

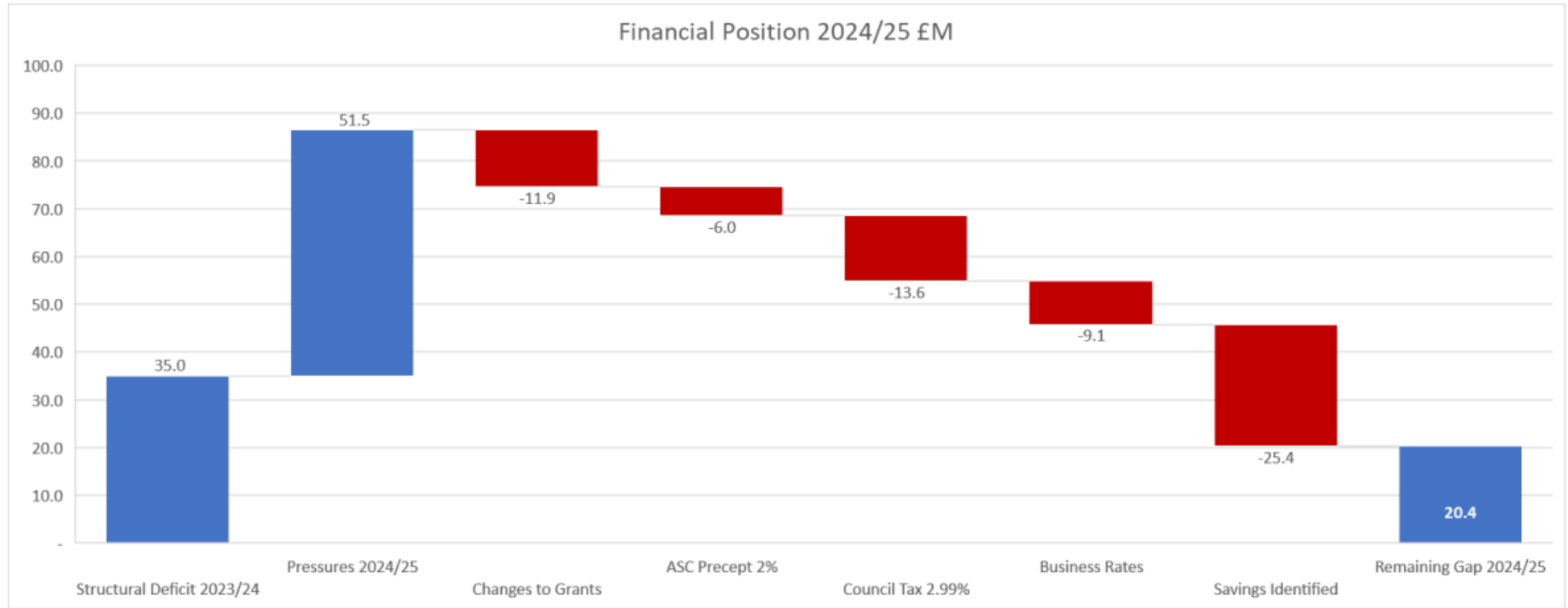
2024/25 Draft Budget for Consultation

**Corporate and Communities
Overview and Scrutiny Panel**

18 January 2024

- Nationally, Local Government is under severe financial pressure due to inflationary and demand pressures in three main areas - Children's Social Care, Home to School Transport and Adults Social Care. These overspends reflect the continuing costs in these sectors which show no sign of abating.
- At the end October, our net overspend was at **£22.2m** on a £401m net budget – this was **after** using one off monies from additional income from business rates (£4.1m), £9m additional use of reserves (on top of £5.5m used to balance the budget approved before the start of this year) that were set aside in the budget to manage. Our structural deficit (*a budget deficit due to our ongoing expenditure greater than our income*) is c£35m.
- Our overspend position is not because of poor control, oversight or policy decisions. It is simply an exceptionally large increase in our costs for demand-led services, set against our constrained ability to raise additional income.
- Worcestershire County Council has had strong record of good financial management, constantly adapting to operate in a more cost-effective way, whilst continuing to deliver frontline services
- We are continuing to make savings and are on course to make around £20 million of savings in the financial year.

- Budget Report to Cabinet on 10 January 2024 summarises the financial position for the Council and each of the service areas.
- Local Government Settlement announced on 18 December (a one-year settlement), indicated additional government funding of £21m. However, this was a net £1.6m reduction on the expected funding which was built into our MTFP, and this is not keeping pace with demand and pressures we are facing.
 - Core spending power increased to upper tier Authorities to recognise significant demand pressures which included an increase to our Settlement Funding assessment by £9.1m.
 - Further funding of £12.9m to recognise significant pressures within Adults and Children's Social Care.
 - Public Health and Substance Abuse Grants – additional £1.1m (estimated)
 - Reduction in services grant of £2.2m.
- No fundamental reforms to funding system anticipated.
- Government included a statement in settlement around Councils using reserves in this difficult period which is not sustainable in longer term.
- Proposed Council Tax increase of 2.99%, plus a 2% Adult Social Care Levy - Total 4.99%



- At this point there is a gap of £20.4m that needs to be addressed
- Cabinet Members continue to work with their respective Strategic Directors to identify options to reduce the current reported gap by either additional savings or agree strategies to reduce the current growth and demand assumptions prior to the final budget report.

- The table below show the indicative pressures including the structural deficit of £35m which has been addressed.
- Demand for services continues to increase, particularly across Adults and Children’s Social Care as well as Home to School Transport. Growth figures have been obtained from the services split across inflation, demand, investment and removal one-off funding sources, along with the impact of the structural deficit

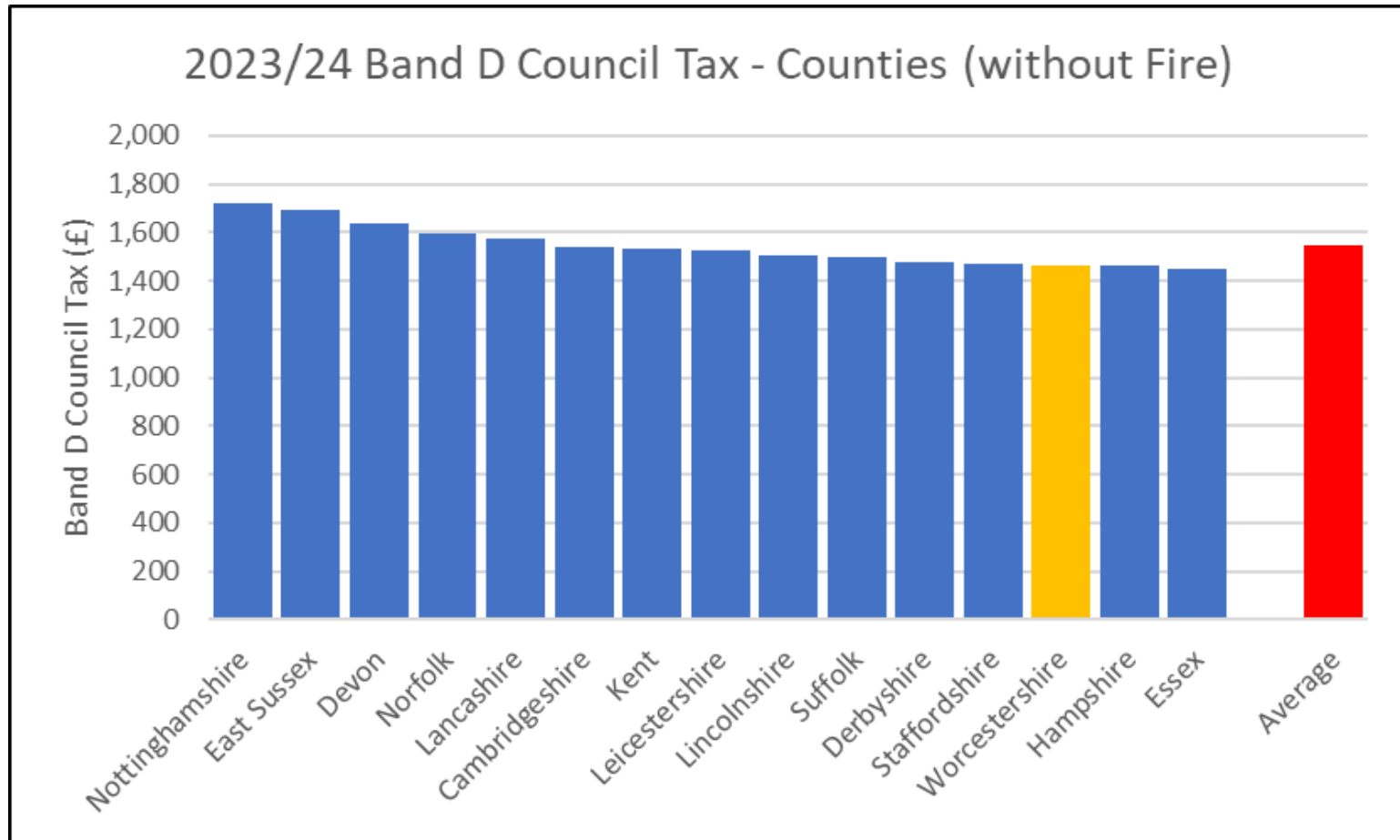
2024/25 Pressures and Funding (Including Structural Deficit)	Adults (£m)	HTST (£m)	Childrens (£m)	Other (£m)	Total (£m)
Rebase	2.4	0.0	0.3	3.2	6.0
Pay Inflation	1.2	0.0	2.6	4.0	7.8
Contract Inflation	6.2	2.1	4.7	5.5	18.5
Demand	3.5	4.1	2.9	0.6	11.1
Investment	0.0	0.0	0.0	2.9	2.9
Capital	0.0	0.0	0.0	5.2	5.2
Additional Pressures for 2024/25	13.4	6.2	10.5	21.4	51.5
Structural Deficit	5.9	9.5	19.1	0.5	35.0
Total Pressures	19.3	15.7	29.6	21.9	86.5

2% Adult Social Care Levy for 2024/25 to contribute to existing cost pressures due to Worcestershire's ageing population.

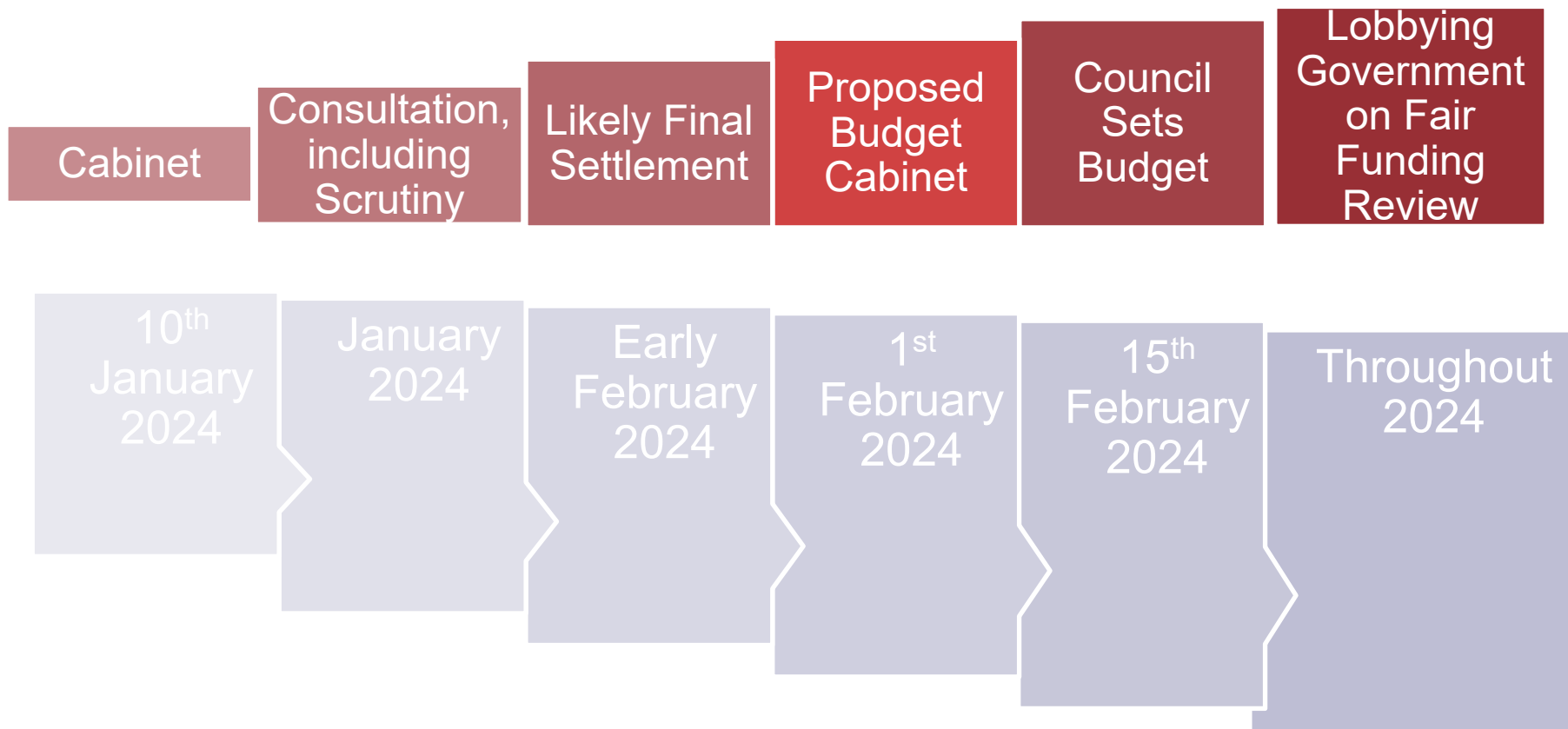
2.99% - to provide financial support to continue to fund investments in those areas that the public have consistently highlighted as important.

An increase of 4.99% which is an average £1.41 per week for a Band D householder.

Worcestershire is likely to remain in the lower quartile for level of Council Tax for comparable councils.



Budget Planning Timeline for 2024/25



Corporate and Communities Panel

Specific 2024/25 Budget Information

Commercial and Change (COaCH)

Specific 2024/25 Budget Information

COACH Summary Indicative Net Revenue Investment (1)

- £0.150m increase into improving the monitoring and evaluation of Health and Safety within School buildings (paragraph 41)
- £0.845m increase due to the expected reduction in external income receivable including tenancy income relating to occupation of County Hall, capitalisation of staff time and external income (rebase within Appendix 1)
- Transfer of funding from WCF support services (virement) - £0.042m)
- Pay Inflation - £0.863m
- Contract inflation including energy - £1.217m

Total indicative investment and inflation of £3.1m

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Offset by

- £1.7m from a review of the services and structures within Business Support, Intelligence and Transformation
- £0.4m relating to a review of structures and contract delivery within ICT and Consumer Relations
- £0.2m relating to a review of legal services
- £0.4m relating to a review of Property and Tenancy income
- For detail see [Appendix 3](#)

Total reductions = **£2.7m**

Overall, there is an indicative net investment of **£0.4m**

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

SERVICE	Revised Budget 2023/24	Directorate Virements	Pay Inflation	Contract Inflation	Growth (Investment)	Rebase Budgets	Savings	Net Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
COACH								
COaCH Management	-55	-83	7	16	0	445	0	330
Legal & Democratic Services	3,258	-4	172	105	0	0	-200	3,330
Commercial, Management Information & Consumer Relations	2,555	52	199	0	0	0	-780	2,026
Property Services	5,242	117	122	867	150	400	-450	6,448
Digital, IT and Customer Services	5,331	0	307	229	0	0	-410	5,457
Programme Office	971	-40	56	0	0	0	-886	102
	17,302	42	863	1,217	150	845	-2,726	17,692

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Chief Executive Unit (CEX)

Specific 2024/25 Budget Information

CEX Summary Indicative Net Revenue Investment (1)

- £0.2m increase due to the non-recurrent use of Public Health Grant within HR (rebase within **Para 31**)
- £0.9m expected reduction in income receivable within Finance (rebase within **Para 32**)
- Transfer of funding from WCF support services (virement) - £0.075m
- Pay Inflation - £0.656m
- Contract inflation including energy - £0.160m

Total indicative investment and inflation of £2m

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

CEX Summary Indicative Net Revenue Investment (2)

Offset by

- £0.375m from a review of the services and structures within HR, OD and Engagement
- £0.876m relating to a review of all processes, systems, non-essential spend, vacancies and staffing within Finance.
- £0.150m relating to the cessation of the Talent Management Programme
- For detail see [Appendix 3](#)

Total reductions = **£1.4m**

Overall, there is an indicative net investment of **£0.6m**

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

SERVICE	Revised Budget 2023/24	Directorate Virements	Pay Inflation	Contract Inflation	Rebase Budgets	Savings	Net Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000
CHIEF EXECUTIVE							
Engagement & Communications	432	-57	53	4	0	0	433
Health and Safety	138	0	16	2	0	0	156
HR, OD & Engagement	2,610	140	238	6	204	-525	2,674
Financial Services	3,932	0	340	147	900	-876	4,443
Chief Executive	271	-9	9	0	0	0	272
	7,384	75	656	160	1,104	-1,401	7,978

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Corporate and Non-Assigned Items

Specific 2024/25 Budget Information

Summary Indicative Net Revenue Investment (1)

- £5.2m increase due the additional costs relating to funding the existing Capital Programme including impact of higher interest rates (Para 34)
- Contract inflation including energy - £0.050m

Total indicative investment and inflation of £5.3m

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Summary Indicative Net Revenue Investment (2)

Offset by

- £0.1m increase in New Homes Bonus income
- £0.95m Working Hours Review
- £0.5m Reduction in Hours Scheme
- £1.5m Voluntary Redundancy Scheme
- £0.3m Review of Market Forces and Responsibility Allowances
- £2m Senior Management Review
- For detail see [Appendix 3](#)

Total reductions = **£5.35m**

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

SERVICE	Revised Budget 2023/24	Changes in Grants & Funding	Contract Inflation	Growth (Investment)	Savings	Net Budget 2024/25
	£000	£000	£000	£000	£000	£000
CORPORATE						
Financing Transactions	18,222	0	0	1,774	0	19,996
MRP	17,854	0	0	3,435	0	21,289
Contributions & Precepts	267	0	0	0	0	267
Misc. Whole Org. Services	770	0	50	0	0	820
New Homes Bonus Grant Income	-383	-100	0	0	0	-483
Total Finance & Corporate	36,730	-100	50	5,210	0	41,890

SERVICE	Revised Budget 2023/24	Changes in Grants & Funding	Contract Inflation	Growth (Investment)	Savings	Net Budget 2024/25
	£000	£000	£000	£000	£000	£000
NON-ASSIGNED						
Cross-Council Initiatives	-100	0	0	0	-5,250	-5,350
Total Non-assigned	-100	0	0	0	-5,250	-5,350

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Communities

Specific 2024/25 Budget Information

Communities Summary Indicative Net Revenue Investment

- £0.5m due to the Structural Deficit from 2023/24 relating to income generation within libraries, archives and archaeology, communities and partnerships and registration services (paragraph 23)
- £0.037m increase due to the in-year impact of the transfer of the Coroner Service to WCC (paragraph 40)
- £0.157m relating to the continuation of funding for Warndon Libraries to offset the reduction in funding from the City Council (paragraph 40)
- £0.3m rebase due to the removal of ability to use DSG funding for support services within WCF - Council side (paragraph 31)
- Pay Inflation - £0.680m
- Contract inflation including energy - £0.665m

Total indicative investment and inflation of £2.3m

Offset by £0.052m - a proportion of the overall savings within Adults

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Communities Draft Revenue Budget – Extract of Appendix 1²⁴

SERVICE	Revised Budget 2023/24	Structural Deficit	Pay Inflation	Contract Inflation	Growth (Investment)	Rebase Budgets	Savings	Net Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
Communities								
Strategic Libraries	3,083	275	224	493	157	0	0	4,232
Museum Services	631	0	30	5	0	0	0	666
Archives & Archaeology	1,345	74	120	33	0	0	0	1,572
Greenspace & Gypsy Services	222	-6	61	0	0	0	0	278
Community Services Leadership Team	173	0	6	0	0	0	0	178
Severn Arts Music	0	0	0	0	0	0	0	0
SENDIASS	38	0	25	0	0	0	0	63
Chs Comm & Partnership	741	130	89	0	0	0	-52	908
Buildings & Pension (Chs)	-5	0	3	13	0	300	0	310
Children's S75	2,100	-30	0	4	0	0	0	2,075
Registration & Coroner	401	60	124	116	37	0	0	738
Public Analyst & Scientific Ad	0	0	0	0	0	0	0	0
Trading Standards	0	0	0	0	0	0	0	0
	8,729	503	680	665	194	300	-52	11,020

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change