

THE VALE OF GLAMORGAN COUNCIL

CABINET: 11TH JANUARY, 2024

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE: 13TH DECEMBER 2023

“655 REFRESH OF MEDIUM TERM FINANCIAL PLAN 2024/25 TO 2028/29
(REF) –

The reference from Cabinet of 16th November, 2023 was presented by the Head of Finance/Section 151 Officer, the purpose of which was for Members to review the work around this refresh and on mitigating the cost pressures.

The Head of Finance / Section 151 Officer outlined to the Committee, via a number of slides, information relating to the budget planning cycle, which included a vigorous and tough process in order to set the budget, the details concerning the financial strategy and the key components of this such as focus on supporting the most vulnerable, ensuring sustainable finances as well as having an appropriate level of reserves and ensuring accessible and transparent finances in order to deliver best value. The financial position was laid out which was extremely challenging and required a significant review and refresh particularly in light of the upcoming Welsh Government settlement. Due to this there would be numerous challenges such as setting the Council Tax and the costs on discretionary services in terms of fees and charges.

The overall gap in 2024/25 in Council finances was approximately £30m with underlying pressures of £38.5m. This was unprecedented and was driven by a variety of factors including inflation amongst other increasingly complex issues that the Council faced. This meant a tough review of cost pressures with Directors with a number of issues to face such as the Council being unable to fund all pay awards and the need to achieve efficiencies as well as ongoing discussions with partners such as care providers. Options were being looked at in terms of Council Tax rates with the assumption that this would increase around 5% and with prospects of higher funding from Welsh Government being unlikely.

The Head of Finance / Section 151 Officer also outlined the next steps in the process to the Committee which ranged from the setting of the UK Government budget through to Welsh Government's settlement and revenue and capital budgets being open for consultation and with a draft / final budget around February / March 2024.

Following the presentation of the reference and report, a number of comments and queries were raised by the Committee and others:

- Councillor Dr. Johnson made a number of comments and queries including the expectation and timing of the Welsh Government settlement, the basis for the potential Council Tax increase, the collaboration with other Local

Authorities such as the shared service arrangements with Cardiff, Monmouthshire and Torfaen and whether this had started and the spending on Additional Learning Needs and Welsh Medium primary education. In response, it was explained that the timing of the Welsh Government settlement would be around 19th December and shared with Local Authorities on 20th December although this might be reset to an earlier date. On wages it was explained that it was a difficult process for the Council to predict inflation and its impact on wages. However, the Council had made checks with colleagues across the Welsh Local Authorities, and they were all in general in agreement on 'ball park' figures for this. At this time, it was impossible to call the impact of lowering rates of inflation on what could be protracted wage negotiations. On the query concerning procurement and shared services arrangements, it was explained that the Council had gone forward with the shared service arrangements with Ardal, which was led by Cardiff with the Vale and two Local Authority partners for the early deliverables that had been requested from them which included the comprehensive contract register and forward plan which were expected in the very near future. This would have more of an impact in the 2025/26 future years' budget. Also of note was that the Forward Plan would be taken on a regular basis to the Insight Board and would be looking at the renewal of contracts on a regular basis. The Council would ensure that there was greater clarity around this.

- With regard to Councillor Loveluck-Edwards' query on the significant pressures on the Council and therefore was the Council looking at additional external funding in order to safeguard services as much as possible, it was explained that the Council generally was very successful in bringing in additional grants and funding for a number of key projects and schemes. However, such funding and grants were not so readily available for support of day to day running of Council services. However, the Council would endeavour to try and bring in as much additional revenue via grants and funding in order to support its services.
- The Vice-Chair, in the Chair, asked about the service agreements around procurement and net zero and whether there was any further funding on sustainable development. He also referred to the use of B&Bs and other forms of temporary accommodation for housing and homelessness and whether this pressure would be down by the 2027/28 period. It was explained that in terms of net zero and procurement there was no significant Project Zero funding in the budget. The main resources identified were those coming from reserves which were being used in the Capital Programme in order to support net zero. It remained a very challenging ambition to divert resources during the current financial climate, but the Council continued to explore ways of developing through Ardal means to help promote sustainability in procurement such as an internal distribution list to procurement colleagues and guidance notes from Ardal regarding this point. With regard to B&Bs and homelessness, the strategy was in place that was agreed last year to create extra provision in the Council so that it could house people more efficiently and progress had been made through the development of the Housing Revenue Account and seeking alternative arrangements for accommodation.
- The Executive Leader and Cabinet Member for Performance and Resources informed the Committee of the Council's success in terms of actively pursuing and receiving external funding such as the mapping of deprived areas and the

work on Restore the Thaw Landscape project which had been funded by Heritage Lottery. It was also important for residents to fully understand the restrictions on certain funding and grant streams and why they could not simply be added to other key additional needs such as filling in potholes. In addition, external funding did not meet core needs, that was not its purpose, and it was important that officers concentrated on key core areas of business in terms of funding, etc.

Committee, having considered the reference and appended report,

RECOMMENDED –

- (1) T H A T the Refresh of Medium Term Financial Plan 2023/24 to 2028/29 be noted.
- (2) T H A T the following comments be referred to Cabinet for their consideration:
 - The importance of the Vale of Glamorgan Council to adequately fund and resource more sustainable sources of procurement in order meet its obligations under Project Zero.

Reasons for recommendations

- (1) Having regard to the contents of the reference, report and discussions at the meeting.
- (2) For Cabinet to consider the comments made by the Committee in relation to the Refresh of Medium Term Financial Plan 2024/25 to 2028/29.”