	9.2%	12	5,240
Gwynedd	195,905	213,210	8.8%	17	8,263
Conwy	167,356	183,308	9.5%	5	9,189
Denbighshire	159,060	173,637	9.2%	15	8,536
Flintshire	212,608	232,174	9.2%	14	9,680
Wrexham	189,233	207,060	9.4%	7	9,275
Powys	192,088	210,257	9.5%	6	8,978
Ceredigion	110,006	119,419	8.6%	19	5,126
Pembrokeshire	179,422	196,253	9.4%	8	8,180
Carmarthenshire	285,262	311,597	9.2%	11	14,006
Swansea	353,571	386,585	9.3%	9	19,339
Neath Port Talbot	237,289	258,068	8.8%	18	15,955
Bridgend	212,755	232,364	9.2%	13	12,866
The Vale Of Glamorgan	168,128	186,011	10.6%	3	9,088
Rhondda Cynon Taf	407,050	441,433	8.4%	21	21,005
Merthyr Tydfil	101,493	110,616	9.0%	16	5,627
Caerphilly	292,712	317,453	8.5%	20	12,651
Blaenau Gwent	120,657	130,795	8.4%	22	8,166
Torfaen	146,560	160,117	9.3%	10	8,500
Monmouthshire	101,003	112,275	11.2%	1	5,918
Newport	240,957	265,612	10.2%	4	10,337
Cardiff	492,095	544,715	10.7%	2	28,076
All Unitary Authorities	4,670,080	5,107,507	9.4%		244,000

Note: Total may not sum correctly due to rounding

1. 2021-22 AEF adjusted transfers of £18.585m (at 2021-22 prices) into and out of the Settlement and for the latest, 2022-23 tax base.

REVENUE BUDGET 2022/2023 - COST PRESSURES
APPENDIX 2

Portfolio	Service	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
<u>Covid -19</u>						
Cross Cutting	Infection Control	35	0	0	0	0
Education	ICT	50	0	0	0	0
Sub Total - COVID-19		85	0	0	0	0
<u>2021/2022 Cost pressures</u>						
Environment	Waste	882	280	0	0	0
Education	Independent School Fees	0	150	0	0	0
Sub Total - 2021/22 Cost Pressures		882	430	0	0	0
<u>Service Demand</u>						
Corporate Services	SRS	60	0	0	0	0
Education	ISB	0	10	600	-45	-53
Sub Total - Service Demands		60	10	600	-45	-53
<u>Changes in Policy / Legislation</u>						
Cross cutting	Increase in NI contributions	471	0	0	0	0
Social Services	Community Care Uplift	1,700	0	0	0	0
Sub Total - Policy/Legislation		2,171	0	0	0	0
<u>Other</u>						
Corporate Services	CCTV	123	0	0	0	0
	Corporate Procurement	100	0	0	0	0
	DRM	36	0	0	0	0
	Citizens Advice Bureau	30	0	0	0	0
Environment	Crematoria Income	90	0	0	0	0
Economy	General Offices	70	0	0	0	0
Cross Cutting	Energy	265	0	0	0	0
Leisure	Management Fees	30	0	0	0	0
Planning	Review of LDP	65	0	0	0	0
Sub Total - Other		809	0	0	0	0
TOTAL - COST PRESSURES		4,007	440	600 -	45 -	53

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Bridging The Gap - Current Programme

Portfolio	Strategic Business Review	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Economy	Industrial Units	100	-	50	50
Environment	Trade Waste	-	64	96	96
	Assets & Property	50	-	-	-
	Growth Strategy	300	100	100	100
	Commercial Activity & Investment	-	50	50	50
Financial Management	Income Recovery	-	-	-	-
	Review of MRP	1,335	-	-	-
Social Services	Prevention & Early Intervention	153	416	416	-
Cross Cutting	Fees & Charges	-	100	100	100
	Third Party Spend	250	250	250	250
	Low Carbon	-	200	200	200
	Future Place & Service Delivery	400	-	-	-
	TOTAL	2,588	1,180	1,262	846

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