

THE VALE OF GLAMORGAN COUNCIL

CABINET: 27<sup>TH</sup> FEBRUARY, 2023

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES  
SCRUTINY COMMITTEE: 15<sup>TH</sup> FEBRUARY 2023

“BUDGET 2023/ 24 FOR CONSULTATION AND FURTHER MTFP UPDATE  
(REF) –

The reference from Cabinet of 19<sup>th</sup> January, 2023 as contained within the agenda was presented by the Head of Finance / Section 151 Officer. The reference asked Committee to consider and comment on the report and appendices as part of the budget setting process.

The Head of Finance / Section 151 Officer presented the key highlights such as the positive financial settlement for Wales, including the Vale of Glamorgan Council with its Aggregate External Finance (AEF) to increase by 8.9% (£16.6m which was a £10m improvement on the £6.5m / 3.5% anticipated in the Financial Strategy in October. The overall Vale Standard Spending Assessment (SSA) increase was 6.4% and the increase for Schools Service and Social Services 5.1% and 7.0% respectively, which were slightly higher than the Welsh average. Despite these, the Council still faced a funding ‘gap’ and cost pressures; however, the Council was addressing these, with the Strategic Leadership Team (SLT) working hard to push down cost pressures across the Council through the Budget Working Groups. Although certain challenges remained such as ongoing inflationary costs, pay and energy, Residential/Domiciliary care providers, homelessness, special school places, school transport, etc.

The Director of Corporate Resources outlined the relevant areas and pressures within the remit of the Committee, i.e. reducing cost pressures down from £1.4m to around £690k within Corporate Resources, as well as the need for additional investment / costs due to the creation and capacity building of this new Directorate. The Head of Finance / Section 151 Officer outlined the impact of the Fire Levy and Members’ Remuneration on the Policy budget.

The savings and reserves proposals, both Council wide and within the remit of the Committee were outlined, ranging from the removal of vacant posts to moving away from paper-based solutions through to reviewing the use of Council premises in terms of office accommodation, as well as looking to reduce the hospitality budget and twinning services. In terms of reserves, which remained robust for the Council despite the challenges it had faced, would be streamlined and have greater alignment to key risks of the Council, as well as tighter governance. Reserves had been used to smooth the impact of homelessness and energy costs, stepped down over two years. The reserves would also be used to support the step-in approach to Social Services cost pressures.

Next steps included consultation with both the public and Scrutiny through to the final proposals to Cabinet and then Full Council on 6<sup>th</sup> March, 2023.

After the presentation of the reference, the Committee raised a number of questions and comments.

Regarding Councillor Franks' query on cuts to the Schools' budget, the Executive Leader and Cabinet Member for Performance and Resources explained that schools recognised that the Council passed on as much funding as possible to them and that as they received over 50% of the Council's budget they understood that they had to share some of the burden concerning savings. The Council would also continue to support schools and pupils as much as it could in the case of ongoing financial challenges. On the impact of the financial forecast from October 2022 on schools, staffing etc. it was explained that officers had worked with the figures they had to hand at the time of the October forecast, especially the second year of the current three year settlement from Welsh Government (WG). Subsequently the WG settlement had been better than expected, which had helped to revise those figures down. However, the Council was 'not out of the woods yet' in terms of a funding gap, etc. and therefore some cuts were still required, and investments deferred / cancelled, and these would also help to lessen the rise in Council Tax bills for residents. On the queries raised around the Fire Levy and Docks Offices, the precept for the Fire Levy had seen a 8.2% increase. Regarding the Council's Docks Office, the proposal was to make £300k in savings across two financial years from the facilities management budget, as part of greater 'hybrid' working by Council staff. A report on the overall use of the Council's estate would be brought to Cabinet within the next couple of months for their consideration.

On Councillor Carrol's comments on the importance of scrutiny of the budget and its forecasting methodology, etc. the Leader agreed but stated it was also important that this was framed in the most appropriate manner.

Councillor Dr. Johnson queried the following: the nature of the cost pressures for the Leisure contract, the costs around homelessness accommodation, the reduction of 'out of County' income for the Learning and Skills Directorate, the suggested reduction of the provision of newspapers and DVDs to local Libraries as well as sandbags to local residents and the projected numbers of residents subscribing for the chargeable green waste service. On the Leisure contract, the Council carried the utility cost risk, but the anticipated reduction in energy costs would help this. On homelessness accommodation costs, it was explained that there had been a temporary use of reserves, to cushion the impact of a reduction in WG support here. The Housing Team were putting a strategy in place to create additional capacity and to be less reliant on more costly third-party provision. Out of County placements for children with complex needs, etc. had reduced due to neighbouring Local Authorities creating their own provision and the need for the Vale of Glamorgan Council to create provision for local children. On the reduction of funding for newspapers and DVDs for libraries and sandbags, further information would be sought and provided to the Committee when available. Regarding garden waste take up, etc. this was difficult to forecast and the £500k savings target was based on the best available information at this time.

On Councillor Wood's query on the forecast 3.5 % increase in schoolteachers pay from September 2023 and the potential for this to be an underestimate in light of ongoing industrial action and pay negotiations by teaching unions, it was explained that forecasting pay rises was difficult and WG had advised that forecasting may need to be revised up to 5% for teachers and other workers in Local Government.

The Vice Chair stated that as well as the risks raised around the Garden Waste subscription service, there was also potential benefits, such as generating more than £500k in revenue. He also asked if it was possible to illustrate the Council Tax amounts and increases by each Band (in addition to the Band D used as many properties in the Vale of Glamorgan were outside of this Band). The Head of Finance / Section 151 Officer indicated that this was possible.

The Committee also considered the comments provided by the Healthy Living and Social Care Scrutiny Committee on the report, which were endorsed and asked for these to be referred on to Cabinet for their consideration.

Having considered the reference and report, Scrutiny Committee subsequently

#### RECOMMENDED –

(1) T H A T both the Cabinet reference and appended Cabinet report in relation to the 2023/24 Budget for Consultation and Further Medium-Term Financial Plan Update be noted.

(2) T H A T the Committee supported the comments made by the Healthy Living and Social Care Scrutiny Committee and asks Cabinet to consider these, namely:

- As a result of continued diligence shown by Council Officers, Committee are already well versed in the significant pressures faced by the Social Services sector.
- Members of the Committee commend the proposed budget as presented which is a detailed proposal around investing in vital areas of Social Care provision despite the enormous financial pressures that the Council is facing.
- The Committee welcomes all proposals for investment as presented within the report.
- The pressures that are clearly evidenced within the Social Services sector are increasing and statutory. Therefore, the Council has a statutory obligation to fund said pressures and to ensure that services operate as effectively as possible.
- The Committee thank Finance Officers for a comprehensible report and useful supporting presentation.

#### Reasons for recommendations

(1) Having regard to the contents of the reference, appended report and discussions at the meeting.

(2) In order that Cabinet be informed of the comments or recommendations made by any of the Scrutiny Committees as part of their consideration of the 2023/24 Budget for Consultation and Further Medium Term Financial Plan Update.”