

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Monday, 03 February 2020</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	<b>Final Proposals for the Revenue Budget 2020/21</b>
Purpose of Report:	The purpose of this report is to set out final proposals for Cabinet members to consider, before making their recommendations to Council, in respect of the final revenue budget for the financial year 2020/21
Report Owner:	Report of the Leader
Responsible Officer:	Carys Lord, Section 151 Officer
Elected Member and Officer Consultation:	Scrutiny Committees and Corporate Management Team have been consulted on the initial budget proposals. Trade Unions have been consulted informally on the potential implications of the proposals. External stakeholders were also consulted on budget issues
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget and needs to be referred to Council to make the final decision.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The initial budget proposals presented to Cabinet in November 2019 outlined the potential financial picture for the Council in 2020/21.</li> <li>• The provisional settlement from Welsh Government (WG), when taking into account adjustments, was an increase of £6.626M (4.29%) from the previous year. The final settlement is not due to be received until 25th February 2020.</li> <li>• In setting the proposed budget for 2020/21, funding has been provided towards cost pressures, including the remainder of the cost pressure associated with the increase in employer's contributions into the Teachers Pensions Fund. This is estimated to cost the Council £1.204m in 2020/21. The Council proposes to provide funding to schools to fully fund this pressure.</li> <li>• An efficiency target of £247k has been proposed for 2020/21 which covers all service areas and is at a level which is significantly lower than the targets that had to be set in previous years. It has become increasingly difficult for services to deliver further savings without reducing service</li> </ul>	

provision following £59m being achieved in the last 10 years. It is considered that the target set for 2020/21 is at a level that can be achieved by services.

- In order to deliver these budget proposals, it will be necessary to use £1m from the Council Fund reserve in 2020/21, as previously approved as part of the 2019/20 budget proposals. This is not ideal as it will move the financial pressure onto future years where higher levels of savings will need to be achieved however it is considered to be an appropriate approach.
- It is proposed that the Band D Council Tax rate is set at £1,306.08 for 2020/21 which is an increase of 4.9% from the current year.

In light of no indication being received from Welsh Government for future years settlements, it is considered prudent to assume that there may be a flatlined settlement going forward. If Council Tax continues to increase by 4.9% this could result in the possible total shortfall in funding for 2021/22 and 2022/23 of £10.596m. Whilst it has been possible to set efficiency targets at a lower level in 2020/21 this may not be the case going forward and in light of projected levels of shortfall in future years, services are requested to continue to plan ways of achieving further efficiencies which will be innovative and transformational with regards to service delivery.

## Recommendations

That Cabinet recommend to Council the following:

1. Fix the budget for 2020/21 at £240.438 million including a provision of £290k for discretionary rate relief to rural shops and post offices and charitable organisations.
2. Approve the budgets for 2020/21 as set out in Appendix C and in the following table:

	<b>£000</b>
Schools	93,950
Strategy, Culture, Community Learning & Resources	11,344
Additional Learning Needs	2,921
Standards and Provision	4,080
Directors Office	231
Children & Young People	17,255
Adult Services	50,526
Resource Management & Safeguarding	371
Youth Offending Service	737
Neighbourhood & Transport Services	28,309
Building Services	0

Regulatory Services	1,894
Council Fund Housing Resources	1,339
Regeneration	651
Development Management	2,024
Private Housing	1,016
General Policy	848
Use of Reserves	23,942
<b>Grand Total</b>	<b>(1,000)</b>
	<b>240,438</b>

3. Approve the recommendations regarding Net Growth for 2020/21 as set out in Appendix D and Efficiencies for 2020/21 as set out in Appendix E.
4. The proposed draft report on Education Budget and Indicator Based Assessment (IBA) at Appendix A be endorsed and the Director of Learning and Skills make arrangements for it to be forwarded to the School Budget Forum.

That Cabinet approve the following:

5. The initial savings / efficiencies targets for 2021/22 as set out in Appendix F be approved.
6. The Director of Learning and Skills be given delegated powers to determine the amount of money to be allocated to the schools' delegated budgets after consultation with the Schools Budget Forum.
7. The reclassification of reserves as set out at Appendix H be approved.
8. The report and appendices are referred to Corporate Performance and Resources Scrutiny Committee for review and any comments of Scrutiny Committee are referred to Cabinet in advance of consideration by Council.

That Cabinet note:

9. The Council Tax bandings for 2020/21 for its own purposes (excluding Police and Town and Community Council precepts) for a base budget of £240.438 million.

<b>Band</b>	<b>Council Tax £</b>
A	870.72
B	1,015.84
C	1,160.96
D	1,306.08
E	1,596.32

F	1,886.56
G	2,176.80
H	2,612.16
I	3,047.52

### **Reasons for Recommendations**

1. To set the 2020/21 budget in line with statutory requirements.
2. To allocate budgets to services.
3. To reduce risk to services and balance the budget.
4. To present the report to the Schools Budget Forum.
5. To set minimum targets for achieving savings.
6. To set out delegated authority in relation to the allocation of the Education and Schools budget.
7. To ensure that reserves are both adequate in purpose and level.
8. To ensure that Cabinet are aware of the comments of Corporate Performance and Resources Scrutiny Committee on the Final Proposals for the Revenue Budget 2020/21.
9. To ensure that Members are aware of the Council Tax Bandings associated with the base budget proposed in this report

## **1. Background**

- 1.1 The Council is required under statute to fix the level of Council Tax for 2020/21 by 11th March 2020. The final decision on the budget cannot be delegated and must be made at a meeting of Council. The final budget setting meeting is scheduled to be held on 26th February 2020. As this is prior to the receipt of the Final Local Government Settlement from WG, a further Special Council Meeting will be held on 9th March 2020 to set the Council Tax for 2020/21.

## **2. Key Issues for Consideration**

### **Medium Term Financial Plan**

- 2.1 The Medium Term Financial Plan (MTFP) 2019/20 to 2022/23 was presented to Cabinet on 7th October 2019 min no.C103. It considered two scenarios, the first

assumed a cash neutral settlement whereby the funding from WG remained at the same level as awarded in 2019/20. The second scenario assumed a reduction in Welsh Government funding of 1% for the years 2020/21, 2021/22 and 2022/23. Scenario 1 resulted in the requirement to find savings of £13.954m over this period, of which £3.484m has already been identified. There was therefore further savings to be identified of £10.470m over the 3 year period. Under scenario 2 there was a requirement to find savings of £18.470m over this period, meaning there were further savings to be identified of £14.986m. This is based on an assumed Council Tax increase of 4.9%

- 2.2** The latest Plan factored in a managed level of cost pressures, projected annual pay awards and modelled two council tax scenarios. The first being an increase in council tax of 4.9% each year and the second an increase of 10.4% each year which would increase the council tax to be on a par with the Welsh average. Moving to the projected Welsh average reduced savings to be identified to £3.747m for scenario 1 and £8.263m for scenario 2.

### **Anticipated Outturn 2019/20**

- 2.3** The Initial Revenue Budget Proposals report for 2020/21, presented to Cabinet on 18th November 2019 (minute number C138), advised that there would be a projected underspend in the Policy budget of £6.5m for 2019/20. £4m was transferred into the Council Fund, the use of which was to be considered when the final budget was agreed. Transfers of £2m into the Neighbourhood Services reserve and £500k into the Education Pressures reserve were also approved.
- 2.4** The revenue monitoring report to Cabinet on 20th January 2020 provided a further update on the outturn position for the year and detailed where services would be utilising reserves and needed to identify additional savings in the year to cover overspends. For Learning and Skills an adverse variance of £888k is projected and therefore £500k will be utilised from the Education Pressures reserve, with an additional £388k of efficiencies to be identified. Social Services are projecting an adverse variance of £1.2m which will be funded from Social Services reserves. Environment and Housing are projecting an adverse variance of £2m and will fund this deficit from the Neighbourhood Services reserve. It is also projected that the savings target for 2019/20 of £3.020m will not be achieved and that there will be a shortfall of £586k (19.4%).

### **Revenue Settlement 2020/21**

- 2.5** The Council is required under statute to fix the level of Council Tax for 2020/21 by 11th March 2020. The final decision on the budget cannot be delegated and must be made at a meeting of Council.
- 2.6** In previous years, the provisional settlement has been received from WG during October, with the final settlement being received during December. This year, however, the provisional settlement was not received until 16th December 2019, due to the timing of the UK Government election in December. Local Authorities will be advised of their final settlement on 25th February 2020, however, the final budget will not be debated by WG until 4th March 2020.

- 2.7** WG have previously advised that as the late publication resulted in the provisional settlement including the amended tax base for each authority, it is not anticipated that there will be a significant change in the final settlement.
- 2.8** Due to the late announcement of the final settlement, the revenue budget for 2020/21 will be presented to Council for approval on 26th February 2020, however, an additional Council meeting will be held on 9th March 2020 to approve the level of Council Tax for 2020/21.
- 2.9** WG has provided the Council with provisional figures for next year's settlement which for this Council shows a total Standard Spending Assessment (SSA) of £244.317m, which represents an adjusted increase of £13.891m (6.03%) over 2019/20.
- 2.10** There is no new funding provided through the Revenue Support Grant (RSG) for new responsibilities.
- 2.11** There are transfers into the RSG settlement in 2020/21 for the following:
- Teacher's Pension Costs 2019/20 (September to March element)
  - Teachers Pay 2019/20 (September to March element)
  - NHS Nursing Costs for Residential Homes
- 2.12** The Council compares its total budget for Education to its IBA (Indicator Based Assessment). This report will need to be made available for consideration by the Council's Schools Budget Forum and full Council. A proposed draft of this report is attached at Appendix A. The budget is set at £1.425m above the IBA.
- 2.13** The Council's provisional settlement figures from WG are £115.960m for the RSG and £45.061m for Non-Domestic Rates. These amounts together total a final Aggregate External Finance (AEF) of £161.021m for the Council. When taking into account the adjustments for transfers above, the effective increase in AEF for the Council from the previous year is £6.626m (4.29%) as set out in the table below.

	<b>£m</b>
Original AEF 2019/20	152.070
Adjustments for transfers in to the settlement	2.325
Council Tax Base Adjustment	(0.942)
Adjusted 2019/20 AEF	153.453
2020/21 Provisional AEF	161.021
Increase in AEF after Council Tax Base and adjustments	7.568
% Increase in AEF after Council Tax Base and adjustments	4.9%
Increase in AEF excluding Council Tax Base	6.626
% Increase in AEF excluding Council Tax Base	4.29%

- 2.14** Final notification of the level of all 2020/21 WG grants has not yet been received.

## Budget Strategy 2020/21

- 2.15** Cabinet approved the Budget Strategy for 2020/21 on 15th July 2019 (min no. C37). As part of this Strategy, Directors were requested to continue to progress the Reshaping Services Programme.
- 2.16** The 2020/21 initial revenue budget proposals considered two scenarios. Under the first scenario a cash neutral or flat settlement from WG was assumed which would provide the same funding to the Council as in 2019/20. Under this scenario there would be a provisional shortfall against base budget of £8.968m if all cost pressures of £10.058m were to be funded and on the assumption that savings of £1.513m would be achieved. The figures were also based on a 4.9% Council Tax increase. If the Council tax assumptions are further revised to take Band D Council Tax in line with the Welsh Average, which reflects a potential 10.4% increase, the shortfall under scenario 1 would be £4.896m.
- 2.17** The second scenario assumed a 1% reduction in the WG funding settlement when compared with the 2019/20 WG settlement. Under this scenario there would be a provisional shortfall against base budget of £10.489m if all cost pressures of £10.058m were to be funded and on the assumption that savings of £1.513m would be achieved. The figures were again based on a 4.9% Council Tax increase. If the Council tax assumptions are further revised to take Band D Council Tax in line with the Welsh Average which reflects a potential 10.4% increase, the shortfall under scenario 2 would be £6.417m.
- 2.18** Since November 2019, the Budget Working Group (BWG) has undertaken further work to formulate the final revenue budget proposals contained in this report.
- 2.19** In particular, the BWG has had regard to the following issues:
- The results of consultation with the Schools Budget Forum, Scrutiny Committees and external stakeholders;
  - Current financial pressures being experienced by services;
  - Ways in which cost pressures can be reasonably reduced or mitigated;
  - A further review of the proposed savings for 2020/21 onwards;
  - The progression of the Reshaping Services programme and transformational projects;
  - The existing financial strategies in place for Education & Schools, Social Services and Other Services;
  - Possible increases in Council Tax;
  - The projected funding position for 2021/22 and 2022/23; and
  - The potential to use reserves as part of a defined financial strategy and to allow a more thorough review of options for savings and their implications, innovative alternative methods of service delivery and collaborative ventures.
- 2.20** During 2020/21, the National Living Wage will provide for a minimum hourly rate of £8.72 for workers aged 25 and above which is an increase of 6.21% from the 2019/20 rate of £8.21. The Council's pay structure which was implemented in April 2019 complies with these requirements and whilst the pay award for

2020/21 has yet to be agreed, this is expected to remain the case in 2020/21. This change will, however, have a significant effect on services the Council commissions from external organisations, in particular for Social Services.

- 2.21** The full year effect of the 2019/20 cost pressure relating to the employer's contribution into the Teacher's Pension scheme from 16.48% to 23.6% from 1st September 2019 has been fully funded and included in the 2020/21 budget. Additional funding has been provided from WG for this pressure.

### **Consultation with Scrutiny Committees**

- 2.22** The 2020/21 Initial Revenue Budget Proposals were considered by Cabinet on 18th November 2019 and by each Scrutiny Committee during December 2019. In addition to noting the initial revenue proposals, the following recommendations were made by Scrutiny Committees:

- Scrutiny Committee (Environment and Regeneration) – 17th December 2019 Recommended that the Corporate Performance and Resources Scrutiny Committee recommend to Cabinet, that despite the indicative budget increase of 4.9% for 2020/21 from Welsh Government, that it be noted that the cost pressures for Environment and Housing will still remain and need to be fully considered.

- 2.23** The recommendations of Scrutiny Committees were referred to the Corporate Performance and Resources Scrutiny Committee, which is the lead Scrutiny Committee for the budget. On 19th December 2019 this Committee supported the recommendations of the Scrutiny Committees and recommended that the Budget Working Group should be asked to review the cost pressures in respect of Special Education Needs and Environment and Housing as these were likely to remain.

- 2.24** Corporate Performance and Resources Committee's recommendations were referred to Cabinet on 20th January 2020.

- 2.25** The BWG have considered the recommendations of the Scrutiny Committees when preparing the 2020/21 revenue budget.

### **Consultation with External Stakeholders**

- 2.26** The Council's annual budget consultation exercise began on 30th September 2019 and closed on Monday 11th November 2019. Residents were invited for the first time to have their say on the level at which council tax should be set for the coming financial year.

- 2.27** To support the consultation exercise, a video was published explaining the Council's current financial situation including where the Council's money comes from, how it is currently spent across service areas, the savings we have achieved to date and the savings that we need to achieve in the next three years. The video also provided context as to how Council Tax levels in the Vale compare to other local authority areas in Wales. The 6 week consultation process was promoted across the Council's social media channels such as Facebook and Twitter. In the local press the Council's Leader responded to questions set by the GEM and on Bro Radio, as well as a press release being issued to mark the beginning of the consultation which was printed by all of the local newspapers



and shared online by the majority. Council officers attended local events to engage face to face with residents and ran a series of roadshow drop-in events at Libraries throughout the Vale of Glamorgan. A full analysis of the responses is included in Appendix B.

- 2.28** The public consultation response indicates that only 38% of respondents were fully aware of the financial shortfalls the Council faced over the next three years, with a further 38% reporting that they were not fully aware of the extent of the shortfall and 24% were not aware of the shortfall.
- 2.29** The consultation respondents were also asked to indicate what approach the Council should take to address the shortfall. 48% indicated support to keep council tax below the Welsh average and reduce services. 24% of consultees indicated support to increase council tax to the Welsh average and protect some services and 28% of respondents supported an increase in council tax to above the Welsh average and protect all services.
- 2.30** Some written comments received are detailed in Appendix B.
- 2.31** The BWG has had regard to the consultation results when formulating the final budget proposals for 2020/21.

### **Proposed Budget 2020/21**

- 2.32** The proposed budget for 2020/21 has been set in line with the current financial strategy and a summary of the overall position is attached at Appendix C. The overall budget has been prepared based on the following matters.
- 2.33** Asset Rentals are accounting adjustments reflecting charges to services for the use of assets. They do not constitute “real” expenditure and are reversed out and replaced by the cost of capital within Policy. Similarly, IAS 19 changes are technical accounting adjustments to the costs of pension contributions, which are reversed out in Policy. Neither of these adjustments are therefore a part of the total expenditure of the Council.
- 2.34** Recharges/Transfers relate to movements in charges between internal Council Services and the transfer of functions. Overall there is a neutral impact on the budget.
- 2.35** Inflation relating to pay awards of £4.267m has been included. This figure has been reassessed and increased from the figure included as part of the initial budget proposals. As in recent years due to the shortage of funding, no provision has been made for non-pay inflation.
- 2.36** Transfers into the RSG have been allocated to the relevant service area.
- 2.37** The BWG has reviewed and updated the cost pressures. It is not possible to fully fund all the cost pressures submitted by services due to the level of funding and the high value of cost pressures submitted. However, careful consideration has been given to the allocation of funding and the BWG have been able to award growth at a far higher level this year than in previous years due to the level of the WG settlement. It has allocated funding to areas where the pressures cannot be mitigated or reduced. All cost pressures requested by Schools have been fully funded. The total of Net Growth for 2020/21 is £9.250m and the breakdown of this sum is shown at Appendix D.

- 2.38** The level of savings to be achieved has been reviewed by the BWG and the proposed efficiencies for 2020/21 totals £247k with details contained in Appendix E. This figure is significantly lower than the £3.020m savings target for 2019/20, as it is anticipated that the shortfall against this target will be £586k and services are intending to drawdown from reserves. Services have had to find savings of almost £59m in the last 10 years and each year it becomes increasingly difficult to identify budgets to reduce that do not impact on service delivery. Within this context and even with a positive settlement from WG for 2020/21, it is considered that services should still be requested to review and deliver their services in the most efficient and cost effective way going forward and ensure that they continue the process of transforming their services to become sustainable in order to meet cost pressures that will arise in the future. The efficiency targets that have been set for 2020/21 have been assessed and are achievable.
- 2.39** The Reshaping Services reserve and Digital Reshaping reserve are available to support directorates in changing the delivery of services to improve the customer experience, increase the resilience of services, reducing the carbon footprint of the Council's activities and realise efficiencies. Further savings can be focused around income generation and commercial activity and there is £2.354m funding available in the Commercial Opportunities and Invest to Save reserve to support the implementation of income generation and invest to save schemes. This is discussed further in the Capital Strategy 2020/21 report elsewhere on this agenda.

### **Proposed Council Tax 2020/21**

- 2.40** An adjusted settlement increase of 4.29% represents a move away from the very low increases and reductions seen over the past 10 years. However, it should be noted that the increase after transfers of funding in to the settlement equates to £6.626m, which is £6.5m less than the cost pressures and pay awards required as projected as part of the initial proposals. The available funding therefore still remains significantly less than the funding required by the Council. As the Council also wishes to avoid ceasing the provision of services, the Council still needs to consider an increase in Council Tax.
- 2.41** If the Council decides to budget at £240.438m, deducting from this Revenue Support Grant of £115.960m, redistributed non-domestic rates of £45.061m produces a requirement of £79.417m to be met from council tax. Dividing this by the council tax base of 60,806 gives a level of council tax for this Council's purposes (excluding police and community council precepts) for Band D properties of £1,306.08. This is an increase over the current year's council tax which is £1,245.06 of £61.02 or 4.9%. The average council tax set by councils in Wales for 2019/20 at Band D was £1,294.22 and therefore when taking into account increases to be approved by other Councils in Wales for 2020/21, this Council's Band D would still remain below the Welsh average.

**2.42** The BWG's view is that the proposed increase in Council Tax at 4.9% is a reasonable compromise between the pressure on services and the financial pressures facing council taxpayers.

### Proposed Budgets by Service 2020/21

#### Learning and Skills

	Budget 2019/20	Rech/ Tfers	Change in Asset Rents / IAS 19	Pay Inflation	Net Growth	Transfer into RSG	Efficien cies	Budget 2020/21
	£000	£000	£000	£000	£000	£000	£000	£000
Schools	87,896	115	0	2,777	3,162	0	0	93,950
Strategy, Culture, Comm Learning & Resources	11,110	215	(50)	94	20	0	(45)	11,344
Achievement for All	5,339	(5,341)	2	0	0	0	0	0
School Improvement	1,030	(1,030)	0	0	0	0	0	0
Additional Learning Needs	0	2,374	(2)	63	486	0	0	2,921
Standards and Provision	0	3,863	0	105	112	0	0	4,080
Directors Office	234	(9)	0	6	0	0	0	231
<b>Total</b>	<b>105,609</b>	<b>187</b>	<b>(50)</b>	<b>3,045</b>	<b>3,780</b>	<b>0</b>	<b>(45)</b>	<b>112,526</b>

**2.43** After adjustments, the Education SSA has increased by £7.778m from 2019/20 and is currently set at £108.860m for 2020/21. In light of the cost pressures reported by the service area, additional funding of £3.780m has been awarded to the Learning and Skills Directorate, £3.162m of which has been awarded to schools. In addition, the BWG have decided to remove the savings target of £881k previously allocated to Schools in the 2020/21 Initial Budget Proposals. A breakdown of the net growth is shown in Appendix D.

**2.44** As part of the £3.162m awarded by the BWG to Schools, funding of £1.124m has been provided to cover the full year effect of the increase in the employer's pension contribution rate increasing from 16.48% to 23.6% from September 2019. £1.876m has also been provided to contribute towards demographic growth in both the Mainstream and Special sectors and £162k has been allocated

towards the costs of the new unit for pupils with Social and Emotional behavioural needs established at Gladstone School in 2019/20.

- 2.45** During the year it has been reported that the complex needs out of county placements, independent placements and Looked After Children residential placements and EOTAS budgets will overspend in total by £726k. Part of this overspend is being offset by budget underspends within the Directorate. There are other pressures within the central Education budget and the BWG has allocated recurring funding of £700k to this area (£162k of which has been included under the Schools heading for the Gladstone school unit), which will be allocated in accordance with service needs by the Director of Learning and Skills.
- 2.46** A breakdown of the efficiency target of £45k is shown in Appendix E. No efficiencies have been allocated to Schools in 2020/21.
- 2.47** It is suggested that the Schools Budget Forum be consulted before any final decision is made on the split of the funding between Central Education and the Schools. It is recommended that delegated authority be given to the Director of Learning & Skills to determine the split in the light of that consultation.
- 2.48** WG has transferred £2.255m into the settlement in respect of the 2019/20 costs of the increase in Teacher's Pension and Teacher's Pay Award. As these amounts were fully funded in the base budget by the Authority as part of the 2019/20 Final Budget Proposals they are not reflected in the Transfers into RSG column.
- 2.49** After the changes above, the Education budget will be substantially above the IBA. This is detailed in Appendix A.

## Social Services

	Budget 2019/20	Rech/ Tfers	Change in Asset Rents / IAS 19	Pay Inflation	Net Growth	Transfer into RSG	Efficien cies	Budget 2020/21
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Children &amp; Young People</b>	16,098	133	25	99	900	0	0	17,255
<b>Adult Services</b>	47,957	59	21	169	2,350	70	(100)	50,526
<b>Resource Management &amp; Safeguarding</b>	272	(129)	19	149	60	0	0	371
<b>Youth Offending Services</b>	741	(21)	2	15	0	0	0	737
<b>Total</b>	<b>65,068</b>	<b>42</b>	<b>67</b>	<b>432</b>	<b>3,310</b>	<b>70</b>	<b>(100)</b>	<b>68,889</b>

- 2.50** The Social Services Directorate is reporting a projected overspend of £1.2m during 2019/20 which will be funded by an unplanned transfer from reserves. There remains continuing pressures on the service, particularly on the Children's Placement budget which is resulting in a projected overspend of £600k for

Children's Services. This is due to the increasing complexities of the children currently being supported, which results in their placement in very high cost units. The 2019/20 position is after the service had benefitted from £500k grant funding from Welsh Government which had been provided on a one off basis in 2019/20, however, as part of the provisional settlement for 2020/21, it is indicated that grant funding will also be provided in 2020/21. There is also continuing pressure on the adult care packages budget. Not only is there an increase in the population, but clients are increasingly frail with complex needs. There is a 'knock on' effect from pressures within Health and work is ongoing to ensure integration between the two services. It is also acknowledged that there are pressures from service providers who are required to meet the increase in the National Living Wage.

- 2.51** A breakdown of the net growth is shown in Appendix D. Having regard to the current financial pressures, the BWG acknowledges that there are significant issues in this area. The BWG has taken all the factors above into account and it is proposed that an additional £900k is allocated to Children's Services, £2.350m to Adults Services and £60k to Resource Management and Safeguarding. However, the split by service of this additional funding may be reviewed during the new financial year by the Director of Social Services once details of WG grant funding is received.
- 2.52** The Social Services SSA for 2020/21 has increased by £3.728m from 2019/20 after adjustments and currently stands at £63.419m. However WG announced as part of the provisional settlement an extra £10m across Wales for Social Care Workforce and Sustainability Pressures Grant which in 2019/20 was £30m. It is not known at this stage the value of the allocation to this Council or whether there are specific terms and conditions attached as no formal correspondence has been received from WG, however, the additional funding will be allocated directly to the Social Services budget once received.
- 2.53** Additional funding of £70k has been included in the final settlement for the responsibilities associated with nursing duties in residential homes.
- 2.54** The Intermediate Care Fund (ICF) continues to be provided to Health by WG. The Service will work with Health to spend funds in the most cost effective way.
- 2.55** A breakdown of the £100k efficiencies target is shown in Appendix E.

### Environment and Housing

	Budget 2019/20	Rech/ Tfers	Change in Asset Rents / IAS 19	Pay Inflation	Net Growth	Transfer into RSG	Efficien cies	Budget 2020/21
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Neighbourhood and Transport</b>	26,792	(90)	144	241	1,250	0	(28)	28,309
<b>Building Services</b>	0	(20)	0	20	0	0	0	0
<b>Regulatory</b>	2,041	(148)	(19)	0	20	0	0	1,894

<b>Council Fund Housing</b>	1,309	(1)	0	31	0	0	0	1,339
<b>Total</b>	<b>30,142</b>	<b>(259)</b>	<b>125</b>	<b>292</b>	<b>1,270</b>	<b>0</b>	<b>(28)</b>	<b>31,542</b>

**2.56** The service is currently projecting an adverse variance of £2m against the 2019/20 budget. The savings target for 2019/20 for this service is £932k. Plans for saving this amount are being pursued however several of the proposed savings have a long lead in time therefore it is currently projected that £470k of the savings target will not be achieved during 2019/20. In recognition of the long lead times associated with achieving some of the programmed savings and the potential reduction to service provision associated with some of the proposals, the BWG is proposing to award growth of £400k to offset the savings target. A full breakdown of the net growth for 2020/21 is shown in Appendix D.

**2.57** During 2019/20 the service has also reported adverse variances associated with the budget for cleansing staff located at Barry Island and significant increases in the cost of energy associated with the street lighting budget. The BWG has awarded additional funding of £250k to address these pressures.

**2.58** Within the Waste Collection Service an adverse variance of £880k is projected for 2019/20. There will be further pressures on the Waste Collection and Recycling services from increasing costs in this sector and demographic increases due to the high level of new residential developments. There has also been a reduction of around £65k in the WG sustainable waste management grant funding. The BWG has therefore been able to allocate funding of £465k to this area.

**2.59** In the most recent 2019/20 monitoring the Learning and Skills service has reported an overspend of £393k which is relating to School Transport. Local Education Authorities have a statutory duty to provide free school transport for pupils of statutory school age who reside beyond walking distance to the nearest appropriate school in addition to a statutory duty to provide transport for pupils with Additional Learning Needs (ALN) who require access to specialist provision. The Council also provides discretionary support towards pupils in further education above the age of 16. The BWG has allocated additional funding of £135k towards addressing this cost pressure. In addition, the schemes proposed for the Capital Programme at Albert Primary and Ysgol Y Deri will also help to address these cost pressures in future years. The growth has been allocated to Neighbourhood and Transport as this is where the budget for this service sits.

**2.60** A breakdown of the £28k efficiency target is shown in Appendix E.

### Managing Director & Resources

	<b>Budget 2019/20</b>	<b>Rech/ Tfers</b>	<b>Change in Asset Rents / IAS 19</b>	<b>Pay Inflation</b>	<b>Net Growth</b>	<b>Transfer into RSG</b>	<b>Efficien cies</b>	<b>Budget 2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources</b>	14	20	56	405	160	0	(4)	651

<b>Regeneration</b>	2,057	(118)	0	40	85	0	(40)	2,024
<b>Development Management</b>	967	22	0	42	0	0	(15)	1,016
<b>Private Housing</b>	1,209	(364)	(8)	11	0	0	0	848
<b>Total</b>	<b>4,247</b>	<b>(440)</b>	<b>48</b>	<b>498</b>	<b>245</b>	<b>0</b>	<b>(59)</b>	<b>4,539</b>

- 2.61** A breakdown of the net growth is shown in Appendix D. The BWG has provided funding to address the increased costs associated with the Coroner's service. There have been additional pressures identified in the Democratic Services, Regeneration and Facilities Management areas which have been funded.
- 2.62** A breakdown of the £59k efficiency target is shown in Appendix E.

### **Financial Strategy for 2021/22 to 2022/23**

- 2.63** The 2014/15 final budget proposals were informed by a budget review exercise that included the reappraisal of the Council's financial strategy. Consequently, separate strategies were put in place for Education & Schools, Social Services and all Other Services.
- 2.64** Since that date, the BWG has continued to have regard to the appropriateness of these strategies considering the size of the Education & Schools and Social Services budgets as a proportion of the Council's net budget requirement and the pressures on the services.
- 2.65** The Council will continue to strive to ensure that the Education & Schools increases should match the overall percentage change in the Council's budget as amended for adjustments to the council tax reduction scheme (CTRS) and the council tax base and that the budget for Education will be the same proportion of the Council's total budget as the Education SSA is to the total SSA where it is feasible to do so. However, this will be dependent on future settlements and will become increasingly difficult if reductions in funding continues in future years.
- 2.66** The BWG considers that the principles applied above to Education & Schools also continue to apply to Social Services. It is proposed that the financial strategy for all Other Services will need to continue. This will require services to manage services in an efficient manner, with regard to the cost of service provision. For the purpose of these projections, it has been assumed that the financial strategies set out in this report for Education & Schools and Social Services will continue to be applied.
- 2.67** WG has not provided the Council with indicative settlement figures for 2021/22 or beyond. The MTFP was based upon two scenarios, a cash neutral settlement and a cash reduction of 1% in both 2021/22 and 2022/23. Each 1% change in AEF affects the Council by approximately £1.5m. Given the increase of 4.29% in 2020/21 and the purported end of austerity but with consideration of the uncertainty surrounding Brexit and the approach of the new British Government,

it is felt that it would be prudent to assume a cash neutral or flat lined AEF across the period.

- 2.68** Pay inflation for the next two years has been based upon a similar increase to the increase in the pay budgets included for 2020/21. This assumption will be reviewed again when the next iteration of the MTFP is produced.
- 2.69** As previously stated the Council has been required to make a high level of savings for a number of years. Identifying further savings is becoming more challenging. The Reshaping Services programme will continue to identify how services can be remodelled to protect and improve service provision whilst ensuring efficient delivery in the future. Appendix F includes the proposed identified efficiencies for 2021/22, no efficiencies are currently identified for 2022/23. These are currently at a low level; however work will start immediately to establish detailed proposals for efficiencies for future years.
- 2.70** Cost pressures for future years have been considered and assessed by the BWG and total £9.151m for 2021/22 and 2022/23. Details are attached at Appendix G. This includes a possible level of funding for schools. Also included is a sum for the pressures in Social Services as a result of increased demographic growth and further increases in the National Living Wage. Any further cost pressures will need to be managed down or mitigated by Services in order to avoid further savings targets being required.
- 2.71** It is projected that the balance of the Council Fund as at 31st March 2023 will be £10.636m. However, there is considerable uncertainty regarding the effects of Britain's exit from the Europe Union. In addition, after achieving savings over recent years, it is becoming increasingly difficult to achieve savings in the short term and many will need a longer lead in time to implement. That being the case, the Council Fund could be used further to support the budget in the coming years, whilst at the same time being mindful of the minimum balance that the Section 151 Officer advises that the Council fund should be maintained at £10m.
- 2.72** The table below shows the projected shortfall in 2021/22 and 2022/23 assuming a council tax increase in each of the two years of 4.9%. It must however be emphasised that these projections are based upon information available at the current time and they will be subject to change e.g. changes in AEF.

<b>Financial Projections to 2022/23</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
<b>BASED ON 4.9% COUNCIL TAX INCREASE</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Assumed Decrease in AEF	0	0	0
Cost Pressures	5,042	4,109	9,151
Pay Inflation	4,267	4,267	8,534
Net Savings Targets Allocated - Non Schools	(116)	0	(116)
Net Savings Targets Allocated - Schools	0	0	0
Reduction in the use of General Fund	1,000	0	1,000
Assumed 4.9% Gross Council Tax Increase	(3,891)	(4,082)	(7,973)
<b>(Surplus)/Shortfall in Savings Required</b>	<b>6,302</b>	<b>4,294</b>	<b>10,596</b>



- 2.73** This shows that the possible shortfall in funding for 2021/22 and 2022/23 could total £10.596m. The position will be reassessed as part of the MTFP and options for achieving the shortfall in savings will be addressed further.

## **Reserves**

- 2.74** Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.
- 2.75** The Council has always taken a prudent approach with regard to Specific Reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other Reserves have been established to fund Council priorities, e.g. Neighbourhood Services and in particular the Capital Programme, e.g. School Investment Reserve, Building Fund. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment. Sums have also been set aside to assist in budget management. The Housing Revenue Account Reserve is ring-fenced to Housing and the majority will be used to fund improvements to the Council's housing stock.
- 2.76** The Council presently benefits from a reasonable level of reserves; however, they are not inexhaustible and have taken years of careful financial management to develop to their current position. After several years of real term reductions in funding there is reducing contingency in the normal operational council budgets and the management and use of reserves will become increasingly important to be able to continue to provide services and to mitigate risks, while still trying to deliver corporate priorities.
- 2.77** The level of reserves must be considered in the context of the financial risk facing the Council over the coming years.
- 2.78** One of the main risks to the Council's financial planning is the uncertainty as to the level of funding to be received from WG in future years. WG has not provided an indication of the change in the settlement in 2021/22 and beyond. Projections have therefore been based on assuming a flatlined budget.
- 2.79** Projecting forward on this basis, there is a gap in funding in the coming years that will need to be identified. Efficiencies of £10.596m need to be achieved over the next 3 years. This figure is extremely challenging and there will be significant pressure on services to deliver this level of savings. There is a risk of non-achievement of these savings and the ability to identify and implement savings given the already high level of savings previously delivered by services over the past years. Reserves have been set up where possible to facilitate this process e.g. Early Retirement/Redundancy Fund, Reshaping Services Fund, Digital Reshaping Fund and the Commercial Opportunities and Invest to Save Fund.
- 2.80** There are risks in the budget and the most significant of these are set out in this report. Even though additional funding has been proposed for 2020/21, further action will need to be undertaken by directorates to achieve a balanced budget going forward.
- 2.81** Pay and price inflation is a further risk. From 2021/22 onwards, provision has been made in the budget at a similar rate to 2020/21 for pay, with no provision

for non-pay inflation. The Consumer Price Index for the 12 months to November 2019 rose by 1.5%. Services will need to manage spending as costs rises.

- 2.82** Details of all specific grants has not yet been finalised by WG and there is a risk that should grants be cut and it is not possible to reduce expenditure correspondingly, the Council could overspend. This risk should be mitigated by the fact that Services should have in place “exit” plans for any specific grant ceasing and are usually aware of likely developments in the level of grant. In the first place each Service would be expected to fund any shortfall from its revenue budget. There are however some reserves held to cover future grant reductions, but these can only be seen as a contingency in the short term e.g. Adult Community Learning and Youth Offending reserves. The payment of redundancy costs, when a grant ceases, is not normally allowed as eligible expenditure to be set against the grant and therefore it is for the Council to set aside funds to cover this eventuality. A Grant Exit Strategy reserve is being held under the Social Services heading to fund such costs if they arise and in the main relates to the Flying Start service.
- 2.83** Legislative changes provide a major risk to the Council. The increase in the National Living Wage will put further pressure on staffing budgets. There is uncertainty for future recycling costs due to changes in the global market. In addition, the impact of changes to welfare reforms are at present not clear and a reserve is held for this purpose.
- 2.84** There are risks associated with climate change, in particular energy costs and the Council holds an Energy Fund to implement energy saving initiatives. The effect of adverse weather conditions increases the cost of running and maintaining the Council’s infrastructure and provision needs to continue to be set aside to fund works over and above that held in the normal operational revenue budget, as covered for instance by the Bad Weather reserve.
- 2.85** Whilst covered by a separate report on the agenda, it is important to point out that a large proportion of the reserves are held for capital expenditure as well as for revenue purposes. There is a large commitment required for the future development of local schools and for the risks in maintaining aging premises. Also, the Council relies heavily on its ICT infrastructure.
- 2.86** The Council also holds funds to enable it to fulfil its priorities set out in the Corporate Plan through the 4 well-being outcomes. The Council must demonstrate its commitment to the Well-being of Future Generations Act and ensure that the needs of the present are met without compromising the ability of future generations to meet their own need, thus ensuring that funding is available in the long term through sound financial planning.
- 2.87** As part of the usual Budget process, an examination of the level of reserves was undertaken to ascertain their adequacy and strategy for use. The reserves were examined with a view to their level (i.e. whether the amount held in the fund is sufficient to meet requirements) and purpose (i.e. whether the need to hold the fund is still relevant). The requirement for each specific reserve has also been considered in light of the Council's priorities.
- 2.88** The estimated level of the Council Fund Reserve at 1st April 2020 is £11.636m including a planned drawdown of £2m in 2019/20 and a further drawdown of £1m in 2020/21. As part of the initial budget proposals in November 2019, an

additional £4m was transferred into the Council Fund and it is now proposed to utilise this amount to provide for a number of ongoing pressures that have emerged as part of the budget process and following discussion with service heads and a review of future commitments against reserves. As previously stated there are risks as a result of climate change and it is proposed to transfer £500k into the Bad Weather reserve as the balance is due to reduce to an unacceptable level. Also, the opportunity is being taken to transfer £1m into the Council Buildings reserve, again in order to maintain a reasonable balance. In addition, it is proposed that £1.25m will be transferred into a new reserve for Green Infrastructure and Climate Change to help the Council meet the challenges of the climate emergency and the WG aspiration to deliver a Carbon Neutral Public Sector by 2030. In addition to transfers already reported in the Initial Budget Proposals, a further £750k will be transferred into the Neighbourhood Services reserve and £500k into the Education Pressures reserve as a result of the continuing pressures in these areas.

- 2.89** The Section 151 Officer's view is that the current minimum level for the Council Fund Reserve of £7m should be reviewed. The Council Fund provides cover for unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial, and several instances can occur in a year. The level of pressure on Directorates in 2019/20 has evidenced this with overspends being reported in three of the Directorates. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale of Glamorgan this is currently about £12m. However, in view of the prudent approach the Council takes with regard to Specific Reserves, it is proposed that £10m should be the revised minimum level for this reserve.
- 2.90** There are Schools balances which are unspent budgets delegated to individual schools. As at 31st March 2019 the aggregate nursery, primary and secondary balances were £2.681m.
- 2.91** Attached at Appendix H is a schedule showing the reserves and the anticipated balances at the 31st March 2020, 2021, 2022 and 2023. The Appendix sets out the title of the reserve together with its purpose. A summary of the position is set out below and excludes Schools balances and the Housing Revenue Account (HRA).

<b>Summary of Estimated Reserves Projected to 2022/23</b>	<b>Est. Bal. 31/3/2020</b>	<b>Net Movement</b>	<b>Est. Bal. 31/3/2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Council Fund	11,636	(1,000)	10,636
Specific Reserves			
Insurance Fund	3,891	0	3,891
Capital Reserves	27,594	(17,218)	10,376
Other Specific Reserves	26,949	(7,203)	19,746
<b>Total Council Fund Reserves (excl. Schools and HRA)</b>	<b>70,070</b>	<b>(25,421)</b>	<b>44,649</b>

- 2.92** It is projected that there will be a large fall (36%) in the level of reserves over the 3 year period as substantial calls on funds are made. However, these are still deemed to be adequate as known risks are largely covered and the Council Fund Reserve is at a reasonable level, not expected to fall below £10m.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

#### **Delivering Well Being**

- 3.1** In setting the revenue budget, the Council needs to consider its corporate priorities as set out in the Corporate Plan 2016-2020 through the 4 well-being outcomes which are shown below with examples of how the Council is providing support through the 2020/21 revenue budget.
- An Environmentally Responsible and Prosperous Vale - Additional funding is being allocated to support the waste and recycling service;
  - An Aspirational and Culturally Vibrant Vale – Funding has been provided for schools; and
  - An Active and Health Vale – Funding has been provided to support Social Services and collaborative work will continue with Health as part of the ICF grant funding.
- 3.2** These outcomes demonstrate the Council’s commitment to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own need. Even with reductions in funding, where practical, the Council will strive to maintain services which contribute towards this agenda.
- 3.3** In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow. These budget proposals reflect this new approach to working. The 5 ways of working are: -
- Looking to the long term - The budget proposals are a means of planning for the future and take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
  - Taking an integrated approach - The budget proposals highlight and encourages ways of working with partners.
  - Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners.
  - Working in a collaborative way – The budget proposals recognises that more can be achieved, and better services can be provided by collaboration and it encourages this as a way of working in the future.
  - Understanding the root cause of issues and preventing them – The budget process is proactive and allows an understanding of the financial position so that issues can be tackled at the source

## **4. Resources and Legal Considerations**

### **Financial**

- 4.1** The total budget shown at Appendix C is £240.438m. After adjusting for discretionary rate relief of £290k, it is £4.169m below the Council's SSA of £244.317m. The 2019/20 budget was £2.243m below the SSA.
- 4.2** The Council's SSA (IBA) is an indication of the relative resources needed to provide a standard level of service. It is based on statistical data and formulae, any of which can be flawed in assessing need. It is used primarily as a method of distributing AEF. It is not an absolute indicator of a required spending level for a particular service in a particular area. It is for local councils to best determine their own spending priorities in light of local circumstances.
- 4.3** It is proposed that in line with the 2019/20 Final Proposals, £1m is used from the Council Fund in 2020/21.

### **Statement of Section 151 Officer on Robustness of Estimates**

- 4.4** The Local Government Act 2003 requires that the Section 151 Officer (currently the Head of Finance) must report on the robustness of the estimates, which are to be approved by Council. This Section constitutes that assurance.
- 4.5** In view of the uncertainties of the current and future economic climate there is increased risk facing the Council's financial position and, as a consequence, the delivery of services. This has been recognised and referenced within this report, where relevant, together with actions that can be taken to manage that risk.
- 4.6** The proposed efficiencies are regarded as achievable and have been carefully examined with risk and measures to mitigate them identified. It is important to stress the importance of the mitigating actions being implemented and the need to consider Equality Impact Assessments (EIA). An EIA for the budget is attached at Appendix I.
- 4.7** Estimates in the budget report are robust subject to any reservations/ qualification or other commentary contained in the report. All services' expenditures are under pressure and there is always a risk that a service may overspend, particularly in light of unforeseen circumstances.
- 4.8** A measure to guard against this will be to monitor the budget during the year and to identify problems as they arise and put in place remedial action. Key to this will be the delivery of efficiencies including those required under the Reshaping Services programme. Cabinet, Scrutiny and managers continue to have a key role in reviewing and maintaining budgetary performance.
- 4.9** Reserves have been again reviewed and, with the proposed changes to the level of the Council Fund, are considered adequate to cover contingencies and the risks stated in the report.

## **Employment**

- 4.10** The budget proposals will have implications for the Council's employees and there could be a loss of jobs however the reduction for 2020/21, excluding schools, is estimated to be less than 5 full-time equivalents (FTE) as the majority of the savings target is focused on more efficient procurement.
- 4.11** The above figures do not include the staffing implications relating to budget pressures within schools as the details need to be considered by individual Governing Bodies and supported by the Director of Learning & Skills. Individual schools will also be impacted by whether they have growing or falling pupil numbers. There could be staff reductions and redundancies depending on each school's circumstances. The Director of Learning & Skills will need to establish the impact of the budget on employees in schools.
- 4.12** The Council has an Avoiding Redundancy Procedure that will be followed and includes a requirement for the Council to search for suitable alternative employment. The numbers of employees referred to are those impacted in the budget. There could be further staff implications from other restructuring exercises during the year.
- 4.13** The trades unions will continue to be consulted on the details of any potential redundancies once known.
- 4.14** It is essential to ensure that consultation with the trades unions is carried out in accordance with the Council's Avoiding Redundancy Policy and related legal requirements. A Change Forum meets regularly with the trade unions to help co-ordinate the consultation process and deal with cross- directorate issues

## **Legal (Including Equalities)**

- 4.15** The Council is required under statute to fix its Council Tax for 2020/21 by 11th March 2020 and in order to do so will have to agree a balanced revenue budget by the same date.

## **5. Background Papers**

**Report of the Managing Director**

**Reasons for Difference between Provisional Education IBA and Budget**

**Background**

The Welsh Government (WG) previously required each local authority to compare its total budget for education to its education Indicator Based Assessment (IBA) and report on reasons for the difference. Although this comparison is no longer a WG requirement, the Vale of Glamorgan Council continues to track the level of Education funding against the IBA.

The Vale of Glamorgan Council 2020/21 education IBA is £108.86M compared to a budget of £110.285M. The Council is therefore funding educational services at £1.425M above the IBA.

In the previous financial year the education budget was funded at £4.799M above IBA. The variance above IBA has therefore reduced by £3.374M however this is not due to less funding allocated to the education budget but due to the substantial increase in IBA of £7.778M or 7.7% which is partly due to transfers into the IBA in respect of the increased cost of teachers pensions (£1.725M) and teachers pay increases (£530K) which were excluded from the SSA in 2019/20 but were funded by the Council in the base budget.

**Issues**

The 2020/21 WG provisional revenue settlement has increased the Aggregate External Finance (AEF) for this Council by £6.626M; an increase of 4.29% from 2019/20 after adjusting for transfers.

The Council's overall 2020/21 Standard Spending Assessment (SSA) is £244.317M which has increased by £13.9M or 6% when compared to the previous year.

The Education IBA at £108.86M has increased by £7.778M when compared to the previous year.

**Table to Show Demographic Impact on the Individual Schools Budget (ISB)**

The 2020/21 provisional settlement recognises an increase of 232 Vale of Glamorgan pupils compared to the previous year which has a financial impact estimated at £1.128M as identified in the table below.

	2019/20	2020/21	Change	SSA Unit Value	Increased Cost
Pupil Numbers Nursery and Primary	12,278	12,273	-5	£3,589.66	(£17,948)
Pupil Numbers Secondary in Yr Groups 7-9	4,485	4,627	142	£4,395.23	£624,123
Pupil funding Pupils in Yr 10 & 11	2,990	3,085	95	£5,490.94	£521,639
<b>COST OF DEMOGRAPHIC INCREASE</b>			<b>232</b>		<b>£1,127,814</b>

**Learning and Skills Budget 2020/21**

The overall increase in the Learning and Skills budget is £6.917M, the table below shows the movement between the 2019/20 and 2020/21 Budgets

<b>Learning and Skills Budget 2020/21</b>	<b>£'000</b>
<b>2019/20 Learning and Skills Budget</b>	<b>105,609</b>
Pay inflation	3,045
Teachers' pension increase (7/12)	1,204
Demographic increase mainstream schools	1,128
Demographic increase special school	748
Complex needs pressures	700
Reshaping services and Efficiency Savings	(45)
Asset Rent, IAS 19 and central recharges	137
<b>Net budget increase</b>	<b>6,917</b>
<b>2020/21 Learning and Skills Budget</b>	<b>112,526</b>



## **Education IBA Comparison**

The Learning and Skills 2020/21 Budget is £112.526M however not all departments within the Learning and Skills Directorate fall under the heading of Education for IBA comparison (e.g. Libraries, CYPP and Arts).

In order to compare the Education budget with the Education IBA, the Learning and Skills budget must be adjusted as demonstrated in the table below.

The resulting Education budget of £110.285M exceeds the Education IBA by £1.425M.

<b>Education IBA Comparison</b>	<b>Budget 2020/21</b>
	<b>£'000</b>
Schools	93,950
Standards and Provision	4,080
ALN and Wellbeing	2,921
- Less CYPP	-270
Strategy, Community Learning and Resources	11,344
- Less Libraries and Arts	-2,050
Directors office	231
Education Transport (under Environment and Housing)	3,628
Less education asset rents	-3,549
<b>TOTAL EDUCATION BUDGET</b>	<b>110,285</b>
2020/21 SSA	108,860
<b>Variance above SSA</b>	<b>1,425</b>

Delegated authority has been given to the Director of Learning & Skills to determine the split of Learning and Skills funding in light of consultation with the Schools Budget Forum.

## **Conclusion**

In setting a budget that is both prudent and achievable, the Council must have regard to the fair distribution of resources amongst all of its services in relation to their relative priorities.

The Education and Schools 2020/21 budget is £1.425M above the SSA of £108.86M, however schools and educational services will continue to face challenges in managing within existing resources. As part of the Council's Reshaping Services Agenda, the directorate and schools will continue to look at the services on offer,

## APPENDIX A

service delivery models, economies of scale, and opportunities for innovation in order to meet the needs of our colleagues, learners, and their communities.

# 2020-21 Budget Consultation

*December 2019*

## Background

Since 2010 the Vale of Glamorgan Council has had to make significant savings and as a result has reduced its overall budget by £55million. The estimated level of savings required for 2020-21 is approximately £6million. This figure will depend on the amount of funding the Council receives from Welsh Government and the level at which Council Tax is set. The next three years are forecast to require further savings of around £16million. This means nearly a quarter of the Council's budget will have been eroded in a decade, which does not include the amount of increased expenditure demands placed on our services.

In order to meet the required savings for the next three years the Council has difficult decisions to make and asked for residents input on three options:

1. Keep council tax below the Welsh average and reduce services.
2. Increase council tax to the Welsh average and protect some services.
3. Increase council tax above the Welsh average and protect all services.

## Methodology

This consultation ran from Monday 30 September until Monday 11 November 2019. The primary method for residents to respond to this consultation was online, via a survey hosted on the Council's website. The webpage also displayed a [video](#), which explained the Council's current financial position.

The video was shown at various meetings throughout the consultation period, as well as to residents who attended events or roadshows, as detailed below.

Throughout the six-week consultation period the consultation was promoted on the Council's social media channels, Twitter and Facebook.

The Leader of the Council did an interview with Bro Radio during the consultation period, to answer residents' questions on the Council's budget and to promote the consultation and encourage residents to go online and respond. Residents were also able to ask questions via the Leader's local newspaper column in the Gem. This was used to promote the consultation as well as allow residents to put questions directly to the Leader.

## Events and Roadshows

Officers attended the following meetings and held drop-in sessions at local libraries throughout the consultation in order to facilitate face to face engagement and feedback on the consultation.

- Vale 50+ Older People's Day Event
- Penarth Library Drop-in
- Cowbridge Library Drop-in
- Housing Tenants Working Group Meeting
- Llantwit Major Library Drop-in
- Dinas Powys Library Drop-in
- Barry Library Drop-in

## Feedback from Face to Face Engagement Events

The chart shows the majority of residents who engaged with officers, 23 out of 38, would prefer to see Council tax increased above the Welsh average in order to protect all services. It is worth noting that all of the residents watched the video in full before responding.



## Responses to the online survey

There were 612 responses to the online survey. This is almost three times more responses than in previous years. This can mainly be attributed to the additional promotion of the consultation and engagement events. The timing of the consultation could also be a factor. In previous years the budget consultation has been carried out between November - January, this consultation began in late September and closed in early November.

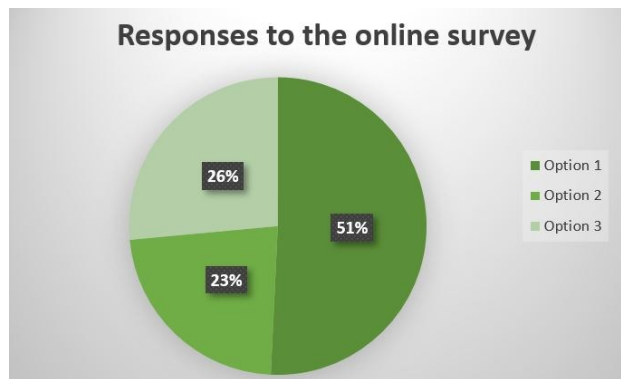
## Awareness of the budget shortfall

As in previous years, the first question asked respondents about their awareness of the level of savings that the Council is required to make in the next financial year. Responses to this question show that awareness among respondents has improved. This could be attributed to the use of video to explain the Council's current financial position as part of the consultation exercise, and due to the increased communications activity to promote the budget consultation.

## Council tax

Respondents were asked to choose between three options in order to meet the required savings for the next financial year.

1. Keep council tax below the Welsh average and reduce services
2. Increase council tax to the Welsh average and protect some services
3. Increase council tax above the Welsh average and protect all services.



The chart shows 50.8% chose option 1, to keep council tax below the Welsh average, 22.8% chose to increase council tax to the Welsh average and 26.5% chose to increase council tax above the Welsh average.

The comments associated with the responses to this question show that not all respondents watched the video before responding to the survey. However, some have also explained why they chose the option they did, for example: *"My salary has not changed significantly since 2010 where as the council tax has in proportion increased massively, it represents a very large portion of my outgoings nearly 2 months of my take home salary. This for me is an unsustainable amount and any further increases will have to make me consider whether living in the Vale is worth the cost"*.

Another respondent commented: *"We have to protect the services we have left. We can all pay a bit more, but make sure everyone pays their fair share."*

And *"Nobody likes to pay more Council tax, but the reality is that services have to be provided and paid for. The Council need to continue to make operational efficiencies, but this should be in the realm of efficiency, not service cuts."*

The comments are consistent with the responses to the options listed above, they are split almost equally, some are happy to pay a little bit more in order to protect services, some feel that they already pay too much and cannot afford any more.

### Other suggestions to make savings

When asked if residents had any other suggestions on how the Council could make savings there were a range of comments a few regarding Councillors and Senior Managers pay or expenses and a number of comments around 20MPH speed limits being unnecessary and a waste of money. Some also suggested that they needed more information in order to provide an informed response.

### Profile of respondents

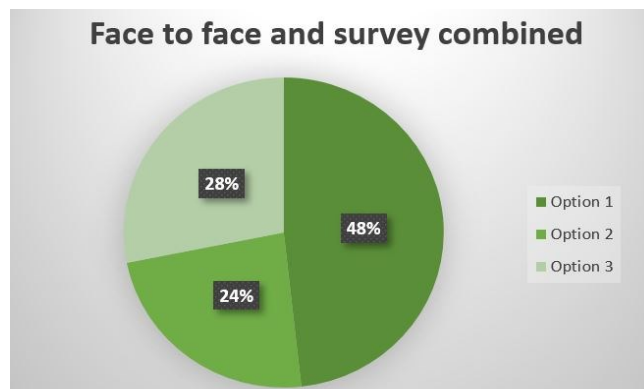
93% of respondents are local residents, 5% are local business owners, 1% are local councillors and 1% are either Council employees or work in the Vale of Glamorgan.

36% of respondents are aged 55 - 75, 34% are 35 - 54, 18% are 25 - 34, 7% are 75+, and 5% are 18-24.

78% of respondents do not have a disability, 12% are limited a little and 4% are limited a lot, 6% preferred not to disclose this information.

## Summary

- Awareness of the Council's current financial position has improved, however there is still work to do to improve awareness and understanding among respondents.
- When the analysis of the survey and the responses during the roadshows and events is combined there is no overall majority in favour of any of the options. 48% of respondents would prefer to see Council Tax kept below the Welsh average and see services reduced, 24% would prefer to meet the Welsh average in order to protect services and 28% would prefer to pay above the Welsh average in order to protect all services.



1 - Combined analysis of face to face and responses to the survey

**BASE BUDGET 2020/21**

**APPENDIX C**

	Original Budget 2019/20 £'000	Asset Rents/ IAS 19 £'000	Base Budget 2019/20 £'000	Rechgs/ Transfs £'000	Budget Adjustment £'000	Pay Inflation £'000	Transfers Into RSG £'000	Efficiencies £'000	Net Growth £'000	Use of General Reserves £'000	Base Estimate 2020/21 £'000	Asset Rents/ IAS 19 £000	Original Budget 2020/21 £000
<b>Learning and Skills</b>													
<b>Schools</b>	<b>87,896</b>	<b>0</b>	<b>87,896</b>	<b>205</b>	<b>(90)</b>	<b>2,777</b>	<b>0</b>	<b>0</b>	<b>3,162</b>	<b>0</b>	<b>93,950</b>	<b>-</b>	<b>93,950</b>
Strategy, Culture, Community Learning and Resources	11,110	(2,998)	8,112	197	18	94	0	(45)	20	0	8,396	2,948	11,344
Achievement for All	5,339	2	5,341	(2)	(5,339)	0	0	0	0	0	0	0	0
School Improvement	1,030	0	1,030	0	(1,030)	0	0	0	0	0	0	0	0
Additional Learning Needs	0	0	0	(6)	2,380	63	0	0	486	0	2,923	(2)	2,921
Standards and Provision	0	0	0	(207)	4,070	105	0	0	112	0	4,080	0	4,080
Directors Office	234	0	234	0	(9)	6	0	0	0	0	231	0	231
<b>Total Learning &amp; Skills (Excluding Schools)</b>	<b>17,713</b>	<b>(2,996)</b>	<b>14,717</b>	<b>(18)</b>	<b>90</b>	<b>268</b>	<b>0</b>	<b>(45)</b>	<b>618</b>	<b>0</b>	<b>15,630</b>	<b>2,946</b>	<b>18,576</b>
<b>Social Services</b>													
Children and Young People	16,098	(26)	16,072	61	72	99	0	0	900	0	17,204	51	17,255
Adult Services	47,957	(180)	47,777	140	(81)	169	70	(100)	2,350	0	50,325	201	50,526
Resource Management & Safeguarding	272	88	360	(138)	9	149	0	0	60	0	440	(69)	371
Youth Offending Services	741	(16)	725	(21)	0	15	0	0	0	0	719	18	737
<b>Total Social Services</b>	<b>65,068</b>	<b>(134)</b>	<b>64,934</b>	<b>42</b>	<b>0</b>	<b>432</b>	<b>70</b>	<b>(100)</b>	<b>3,310</b>	<b>0</b>	<b>68,688</b>	<b>201</b>	<b>68,889</b>
<b>Environment and Housing</b>													
Neighbourhood and Transport Services	26,792	(3,936)	22,856	(90)	0	241	0	(28)	1,250	0	24,229	4,080	28,309
Building Services	0	46	46	(20)	0	20	0	0	0	0	46	(46)	0
Regulatory Services	2,041	1	2,042	(148)	0	0	0	0	20	0	1,914	(20)	1,894
Council Fund Housing	1,309	(23)	1,286	(1)	0	31	0	0	0	0	1,316	23	1,339
<b>Total Environment and Housing</b>	<b>30,142</b>	<b>(3,912)</b>	<b>26,230</b>	<b>(259)</b>	<b>0</b>	<b>292</b>	<b>0</b>	<b>(28)</b>	<b>1,270</b>	<b>0</b>	<b>27,505</b>	<b>4,037</b>	<b>31,542</b>
<b>Managing Director</b>													
Resources	14	(562)	(548)	20	0	405	0	(4)	160	0	33	618	651
Regeneration	2,057	(24)	2,033	(118)	0	40	0	(40)	85	0	2,000	24	2,024
Development Management	967	(7)	960	22	0	42	0	(15)	0	0	1,009	7	1,016
Private Housing	1,209	(8)	1,201	(364)	0	11	0	0	0	0	848	-	848
<b>Total Managing Director</b>	<b>4,247</b>	<b>(601)</b>	<b>3,646</b>	<b>(440)</b>	<b>0</b>	<b>498</b>	<b>0</b>	<b>(59)</b>	<b>245</b>	<b>0</b>	<b>3,890</b>	<b>649</b>	<b>4,539</b>
<b>General Policy</b>	<b>23,032</b>	<b>7,643</b>	<b>30,675</b>	<b>470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>645</b>	<b>0</b>	<b>31,775</b>	<b>(7,833)</b>	<b>23,942</b>
<b>Met from General Reserves</b>	<b>-2,000</b>	<b>0</b>	<b>-2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>(1,000)</b>	<b>0</b>	<b>(1,000)</b>
<b>TOTAL</b>	<b>226,098</b>	<b>0</b>	<b>226,098</b>	<b>0</b>	<b>0</b>	<b>4,267</b>	<b>70</b>	<b>(247)</b>	<b>9,250</b>	<b>1,000</b>	<b>240,438</b>	<b>0</b>	<b>240,438</b>

	<u>2020/21</u> £'000
<b>Schools</b>	
Demographic increase in mainstream schools	1,128
Demographic increase in special school Ysgol Y Deri	748
Teachers Superannuation increase	1,124
Complex Needs and Provision for Pupils with severe social and emotional behavioural needs - Delegated Gladstone Unit	162
<b>Total Schools</b>	<b>3,162</b>
<b>Non Schools</b>	
Complex Needs and Provision for Pupils with severe social and emotional behavioural needs - Centrally Funded	438
Looked After Children Pooled Budget Residential	100
Non School Staff Teachers Superannuation increase	80
<b>Total Non Schools</b>	<b>618</b>
<b>TOTAL LEARNING AND SKILLS</b>	<b>3,780</b>
<b>Children &amp; Young People</b>	
External Placements	600
Recruitment and Retention of Foster Carers	300
<b>Total for Children &amp; Young People</b>	<b>900</b>
<b>Adults Services</b>	
Demographic changes and other service pressures	2,310
Joint Equipment Store	40
<b>Total for Adults Services</b>	<b>2,350</b>
<b>Resource Management &amp; Safeguarding</b>	
Independent Reviewing Officers (IRO)	60
<b>Total for Resource Management &amp; Safeguarding</b>	<b>60</b>
<b>TOTAL SOCIAL SERVICES</b>	<b>3,310</b>
<b>Neighbourhood and Transport Services</b>	
Waste - Cost of refuse collection for new housing developments and reduction in waste grant	465
Neighbourhood and Transport Savings not realised	400
Street Lighting Energy Costs	200
Waste - Maintenance of new facilities located on the Eastern Shelter, Barry Island	50
Education Transport	135
<b>Total for Neighbourhood and Transport Service</b>	<b>1,250</b>
<b>Regulatory Services</b>	
Contribution to Shared Regulatory Services Joint Committee	20
<b>Total for Regulatory Services</b>	<b>20</b>
<b>TOTAL ENVIRONMENT AND HOUSING SERVICES</b>	<b>1,270</b>



**2020/21**  
**£'000****Resources****Office Accommodation**

Facilities Building and Cleaning

120

**Total for Office Accommodation****120****Legal and Democratic**

Democratic Services Restructure

20

Coroner Service

20

**Total for Legal and Democratic****40****Regeneration**

Economic Development Team

85

**Total for Regeneration****85****TOTAL MANAGING DIRECTOR AND RESOURCES****245****Council Wide**

Welsh Language Standard

20

Fire Authority Levy

105

Discretionary Rates Relief

50

Council Tax Reduction Scheme

470

**Total for Council Wide****645****TOTAL GROWTH 2020/21****9,250**

<b>Service</b>	<b>2020/21</b>
<b>LEARNING AND SKILLS</b>	
<b>Strategy, Culture, Community Learning &amp; Resources</b>	
General Efficiencies	45
<b>Total Strategy, Culture, Community Learning &amp; Resources</b>	<b>45</b>
<b>TOTAL LEARNING AND SKILLS</b>	<b>45</b>
<b>SOCIAL SERVICES</b>	
<b>Adults Services</b>	
Review of Complex Cases	100
<b>Total Adults Services</b>	<b>100</b>
<b>TOTAL SOCIAL SERVICES</b>	<b>100</b>
<b>ENVIRONMENT AND HOUSING</b>	
<b>Neighbourhood Services and Transport</b>	
General Efficiencies	28
<b>Total Neighbourhood Services and Transport</b>	<b>28</b>
<b>TOTAL ENVIRONMENT AND HOUSING</b>	<b>28</b>
<b>MANAGING DIRECTOR AND RESOURCES</b>	
<b>Legal and Democratic Services</b>	
Members Printing	1
Lease	3
<b>Total Legal and Democratic Services</b>	<b>4</b>
<b>Regeneration</b>	
Staff Restructure	40
<b>Total Regeneration</b>	<b>40</b>
<b>Development Management</b>	
Planning Income	7
Gen Efficiencies and Advertising	8
<b>Total Development Management</b>	<b>15</b>
<b>TOTAL MANAGING DIRECTOR AND RESOURCES</b>	<b>59</b>
<b>Policy</b>	
Compliance	15
<b>TOTAL POLICY</b>	<b>15</b>
<b>TOTAL</b>	<b>247</b>

**PROPOSED EFFICIENCIES THROUGH SAVINGS AND INCOME GENERATION  
2021/22**

**APPENDIX F**

**Service**

**2021/22**

**ENVIRONMENT AND HOUSING**

**Neighbourhood Services and Transport**

Traffic Surveys 10

Leisure Services 56

**Total Neighbourhood Services and Transport 66**

**TOTAL ENVIRONMENT AND HOUSING 66**

**MANAGING DIRECTOR AND RESOURCES**

**Finance, ICT and Property**

Fraud & Income Recovery 50

**Total Finance and ICT 50**

**TOTAL MANAGING DIRECTOR AND RESOURCES 50**

**TOTAL 116**

**Analysis of Revenue Cost Pressures 2021/22 and 2022/23****APPENDIX G**

<b>Service</b>	<b><u>2021/22</u></b> <b>£'000</b>	<b><u>2022/23</u></b> <b>£'000</b>
<b>Directorate: Learning and Skills</b>		
<b>Schools</b>		
Demographic increase in mainstream schools	1,128	1,128
Demographic increase in special school Ysgol Y Deri	567	405
<b>Total Schools</b>	<b>1,695</b>	<b>1,533</b>
<b>Non Schools</b>		
Complex Needs and Provision for Pupils with severe social and emotional behavioural needs	140	160
<b>Total Non Schools</b>	<b>140</b>	<b>160</b>
<b>TOTAL LEARNING AND SKILLS</b>	<b>1,835</b>	<b>1,693</b>
<b>Directorate: Social Services</b>		
<b>Children &amp; Young People</b>		
Recruitment and Retention of Foster Carers	90	90
<b>Total for Children &amp; Young People</b>	<b>90</b>	<b>90</b>
<b>Adults Services</b>		
Demographic changes and increased demands	2,271	2,271
<b>Total for Adults Services</b>	<b>2,271</b>	<b>2,271</b>
<b>TOTAL SOCIAL SERVICES</b>	<b>2,361</b>	<b>2,361</b>
<b>Directorate: Council Wide</b>		
City Deal	416	55
21st Century Schools Prudential Borrowing	430	0
<b>Total for Council Wide</b>	<b>846</b>	<b>55</b>
<b>TOTAL COST PRESSURES 2021/22 and 2022/23</b>	<b>5,042</b>	<b>4,109</b>

**ANALYSIS OF RESERVES****APPENDIX H**

Name	Bal	In	Out	Est Bal	Comments	Est Bal	Est Bal	Est Bal
	31/03/19 £000	£000	£000	31/03/20 £000		31/03/21 £000	31/03/22 £000	31/03/23 £000
<b><u>Housing Revenue Account</u></b>	<b>2,668</b>	<b>0</b>	<b>-1,795</b>	<b>873</b>	The fund is ring fenced by statute for use by the Housing Revenue Account (HRA). As well as acting as a working balance for the HRA, it is also used to fund repairs and the capital programme.	890	915	930
<b><u>General Reserves</u></b>								
Council Fund	<b>13,636</b>	0	-2,000	<b>11,636</b>	The working balance of the Authority can be used to support Council Fund expenditure or to reduce the Council Tax. The minimum recommended level in the view of the S151 Officer is £7m.	10,636	10,636	10,636
<b><u>Specific Reserves</u></b>								
<b><u>Learning and Skills</u></b>								
Schools Rationalisation and Improvements	<b>629</b>	0	-136	<b>493</b>	This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities including the transition of Barry Secondary schools. Transfers in also include reimbursement from schools for the capital loan scheme.	360	180	0
Education Pressures	<b>0</b>	1,000	-888	<b>112</b>	This reserve has been set up in 2019/20 as a result of current pressures faced by Learning and Skills	112	112	112
School Deferred Pensions	<b>266</b>	0	0	<b>266</b>	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years	266	266	266
Sports Facilities	<b>31</b>	0	0	<b>31</b>	Funding transferred from Pen y Garth Primary School in order to provide a budget to fund ad hoc repairs and maintenance required to sports hall.	31	31	31
Library Fund	<b>151</b>	0	0	<b>151</b>	To finance the improvement of Library services.	10	10	10
Adult Community Learning	<b>75</b>	0	0	<b>75</b>	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded across Wales.	0	0	0
Youth Service	<b>49</b>	0	0	<b>49</b>	To assist with the implementation of the Youth Engagement & Provision Framework in schools as well as initial costs in relation to the reshaping of the Youth service.	0	0	0
Repairs and Renewals Catering	<b>187</b>	0	-123	<b>64</b>	The primary use is to fund enhancements to premises and the replacement of Catering equipment, ensuring Environmental Health Officer requirements and Health & Safety obligations within school Catering premises are met.	64	64	64

**ANALYSIS OF RESERVES****APPENDIX H**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/19			Bal		31/03/21	31/03/22	31/03/23
	£000	£000	£000	£000		£000	£000	£000
<b>Social Services</b>								
Legislative Changes	6,109	0	0	6,109	To cover additional burdens on the authority due to changes in legislation eg Social Services and Well-being (Wales) Act 2014 , Deprivation of Liberties Standards.	6,109	6,109	6,109
Social Services Plan	980	0	-700	280	To support the approved Social Services Budget Reduction Programme.	280	280	280
Social Services Pressures	1,913	0	-500	1,413	To cover short term childrens placements which have a high cost e.g. remand, that cannot be accommodated within the current operational budget.	1,413	1,413	1,413
Social Services Development	350	0	0	350	To cover costs of implementing service development and contingency for premises maintenance	350	350	350
Grant Exit Strategy	630	0	0	630	To pay potential redundancy costs if Welsh Government grants were discontinued.	630	630	630
Youth Offending Service	174	0	0	174	To assist with potential reductions in grant funding in future years and to carry out works at YOS building	174	174	174
<b>Environment and Housing</b>								
Neighbourhood Services	4,586	2,750	-3,818	3,518	To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives. £2.75m has been transferred in during 2019/20 to cover pressures currently being experienced in Waste Services	1,823	1,004	686
Bad Weather	110	500	-300	310	To fund necessary works during periods of severe weather conditions.	10	10	10
Building Services Improvement	276	0	-124	152	Monies set aside for improvements to the Building Services department.	82	22	0
Rural Housing Needs	56	0	0	56	To be used to fund Rural Enabler post.	46	36	26
Homelessness and Housing	592	0	-26	566	This sum will be used to support homelessness prevention work.	541	516	491
Housing Strategy	10	0	-10	0	During 2019/20 work will commence on updating the Local Housing Strategy. This funding will be used to produce the strategy including facilitating consultation events.	0	0	0
Supporting People	35	0	-35	0	To continue to provide housing support.	0	0	0
Community Safety	69	0	-29	40	To fund community safety initiatives.	40	40	40
Gypsy Traveller	1,052	0	0	1,052	To support the provision of a Gypsy/Traveller site and Gypsy Liaison Officer.	1,052	1,052	1,052
Regulatory Improvements	282	0	-75	207	Monies set aside for Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	207	207	207

**ANALYSIS OF RESERVES****APPENDIX H**

<b>Name</b>	<b>Bal 31/03/19 £000</b>	<b>In £000</b>	<b>Out £000</b>	<b>Est Bal 31/03/20 £000</b>	<b>Comments</b>	<b>Est Bal 31/03/21 £000</b>	<b>Est Bal 31/03/22 £000</b>	<b>Est Bal 31/03/23 £000</b>
<b>Managing Director and Resources</b>								
<b>Regeneration and Planning</b>								
Disabled Facilities	14	0	-14	0	To fund an Occupational Therapist within Disabled Facilities Grant team.	0	0	0
Private Sector Housing	262	0	-36	226	To fund initiatives for Private Sector Housing, including an Occupational Therapist within the DFG team.	175	123	69
Local Development Plan	304	45	0	349	Set aside for costs relating to the production of the Local Development Plan.	299	249	199
Regeneration Fund	304	0	-102	202	To fund various regeneration schemes in the Vale.	162	122	82
Regeneration & Planning	754	0	-197	557	Monies set aside to cover various commitments within the service.	332	133	73
Planning Fees	100	0	0	100	To provide for reduction in planning fees income.	100	100	100
Building Control	246	0	-50	196	Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account.	146	96	66
Donations	29	0	0	29	Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast.	29	29	29
<b>Resources</b>								
Welfare Reforms	756	0	0	756	To fund pressures on the Authority resulting from changes to the Welfare Benefit System. The balance required in this reserve will be assessed when more information becomes available. This reserve could be used to finance any Department for Work and Pensions projects.	756	756	756
Financial IT System	27	0	-27	0	To fund the costs of implementing the new Income Management system.	0	0	0
Internal Audit	22	0	0	22	To provide training and support development of Internal Audit staff.	22	12	0
Legal	702	0	-120	582	To provide in house legal capacity on major projects, fund increased in house capacity which assists with income generation.	457	332	207
Trainee Appointments	680	0	-50	630	To fund the appointment of trainees and interns to support services and the Reshaping Service programme.	580	525	465
Legal Claims	1,920	0	0	1,920	To fund future legal cases and judicial reviews.	1,920	1,920	1,920
Child Burial	27	15	0	42	Ring fenced grant funding received from Welsh Government.	34	26	18

**ANALYSIS OF RESERVES****APPENDIX H**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/19			Bal		31/03/21	31/03/22	31/03/23
	£000	£000	£000	£000		£000	£000	£000
Human Resources	141	0	-60	81	To fund transitional costs associated with the move to the new HR operating model/HR service centre, for spend to save projects i.e. reduce recruitment spend, reduce sickness absence etc and for a part time temporary post for work associated with the 16-24 agenda.	31	0	0
Performance and Development	388	0	-40	348	To fund the purchase of hardware, software and equipment and to fund the appointment of trainees and interns to support the service. £45k relates to the grant from WG to support the Brexit process.	288	238	208
Democratic & Freedom of Information	48	0	0	48	To be used to fund IT and other equipment required to support department.	33	23	13
<b>Corporate</b>								
Election Expenses	370	42	0	412	Set aside for the Council and other elections costs.	389	365	100
Corporate Governance	338	0	0	338	This reserve has been set aside in respect of local government governance and development issues e.g. collaboration, mergers. The fund is also a useful contingency provision for improvements required urgently e.g. as a result of an inspection report.	338	338	338
Early Retirement/Redundancy	973	0	0	973	Used to finance the cost of early retirement and redundancy as a result of restructuring, budget savings and the Reshaping Service Programme.	973	973	973
Events	403	0	-120	283	To provide funds to promote the Vale of Glamorgan particularly in respect of tourism and economic development.	163	43	0
Insurance Fund	3,891	0	0	3,891	To fund potential future claims on the Authority based upon historical evidence. This is reviewed annually. No prediction for future use has been included at present and claims can have a long lead time.	3,891	3,891	3,891
Energy Management Fund	221	123	-191	153	Energy saving schemes initially funded from this reserve and transfers in relate to the repayments to the fund from services once savings are achieved and income from renewable energy sources.	0	118	228
Green Infrastructure and Climate Change Reserve	0	1,250	0	1,250	This reserve has been set up during 2019/20 to provide funds for Environmental Initiatives across the Vale of Glamorgan.	1,250	1,250	1,250
Reshaping Services	814	0	-120	694	To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services programme.	488	378	378
Digital Reshaping	225	0	0	225	Invest to save funding to support the implementation of new digital ways of working and to update current systems.	225	225	225
Interpretation Services for Asylum Seekers	98	0	0	98	To provide support and interpretation services for asylum seekers.	98	98	98



**ANALYSIS OF RESERVES****APPENDIX H**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/19			Bal		31/03/21	31/03/22	31/03/23
	£000	£000	£000	£000		£000	£000	£000
Stronger Communities Fund	337	0	0	337	To enable community groups, the voluntary sector and town and community councils to apply for revenue and capital funding that promotes initiatives within the Vale of Glamorgan consistent with the Council's vision of "Strong communities with a bright future".	0	0	0
Mayors Foundation	2	0	-2	0	Ringfenced funding to be issued as grants.	0	0	0
<b>Capital</b>								
City Deal	1,898	0	0	1,898	To be used to contribute towards the City Deal which will generate significant economic growth and to improve transport and other infrastructure within the Cardiff Capital Region.	1,898	1,898	1,898
Coastal Works	537	0	-142	395	To assist in funding the ongoing liabilities that will arise following the coastal developments in the Vale, maintaining the impact of the significant investment made.	285	175	65
Waste Transfer Station	1,500	0	0	1,500	Establishment of a Waste Transfer Station.	0	0	0
ICT Fund	3,446	241	-728	2,959	Set aside to meet the costs of replacement and renewal of computer hardware and software, telecommunication systems and infrastructure. Transfers in include the repayment back into the fund from schools and other services relating to IT loans.	3,000	2,281	2,302
Capital Scheme Commitments	74	0	-74	0	Set aside for Specific Capital Schemes	0	0	0
School Investment Strategy	9,038	31	-9	9,060	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	4,100	704	0
WG Schools Capital Grant 2018-19	1,765	0	-1,765	0	A £1.765m grant was received from WG and was used to displace existing capital spend in 2018/19. An equivalent sum is being carried forward through this reserve into 2019/20 to fund capital expenditure relating to schools	0	0	0
WG Schools Capital Grant 2019-20	0	0	1,905	1,905	A £1.905m grant has been awarded by WG and is being used to displace existing capital spend in 2019/20. An equivalent sum is being carried forward through this reserve into 2020/21 to fund capital expenditure relating to schools	0	0	0
Capital Economic Regeneration Fund	0	496	0	496	To the cost of funding capital economic regeneration schemes. This has been transferred from the Project Fund.	496	496	496
Commercial Opportunities and Invest to Save Fund	2,850	0	-496	2,354	This fund was previously called the Project Fund. It will now be used to assist in the development of commercial opportunities and Invest to Save projects.	2,354	2,354	2,354
Council Building Fund	5,475	1,000	-2,008	4,467	The fund is available in respect of repairs and maintenance of Council Buildings.	3,256	2,138	2,121

**ANALYSIS OF RESERVES****APPENDIX H**

<b>Name</b>	<b>Bal</b>	<b>In</b>	<b>Out</b>	<b>Est</b>	<b>Comments</b>	<b>Est</b>	<b>Est</b>	<b>Est</b>
	<b>31/03/19</b>			<b>Bal</b>		<b>Bal</b>	<b>Bal</b>	<b>Bal</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
Repairs and Renewals Vehicle	<b>2,944</b>	900	-2,754	<b>1,090</b>	This fund is primarily for the replacement of plant and vehicles. Vehicles are purchased from the fund and the transfer in represents the equivalent "rental" amount reimbursing the fund.	0	0	0
Social Services Buildings	<b>500</b>	0	0	<b>500</b>	To fund the update of Social Services premises to meet the future demands of the service.	500	500	500
ICF Capital	<b>330</b>	0	0	<b>330</b>	To fund future projects in partnership with Health.	0	0	0
Telecare	<b>640</b>	0	0	<b>640</b>	Replacement fund for Telecare equipment and other service costs.	640	640	640
<b>TOTAL SPECIFIC RESERVES (excl HRA)</b>	<b>64,005</b>	<b>8,393</b>	<b>-13,964</b>	<b>58,434</b>		<b>43,308</b>	<b>36,055</b>	<b>34,013</b>

# Equality Impact Assessment

Please click on headings to find [general guidance](#) or section guidance with an example. You will find supporting information in appendices at the end of the guidance.

When you start to assess your proposal, arrange to meet Tim Greaves, Equality Co-ordinator, for specific guidance. Send the completed form to him for a final check and so that he can publish it on our Vale of Glamorgan equality web pages.

Please also contact Tim Greaves if you need this equality impact assessment form in a different format.

## 1. [What are you assessing?](#)

Revenue Budget Proposals for 2020/21
--------------------------------------

## 2. [Who is responsible?](#)

<b>Name</b>		<b>Job Title</b>	
<b>Team</b>	Corporate Management Team	<b>Directorate</b>	All Services

## 3. [When is the assessment being carried out?](#)

<b>Date of start of assessment</b>	November 2019
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## 4. [Describe the proposal?](#)

<b>What is the purpose of the proposal?</b>
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The proposals detail the revenue budget for all services across the authority for 2020/21 and indicative budgets for 2021/22 and 2022/23.

<b>Why do you need to put it in place?</b>
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# Equality Impact Assessment

The Council is required under statute to fix the level of Council Tax for 2020/21 by 11<sup>th</sup> March 2020. In order to achieve this a balanced revenue budget has to be produced and agreed.

## **Do we need to commit significant resources to it (such as money or staff time)?**

The proposed net revenue budget for the authority for 2020/21 is over £240 million. The budget has been developed by the Budget Working Group following discussions with Directors and appropriate Cabinet members.

## **What are the intended outcomes of the proposal?**

To achieve a balanced budget which agrees the cost envelope for Council services for the coming financial year.

## **Who does the proposal affect?**

It affects everyone who works for the Council, its customers and the residents of the Vale of Glamorgan.

## **Will the proposal affect how other organisations work?**

This will vary according to the service and the nature of the changes that have to be made. Where these could potentially have a high impact upon other organisations (e.g. changes to service level agreements with third sector organisations), these will be subject to further consultation and analysis prior to any change in policy or approved saving being implemented. The Reshaping Services programme will explore alternative models for service delivery which could have a direct impact on other organisations.

## **Will the proposal affect how you deliver services?**

The impact of the final revenue budget proposals for 2020/21 will vary according to the service and the nature of the changes to be made. Where these could potentially have a high impact upon clients with protected characteristics these will be subject to further consultation and analysis prior to any change in policy or approved saving being implemented.

In reviewing its cost pressures, the Council has allocated the resources available to it to meet its highest priorities. This process has regard to the impact upon different services and their client base. Additional funding has been allocated in 2020/21 across all Directorates. Savings required in 2020/21 and 2021/22 have been reviewed to ensure that the remaining savings are achievable and sustainable, and that the potential equality impacts of implementing the savings and/or changing existing policy have been fully

# Equality Impact Assessment

considered. Some of the savings identified by the Council's Reshaping Services will also necessitate engagement and consultation with those affected.

## **Will the proposal impact on other policies or practices?**

Where this is apparent appropriate regard will be made to the potential impact upon other policies or practices and their consequent implications for clients or groups meeting the protected characteristics in line with existing processes for determining equality impacts. This includes actions taken under the Council's Reshaping Services programme.

## **Can you change the proposal so that it further promotes equality of opportunity and fosters good relations?**

Any alterations to policies will have due regard to the results of consultation exercises with the relevant individuals or groups affected. Wherever possible mitigating action will be taken to minimise the impact upon those displaying the protected characteristics.

## **How will you achieve the proposed changes?**

Various project boards have been or will be established in order to implement the various changes to service delivery required to meet the budget.

## **Who will deliver the proposal?**

All Chief Officers are required to ensure that their expenditure is within the agreed budget and the necessary EIAs are completed.

## **How will you know whether you have achieved the proposal's purpose?**

Regular monitoring will be undertaken and reported to Cabinet and Scrutiny Committees. Progress will also be reported to the Reshaping Services Programme Board.

## **5. What evidence are you using?**

### **Engagement (with internal and external stakeholders)**

The initial revenue budget proposals were discussed by Cabinet, all Scrutiny Committees and the Schools Budget Forum during December 2019.

### **Consultation (with internal and external stakeholders)**

# Equality Impact Assessment

To ensure that the budget set for 2020/21 continues to address the priorities of Vale residents and the Council's service users, the budget setting process will take into account the results of the annual budget consultation exercise which began on 30<sup>th</sup> September 2019 and closed on Monday 11<sup>th</sup> November 2019. The consultation was supported by a video explaining Council's current financial situation including where the Council's money comes from, how it is currently spent across service areas, the savings we have achieved to date and the savings that we need to achieve in the next three years. The 6 week consultation process was promoted across the Council's social media channels such as Facebook and Twitter. In the local press the Council's Leader responded to questions set by the GEM and on Bro Radio, as well as a press release being issued to mark the beginning of the consultation which was printed by all of the local newspapers and shared online by the majority. Council officers attended local events to engage face to face with residents and ran a series of roadshow drop-in events at Libraries throughout the Vale of Glamorgan. The results of the consultation represent the most accurate information that is held on what our residents think of the work that the Council does. The views of elected members, town and community councils and key partners will also be sought through a separate exercise

## National data and research

The funding made available from Welsh Government is key in setting the budget and the final settlement was received in December 2019. The way in which the settlement is calculated is the subject of ongoing review of both data and methodology during the preceding year

## Local data and research

The funding methodology uses the detailed data that relates to the Vale of Glamorgan Council e.g. population, number of school age children etc

## 6. How robust is the evidence?

### Does it show what the impact will be (positive and negative)?

Each service is able to draw upon a variety of existing statistical and other data in relation to their relevant external and internal client groups (including staffing).

### What are the gaps?

During 2015/16, baseline assessments were drawn up for each service as part of the Council's Reshaping Services programme which have informed the process for determining the optimal models of service delivery. Up to date information with regard to individual services will be used to mitigate any gaps.

# Equality Impact Assessment

## What will you do about this?

Proposals for savings and changes to policy, which may have a potentially high impact upon clients, will be subject to further consultation and analysis prior to any approved saving/policy change being implemented.

## What monitoring data will you collect?

We will continue to monitor the revenue budget across all service areas to ensure compliance with the agreed final budget and the outcome of individual EIAs that are undertaken.

## How often will you analyse and report on this?

Regular budget reports and quarterly Performance Indicator reports are presented to Cabinet and Scrutiny Committees.

Any additional reports will be dependent upon the exact nature of the saving or policy change (Including Reshaping Services), the results of the equality impact assessment and the data to be collected.

## Where will you publish monitoring data and reports?

All committee reports are available on the Council's website.

All changes in policy or savings proposals that require an equality impact assessment will be published on the Council's website.

## 7. [Impact](#)

### Is there an impact?

The impact of the final revenue budget proposals for 2020/21 will vary according to the service and the nature of the changes to be made.

Areas for savings and potential changes in policy have been subject to separate impact assessment to determine whether there may be any possible equality impact. Any savings area or change in policy that may impact upon a protected characteristic will be subject to a full Equality Impact Assessment before the saving/policy change is implemented. In addition, those services that make up the Council's Reshaping Services programme will include extensive engagement and consultation with clients and staff.

# Equality Impact Assessment

**If there is no impact, what is the justification for thinking this? Provide evidence.**

**If there is likely to be an impact, what is it?**

Where service changes could potentially have an impact upon clients with protected characteristics these will be subject to further consultation and analysis prior to any change in policy or approved saving being implemented.

## **Age**

According to the 2011 Census the population of the Vale of Glamorgan was 126,336 with the following age profile :

- Under 16 - 23,832
- Between 16 and -64 - 79,449
- Over 65 - 23,055

Individual assessments will be undertaken to consider whether there is an impact on a particular age range.

## **Disability**

According to the 2011 Census there were 25,629 residents of the Vale of Glamorgan who had a health problem or disability that limits day to day activities in some way. Individual assessments will be undertaken to consider whether there is an impact on these residents.

## **Gender reassignment, including gender identity**

No data available. Individual assessments will be undertaken to consider whether there is an impact.

## **Marriage and civil partnership (discrimination only)**

No data available. Individual assessments will be undertaken to consider whether there is an impact

## **Pregnancy and Maternity**

No data available. Individual assessments will be undertaken to consider whether there is an impact.

## **Race**

The Annual Population Survey produced by the Office for National Statistics for the year ending 30<sup>th</sup> September 2017 shows that 123,000 residents of the Vale of Glamorgan said



# Equality Impact Assessment

they were from a white background with 3,000 residents saying they were from a non-white background.

Individual assessments will be undertaken to consider whether there is an impact on a particular race.

## Religion and belief

According to the 2011 Census there were 50,849 residents with no religion or no religion declared with the remaining 75,487 as follows :

- Christian - 73,384
- Buddhist - 356
- Hindu - 269
- Jewish - 90
- Muslim - 785
- Sikh - 75
- Other Religion - 528

Individual assessments will be undertaken to consider whether there is an impact on a particular religion.

## Sex

According to the 2011 Census the Vale of Glamorgan residents were 51.3% female and 48.7% male. The workforce of the Vale of Glamorgan Council is 68.9% female and 31.1% male.

Individual assessments will be undertaken to consider whether there is an impact on the gender of the residents and the workforce as appropriate.

## Sexual orientation

No data available. Individual assessments will be undertaken to consider whether there is an impact.

## Welsh language

According to the 2011 Census the percentage of people age three and over who spoke Welsh in the Vale of Glamorgan was 10.8%. Individual assessments will be undertaken to consider whether there is an impact on the use of the Welsh language.

**Human rights** Individual assessments will be undertaken to consider whether there is an impact on an individual's human rights.

**How do you know?**

# Equality Impact Assessment

Further consultation and analysis will be undertaken prior to any change in policy or approved saving being implemented.

## **What can be done to promote a positive impact?**

Any alterations to policies will have due regard to the results of consultation exercises with the relevant individuals or groups affected. Wherever possible mitigating action will be taken to minimise the impact upon those displaying the protected characteristics above.

## **What can be done to lessen the risk of a negative impact?**

Mitigating action will be taken to minimise any negative impact. The nature of this intervention will vary depending on the service and the changes proposed.

## **Is there a need for more favourable treatment to achieve equal outcomes? (Disability only)**

This will be considered as part of any implementation process

## **Will the impact be positive, negative or neutral?**

Any savings area or change in policy that may impact upon a protected characteristic will be subject to a full Equality Impact Assessment before the saving/policy change is implemented.

## **8. Monitoring ongoing impact**

### **Date you will monitor progress**

Ongoing throughout the financial year

### **Measures that you will monitor**

## Equality Impact Assessment

We will continue to monitoring the revenue budget across all service areas to ensure compliance with the agreed final budget and the outcome of individual EIAs that are undertaken in order to deliver the agreed final budget.

**Date you will review implemented proposal and its impact**

As part of the initial revenue budget proposals for 2021/22.

### 9. Further action as a result of this equality impact assessment

Possible Outcomes	Say which applies
No major change	Mitigating measures will be taken for any adverse impact that is identified as a result of these proposals
Adjust the policy	Policy changes will be made as a result of any adverse impact that is identified as a result of these proposals
Continue the policy	N/A
Stop and remove the policy	N/A

### 10. Outcomes and Actions

**Recommend actions to senior management team**

It is recommended that the revenue budget is considered by Cabinet and full Council and outcomes and impacts will be monitored throughout the year.

**Outcome following formal consideration of proposal by senior management team**

Budget has been discussed at Corporate Management Team.

### 11. Important Note

**Where you have identified impacts, you must detail this in your Cabinet report when seeking approval for your proposal.**

# Equality Impact Assessment

## 12. [Publication](#)

Where will you publish your approved proposal and equality impact assessment?

In addition to anywhere you intend to publish your approved proposal and equality impact assessment, you must send a copy to Tim Greaves, Equality Co-ordinator, to publish on the equality pages of the Vale of Glamorgan website.

## 13. [Authorisation](#)

Approved by (name)	Carys Lord	
Job Title (senior manager)	Head of Finance	
Date of approval	17 <sup>th</sup> January 2020	
Date of review	November 2020	