



To:
Councillor Rob Stewart
Cabinet Member for Economy,
Finance & Strategy

Please ask for: Overview & Scrutiny
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Date 4 January 2022
Dyddiad:

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting held on 6 December 2022 and the Mid Term Budget Statement.

Dear Councillor Stewart,

On the 6 December, the Service Improvement and Finance Scrutiny Performance Panel met to discuss the Mid Term Budget Statement. The Panel are grateful to Ben Smith, Chief Finance Officer / S.151 Officer, for attending to discuss and answer our questions.

We are of course aware that the officer gave a report to Council 5 days previously, however we appreciated his update on more recent developments of the Wales Fiscal Analysis Assessment of the Barnett consequentials that there is around £600m available. The officer made us aware that almost half of this will go toward business rates and next in line is likely to be towards the health service however Welsh Government are under no obligations to follow the allocations implied in the Barnett consequentials.

The Panel felt that any money given to social care would have a positive knock effect of relieving the health service but as the officer pointed out, the health service does not hold reserves and therefore this may not be taken into account.

We asked when the money was likely to be received and the officer informed us that the £600m is spread over two years, but it is predominantly in 2023/24. The officer was keen to stress that although this provides potentially better outlook in the short term the longer term is likely remain challenging.

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We asked for further detail on the quarter of cash backed reserves that has been allocated for spending in the current year and were informed that £20m will be spent from the Economic Recovery Fund (ERF), around £10m will be used to fund the pay awards and an estimated £10m could be spent from school reserves to cover school staff pay award.

We were also reminded of your earlier announcement that a final draw from the ECF of up to £15 million is for spending on central energy costs to avoid individual services or individual schools making staffing related decisions driven solely by energy price spikes.

The officer stressed to us that when considering a raise in council tax there is a balance to be struck between maintaining and protecting services and affordability and cost of living issues for residents and taxpayers. He commented on the trade-offs in the choices the Council when budget setting.

We asked whether the raise in living wage had been factored in, the officer told us that yes, assumptions had been made and factoring in to budget setting regarding this however there will be a knock on effect on external social care providers.

We are aware that since our meeting the Welsh Government budget settlement was issued on 14 December and we will be looking at the budget proposals in January with pre decision scrutiny to follow in February.

Your Response

We are interested in any thoughts you may have on the contents of this letter but, in this instance, we require no formal written response.

Yours sincerely,



Councillor Chris Holley
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