

16<sup>th</sup> December 2022**WLGA BUDGET 2023-24****Purpose**

- 1 To agree the high-level budget assumptions underpinning the WLGA's 2023-24 Budget and the Medium-Term Financial Plan (MTFP) to 2026-27. This will endorse the decision made by the WLGA Management Sub Committee on the 9th of December not to increase the level of subscription for 23-24.

**Background**

- 2 The WLGA's Management Sub-Committee (or Executive Board) is required to set the Association's budget (statement of estimated expenditure) which should be endorsed by the WLGA Council and subscriptions set before the end of the financial year per the WLGA constitution (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.*

**The WLGA Draft Budget 2023-24 and Medium-Term Financial Plan (MTFP) to 2026-27**

- 3 A summary of the budget and medium-term financial plan is set out in Figure 1 below. The detailed 2023-24 Draft budget is set out in the annex. The figure below demonstrates the impact of a 0% increase in subscriptions.

**Figure 1:** High-level budget assumptions for 2023-24 and MTFP

	<b>MTFP Draft Budget</b>	<b>MTFP</b>	<b>MTFP</b>	<b>MTFP</b>
	<b>2023-24</b> £	<b>2024-25</b> £	<b>2025-26</b>	<b>2026-27</b>
Employee costs	2,920,056	3,035,778	3,156,129	3,281,294
Premises costs	383,389	391,537	400,092	409,074
Member Services	60,000	60,000	60,000	60,000
Supplies and Services	93,776	95,640	97,597	99,652
Internal Recharges	-509,552	-509,552	-509,552	-509,552
ICT	120,000	120,000	120,000	120,000
Other Costs	373,500	303,500	303,500	303,500
SLA	6,000	6,000	6,000	6,000
<b>TOTAL EXPENDITURE</b>	<b>3,447,169</b>	<b>3,502,903</b>	<b>3,633,766</b>	<b>3,769,969</b>
<b>INCOME</b>	<b>3,447,519</b>	<b>3,447,519</b>	<b>3,447,519</b>	<b>3,447,519</b>
<b>Budget Surplus / Shortfall (-)</b>	<b>350</b>	<b>-55,384</b>	<b>-186,247</b>	<b>-322,450</b>

- 4 **Employee-related Expenditure** – the pay awards for 2023-24 and beyond have not yet been agreed so an assumption of 4% for pay growth has been included in the base for calculating 2023-24 salaries. Subsequent pay awards are assumed at 4% in the MTFP to 2026-27. We are currently exploring the possibility of a shared facilities function across a number of the tenants in One Canal Parade.
- 5 **Premises Expenditure** – Office accommodation costs have been recalculated for 2023-24 to reflect the Association's move to office accommodation in One Canal Parade. The 2023-24 to 2026-27 Premises expenditure is increased to include the full rental amount together with increased service charges to reflect future energy prices. All costs relating to the dilapidations works on exiting Local Government House have been funded from reserves. There are active discussions with other organisations to utilities spare capacity in the building.
- 6 **Member Services Expenditure** – this budget sets out the costs of allowances and regular WLGA political meetings. The officer support costs (democratic officer and political assistant posts) which are included within Employee costs. Member allowances are currently the subject of a review.
- 7 **Supplies and services expenditure** – All contracts are subject to an on-going review to ensure the Association receives value for money across these areas. A review of the translation agreement with Conwy CBC concluded last year, and a review of our ICT arrangement will be jointly pursued with Data Cymru by the end of 2023-24.
- 8 **Internal Recharges** - A detailed review of all costs related to employing, managing and hosting people within the organisation, along with organisational overheads has been undertaken in view of the WLGA's new office accommodation. This figure in the budget reflects the contribution from grant-funded teams towards these costs. The aim is to ensure that all cost centres bear a fair share of the organisational overheads including the Digital team.
- 9 **ICT Expenditure** – There is one ICT contract covered by this budget line – the provision of basic ICT systems and support through Cardiff council. The Service Level Agreement with Cardiff is due for review as stated above. This will include Data Cymru.
- 10 In addition to this, the WLGA now has a contract with Cardiff Council to support compliance with the General Data Protection Regulations (GDPR) which has increased to £22,000 for 2023-24.
- 11 **Other Costs** – There is a one-off increase to the WLGA contribution to the Safer Communities Project to £100,000 for 2023-24 (a collaboration between local government, the Welsh Government and the four Police and Crime Commissioners - this amount is due to decrease in subsequent years when a new funding strategy has been agreed. 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 into 2023-24 and over the MTFP period. WLGA website costs have been decreased to £1,500 in 2023-24 for the new WLGA website.

**12 Service Level Agreement** – this reflects the current costs of the payroll function provided by Cardiff Council.

**13 Income** –The table above and the more detailed budget set out in Annex 1, show members the results of a 0% increase in WLGA subscriptions for 2023-24 with a flat cash position assumed for future years in the MTFP.

**14 Top Slice Income** – the WLGA retained Top Slice income for 2023-24 has been held flat at the 2022-23 level and for subsequent years. Following discussion at the Management Sub Committee, other elements of the top slice will be capped, potentially at the level of the estimated pay award. This will de-couple them from the general settlement increase.

**15 Surplus and Reserves** - The draft budget shows a very small surplus in 2023-24 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

**16 Leaders are asked to:**

- 16.1 endorse the decision made by the WLGA Management Sub-Committee to set the 2023-24 budget, the Medium-Term Financial Plan, and specific recommendations; and**
- 16.2 support the proposal of no increase to WLGA subscriptions next year.**

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