

15th December 2023

FINANCE UPDATE 2024-25

Purpose

1. This paper provides an update the position presented to the WLGA Executive on 24th November. It also sets out the forthcoming key dates in the finance calendar at Appendix 1.

Analysis

2. There are now more accurate estimates of the teachers' and firefighters' pension pressure from the Welsh Government. The publication of the Autumn Statement by the UK Government in November signalled an increase in employer contributions for the teachers' pension scheme of 5%, from 23.6% to 28.6% from 1st April 2024 which will cost £64.3m. These costs have been based on no increase to pay for 2024-25 academic year.
3. A similar revaluation of the fire and rescue services pension scheme will lead to an overall increase in employer contributions for FRAs from 1st April 2024 of £2.8m. The WLGA, and most local authorities, are assuming that this will be fully funded, as it was at the last revaluation.
4. Also, at the end of October, it became apparent that part of the teachers' pay award for 2023-24 would not be funded on a recurrent basis from 2024-25. This puts an additional unfunded pressure of £21.3m on next year's budget, this is despite an assurance in the Minister's letter of 9th March 2023 that it was fully funded.
5. Estimates contained in the original report can now be reprofiled. In 2024-25 local authorities will face an increased estimated pressure of £809m rather than £720m – an additional £89m. In 2025-26 it will be £604m and £613m in 2026-27.
6. If the pensions contributions are funded but the pay pressure is not, the aggregate annual budget gap in each of the next 3 years is £432m, £429m and £433m in the run up to 2026-27. Leading to a potential cumulative funding gap of £1.294bn.

Recommendations

7. **Members are asked to:**

- 7.1 Note the contents of the report.**

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Appendix 1

Finance Key Dates 2023-24

06 September	Distribution Sub-Group formula workshop
07-08 September	SOLACE Conference
08 September	SWT Survey deadline
08 September	SWT Development Day
11 September	Senedd returns from summer recess
14 September	WLGA Conference
15 September	WLGA Executive Board
26 September	Joint Council for Wales
29 September	SWT
12 October	Finance Sub-Group on Administrative Burden Review
16 October	Fairer Council Tax - Leaders' meeting with Minister for Finance & Local Government
24 October	Local Taxation Working Group
25 October	Finance Sub-Group
27 October	WLGA Management Sub Committee
27 October	WLGA Executive Board
07 November	Finance Cabinet Members' Network Meeting
09 November	Welsh Government Tax Conference
09 November	Senedd Engagement – South West Wales (Sponsor- Mike Hedges, Leaders – Rob Stewart, Steve Hunt, Hugh David)
09 November	Senedd Engagement - Mid and West Wales (Sponsor- Mabon ap Gwynfor, Leaders - Darren Price, Bryan Davies, David Simpson)
10 November	Senedd Engagement - North Wales (Sponsor- Sam Rowlands, Leaders- Dyfrig, Jason and Ian)
13 November	Fairer Council Tax - Leaders' meeting with Minister for Finance & Local Government
14 November	Local Taxation Working Group
14 November	Distribution Sub-Group
17 November	Senedd Engagement* - South Wales East and South Wales Central (Sponsor- Peter Fox MS, Leaders- Anthony, Andrew, Lis Burnett, Sean Morgan)
22 November	CIPFA Wales Conference
22 November	Autumn Statement and OBR Forecasts
23 November	Finance Seminar
24 November	WLGA Executive Board
24 November	SWT
30 November	Deadline for Senedd Inquiry in WG Budget 2024-25

15 December	WLGA Executive Board
15 December	SWT
18 December	Senedd Christmas recess to 07 January
19 December	Draft Welsh Government Budget
20 December	Provisional LGF Settlement

16 January	Unison Local Government Seminar
18 January	Local Government & Housing Committee – Scrutiny of WG Budget 2024-25 - Cllr Lis Burnett, Cllr Jane Gebbie, Cllr Dyfrig Siencyn & Cllr Charlie McCoubrey,
18 January	Finance Committee – Scrutiny of WG Budget 2024-25 - Cllr Andrew Morgan, Cllr Llinos Medi, Cllr Mary Ann Brocklesby & Cllr Anthony Hunt
19 January	Senedd Engagement Session: South East Wales and South Wales Central
25 January	Local Government & Housing Committee – LGF Bill
26 January	WLGA Executive Board

01 February	Senedd Engagement Session: South Wales West
24 February	WLGA Executive Board
27 February	Welsh Government Final Budget and LGF Settlement