

15th March 2024

WLGA BUDGET 2024-25 AND MEDIUM-TERM FINANCIAL PLAN

Purpose

- 1 To submit to WLGA Council members the WLGA Budget for 2024-25, the assumptions underpinning it and the Medium-Term Financial Plan (MTFP) to 2028-29 and to ask Council members to agree the WLGA subscription level for 2024-25.

Background

- 2 The [WLGA Constitution](#) requires the WLGA Executive Board or Management Sub-Committee, to submit for consideration to the WLGA Council, the Association's budget (statement of estimated expenditure) for the forthcoming financial year. The WLGA Executive Board considered and agreed the WLGA Budget for 2024-25 at its meeting on the 19th January 2024.
- 3 The Constitution also states (Section 26.2): *The subscriptions of Member Councils for each year commencing 1st April shall be at rates to be determined from time to time by the Council. Subscriptions shall be payable on 1st April in each year.*

WLGA Budget 2024-25 MTFP to 2028-29

- 4 A summary of the Budget and Medium-Term Financial Plan is set out below (Figure 1) which models the impact of the proposal to keep subscriptions at current levels over the period.

	2024-25	2025-26	2026-27	2027-28	2028-29
Employee costs	£ 3,169,895	£ 3,295,411	£ 3,425,947	£ 3,561,705	£ 3,702,893
Premises costs	£ 380,589	£ 386,616	£ 399,978	£ 406,384	£ 413,121
Member Services	£ 74,375	£ 79,438	£ 83,214	£ 87,217	£ 91,460
Supplies and Services	£ 118,936	£ 120,675	£ 122,449	£ 128,206	£ 131,565
Internal Recharges	£ -584,692	£ -585,568	£ -610,593	£ -650,417	£ -704,591
ICT	£ 133,975	£ 134,899	£ 136,100	£ 137,362	£ 138,686
Other Costs	£ 744,916	£ 670,173	£ 426,704	£ 382,389	£ 370,278
SLA	£ 9,000	£ 9,360	£ 9,734	£ 9,929	£ 10,128
TOTAL EXPENDITURE	£ 4,046,994	£ 4,111,003	£ 3,993,533	£ 4,062,774	£ 4,153,540
INCOME	£ 3,946,389	£ 3,787,469	£ 3,758,571	£ 3,759,695	£ 3,760,839
Budget Surplus / Shortfall (-)	£ -100,605	£ -323,534	£ -234,962	£ -303,079	£ -392,701
Transfer to / from (-) Reserves	£ -100,000	£ -300,000	£ -50,000		
Budget Surplus / Shortfall (-) after adjustments to Reserves	£ -605	£ -23,534	£ -184,962	£ -303,079	£ -392,701

- 5 Figure 1 shows a cash flat subscription level is affordable for 2024-25. However, an element of the subscription is for authorities' corporate membership of the LGA and currently the WLGA is unsighted on the level at which this will be set.
- 6 There is a large transfer from the reserve totalling £450,000 over three years to contribute towards the costs of members' Performance Panel Assessments which councils are required to complete following recent Welsh Government legislation. The presentation of the budget excludes funding for the Chief Digital Officer which is ring-fenced. The budget detail is set out in Annex 1.

Assumptions

- 7 **Employee-related Expenditure** – The assumption of 4% per annum has been made in the MTFP to 2028-29.
- 8 **Premises Expenditure** – Assumptions have been made that whilst initially rent remains static, there will be a 5% increase in the 2026-27 financial year when the rent review takes place. Officers are commencing investigations to gain a more accurate picture. The assumption on rates shows a 5% per annum increase whilst the service charge and WCVA charge have been assumed to rise in line with the Bank of England's projections for CPI. The service charge was uplifted in the 2023-24 budget to reflect the higher energy prices and we have decided to remain on this uplifted level for the duration of the MTFP as it is felt there was insufficient indication as to how energy prices would fare over the next 5 years.
- 9 **Member Services Expenditure** – Member allowances were increased for 2023-24 following the review undertaken and the agreement within that was for the allowances to increase in line with the Independent Renumeration Panel (IRP) recommendations. The draft IRP report suggests a rise of 6% so this is the figure we have incorporated for 2024-25 and thereafter. An allowance of £1,500 has been included for the first time to cover travel and subsistence of members when conducting WLGA business.
- 10 **Supplies and services expenditure** – There are minimal changes to this budget line, with just inflationary increases against ICT consumables, mobile phones, stationery, audit fees and insurance set at the CPI forecast.
- 11 **Internal Recharges** - This figure in the budget reflects the contribution from grant-funded teams towards employing, managing and hosting people within the Association, along with organisational overheads. The aim is to ensure that all cost centres bear a fair share of the organisational overheads. There is obviously a risk element to these figures as it is dependent on all grant-funded teams being renewed. Where the costs are staff related, these have been increased at a rate of 4%, when non staff related these have been raised in line with CPI forecasts.
- 12 **ICT Expenditure** – A review of ICT arrangement is being jointly pursued with Data Cymru. Whilst expected savings would be minimal, this budget line has been flat-lined rather than show inflationary increases. The GDPR element has been increased at 4% in line with staff related costs.
- 13 **Other Costs** – This shows a higher spend for 2024-25 than for other financial years due to the fact it includes £100k Safer Communities contribution for that financial year before dropping back to £30k for subsequent years. A one-off £85,000 contribution has been included in 2024-25 for the Pathways to Planning project and an additional one-off

£25,000 cost against phase 2 of the social work harmonisation of Terms and Conditions project. A £20,000 contribution to Wales Fiscal Analysis includes a £10,000 contribution from the Society of Welsh Treasurers, and overall supports their research into public finances in Wales. This is continued over the MTFP period. Payments to Data Cymru are projected to increase by 4% in line with pay assumptions. The “Other costs” line also includes the funding of Performance Panel Assessments from reserves over the next 3 years - profiled as being £200k (of which £100k is from reserves) in 2024-25, £300k in 2025-26 and £50k in 2026-27,

14 Service Level Agreement – this reflects the current costs of the payroll function provided by Cardiff Council which has been projected to increase by 4% per annum.

15 Income – The figure above shows members the results of a 0% increase in WLGA subscriptions for 2024-25 with a flat cash position assumed for future years in the MTFP. The income does, however, vary as significantly higher interest rates are projected than in previous years. They are expected to drop and plateau at around 4.25% after two years. The assumptions on income are based on maximising the holdings in the CCLA account which currently pays 5.11% and projections using the Bank of England’s UK interest rates forecast which states “Economists are now expecting UK interest rates to remain around 5.50% to 5.75% for most of 2024 before starting to fall at the end of the year. UK Interest Rates are expected to fall by around 0.75% to 5% by mid-2025 and even further into 2026 where they are forecast to settle at around 4.5%.”

16 Top Slice Income – the WLGA retained Top Slice income (and expenditure) for 2024-25 has been held flat at the 2023-24 level and for subsequent years.

17 Surplus and Reserves - The draft budget shows a surplus in 2024-25 which is to be transferred into reserves. Subsequent years show deficits, but these will be addressed through money saving initiatives - including voluntary exit and early retirement - over the coming years.

Recommendations

18 Members are invited to:

- 18.1 Formally endorse, as approved by the WLGA Executive Board on the 19th January 2024, the WLGA Budget for 2024-25 and the assumptions underpinning it and the Medium-Term Financial Plan (MTFP) to 2028-29; and**
- 18.2 Agree to keep Member Councils subscription level flat for 2024-25.**

Cleared by: **Councillor Anthony Hunt, WLGA Finance & Workforce Spokesperson**

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Detailed Budget Breakdown

	MTFP 2024-25	MTFP 2025-26	MTFP 2026-27	MTFP 2027-28	MTFP 2028-29
	£	£	£	£	£
Expenditure					
Salaries including on-costs	3,137,895	3,263,411	3,393,947	3,529,705	3,670,893
Recruitment & Advertising	5,000	5,000	5,000	5,000	5,000
Travel & Subsistence	20,000	20,000	20,000	20,000	20,000
less Provision for vacancies	-50,000	-50,000	-50,000	-50,000	-50,000
Staff training	25,000	25,000	25,000	25,000	25,000
Early retirements	20,000	20,000	20,000	20,000	20,000
Staff Welfare	12,000	12,000	12,000	12,000	12,000
Employee related costs	3,169,895	3,295,411	3,425,947	3,561,705	3,702,893
Rent	121,836	121,836	127,928	127,928	127,928
Rates	67,410	70,781	74,320	77,942	81,839
Service charge	107,986	110,146	113,369	115,636	117,949
Repairs	3,500	3,500	3,500	3,500	3,500
Furniture & Equipment	5,000	5,000	5,000	5,000	5,000
Building maintenance fund	0	0	0	0	0
Capitalisation Costs	50,000	50,000	50,000	50,000	50,000
WCVA Charge	24,857	25,354	25,861	26,378	26,906
Premises related costs	380,589	386,616	399,978	406,384	413,121
Meetings & catering	10,000	10,000	10,000	10,000	10,000
Members' expenses	59,375	64,438	68,214	72,217	76,460
Committee translation	5,000	5,000	5,000	5,000	5,000
Member services	74,375	79,438	83,214	87,217	91,460
IT consumables	5,250	5,355	5,462	5,571	5,682
Telephones/mobiles	17,325	17,672	18,025	18,386	18,754
Postage	1,000	1,000	1,000	1,000	1,000
Printing	2,000	2,000	2,000	2,000	2,000
Stationery	3,000	3,060	3,121	3,183	3,247
Audit fees	20,000	20,400	20,808	21,224	21,648
Insurance	41,361	42,188	43,032	47,842	50,234
Books/publications	1,000	1,000	1,000	1,000	1,000
Subscriptions	28,000	28,000	28,000	28,000	28,000
Supplies & services	118,936	120,675	122,449	128,206	131,565
Communications	-35,151	-33,077	-37,133	-43,339	-51,781
Administration & HR	-182,795	-182,151	-200,466	-228,492	-266,617
Finance	-113,796	-112,216	-114,870	-120,462	-128,069
ICT	-78,294	-79,539	-79,539	-79,539	-79,539
Premises cost	-174,656	-178,585	-178,585	-178,585	-178,585
WLGA support	0	0	0	0	0
Internal charges	-584,692	-585,568	-610,593	-650,417	-704,591
ICT outsourcing	110,875	110,875	110,875	110,875	110,875
GDPR Compliance	23,100	24,024	25,225	26,487	27,811
ICT	133,975	134,899	136,100	137,362	138,686

Detailed Breakdown (Cont.)

	MTFP	2024-	MTFP	2025-	MTFP	2026-	MTFP	2027-	MTFP
	25	26	27	28	2028-29				
	£	£	£	£	£	£	£	£	£
Communication/events	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Research	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Translation	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Payments to Data Cymru	104,416	108,593	114,022	118,583	123,326				
Wales Fiscal Analysis	20,000	20,000	20,000	20,000	2,000				
Safer Communities Project	100,000	30,000	30,000	30,000	30,000				
Performance Panel Assessments	200,000	300,000	50,000	0	0				
Other expenditure	150,000	40,000	40,000	40,000	40,000				
WLGA conference	54,000	55,080	56,182	57,306	58,452				
WLGA website	1,500	1,500	1,500	1,500	1,500				
Legal Costs	25,000	25,000	25,000	25,000	25,000				
Other costs	744,916	670,173	426,704	382,389	370,278				
Payroll charges	9,000	9,360	9,734	9,929	10,128				
Service Level Agreements	9,000	9,360	9,734	9,929	10,128				
Total expenditure	4,046,994	4,111,003	3,993,533	4,062,774	4,153,540				
Subscriptions	2,224,071	2,224,071	2,224,071	2,224,071	2,224,071				
WLGA conference	54,000	55,080	56,182	57,306	58,452				
Sponsorship	0	0	0						
Other income	460,000	300,000	270,000	270,000	270,000				
ADEW support	30,000	30,000	30,000	30,000	30,000				
Youth Policy officer support	10,000	10,000	10,000	10,000	10,000				
SWT support	30,000	30,000	30,000	30,000	30,000				
Top slice retained	1,059,668	1,059,668	1,059,668	1,059,668	1,059,666				
Property income	78,650	78,650	78,650	78,650	78,650				
Total Income	3,946,389	3,787,469	3,758,571	3,759,695	3,760,839				
Budget Surplus / Shortfall (-) before adjustments to Reserves	-100,605	-323,534	-234,962	-303,079	-392,701				
Total Transfers To / From (-) Reserves	-100,000	-300,000	-50,000	0	0				
Budget Surplus / Shortfall (-) after adjustments to Reserves	-605	-23,534	-184,962	-303,079	-392,701				