

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 29 February 2024</b>
Relevant Scrutiny Committee:	All Scrutiny Committees
Report Title:	Draft Budget 2024/25 and Medium Term Financial Plan 2024/25 to 2028/29
Purpose of Report:	To put forward draft proposals for the Budget 2024/25 and outline the financial position across the medium term 2024/25 to 2028/29 for approval by Full Council on 6th March, 2024.
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Corporate Resources
Elected Member and Officer Consultation:	Cabinet Members and Strategic Leadership Team
Policy Framework:	Approving the 2024/25 Budget is a Council function
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Council is facing significant financial pressures driven by inflation, demographic growth and increased complexity of need amounting to in excess of £38M against a backdrop of constrained public finances.</li> <li>• There is a squeeze on Local Government funding at a UK level and as widely anticipated the Provisional Grant Settlement announcement in December only provided for a 3.1% increase in grant. There has been significant lobbying across the sector and in January the UK Government made a very modest further £600M available. As a result of the Barnett Consequentials Welsh Government announced a further £25M for Welsh Councils in February - £10.6M to reinstate the cut to Social Care Workers Grant and a £14.4M increase to Aggregate External Funding (AEF).</li> <li>• There is a proposed Council Tax increase of 6.7% which following increases in the Tax Base leaves the Council with a budget gap of £7.676M. The gap is met through the savings programme which is a mix of both tactical and transformation initiatives.</li> <li>• Fees and charges are broadly set to increase in line with September 2023 CPI as set out in the Budget for Consultation in January. There are no changes to the details presented at that time.</li> <li>• Whilst the inflationary pressures may well ease in the forthcoming months the demographic pressures will persist and this presents a great challenge and uncertainty in the medium term in</li> </ul>	

the absence of a multi year settlement and the prospect of real terms decline in funding for Local Government. The Council has established a Reshaping and Transformation Programme which was approved by Cabinet in January and will develop a series of initiatives in the spring which will feed into budget setting in future years.

- The Council has sought views on its Budget for Consultation published on 18 January, through public consultation, challenge and review from its scrutiny committees and engagement with other stakeholders including trades unions. Their views have been noted and taken on board in the Draft Budget proposals.
- The proposed budget seeks to continue the Council’s commitment to protect those services supporting the most vulnerable residents in the County. Consequently, as set out in the table below resources have been targeted to Schools, social Care and Homelessness.

	Learning & Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
<b>Adjusted Original Budget</b>	<b>14,050</b>	<b>114,239</b>	<b>85,260</b>	<b>80,873</b>	<b>294,422</b>
<b>Total Pressures</b>	<b>571</b>	<b>4,602</b>	<b>12,865</b>	<b>3,231</b>	<b>21,269</b>
Other Transfers	-378	-175	-127	680	0
Grant Transfers In	0	0	0	294	294
Use of Reserves	-	900	-	-348	552
Savings	-371	0	-1,755	-5,550	-7,676
<b>Net Funding Increase</b>	<b>- 178</b>	<b>5,327</b>	<b>10,983</b>	<b>-1,693</b>	<b>14,439</b>
<b>% Increase / (Decrease)</b>	<b>-1.27%</b>	<b>4.66%</b>	<b>12.88%</b>	<b>-2.09%</b>	<b>4.90%</b>
<b>Net Budget 2024/25</b>	<b>13,872</b>	<b>119,566</b>	<b>96,243</b>	<b>79,180</b>	<b>308,861</b>

- The Council has reviewed its reserves as part of its annual process but also in response to changing risks. There has been an unplanned use of the Social Care service reserve in 2023/24 which needs replenishing in the light of continued volume and there is a challenging savings programme to deliver alongside work to mitigate unawarded cost pressures.
- The s151 Officer is required to make an assessment of the Council’s robustness of estimates and adequacy of reserves and has judged these to be appropriate in light of the financial challenges faced. Of note is the need to offset the Council’s General Fund balance with the Schools’ overall deficit. The General fund balance remains at policy level.

## **Recommendations**

1. That Cabinet notes the updated financial position.
2. That Cabinet recommends that Full Council approves a Council Tax increase of 6.7%
3. That Cabinet recommends that Full Council approves the budget for 2024/25.
4. That Cabinet notes the forecasts across the medium term to 2028/29.
5. That Cabinet notes the fees & charges presented for approval in January, which stand unchanged following review by Scrutiny.
6. That Cabinet notes the realigned reserves which seek to match the risks the Council now faces and also notes the comments of the s151 Officer on the adequacy of reserves and robustness of estimates in paragraphs 2.86 to 2.95.
7. That Cabinet notes the arrangements put in place to ensure the delivery of the £7.676M savings programme and ensure the management and mitigation of those cost pressures not awarded.
8. That the use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution be approved in order for the Draft Budget 2024/25 and Medium Term Financial Plan 2024/25 to 2028/29 to be considered by Full Council on 6th March, 2024.

## **Reasons for Recommendations**

1. It is important for Cabinet to be regularly appraised of the Council's medium term financial position.
2. Setting the annual rate of Council Tax is a key policy decision for Council.
3. Setting a balanced budget is a statutory responsibility and decision for Full Council.
4. Sustainability is one of the fundamental principles of the Financial Strategy.
5. To confirm fees & charges for 2024/25.
6. The review of the reserves was one of the fundamental principles of the Financial Strategy and given that the s151 Officer has a statutory duty to comment on the adequacy of reserves and robustness of estimates.
7. To ensure all savings can be delivered in full for 2024/25 and also that the unawarded cost pressures do not come forward as overspends.
8. To allow the Draft Budget 2024/25 and Medium Term Financial Plan 2024/25 to 2028/29 to be referred to Full Council on 6th March 2024 for consideration and approval.

## **1. Background**

### Financial Strategy

- 1.1 Cabinet agreed the Financial Strategy for the 2024/2025 Budget and 2024/25 to 2028/29 Medium Term Financial Plan in July 2023. It set out the principles

underlying the development of the financial plans along with initial financial projects (which were revised in November) along with the approach and timetable for setting the budget in March 2024.

- 1.2** The underlying principles are unchanged and underpin the budget proposals described in this report:
- i. **Delivering the Corporate Plan** - aligning resources to Council objectives
  - ii. **Focus on Supporting the Most Vulnerable** – these are continuing challenging times with the cost of living crisis impacting on many residents. It is more important than ever within financial restraints to target resources at those services supporting the most vulnerable.
  - iii. **Sustainable Finances** – finances need to be sustainable over the medium term.
  - iv. **Appropriate Level of Reserves** – reserves need to be at an appropriate level and aligned with the Council’s key risks.
  - v. **Generating Local Tax Revenue** – key controllable revenue stream subject to a policy decision.
  - vi. **Fees & Charges** – the Council should look to recover all costs in its approach to fees and charges other than where it consciously offers concessions.
  - vii. **Collective Responsibility to Manage the Finances** - a key element of excellent track record in managing its finances is the collective ownership of the finances throughout the Council.
  - viii. **Accessible and Transparent Finances** - the best decisions are based on having the best information available and the Council will strive to continue to present its finances in a way that makes them accessible and readily understandable.
  - ix. **Deliver Best Value** – the Council must utilise its finite resources as efficiently as possible.

**1.3** The Full Strategy is available at:

**1.4** [Financial Strategy 2024/25](#)

**1.5** The Cabinet refreshed its Medium Term Financial Plan in November 2023, the key feature being the recognition of the need to mitigate and manage £38M of pressures ahead of developing its savings programme in advance of a widely anticipated grant settlement in December.

#### Autumn Statement

**1.6** The UK economy provided a challenging backdrop to the Chancellor’s Autumn Statement on 22nd November. There has been persistent inflation, rising interest rates and no growth. Inflation peaked at 11.1% in October 2022 and was widely anticipated to ease across the spring and summer coming more into line with the Bank of England’s target rate of 2% towards the end of 2024. However, it proved difficult to address, with its decline stalling in the early part of the year before easing back to 6.7% in September and 4.8% in October. The Bank of England has had a singly focussed strategy to reducing inflation – increasing interest rates and raised the rate continuously over an eighteen month period to 5.25% in August. Whilst inflation has subsequently moved in the right direction it has had the

additional impact of suppressing growth in the economy, year on year to October 2023 UK growth has been nil %.

- 1.7** Despite the overall challenging economic conditions there has been significant wage growth which provided the Chancellor with better than forecast revenues and some headroom going into the Autumn Statement. Disappointingly for the Council, this was not directed to the public sector, neither Health nor Local Government, but instead was used to fund a 2% reduction in National Insurance Contributions from 1st January, 2024.

Welsh Government Settlement

- 1.8** The Welsh Settlement was published Tuesday 19th December, 2023 with Local Authority level detail available the following day. The timing of this is very late in the Council's Budget Setting cycle and given the UK level constraints came with low expectations of being able to meet the demands of Welsh Local Authorities.
- 1.9** The Welsh Government's budget will increase by £401M (2.1%) to £19.775bn for 2024/25. The budget included the much-anticipated increase for Local Government of 3.1% overall, with the increase in Aggregate External Funding (AEF) being £169.8M. This is significantly less than the financial demands of councils across Wales with the Welsh Local Government Association (WLGA) highlighting pressures many times in excess of this.
- 1.10** Overall, the Standard Spending Assessment (SSA) increased by £301.365M (4.08%), funded by the 3.1% increase in AEF and an increase in the Council Tax base across Wales. The increases in the individual blocks are set out below.

- 1.11** Table 1 - SSA by Block for Wales

Block	2023/24	2024/25	Change
	£000	£000	%
School Services	2,863,796	2,968,909	3.67
Other Education	43,402	41,928	-3.40
Personal Social Services	2,190,592	2,355,584	7.53
Roads and transport	221,380	232,466	5.01
Fire	174,997	187,251	7.00
Other services	1,300,814	1,337,638	2.83
Deprivation Grant	22,000	22,000	0.00
Council Tax Reduction Scheme	244,000	244,000	0.00
Debt financing	323,175	295,743	-8.49
<b>Total</b>	<b>7,384,155</b>	<b>7,685,520</b>	<b>4.08</b>

Council Spending/Funding

- 1.12** For 2023/24 the Council had a net expenditure budget of £294.422M funded by £202.797M Aggregate External Grant/Welsh Government Grant (Revenue

Support Grant and Non Domestic Rates), Council Tax £91.6M and this was augmented through use of Reserves £3.296M.

**1.13** The key areas of spend are set out in Table 2 below.

**1.14** Table 2 – Net Expenditure 2023/24

Service	Description	Net Spend 2023/24	% of Base Budget
		£000	%
Schools	Delegated spend for primary, secondary and Special schools including Additional Learning Needs Provision	114,239	39%
Social Care	Support services for vulnerable Adults and Children and Young People in our Community.	85,260	29%
Corporate Services and Policy	HR and Payroll; Finance including Council Tax, Rates and Benefits; Legal and Democratic Services; and also ICT and Office Accommodation costs total £5M.	16,080	5%
Learning & Skills	Central support for schools and arts and cultural provision.	14,050	5%
Council Tax Reduction Scheme		11,460	4%
Waste and Recycling	The cost of Waste and Recycling Services	9,897	3%
Borrowing Costs	Capital financing costs and investment income	8,672	3%
Fire Levy	Payment of the levy to South Wales Fire & Rescue Service	7,778	3%
Highways	The cost of Highways and Engineering including Flood, Drainage and road maintenance	6,800	2%
Other Neighbourhood Services	Leisure, Parks, Street Cleansing and Supported Bus Services	5,794	2%
School Transport	Transporting Children and Young People to Mainstream and Special sector schools	5,715	2%
Regeneration and Planning	Includes management of the Planning function including development of the LDP, Regeneration, Country Parks and Tourism services.	3,401	1%

General Fund Housing	Community Safety and Homelessness provision	1,934	1%
Members Costs	Cost of Members Expenses and	1,674	1%
Regulatory Service	Food safety, animal welfare	1,668	1%
<b>Total</b>		<b>294,422</b>	100%

- 1.15** 74% of the Council's net spend is on Schools and Social Services (including Central Education and School Transport costs) which highlights the lack of flexibility there is when the Council is faced with difficult resourcing decisions when setting its budget. This is heightened when Council Tax Reduction, Borrowing Costs and Fire Levy are also taken into the mix accounting for a further 10% which is effectively fixed.

### **Life in the Vale**

- 1.16** The Council's Financial Strategy set out a commitment to continuous consultation on the budget.
- 1.17** The Council launched its Let's Talk about Life in the Vale Survey in August 2023. It is being run on behalf of the Council by independent researchers at Data Cymru. This survey is different to other Vale wide surveys that the Council has run in the past. It doesn't simply ask how satisfied people are with Council services. Instead, there is a genuine attempt to understand what life is like for people living in the Vale and how public services affect this.
- 1.18** This approach is being taken to enable (wherever possible, within funding constraints) services to be developed in a way that means they will improve people's quality of life, and wherever possible address the issues that matter to those who live in the Vale.
- 1.19** The survey asked about people's experience of trying to influence decisions in their community. This is to help to give as many people as possible the opportunity to participate and become involved in the decision-making process, shape what the Council does and how it does it.
- 1.20** The survey has concluded and there is a wealth of data and much of this feeds into deliberations on setting the budget for 2024/25 and the finances across the medium term. A full report on the survey will be presented to Cabinet in the first quarter of 2024.
- 1.21** 1,892 residents responded to the survey across the Vale, 65% from Barry and a broadly equal proportion of the remainder from the eastern and western Vale. The largest section of responders (23.8%) was in the 55 to 64 age group and 23.8% live in the most deprived wards.
- 1.22** Cost of Living is a significant issue for residents. Over 60% had purposely not put their heating on in the last six months and only 44% said they could pay an unexpected but necessary payment of £850.
- 1.23** Residents were asked about their priorities and to rank their importance. The top priority for 42% of the population was 'Easily accessible care and health care

services when I or my family need them’ and 78.1% ranked this in their top three priorities. Second at 26.6% was ‘buy or rent a good quality home’ and 47.6% ranked this in their top three. It is reassuring that these are areas that the Council is focussing resources on through its Financial Strategy.

**1.24** Budget for Consultation

**1.25** Cabinet published its Budget for Consultation and forecasts for the medium term on 18 January in light of the Welsh Government Settlement. Table x below sets out the funding and spending assumptions for the Council. The funding position reflected the 3.1% Grant settlement and a modelled 6.7% increase in Council Tax and pressures remained broadly in line with the refresh of the Medium Term Financial Plan in November at £20.8M driving a savings programme of £7.8M

**1.26** Table 3 – Overall Summary

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Additional Funding					
Government Grant	6,099	2,089	2,110	2,131	2,152
Council Tax	7,454	3,937	4,090	4,250	4,416
Reversal of 2022/23 use of reserves	-496	0	0	0	0
Use of smoothing Reserves	-56	-1,799	-500	-445	0
<b>Total Additional Funding</b>	<b>13,001</b>	<b>4,227</b>	<b>5,700</b>	<b>5,936</b>	<b>6,568</b>
Investment	318	1,262	1,000	0	0
Demography	5,064	2,635	2,543	2,543	2,543
Inflation Pay	6,150	3,658	3,731	3,805	3,882
Inflation Non Pay	5,193	5,110	5,075	5,075	5,075
Capital Financing	50	285	496	187	0
Other Pressures	4,073	702	365	252	623
<b>Total Pressures</b>	<b>20,848</b>	<b>13,652</b>	<b>13,210</b>	<b>11,862</b>	<b>12,123</b>
<b>Overall Gap</b>	<b>7,846</b>	<b>9,425</b>	<b>7,510</b>	<b>5,926</b>	<b>5,555</b>

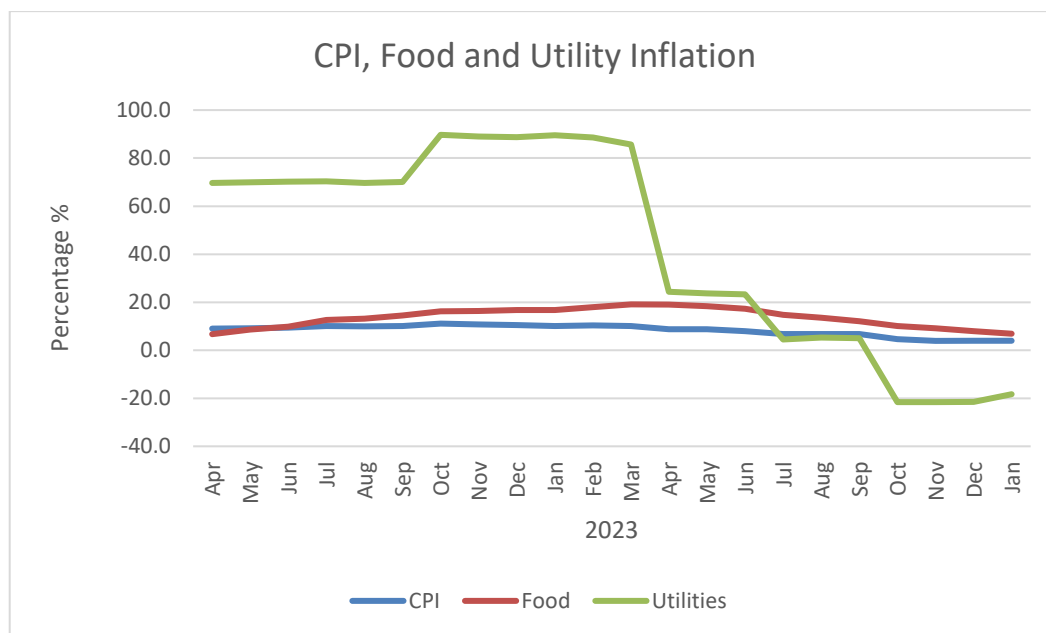


## 2. Key Issues for Consideration

### 2.1 Economic Update

2.2 The economic position is little changed over the past month. The latest inflation numbers for January were released on 14 February with CPI static at 4%. The food inflation is still at 6.9% but at its lowest point since April 2022. The expectation remains total CPI will ease further over the forthcoming months and provided it remains static there is the prospect for an easing in interest rates in the late spring/early summer.

### 2.3 Chart 1: CPI April 2022 to January 2024



2.4 There've been months of speculation about the strength of the economy and whether the UK is heading for recession. That was finally technically confirmed with the announcement of the Quarter 3 GDP figures on 15th February, 2023. Output in the third quarter to 31st December, 2023 was down 0.3% following the 0.1% contraction in the previous quarter. The Chancellor, therefore, has some difficult data to grapple with when bringing forward his next round of future spending plans on 6th March.

### 2.5 Settlement Update

2.6 However, there has been some additional funding announced for Local Government. The financial pressures being experienced by the Vale of Glamorgan in respect of inflation, growing demand for services and greater complexity of need are felt across the rest of Wales and the UK. There has been a strong lobby in place for Local Government with a high number of authorities in England in particular signalling the likelihood the s114 notices would be issued. On 24 January, Michael Gove, the Levelling Up Secretary announced a package of £600M - £500M for Social Care and a further £100M of other grants and funding commitments for English Councils. This was confirmed in the UK Final Settlement published on 5th February, 2024.

- 2.7** The majority of the £600M was genuinely new money and as a result £25M has been made available to Wales through Barnett Consequentials. There has clearly been some deliberation by Welsh Government as to how these consequentials would be distributed to the public sector in Wales and it is positive that it has all been directed at Local Government. The Minister for Local Government and Finance, Rebecca Evans announced a further £25M for Welsh councils on 7 February - £14.4M being directed through Aggregate External Finance (AEF) and £10.6M reinstating the proposed cut to Social Care Worker Grant.
- 2.8** Scrutiny and Consultation
- 2.9** The Council Scrutiny Committees have considered the Budget for Consultation at their meetings which have taken place between 6th February and 15th February, 2024. Officers gave a comprehensive presentation at each of the meeting, providing a general overview and line by line coverage of the cost pressures and the savings. There has been good engagement at these meetings and numerous questions and clarifications sought by members. Discussions at Social Care & Health Living centred on the quality of provision and the various aspects of demand management. Key discussions at Learning & Culture centred on school budgets and Youth Council members raised the year two post 16 transport proposal as a concern. The burden of the savings is felt by Environment & Housing Directorate and at the Environment Regeneration Scrutiny the Director reassured members that whilst there was an extensive savings programme officers were doing all they could to safeguard services to residents.
- 2.10** Social Care & Healthy Living, Homes & Safer Communities and Learning & Culture all noted the Budget for Consultation without making any recommendations on to Corporate Performance and Resources. Environment & Regeneration raised the issue of equality with the proposal to charge for public conveniences at coastal car parks and recommended that the saving be deleted. Corporate Resources also noted the report and have forwarded the Environment & Regeneration comments on to Cabinet.
- 2.11** A Four week public consultation was launched on 18 January following Cabinet approval of the Budget for Consultation. It was promoted online and at local events and sought views on the financial strategy/council objectives, council tax levels, new/existing income, service reduction, and some elements of the savings programme. The Consultation closed on 15 February to enable the output to be fed into this report.
- 2.12** The full Consultation report is available as a background paper at: [2024-25 Budget Survey Report \(valeofglamorgan.gov.uk\)](https://www.valeofglamorgan.gov.uk/2024-25-Budget-Survey-Report) and a summary report setting out the headlines and key issues is included in Appendix A. There has been overwhelming support for the strategy to continually review the efficiency of Council services and to focus resources on those services supporting the most vulnerable. However, there was only 31% support for the 6.7% Council Tax increase and 42% support for the inflationary increase in discretionary charges. 50% of respondents did agree with the proposal to introduce charges for some discretionary services.

- 2.13** The responses have come from a cross section of the community; with equal volumes from eastern and western Vale and Barry; 40% of responses from Females with Males at 50%, Prefer Not to Say 8% and Non Binary below 1%; 84% from Welsh/English white, 10% Prefer Not to Say and fewer than 1% from Minority Ethnic groups.
- 2.14** There were also meetings with the 50+ Forum and Youth Forums where the Budget for Consultation proposals were presented and attendees were asked for feedback. There was good engagement and a number of questions fielded at both and also responses from the Youth Forum which have been fed into the main results.
- 2.15** Senior Officers met with the Joint Consultative Forum on 29th January. The members of the Forum were understanding of the pressures the Council is facing and the challenges of balancing the budget.
- 2.16** There have not been any meetings with schools since the consultation went live. However, draft proposals were presented to the Schools Forum at the end of November and similar presentations made to School Headteacher and Governor Groups the following week.
- 2.17** Draft Budget Proposals
- 2.18** Table 4 below sets out the Draft Budget position. There are total pressures of 21.269M met from increased funding from grant, Council Tax and use of Reserves and a £7.676M Savings Programme. There has been minimal change to the overall budget since the budget for Consultation was published in January. However, there have been three key changes which have been made possible as a result of the Vale of Glamorgan’s share of the Barnett consequentials which are covered in a more detail in the funding section below. There is an underlying spending pressure in Education Transport (detailed more fully in the Quarter 3 Monitoring also on this agenda) and an additional £421K has been added to the budget to cover the majority of the pressures; following further investigation the Schools Energy efficiency of £180k was not deliverable in 2024/25 and has been reprofiled with only £15K in 2024/25; and it has also been possible to delete the £5k charging for toilets in coastal areas saving which was raised as a concern in Scrutiny. These changes are also detailed in the Cost Pressure and Savings appendices.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Additional Funding					
Government Grant	6,690	2,095	2,116	2,137	2,158
AEF Grant Transfer In	294	0	0	0	0
Council Tax	7,455	3,937	4,090	4,250	4,416
Use of General Fund Reserves	-496	0	0	0	0

Use of Smoothing Reserves	-56	-1,799	-500	-445	0
<b>Total Funding</b>	<b>13,887</b>	<b>4,233</b>	<b>5,706</b>	<b>5,942</b>	<b>6,574</b>
Investment	318	1,262	1,000	0	0
Demography	5,064	2,635	2,543	2,543	2,543
Inflation Pay	6,150	3,658	3,731	3,805	3,882
Inflation Non Pay	5,614	5,110	5,075	5,075	5,075
Capital Financing	50	285	496	187	0
Other Pressures	4,073	1,227	365	252	623
<b>Total Pressures</b>	<b>21,269</b>	<b>14,177</b>	<b>13,210</b>	<b>11,862</b>	<b>12,123</b>
<b>Grant Transfer In</b>	<b>294</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Gap</b>	<b>7,676</b>	<b>9,944</b>	<b>7,504</b>	<b>5,920</b>	<b>5,549</b>
Savings	-7,676	-552	700	0	0
<b>Gap</b>	<b>0</b>	<b>9,392</b>	<b>8,204</b>	<b>5,920</b>	<b>5,549</b>

#### Review of Funding Assumptions

##### 2.19 Grant

2.20 The Vale of Glamorgan has received a provisional grant settlement of £209.487M for 2024/25, a 3.4% uplift on grant of £6.856M for 2024/25. There was a £166K adjustment to the Council Tax Base of 2023/24 reducing the base 2023/24 AEF from £202.797m to £202.631M so the effective increase is only 3.3%. This is an improvement of £0.591M in the position reported in the Budget for Consultation in January with the Vale receiving a 4.1% share of the £14.4M distributed through the Barnett consequentials. The improvement has meant that the timing of the Energy saving initiative for schools can be reprofiled, the original timescale was unrealistic; the saving on charging for coastal toilets removed; and the underlying pressure on Education Transport funded.

2.21 As stated above, in the Provisional Settlement in December 2023, the overall SSA for Welsh counties increased by 4.1% and Aggregate External Finance by 3.1%. For the Vale of Glamorgan, the SSA increase was a 4.38% increase to £309.899M a little above the average. The major blocks of Education and Social Services increased by 4.06% and 7.67% respectively. The table below remains as per the provisional settlement in December, the additional £14.4M has not yet been incorporated and is not expected until the final settlement is announced on 27th February, 2024.

##### 2.22 Table 5 – SSA by Block for Vale of Glamorgan

Block	2023/24	2024/25	Change
	£000	£000	%

School Services	126,764	132,043	4.16
Other Education	1,637	1,566	-4.38
Personal Social Services	81,615	87,792	7.57
Roads and transport	8,433	8,873	5.22
Fire	7,471	7,987	6.91
Other services	51,138	52,696	3.05
Deprivation Grant	167	167	0.00
Council Tax Reduction Scheme	9,230	9,284	0.59
Debt Financing	10,450	9,486	-9.22
<b>Total</b>	<b>296,904</b>	<b>309,895</b>	<b>4.38</b>

**2.23** The AEF calculation takes the Council's Tax base into account assuming 100% collection as well as the underlying need through the total SSA. The grant calculation assumes that there is a standard rate of Council Tax of £1,565.35 across Wales and applies this to the Tax Base of 65,421 (approved by Cabinet in December) to generate an assumed level of Tax Revenue of £100.999M for the Vale of Glamorgan. The difference between Need £309.895M and revenue £100.999M is the Grant of £208.896M before the distribution of the consequentials.

**2.24** As well as the incorporation of the consequentials, the Final settlement on 27th February will also include some transfers from specific to general grant. The transfers in are:

**2.25** Table 6 - Transfers to General Grant

	All Wales	Vale of Glamorgan
	£	£
Coastal Risk Management Programme	9,766,340	0
Implementation of Improvement and Performance Framework	880,000	40,000
Delivery of Flood Prevention	4,950,000	225,000
Child Burials	800,000	29,166
	16,396,340	294,166

**2.26** A Supplemental Report will be provided at Council to present updated SSA figures in Table 5 and the final AEF incorporated the transfers to AEF in Table 6. It will also provide updates to other references to SSA later in the report.

**2.27** The Settlement is for a single year and there are no clear indications from Welsh Government on the level of Settlement for 2025/26 onwards. Cardiff University produced their annual fiscal update at the end of October which was used to inform the future year funding in the November refresh and the Budget for Consultation. Their central line is for 1% growth per annum in the medium term and this is the basis of the modelling at this time. They did also express an

alternative more pessimistic view of nil growth. Clearly this position will be reviewed when the Strategy for 2025/26 is brought forward later in the year.

**2.28** There were a number of revised assumptions for Council Tax revenues in 2024/25 in the Budget for Consultation and these hold for the Draft Budget. Cabinet approved the 2024/25 Tax Base at its meeting on 14th December, 2023. There was an overall increase of 1,063 band D properties taking the overall tax base to 63,397 (which includes empty properties and second homes but a 97.1% collection rate which is why this is different to the 65,421 in the earlier paragraph) of which 301 was general growth in properties, 475 premiums on long term empty properties and 287 premiums on second homes. The premium on long term empty properties equates to £696K of which £322K was already included in the base budget in 2023/24.

**2.29** A 6.7% increase in Council Tax is proposed for 2024/25 and then a 3.9% increase is modelled for future years of the Medium Term Financial Plan (MTFP). The 6.7% increase generates a total of £99.080M in revenue from Council Tax and is still subject to a policy decision at Council on 6 March 2024. For 2023/24 the Vale of Glamorgan Council Band D Council Tax was £1,464.75 and £65 below the median for Wales. At this point, it is worth referencing that given pressures experienced by Councils across Wales, the Vale of Glamorgan would almost certainly remain below the median for 2024/25. A 6.7% increase would take a Band D charge to £1,562.85 which is an increase of £98.10 or £1.89 per week.

#### Reserves

**2.30** There has been a continuation of the measures introduced in 2023/24 to use reserves as a temporary measure to smooth transitory pressures. For two areas, energy and cost of living, the use of reserves is being stepped down as planned. However, for Homelessness there is further support being provided with a drawdown of £1.460M in 2024/25. There has been progress in delivery of the Council’s Homelessness Strategy but there is significant upward pressure on the service. The Homelessness budget and the accompanying use of reserves are under permanent review, and if this level of support is seen to continue these pressures will need to be fully reflected in the Council’s base budget thereby increasing the funding gap in year two of the MTFP. The full detail is set out in Table 7 below.

**2.31** Table 7 - Use of Smoothing Reserves

	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Corporate Energy	1,200	700	0		
School Energy	1,200	400	0		
Homelessness	200	1,460	945	445	0
Cost of Living	200	100	0		
Risk, Reshaping and Investment	0	84	0		

<b>Total Use of Smoothing Reserves</b>	<b>2,800</b>	<b>2,744</b>	<b>945</b>	<b>445</b>	<b>0</b>
<b>Movement in Use of Reserves</b>		<b>-56</b>	<b>-1,799</b>	<b>-500</b>	<b>-445</b>

#### Review of Pressures

- 2.32** The Council has £38.004M of underlying pressures and has had to undertake a comprehensive exercise to determine which can be included in the 2024/25 Budget. Those cost pressures taken forward are set out in detail in Appendix B1. Appendix B2 is a high level analysis of those that have not been taken forward which is an update on the analysis in the November MTFP Refresh Report. This is a high risk approach and officers have been working hard to put in place mitigations and management actions to ensure that those pressures that it has not been possible to fund do not come forward as overspends in 2024/25.

#### Investment

- 2.33** There has been limited opportunity for investment in the 2024/25 budget proposals and it only totals £318K. It is confined to new resources for Autism provision at two sites and also further Welsh Immersion Provision at Ysgol Gwaun Y Nant, albeit the investment in the Welsh Immersion site is less than that initially sought and desired.

#### Demography

- 2.34** Demography is one of the key drivers of financial pressure for the Council. The underlying demographic pressure is £5.890M with £5.064M built into the Council's budget proposals. It has not been possible to fund demography in mainstream schools and whilst £0.896M is set aside for additional special education provision this does not fully meet demand. There is also £0.152M to meet the transport needs of these children. There was a surge in demand for Children's Social Care placement and Adult Social Care provision in 2023/24 and £4.015M is included in 2024/25 to address this demand.

#### Inflation – Pay

- 2.35** Inflationary pressures on pay are in excess of £8M driven by the persistent inflation in the UK economy across 2023/24. However, it has only been possible to take £6.15M of this forward which effectively builds in an efficiency target across all services including schools. A flat rate increase of £1,200 is assumed for the Local Government pay award in April and 4% for the Teachers pay award in September. For future years of the plan 2% pay awards have been assumed as inflation returns to the Bank of England target rate.

#### Inflation – Prices

- 2.36** There are further inflationary pressures of £5.614M across the Council and is an area of concern with the underlying pressure somewhat greater at £9.682M. These pressures are predominantly in Social Care – both Children's and Adults. The Council acknowledges that external care providers are experiencing many of the same inflationary pressures, both pay and non-pay, as the Council. However, the Council's funding position will make it impossible to meet these in full. In

Children’s £0.490M has been set aside for increase provider fees and £3.000M in Adult Social Care. In Social Care there is also £2.000M step up to meet the 2023/24 increase in domiciliary care volumes generated by improved pay rates and travel times funded on a one off basis through reserves.

- 2.37** There has been persistent pressure on the Education Transport budget which is overspending in 2023/24. £421K has been identified to bring the budget in line with spend.

Capital Financing

- 2.38** A small sum of £50K has been included in 2024/25 to meet the capital financing costs of principal and interest repayments from the existing Capital Programme, and more significant sums across the medium term. The Capital Programme is being tightly managed to keep external borrowing to a minimum to avoid increasing the pressure on the revenue budget and the potential need for additional savings and efficiencies as a consequence.

Other Pressures

- 2.39** Other pressures amount to £4.073M and the amount brought into the proposed budget is less than half of the underlying pressures coming through. Additional Learning Needs is a continued area of pressure and £0.337M is included for three further resource bases across the county.
- 2.40** The pressure on the numbers of children looked after means that extra resources are required in the Council’s service teams and associated support such as legal costs and transport. £0.940M has been included in the proposals. Given all of the pressures across social care it has been necessary to rebase the social services budget programme, and this comes at a cost of £1.168M.
- 2.41** Finally, despite much progress with the Council’s Housing Strategy, homelessness continues to present a challenge and exiting the nightly hotel accommodation has not been possible at this time. The Budget contains £1.460M to meet the continued costs which for 2024/25 is met from an earmarked reserve. This approach is not sustainable in the long term and if it is not possible to exit the hotel provision in the next twelve months this will become a pressure on the Council’s base budget. It is for this reason, that there will be a significant focus on the Council’s housebuilding programme over the next 12 months.

**2.42 Savings**

- 2.43** The Financial Strategy set out the framework for developing to deliver savings to balance the 2024/25 as well as area of focus to transform and reshape services over the medium term as set out below.

**2.44** Table 8 – Tactical and Transformational Themes

Tactical Savings Framework	Transformational Themes
Demand Management & Early Intervention	Target operating model
Generating Income	Strengthening communities
	Service transformation



Service Review & Redesign	Digital innovation
Wider Community	Economic growth
Digital Strategy	
Corporate Asset Management	
Workforce	
Contract Review/Procurement	

**2.45** For 2024/25 savings of £7.676M have been identified to address the Council’s funding gap and the detailed proposals are included in Appendix C along with Equality Impact Assessment requirements and Human Resources impact. These are predominantly tactical in nature, £6.486M of the £7.676M required. The balance of £1.190M is from early transformational work.

Tactical Savings

**2.46** The tactical savings are in the main through service redesign, rationalisation of service delivery levels, and generating additional income. There are also some technical savings such as recovery of historical Council Tax arrears.

**2.47** Table 9 – Tactical Savings Summary

	2024/25	2025/26	2026/27
	£000	£000	£000
Demand Management & Early Intervention	0	0	0
Generating Income	1,553	-160	-550
Service Review & Redesign	3,555	-16	-200
Workforce	0	0	0
Wider Community	0	0	0
Digital Strategy	25	0	0
Corporate Asset Management	173	70	0
Contract Review/Procurement	80	0	0
Technical	1,100	0	0
<b>Total Tactical Savings Proposals</b>	<b>6,486</b>	<b>-106</b>	<b>-750</b>

**2.48** Almost 80% of the tactical savings are through Generating Income and Service Review & Redesign. The latter does have a workforce impact which is detailed in the Appendix, the Workforce theme being a cross organisational theme which is picked up as Target Operating Model in the medium term themes below. Development of the savings programme has been a genuine challenge and subject to much time and discussion. Service Review and Redesign proposals set out in the Appendix which are both internally and externally focussed.

**2.49** The Tactical Savings proposals considered did initially total in excess of £7M but a number have not been taken forward in these proposals. Most notable was the potential reduction of £0.470M which currently supports non commercial bus routes. Savings suggestions such as this clearly reflect the extremely challenging decisions that are necessary and are taking place in setting the budget for

2024/25. However, it is important to stress that the removal of funding to support bus services was felt to be unacceptable, given the reliance of many residents and communities on supported buses and for this reason, and the need to support residents in more rural and deprived communities, who rely on such services, this specific saving proposal is not included in the final suite of savings proposed. This has had an impact on the proposed level of Council Tax being consulted on with retention of the support provided on non commercial routes contributing to 0.5% of the proposed 6.7% increase.

**2.50** Technical was not one of the themes in the Financial Strategy. There are two such changes: firstly, recognition is given that as well as collecting 97.1% of 2024/25 Council Tax in year the Council will continue to collect Council Tax outstanding from previous years; and secondly, the Minimum Revenue Provision Policy has been reviewed with asset lives being reassessed.

**2.51** Transformation

**2.52** Given the pressures on Council services as described earlier in this report, the changing distribution of funding which is concentrating spend on education and social care services, and in response to expectations and demands of the residents of the Vale of Glamorgan, balancing the budget through tactical savings alone will not be sustainable in the medium term. As set out in the previous report to Cabinet, work has commenced on the next iteration of the Council’s transformation programme.

**2.53** Work is underway to develop transformation and reshaping ideas for the medium term against the framework of five interrelated themes above. For 2024/25, a number of savings schemes align with elements of the framework as illustrated in the following table.

**2.54** Table 10 – Transformation Savings Summary

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	£000	£000	£000
Target Operating Model	693	428	0
Strengthening Communities	0	0	0
Service Transformation	482	65	50
Digital Innovation	15	165	0
Economic Growth	0	0	0
<b>Total Transformational Savings Proposals</b>	<b>1,190</b>	<b>658</b>	<b>50</b>

Target Operating Model

**2.55** This theme considers issues around the Council’s processes, people, structure, governance and technology and how the organisation should look and function to deliver our priorities and core activity.

**2.56** Included within the draft budget proposals for 2024/25 are some early examples of this theme developing in terms of a focus on new income generation activities, including commercial waste, the operation of Council owned property with

proposals for asset transfer and rationalisation, and the simplification of service structures by reducing duplicate functions across the organisation.

#### Strengthening Communities

- 2.57** The strengthening communities element of the transformation programme will see the Council evolve increasingly as an enabler and facilitator rather than direct provider of some services as well as how the organisation interacts with partners and what does this mean for the relationships with partners.
- 2.58** No specific savings schemes have been identified for 2024/25, however, work to develop this theme is underway with a commissioned piece of work looking at the Council's relationship with third sector, Town and Community Councils, social enterprise and community groups scheduled to start this month. This theme will be developed further in the coming months.

#### Service Transformation

- 2.59** A key component of the transformation programme will be in considering how individual services can be transformed to make them more sustainable in the medium to longer term.
- 2.60** Some examples of service transformation to deliver financial savings and sustainability have been included within the proposals for the 2024/25 budget and these include a new approach to the operation of the pest control service, day services operation in social care, and the offer of additional concessions by the Neighbourhood Services and Transport Service.

#### Digital Innovation

- 2.61** The digital innovation theme will involve the Council seeking to ensure that digital innovation is at the heart of what we do and secures efficiency across the board.
- 2.62** Work to progress the Council's newly adopted Digital Strategy has commenced with a pipeline of projects being identified. Some early schemes have been included within the budget proposals for 2024/25 relating to the use of digital technology to drive further energy efficiency within schools and the use of vehicle tracking information to assist with fleet utilisation.

#### Economic Growth

- 2.63** The theme of economic growth is centred around the Council's role in supporting economic resilience in how to 'level up' and ensure that a place based approach is effective in the creation of sustainable communities with good employment.
- 2.64** Work is advancing on the Council's approach to the significant place based funding that will be forthcoming, including via Transforming Towns and Levelling Up funding and in due course will complement the development of the approach to Council owned assets work that is being progressed as part of the Target Operating Model theme.
- 2.65** These transformation themes will be worked through in greater detail during the last quarter of 2023/24, with an emphasis on the ideas which are being prioritised for 2024/25 which are also being assessed for support from the Invest

to Save Reserve and project management support requirements. Once the Council's budget is approved in March, work will progress to deliver both the tactical savings for the forthcoming year in parallel with the transformation themes in order that these have greater prominence, and financial contribution, towards the 2025/26 budget.

## 2.66 Service Analysis

2.67 The Council is committed to its overriding Financial Strategy principles of delivering the Corporate Plan and ensuring that services supporting the most vulnerable in the community are protected wherever possible. It has also sought to direct additional resources in line with the SSA increases in the Welsh Government Settlement. The allocation of resources is set out against the key service blocks in Table 11 below and Appendix E provides the budget build for the Council at a service level.

## 2.68 Table 11 – Cost Pressures and Savings by Service

	Learning & Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
<b>Original Budget</b>	<b>16,439</b>	<b>114,239</b>	<b>88,891</b>	<b>74,853</b>	<b>294,422</b>
<b>Centralisation Recharges</b>	<b>-2,389</b>	<b>-</b>	<b>-3,631</b>	<b>6,020</b>	<b>-</b>
<b>Adjusted Original Budget</b>	<b>14,050</b>	<b>114,239</b>	<b>85,260</b>	<b>80,873</b>	<b>294,422</b>
Pressures	-	-	-	-	-
Investment	154	164	-	-	318
Demography	-	897	4,015	152	5,064
Inflation	234	4,193	6,083	1,254	11,764
Other Pressures	183	-652	2,767	1,775	4,073
Capital Financing	-	-	-	50	50
<b>Total Pressures</b>	<b>571</b>	<b>4,602</b>	<b>12,865</b>	<b>3,231</b>	<b>21,269</b>
Other Transfers	-378	-175	-127	680	0
Grant Transfers In	0	0	0	294	294
Use of Reserves	-	900	-	-348	552
Savings	-371	0	-1,755	-5,550	-7,676
<b>Net Funding Increase</b>	<b>-178</b>	<b>5,327</b>	<b>10,983</b>	<b>-1,693</b>	<b>14,439</b>

<b>% Increase /(Decrease)</b>	<b>-1.27%</b>	<b>4.66%</b>	<b>12.88%</b>	<b>-2.09%</b>	<b>4.90%</b>
<b>Net Budget 2024/25</b>	<b>13,872</b>	<b>119,566</b>	<b>96,243</b>	<b>79,180</b>	<b>308,861</b>

- 2.69** There has been quite a shift in proposed Council spending. The budgets for Schools and Social Services have the greatest growth, and for both Council services exceed the Welsh Government notional increases set out earlier in the report. Spend on schools is proposed to increase by 4.66%, marginally above the 4.16% in the Settlement. Spend on Social Services would see 12.88% increase which is significantly more than the 7.57% in the Settlement and reflects the pressures in volume, complexity and cost being experienced by the Directorate. This approach inevitably places considerable pressure on other key and front line services.
- 2.70** Despite the significant resources which have gone into Social Care and Schools in particular, they are considerably less than required. For Social Services there is going to be pressure from providers for price increases at a greater level than those included in the budget proposals. For schools, it has not been possible to fully resource the forecast pay awards and demographic growth in mainstream schools and the special schools as well as providing all of the additional resources required for Additional Learning Needs. This is naturally concerning given the financial challenges in schools in the current financial year, 2023/24 and the forecast run down of school reserves.
- 2.71 Fees and Charges**
- 2.72** Services have been directed to increase discretionary fees and charges in line with CPI or to ensure costs are fully recovered, unless a Council policy decision has been taken to subsidise a service. In common with the general approach across Government, the September CPI of 6.7% is being applied.
- 2.73** The proposed fees and charges were set out in detail in Appendix C to the Budget for Consultation published in January, the link to the papers is:  
[Budget for Consultation 2024-25 \(valeofglamorgan.gov.uk\)](https://www.valeofglamorgan.gov.uk/budget-for-consultation-2024-25)
- 2.74** In addition to the proposed increases the Council is also strengthening its debt recovery and reviewing its income arrangements to ensure payment can be made up front wherever possible. Some key changes to the Council's Fees and Charges for 2024/25 are set out below by Directorate.
- 2.75** Place – Some increase in fees in respect of hire of sites for filming etc. to ensure return is maximised for the Council. Some charges for the Country Parks have been held at 2023/24 levels where demand for these services is down such as School visits etc. The charges also include a new schedule of charges for Development Management Pre Application Advice and other Development Management Services which is linked to a saving in respect of income generation in this area. The proposed overnight charges for the Country parks will only be implemented following a full and thorough pilot scheme which will only happen after the implementation of ANPR at the parks. This will be required to assess the overall feasibility and viability of the proposed charges.

- 2.76** Social Services – Some significant increases in the per day rate across Internal Day Services to ensure better recovery of the costs of operating the services. In addition, the charging schedule includes the inclusion of an administration charge for Property cases including the deferred payment scheme, which will allow for the recovery of costs associated with setting up these arrangements. This new charge is linked to a saving included in the Savings proposals for 2024/25.
- 2.77** Learning and Skills – Charges are broadly in line with 6.7% increase with some increases in excess of this and at a lower rate to refine the charges for hire of rooms etc. The Library charges were increased using delegated powers during 2023/24 and therefore have not been further increased for 2024/25.
- 2.78** Corporate Resources – The charges for marriage and civil partnership ceremonies have been approved in advance via delegated authority to allow bookings to be taken in advance for 2024/25. All other charges have been increased broadly in line with the 6.7% indicative figure and some minor refinement of the charging schedule for property services.
- 2.79** Environment and Transport - In respect of Neighbourhood Services and Transport generally inflation of 6.7 % has been added to existing charges. Some charges have received an above inflation rise to move towards cost recovery or to align charges more to the market. There are a new set of charges for waste due to changes in the waste regulations from April. There are also new charges for highway development advice to recover costs incurred in providing professional services. Coastal car parking charges have also been amended to provide new categories and to give the customer more options of what fee they pay depending on how long they stay.
- 2.80** An overarching Equality Impact Assessment has been completed for the fees and charges increase at 6.7% however where there are increases significantly above this sum other than allowing for changes for consistency dedicated Equality Impact Assessments should be considered by Service Departments.
- 2.81 Reserves**
- 2.82** A review of reserves has now undertaken. There were a number of drivers for this review other than the best practice approach of reviewing annually in any case. There has been an unplanned run down of some service reserves in 2023/24, especially in Social Services. There is significant demand for social care at present and this remains a high risk area for the Council and the reserve will need to be replenished as part of the review. Further whilst the headline savings target is not dissimilar to that for 2023/24 there has also been a significant amount of mitigation required on the underlying cost pressures which does create additional risk.
- 2.83** The review has, therefore, replenished the Social Care Service reserve and created a budget risk reserve should there be any non delivery of the savings plan. The review has also sought to preserve the reserves supporting transformation and reshaping to ensure the Council has the capacity to continue to operate efficiently in the future with a lower level of overall resource.

**2.84** The table below summarises the current reserves forecast, with further detail set out in Appendix D. Reserves are forecast to reduce by £9.948M to £48.533M over the next five years. The General Fund will continue to be held at its policy level, the Homelessness reserve is planned to reduce to support the Housing Strategy and there is also the planned use of Capital Reserves to support the Capital Programme. School Balances are forecast to be constant, but this is unlikely in light of the continued financial pressures they are facing.

**2.85** Table 12 – Summary of Reserves

	Estimated Balance 31/03/24	Estimated Balance 31/03/25	Estimated Balance 31/03/26	Estimated Balance 31/03/27	Estimated Balance 31/03/28	Estimated Balance 31/03/29
	£000	£000	£000	£000	£000	£000
General Fund	10,177	10,177	10,177	10,177	10,177	10,177
Insurance	4,878	4,878	4,878	4,878	4,878	4,878
<u>Service Reserves</u>	0	0	0	0	0	0
Learning and Skills	1,593	1,246	491	491	491	491
Social Services	3,964	3,964	3,964	3,964	3,964	3,964
Neighbourhood Services	2,561	2,450	2,450	2,450	2,450	2,450
Corporate Resources	638	456	376	376	376	376
Place	1,680	1,680	1,629	1,624	1,624	1,624
Other Service Reserves	1,673	1,709	1,707	1,742	1,742	1,742
Other Corporate	742	610	474	367	367	367
<u>Risk and Smoothing Reserves</u>						
Homelessness and Housing Reserve	4,256	2,611	1,466	821	621	621
Cost of Living	325	200	200	200	200	200
Pay Pressures	3,869	3,869	3,869	3,869	3,869	3,869
Energy Pressures	1,484	584	435	435	435	435
Legal	1,905	1,713	1,519	1,519	1,519	1,519
Project Zero	1,310	1,379	1,340	1,340	1,430	1,430
Reshaping Risk and Investment	3,992	3,824	3,656	3,488	3,320	3,320
Corporate Landlord	4,271	3,107	3,107	3,007	3,007	3,007
Digital Reshaping	1,365	1,365	1,365	1,365	1,365	1,365
Budget Risk	1,000	0	0	0	0	0
<u>Capital Reserves</u>	0	0	0	0	0	0
Capital	4,526	2,914	3,396	4,209	4,209	4,209
Capital Regeneration	920	920	920	880	880	880

<b>Sub Total</b>	57,129	49,657	47,420	47,202	46,924	46,924
<u>Ring Fenced Reserves</u>						
Schools	0	0	0	0	0	0
Other Schools	403	403	403	403	403	403
Housing Revenue Account	949	1,026	1,102	1,137	1,171	1,206
<b>Total Reserves</b>	58,481	51,086	48,924	48,742	48,498	48,533

### **Adequacy of Reserves/Robustness of Estimates**

- 2.86** S25 of the Local Government Act 2003 requires the local authority's s151 Officer to report on the robustness of estimates and the adequacy of the proposed reserves. The report is attached at Appendix F
- 2.87** There has been a forensic examination of the Council's budgets during the 2024/25 budget setting process building on the arrangements put in place in for setting the 2023/24 Budget. It is naturally good practice, but it is also borne out of necessity when forecasts in the autumn indicated cost pressures of £38M with little prospect of Government Grant and Council Tax coming close to closing the gap.
- 2.88** There has been extensive examination of the financial risks that the Council is exposed to: Government funding and policy; volume, complexity and cost of social care, inflation risk across pay, energy and third party supplies; and delivery of the savings programme along with mitigation of the unawarded cost pressures.
- 2.89** The report judges the Council's estimates to be robust and that there has been appropriate consideration of a wide range of risks.
- 2.90** The Council maintains strong reserves and is clear on the reasons for which they are held. There was a very extensive review as part of setting the 2023/24 Budget and there has been a further exercise as the risks facing the Council have developed over the past twelve months.
- 2.91** Possibly the most prominent risk is the cost of delivery of social services. There has been a significant increase in demand alongside increased complexity of cases and cost both of internal provision and externally with providers experiencing similar inflationary pressures to the Council. It has been necessary to set aside additional provision to address this volatility.
- 2.92** The savings programme is of a similar scale to last year, there had been concerns about the Council's track record for the delivery of large scale savings programmes but the comprehensive arrangements in place to ensure delivery have meant 85% of the 2023/24 programme is set to be delivered. Nevertheless, in response to the small measure of non delivery in 2023/24 and the level of unawarded cost pressures a risk reserve has been established to provide cover in 2024/25.
- 2.93** The Council has also considered pressures across the medium to ensure finances are sustainable and has a reshaping and transformation programme in place



which will be bringing forward initiatives early in 2024/25 to feed into future years' budgets.

- 2.94** School balances are a concern and there has been a significant reversal of the growth of school balances experienced during the two years of the pandemic. There is an overall deficit on school balances forecast as at 31 March 2024 which needs to be offset against the Council's General Fund balances. The General Fund balance does, however, remain above its minimum policy level following this offset.
- 2.95** The report judges that the reserves are adequate.

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

- 3.1** The delivery of the Council's Corporate Plan and wellbeing objectives is significantly influenced by the available finance to deliver services. This report provides the context in which the Council will be operating in the immediate and medium term.
- 3.2** This report provides an immediate and medium-term projection of the Council's financial position, however the decisions to be taken on the Financial Strategy in the coming months will be influenced by the need to think about the longer term implications of decisions, including the continued lobbying of Welsh Government for genuine multi-year financial settlements to enable better forecasting and projection of budgets. It is challenging to plan ahead with a single year settlement albeit there has been an indication of real terms reductions in future years.
- 3.3** The approach to setting a balanced budget described in the body of this report includes reference to collaboration and the value of this approach has been well evidenced in recent years, most notably in the response to the pandemic, where the pooling of resources (whether financial, capacity or expertise) has resulted in improved outcomes and better value for money. The Financial Strategy places emphasis on supporting the most vulnerable, and the proposals in this budget demonstrate how the Council is continuing to resource preventative services.
- 3.4** The approach to setting a balanced budget described in the body of this report includes reference to collaboration and the value of this approach has been well evidenced in recent years, most notably in the response to the pandemic, where the pooling of resources (whether financial, capacity or expertise) has resulted in improved outcomes and better value for money. The Financial Strategy places emphasis on supporting the most vulnerable, and the proposals in this budget demonstrate how the Council is continuing to resource preventative services.
- 3.5** The report sets out proposals for consulting widely on the Council's budget, demonstrating the importance being placed on involving people in decision making and these proposals have been informed by the use of insight gained through engaging on the Council's Annual Self Assessment and in the production of the Annual Delivery Plan for 2024/25. In understanding the views of others

through this process, decisions will be taken in an integrated way – both internally and externally.

#### **4. Climate Change and Nature Implications**

- 4.1** The Council’s response to the declaration of Climate and Nature Emergencies (in 2019 and 2021 respectively) involves significant council wide activity to deliver. The ability to respond to these plans will be impacted by the availability of financial resources to deliver them. The Council has established this area of work as a priority through the current and draft Annual Delivery Plan 2024/25 and therefore will continue to resource activity as far as possible, in conjunction with other priorities.

#### **5. Resources and Legal Considerations**

##### **Financial**

- 5.1** The financial considerations are set out in the body of the report.

##### **Employment**

- 5.2** Salaries and wages are a major element of the Council’s overall spend and the inflationary impact of the pressures represents a significant proportion of growth set out as part of these draft proposals.
- 5.3** There has only been a modest settlement from Welsh Government and the detailed review of pressures presents a challenging savings and efficiencies target of £7.676M for 2024/25 as a consequence of which there is likely to be an employment impact associated with these savings.
- 5.4** The attached savings schedules indicate service reviews taking place which may have an impact on FTEs.
- 5.5** Where there are such potential impacts, the Council will follow its existing policies and procedures and ensure that there is full engagement with staff and the Trades Unions. Further, some of the potential impact will reduce through turnover or redeployment

##### **Legal (Including Equalities)**

- 5.6** The Local Government Finance Act 1992, as amended, requires the Council to set a balanced budget, including the level of the Council Tax. This means the income from all sources must meet the proposed expenditure. Best estimates must be employed to identify all anticipated expenditure and resources. The approval of the Council’s budget and Council Tax (which must be set for the financial year 2024/25 by 11th March, 2024) and the adoption of a financial strategy for the control of the Council’s borrowing or capital expenditure are matters reserved, by law, to full Council. However, the Cabinet has responsibility for preparing, revising and submitting to Council estimates of the various amounts which must

be aggregated in making the calculations required in order to set the budget and the Council Tax; and may make recommendations on the borrowing and capital expenditure strategy, (pursuant to the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007)).

- 5.7** The Financial Strategy and process for approving the 2024/25 Budget and MTFP at Council in March 2024 is aligned to the Council's agreed Corporate Plan – 'Working Together for a Brighter Future' 2020 and the 2024/25 Annual Development Plan which is currently being developed.
- 5.8** Equality Duty. The budget proposals as set out in the report has due regard to the requirements of the Council's Strategic Equality Plan and the Equalities Act 2010 and Public Sector Equality Duty for Wales. These duties require the Council, in the exercise of its functions, to have 'due regard' to the need, in summary, to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations based on 'protected characteristics'. The 'Protected characteristics' are: Age, Gender reassignment, Sex, Race – including ethnic or national origin, colour or nationality, Disability, Pregnancy and maternity, Marriage and civil partnership, Sexual orientation, Religion or belief – including lack of belief. The subsequent development of specific proposals and strategies set out in the report will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act. The PSED is a duty to have 'due regard'. It therefore requires the decision-maker to be properly informed as to the equality implications of the decision to be made. As with any decision, the decision maker will need to take account of the equalities impact assessments, consider whether it has sufficient information to assess the effects of the proposed decision on the aims in the PSED and consider gathering more information if needed.
- 5.9** When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.

## **6. Background Papers**

MTFP Refresh, Cabinet November 2023

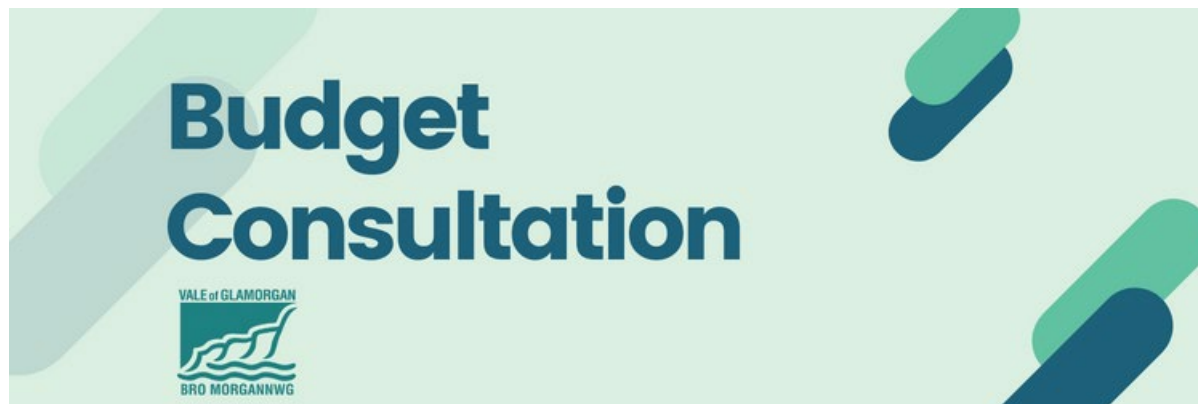
<https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2023/23-11-16/MTFP-Refresh.pdf>

Financial Strategy Cabinet July 2023

<https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2023/23-07-20/Financial-Strategy-2024-25.pdf>

Budget for Consultation

[Budget for Consultation 2024-25 \(valeofglamorgan.gov.uk\)](http://valeofglamorgan.gov.uk)



## Results Report

## Methodology

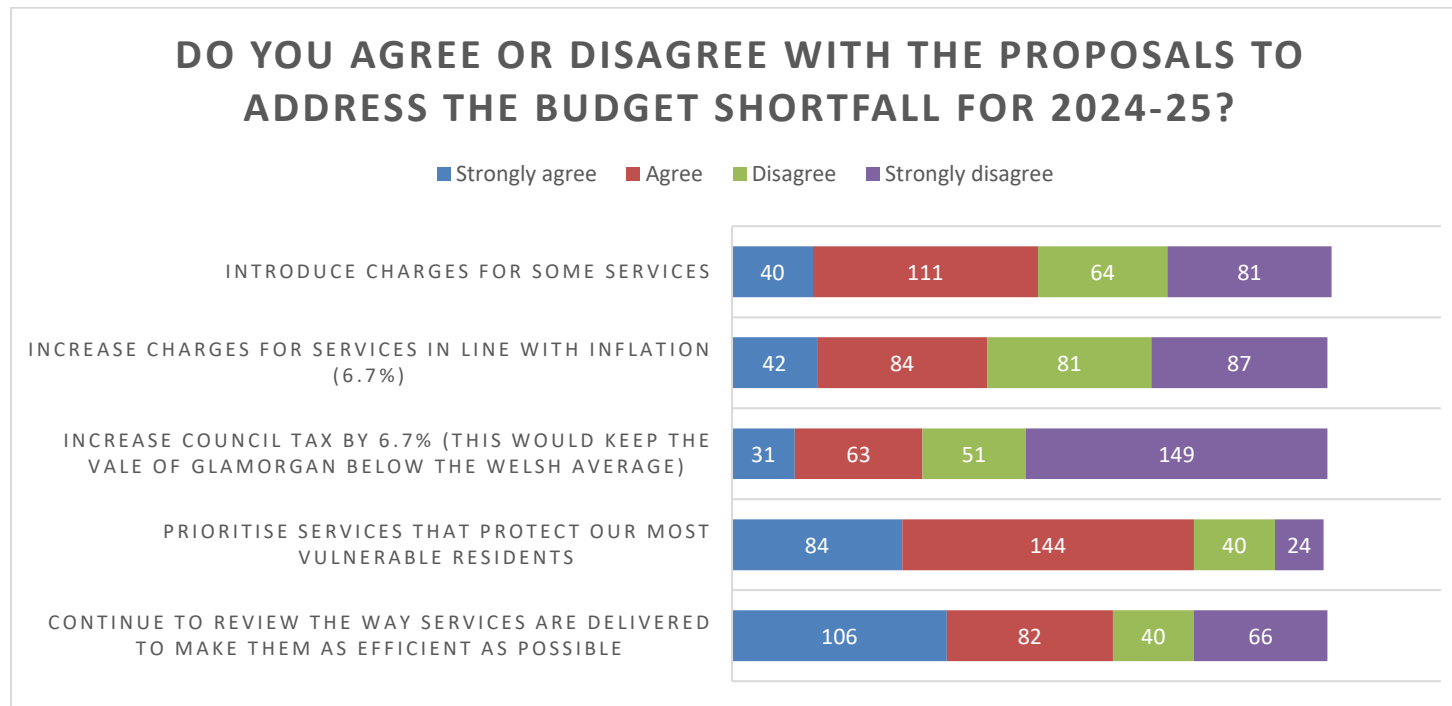
The budget consultation was launched on 18 January and closed on 15 February 2024. The following methods were used to inform residents of the Council's current financial position and outline budget proposals for the coming financial year.

- A dedicated budget consultation page with an explanation of the Council's current financial position, answers to frequently asked questions, links to the Cabinet report and a survey to capture residents' views was published on the Council's engagement platform, Participate Vale.
- Social media posts were shared throughout consultation period to encourage responses to the online survey
- Officers attended events and meetings to raise awareness of the budget consultation and engage with key stakeholder groups face to face
- Emails were sent to the Participate Vale citizens panel inviting their views on the budget consultation
- Council staff and elected members were also informed of the budget consultation process and invited to share their views
- As with all consultations, non-digital methods of responding were available. Primarily through calls to C1V, face to face meetings and by writing to the Council. Hard copies of the survey were also available at the Civic offices reception.

## Responses to the online survey

There were 299 responses to the online survey, 298 in English and 1 in Welsh. This is lower than previous budget consultation exercises which have received around 600 responses, on average, over the past five years. The lower response rate could be due to other exercises that took place prior to the budget consultation, namely the Let's Talk About Life in the Vale Survey, which reached over 3,000 residents and was used to inform the draft budget proposals.

The survey asked respondents whether they agreed or disagreed with the Council's proposals to address the budget shortfall of £7.8million. The chart below shows the responses.



Whilst the majority of respondents agree that the Council should continue to review the way services are delivered to make them as efficient as possible and to prioritise services that protect our most vulnerable residents, the majority of respondents disagree with a 6.7% increase in

Council tax, proposals to increase charges for services in line with inflation. 50% of respondents agree with introducing charges for some discretionary services.

There were 294 comments in addition to the answers to the above question.

When reading the comments, the following themes emerged.

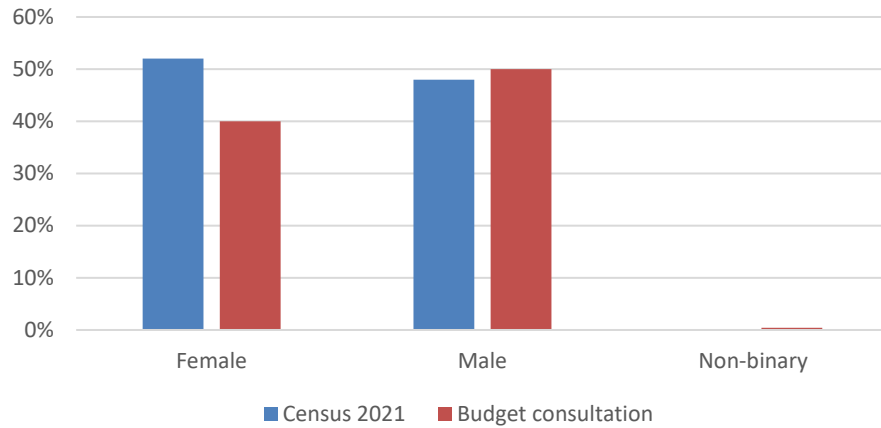
<b>Subject</b>	<b>Number of comments</b>
Council tax – against an increase	62
Reduce staff / councillor wages or numbers	21
Cost of living crisis concerns	11

### **Profile of respondents to the online survey compared with census data**

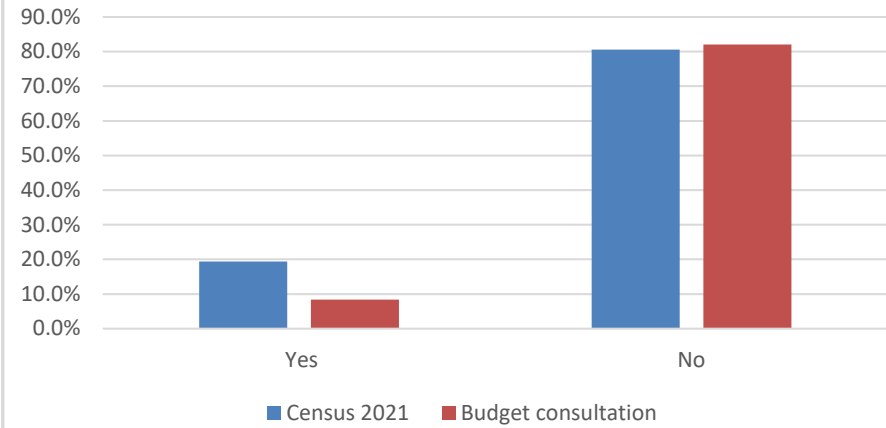
95% of respondents are residents of the Vale. Of those, 34% live in the western Vale, 33% live in the eastern Vale and 33% live in Barry.

This section compares the equalities data captured through the survey with data from the 2021 census to see if the responses are representative of the community.

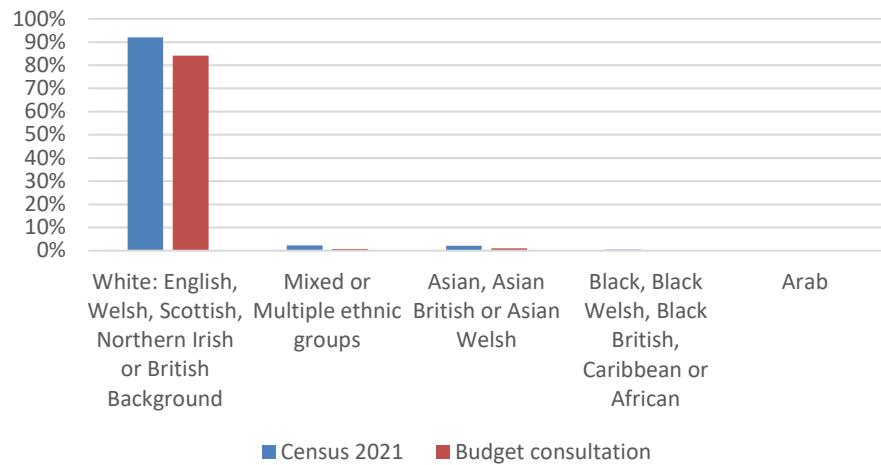
### Gender



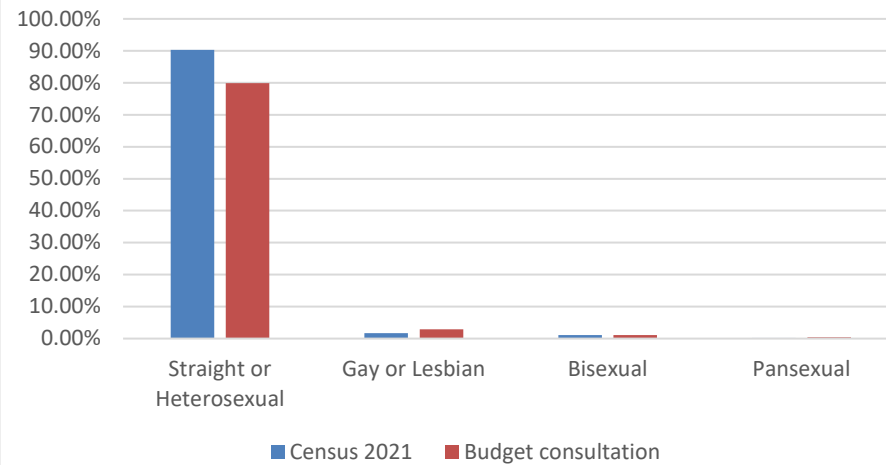
### Disability



### Ethnic group

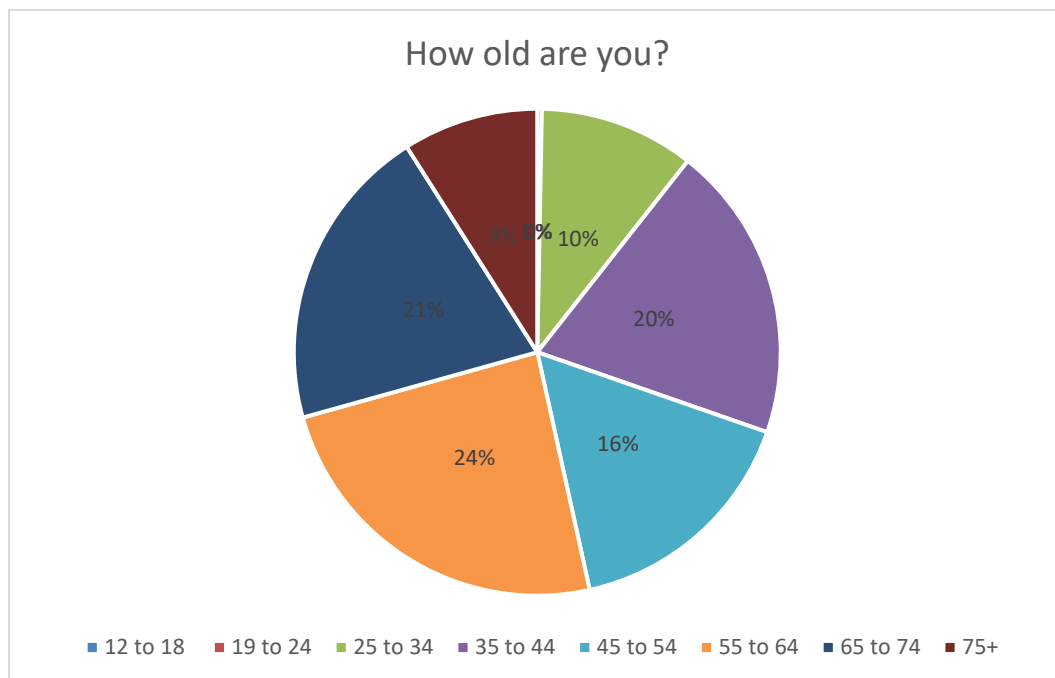


### Sexual orientation





It's not possible to compare the age of respondents with the census data because the categories used to break down the age groups differ across the two exercises. The chart below shows the age profile of respondents to the budget consultation.



### Responses on social media

Throughout the four-week consultation period the budget consultation exercise was shared 9 times across the Council's main social media channels, Facebook and X. The Facebook posts had over 1,500 engagements (link clicks, shares, comments, reactions) and the tweets on X had over 200 engagements.

Here are some examples of comments in response to the posts:

*“So £91m is raised from taxing us and £85m is the entire budget for social care. But as we all know it’s a total mess. I would imagine people are quite angry at the fact that this money would only be ‘well spent’ if social care was working, but it isn’t is it? It’s the reason why patients in hospital that have been made well and are medically fit block beds for seriously ill people as again they have nowhere to go.*

*Instead of allocating money into a nice pie chart annually as others have said would it be worth showing people that the money is actually being spent effectively on things that actually work? Because that £85m is currently an absolute disaster let’s be honest.*

*As others have said, 2% highways budget is clearly not working either as pothole repairs just open up again and is a stupid waste of £6m of taxpayers money. Are there better contractors or materials we can use to make lasting repairs instead of the current rubbish?*

*The council has £294m to play with every year and I imagine there are very few people that would agree that this money is being spent effectively.”*

*“74% on social care and learning...what is the percentage of people using these services please?”*

*“Why was 74% spent on schools etc? Direct it to other areas...Clearly proves it's not the amount you get from WG it's how you spend it and there's the problem... And then you expect us to pick up the shortfall with council tax rises reduced services and extra charges on top. It's not rocket science to see what's happening.”*

## **Responses in writing**

The Council received two written response to the budget consultation, the first was from NAHT Cymru, the trade union representing senior school staff. A summary of their response (which was compiled before Council’s received their settlement figures from Welsh Government) is as follows:

*“NAHT has clearly stated its intention to work with Local Authorities during these challenging times. We ask all LAs to take into account the response outlined above and **urge all LAs to rethink any budget cuts to education.***

*“Schools simply do not have the resources they need at the moment, further cuts will be devastating to schools and their learners, with implications for the wider communities for generations to come.”*

The second was from Cardiff and Vale University Health Board, who agreed with all the budget proposals and added:

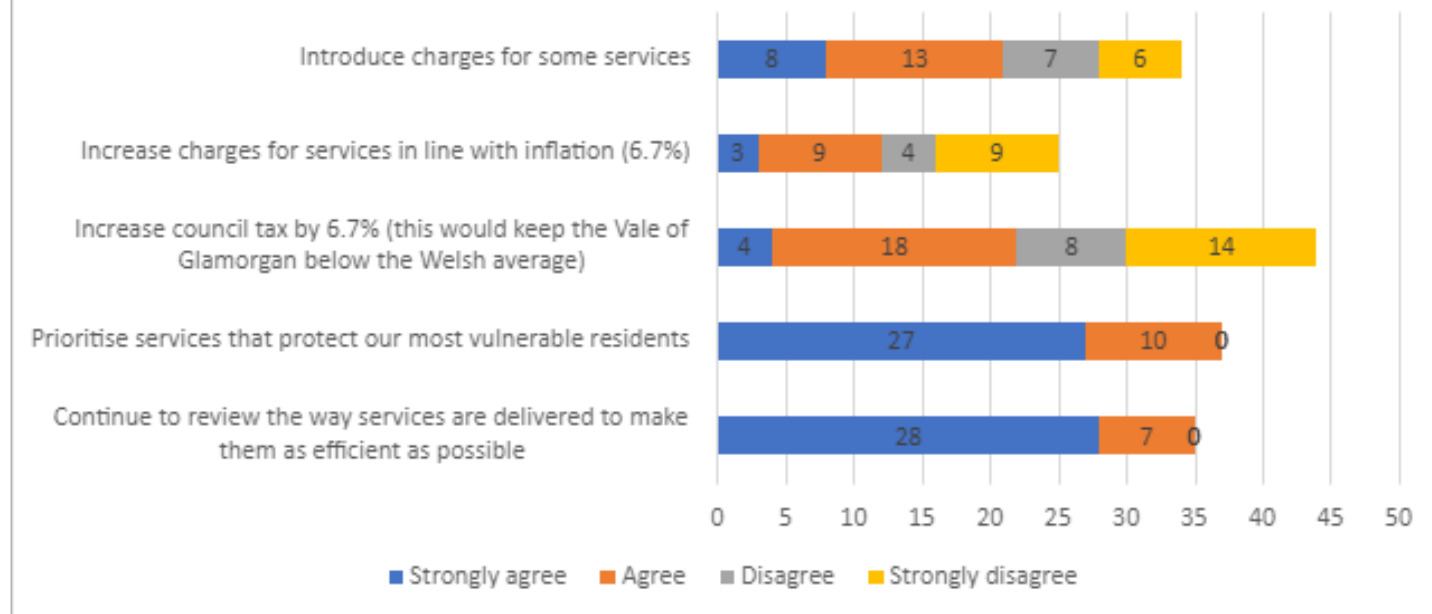
*“As public services we should all be considering how we best make efficiencies to allow us to provide the best quality services to our local communities. We fully support the Council in their efforts to protect our most vulnerable community members and the services that they access.*

*“We acknowledge the difficult budget pressures that are ahead for Local Authorities and although increasing council tax is not ideal (especially during a cost of living crisis) it is clear that this is a sensible approach to help to tackle the financial deficit and protect vital services. Similarly, additional charges relating to services is not an easy decision to make but in this instance is understandable.”*

### **Responses from face to face events and meetings**

The main question from the online survey was replicated using a counter voting system for face to face engagement. Stakeholders were asked whether they agreed or disagreed with the budget proposals. Different coloured counters were placed in jars in front of each proposal and counted to capture the following results.

## Do you agree or disagree with the proposals to address the budget shortfall for 2024/25?



As with the online survey, the vast majority of respondents agree that the Council should continue to review the way services are delivered in order to make them as efficient as possible and with prioritising services that protect our most vulnerable residents. 58% of respondents agree with introducing charges for some services. Fewer agree with increasing charges for services in line with inflation, however 50% of stakeholders who took part in the voting exercise agree with increasing council tax by 6.7%. It should be noted that officers gave stakeholders information ahead of them responding, setting out the context in which these proposals were being considered and stating that a 6.7% council tax increase is the equivalent of £9.81 per month for a Band D property, if paid over ten months.

## **Conclusion**

Most respondents to the budget consultation disagreed with the proposed increase in Council tax and increased charges in line with inflation. However, there was support for the introduction of charges for some services, prioritising services that protect our most vulnerable residents and making Council services as efficient as possible.

Concerns were raised over some households being able to afford increased council tax, particularly in the context of the cost of living crisis.

Appendix B1 Cost Pressures Awarded

Description	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Category of Growth
	£000's	£000's	£000's	£000's	£000's	
<b>Directorate: Learning and Skills</b>						
<b>Delegated Schools</b>						
<b>Demographic increase in Mainstream schools</b> - To meet the net cost of the increase in pupils in mainstream school.	-	392	300	300	300	Demographic
<b>Demographic increase in pupils requiring placement in special school Ysgol Y Deri</b> - Demographic increase in pupils requiring a specialist placement in Ysgol Y Deri School.	896	1,241	1,241	1,241	1,241	Demographic
<b>Secondary Autism Satellite Provision</b> - Cost of establishing an additional Secondary Autism Satellite Provision reflecting an increased need.	165	-	-	-	-	Investment
<b>Expansion Hafan Primary Resource base</b> - There is an increase in demand for placements at the Hafan resource base at Gladstone primary school which accommodates pupils with complex social and emotional mental health needs.	154	-	-	-	-	Pressure
<b>Primary Welsh Immersion Unit</b> - This cost pressure will increase the current Welsh immersion budget to continue to fund the primary Welsh immersion unit at Ysgol Gwaun Y Nant. <b>(Allocated to Central Education for Delivery)</b>	64	-	-	-	-	Investment
<b>Gwaun Y Nant Resource base</b> - In order to meet the increasing demand for pupils with autism and anxiety in the primary sector, and reduce the number of pupils requiring a specialist placement in Ysgol Y Deri, it is proposed that a new Welsh medium resource base is developed. <b>(Allocated to Central Education for Delivery)</b>	183	162				Pressure
<b>Holton primary school resource base</b> - In order to meet the increasing demand for pupils with autism and anxiety in the primary sector, and reduce the number of pupils requiring a specialist placement in Ysgol Y Deri, it is proposed that a new resource base is developed in the Barry area and opened in September 2024. <b>(Allocated to Central Education for Delivery)</b>	90	162				Investment
<b>Teaching Pay Award</b> - Funding in accordance with assumed Teaching pay award 2024/25 funded at 75% and assumed awards at 2% thereafter.	2,280	1,343	1,370	1,397	1,425	Inflationary - Pay
<b>Non Teaching Pay Award</b> -Assumed flat award of £1,200 in 2024/25 and 2 % thereafter.	1,912	1,020	1,040	1,061	1,082	Inflationary - Pay
<b>Energy Step Down</b> - assumed 35% reduction in energy costs in 2024/25	- 805					Pressure
<b>Increased FSM Budget Step Down</b> - assumed step down of FSM in settlement due to end of UC transitional arrangements and universal provision	-	- 100	- 100			Pressure
	4,939	4,220	3,851	3,999	4,048	
<b>Central Learning and Skills</b>						

Appendix B1 Cost Pressures Awarded

Description	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Category of Growth
<b>Complex Needs Placements</b> - Increase in pupils requiring Complex needs provision Out of County or in an independent provision.	-	340	140			Pressure
<b>Reduction in Out of County Income</b>	-	462	183	130	105	Pressure
<b>Revenue impact of additional Sustainable Communities for Learning St Richard Gwyn</b> - Revenue cost of borrowing to progress the scheme	-	140	115	187	-	Capital Financing
<b>Revenue impact of additional Sustainable Communities for Learning Ysgol Iolo</b> - Revenue cost of borrowing to progress the scheme	-	50	109	-	-	Capital Financing
<b>Central Learning and Skills</b>	-	992	547	317	105	
<b>Total Learning and Skills</b>	4,939	5,212	4,398	4,316	4,153	
<b>Directorate: Social Services</b>						
<b>Children Services</b>						
<b>Special Guardianship and Residence Order Allowances</b> - increased volumes	30	30	-	-	-	Pressure
<b>Children Services Staffing to meet additional demand (Priority Cost Pressure)</b> - additional capacity in response to rising demand for child protection and family support	552	86	-	-	-	Pressure
<b>Legal Costs</b> - increased volume of cases requiring legal proceedings	200					Pressure
<b>Conveyance Children in Social Care Placements</b> - increased costs of travel and larger numbers of children requiring transport	188					Pressure
<b>Provider Fees</b> - Additional funding for third party providers in 2024/25	490	300	300	300	300	Inflationary
<b>Budget Programme</b> - Additional capacity following Covid pandemic.	760					Pressure
<b>External Placements</b> - more children are requiring placements	915	200	200	200	200	Demographic
<b>Total Children Services</b>	3,134	616	500	500	500	
<b>Adult Services</b>						
<b>Provider Fees</b> - Additional funding for third party providers in 2024/25	3,000	4,500	4,500	4,500	4,500	Inflationary
<b>Step In Provider Fees</b> - lag in funding associated with 2023/24 provider fees increase.	2,000	-	-	-	-	Inflationary
<b>Budget Programme</b> - Additional capacity following Covid pandemic.	258					Pressure
<b>Demographic Pressures</b> - increased numbers of people requiring care and support	3,100	650	650	650	650	Demographic
<b>Adult Services</b>	8,358	5,150	5,150	5,150	5,150	
<b>Resource Management and Safeguarding</b>						
<b>Regional Integration Fund Tapering</b> - WG grant funding reduction	-	1,000	1,000	-	-	Investment
<b>Staffing costs -Regrading of Care Home Staff</b> - Regrading of Care Home staff has taken place which impacts a significant propoertion of care home roles.	104	-	-	-	-	Pressure
<b>Budget Programme</b> - Additional capacity following Covid pandemic.	408					Pressure

## Appendix B1 Cost Pressures Awarded

Description	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Category of Growth
<b>Agency/ Vacancy cover and Night Post in Care Homes</b> - To ensure consistent overnight support for increasingly complex residents and significant cover required for significant levels of sickness in care homes.	267	-	-	-	-	Pressure
<b>Total Resource Management and Safeguarding</b>	779	1,000	1,000	-	-	
<b>Total Social Services</b>	12,271	6,766	6,650	5,650	5,650	
<b>Environment and Housing</b>						
<b>Waste Contract Contractual Inflation</b>	-	75	75	75	75	Inflationary
<b>Cost of B&amp;B Homelessness Accommodation</b>	1,460	- 500	- 500	- 445	-	Pressure
<b>Highway Repairs</b> - Increased costs of footway and carriageway repairs due to continued underfunding of highway and footway resurfacing / refurbishment.	-	500	500	500	500	Pressure
<b>Asset Maintenance Neighbourhood Services Asset Repairs</b>	-	50	50	50	-	Pressure
<b>Total Environment and Housing</b>	1,460	125	125	180	575	
<b>Environment and Housing - Schools Transport</b>						
<b>School Transport</b> - Inflationary increase for School Transport reflecting rising fuel costs and shortage of drivers and providers in the market.	421	200	200	200	200	Inflationary
<b>ALN transport</b> - The cost of transport for the Demographic increase pupils Ysgol y Deri,	152	152	152	152	152	Demographic
<b>Total Environment and Housing - Schools Transport</b>	573	352	352	352	352	
<b>Place</b>						
<b>Creation of a new Head of Project Management (HoPM)</b> It is intended this post will become self financing through income after the first year.	84	- 84	-	-	-	Pressure
<b>Total Place</b>	84	- 84	-	-	-	
<b>Directorate: Corporate Resources</b>						
<b>Contract Inflation on Various ICT Contracts</b>		35	-	-	-	Inflationary
<b>Senior Lawyer (Public Matters)</b> - supporting the Community Services team following grant fall out.		61	-	-	-	Pressure
<b>Coroner</b>		25	25	-	-	Pressure
<b>Joint Coroner Service</b> - Additional funding required to address a higher than anticipated increase for 2023/24.	80	-	-	-	-	Pressure
<b>Microsoft Licences</b>	86	-	-	-	-	Pressure
<b>Exchequer Financial System</b> - Transfer to a Cloud based system		100	-	-	-	Investment
<b>Network management &amp; Security licence</b>		115	-	-	-	Pressure
<b>Internal Audit Shared Service (IASS)</b> - Funding required for the Council's share of increased salary costs for 2023/24 and 2024/25.	33	16	16	17	18	Pressure



Appendix B1 Cost Pressures Awarded

Description	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Category of Growth
<b>Legal Services</b> - Trainee Solicitor -Currently Reserve funded base budget ensures continuity.		35	-	-	-	Pressure
<b>Legal Services</b> (Community Services Team) - Market Forces Supplement.		29	-	-	-	Pressure
<b>Registars</b> - Proposed changes to birth and death registrations arising from a Home Office project for the digital transformation of the service.		-	51	-	-	Pressure
<b>Total Corporate Resources</b>	199	416	92	17	18	
<b>Members Remuneration</b> - Independent Remuneration Panel for Wales Draft Annual Report	94	-	-	-	-	Inflationary
<b>Fire Levy</b> - additional funding to be passported to Fire Service	414	-	-	-	-	Inflationary
<b>Council Tax Reduction Scheme</b>	32	-	-	-	-	Pressure
<b>City Deal</b> - Revenue Costs Associated with Prudential Borrowing for the Council's Contribution	50	95	272			Capital Financing
<b>Total Policy</b>	590	95	272	-	-	
<b>Corporate</b>						
<b>Pay Award Non Schools Resources</b>	429	286	292	298	304	Inflationary - Pay
<b>Pay Award Non Schools General Fund Housing</b>	32	21	22	22	23	Inflationary - Pay
<b>Pay Award Non Schools Social Services</b>	587	392	399	407	415	Inflationary - Pay
<b>Pay Award Non Schools Place</b>	124	83	84	86	88	Inflationary - Pay
<b>Pay Award Non Schools Neighbourhood Services</b>	494	330	336	343	350	Inflationary - Pay
<b>Pay Award Non Schools Central Learning and Skills</b>	231	154	157	160	163	Inflationary - Pay
<b>Pay Award to allocate</b>	61	31	31	32	32	Inflationary - Pay
<b>Revaluation of Teacher Pension Fund</b> assumed to be funded UK/Welsh Govt.						
<b>Energy Step Down</b> - assumed 35% reduction in energy allocation	- 805	-	-	-	-	Inflationary
<b>Total Corporate</b>	1,153	1,295	1,321	1,348	1,375	

<b>Total Cost Pressures</b>	21,269	14,177	13,210	11,863	12,123	
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	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Total
<b>Investment</b>	318	1,262	1,000	-	-	2,580
<b>Demographic</b>	5,064	2,635	2,543	2,543	2,543	15,328
<b>Pressure</b>	4,073	1,227	365	252	623	6,540
<b>Inflationary - Pay</b>	6,150	3,658	3,731	3,805	3,882	21,225
<b>Inflationary</b>	5,614	5,110	5,075	5,075	5,075	25,949

Appendix B1 Cost Pressures Awarded

Description	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Category of Growth
Capital Financing	50	285	496	187	-	1,018
<b>Total</b>	<b>21,269</b>	<b>14,177</b>	<b>13,210</b>	<b>11,862</b>	<b>12,123</b>	<b>72,640</b>

Draft Cost Pressures Cabinet 18-01-24	20,848	13,652	13,210	11,862	12,123	71,694
Additional School Transport Funding	421					421
Adjustment Central Learning and Skills Cost Pressures		525				525
Draft Cost Pressures Cabinet 29-02-24	21,269	14,177	13,210	11,862	12,123	72,640

Appendix B2 Cost Pressures Review Analysis				Schools			Learning & Skills			Social Services			Environment & Housing			Place			Corporate Resources			Policy			Total				
Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference			
			£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s			
<b>Investments</b>																													
Autism	164	165	-1	164	165	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	164	165	-1	
Welsh Immersion	64	85	-21	0	0	0	64	85	-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64	85	-21	
Resource Bases	90	90	0	0	0	0	90	90	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	90	90	0	
RIF	0	1,053	-1,053	0	0	0	0	1,053	-1,053	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,053	-1,053	
Corporate Resources Posts	0	142	-142	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	142	-142	0	0	0	0	0	0	142	-142	
Pay Structure	0	3,000	-3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000	-3,000	0	0	0	3,000	-3,000	
	318	4,535	-4,217	164	165	-1	154	175	-21	0	1,053	-1,053	0	0	0	0	0	0	142	-142	0	3,000	-3,000	0	0	318	4,535	-4,217	
<b>Demography</b>																													
Mainstream	0	392	-392	0	392	-392	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	392	-392	
Special Demography	897	1,331	-434	897	1,331	-434	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	897	1,331	-434	
External Children's Placements	915	915	0	0	0	0	0	0	0	915	915	0	0	0	0	0	0	0	0	0	0	0	0	0	0	915	915	0	
Adults	3,100	3,100	0	0	0	0	0	0	0	3,100	3,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,100	3,100	0	
Special School Transport	152	152	0	0	0	0	0	0	0	0	0	0	152	152	0	0	0	0	0	0	0	0	0	0	0	152	152	0	
	5,064	5,890	-826	897	1,723	-826	0	0	0	4,015	4,015	0	152	152	0	0	0	0	0	0	0	0	0	0	0	0	5,064	5,890	-826
<b>Pay Inflation</b>																													
Schools Pay Award	4,192	5,906	-1,714	4,192	5,906	-1,714	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,192	5,906	-1,714	
Local Government Pay	1,958	2,591	-633	0	0	0	234	308	-77	593	783	-190	576	702	-125	124	165	-41	429	572	-143	2	61	-59	1,958	2,591	-633		
	6,150	8,497	-2,347	4,192	5,906	-1,714	234	308	-77	593	783	-190	576	702	-125	124	165	-41	429	572	-143	2	61	-59	6,150	8,497	-2,347		
<b>Non Pay Inflation</b>																													
Children's Provider Fees	490	548	-58	0	0	0	0	0	0	490	548	-58	0	0	0	0	0	0	0	0	0	0	0	0	0	490	548	-58	
Adults Provider Fees	3,000	6,659	-3,659	0	0	0	0	0	0	3,000	6,659	-3,659	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000	6,659	-3,659	
Step In Provider Fees	2,000	2,000	0	0	0	0	0	0	0	2,000	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000	2,000	0	
Members Remuneration	94	94	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	94	94	0	0	0	94	94	0	
Fire Levy	414	414	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	414	414	0	0	0	414	414	0	
Other Contract Inflation	0	127	-127	0	0	0	0	0	0	0	0	0	0	75	-75	0	0	0	0	52	-52	0	0	0	0	0	127	-127	
School Transport	421	645	-224	0	0	0	0	0	0	0	0	0	421	645	-224	0	0	0	0	0	0	0	0	0	0	421	645	-224	
Corporate Energy	-805	-805	0	-805	-805	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-805	-805	0	
	5,614	9,682	-4,068	-805	-805	0	0	0	0	5,490	9,207	-3,717	421	720	-299	0	0	0	0	52	-52	508	508	0	0	5,614	9,682	-4,068	
<b>Pressures &amp; Capital Financing</b>																													
Resource Bases	337	598	-261	154	415	-261	183	183	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	337	598	-261	
ALN Needs in schools	0	400	-400	0	400	-400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400	-400	
Learning & Skills	0	1,260	-1,260	0	0	0	0	1,260	-1,260	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,260	-1,260	
Children's pressures	1,730	2,172	-442	0	0	0	0	0	0	1,730	2,172	-442	0	0	0	0	0	0	0	0	0	0	0	0	0	1,730	2,172	-442	
Adults	258	258	0	0	0	0	0	0	0	258	258	0	0	0	0	0	0	0	0	0	0	0	0	0	0	258	258	0	
Resource Management and Safeguar	779	954	-175	0	0	0	0	0	0	779	954	-175	0	0	0	0	0	0	0	0	0	0	0	0	0	779	954	-175	
Environment & Housing - Homelssness	1,460	2,944	-1,484	0	0	0	0	0	0	0	0	0	1,460	2,944	-1,484	0	0	0	0	0	0	0	0	0	0	1,460	2,944	-1,484	
Place	84	374	-290	0	0	0	0	0	0	0	0	0	0	0	0	84	374	-290	0	0	0	0	0	0	0	84	374	-290	
Corporate Resources	199	695	-496	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	199	695	-496	0	0	0	0	199	695	-496	
Policy	81	550	-469	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	81	550	-469	0	0	81	550	-469	
Schools Energy	-805	-805	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-805	-805	0	0	0	0	0	-805	-805	0	
	4,123	9,400	-5,277	154	815	-661	183	1,443	-1,260	2,767	3,384	-617	1,460	2,944	-1,484	84	374	-290	-606	-110	-496	81	550	-469	0	4,123	9,400	-5,277	
	21,269	38,004	-16,735	4,602	7,804	-3,202	571	1,926	-1,358	12,865	18,442	-5,577	2,609	4,518	-1,908	208	539	-331	-177	656	-833	591	4,119	-3,528	21,269	38,004	-16,735		

Directorate	Description of Saving Proposal	Investment Resource	Equality Impact Assessment Required	FTE Impact 2024/25	Saving Category	Overall RAG Status	Comments/Narrative	£'000	£'000	£'000	£'000	£'000					
								2024/25	2025/26	2026/27	2027/28	2028/29					
													£'000s	£'000s	£'000s	£'000s	£'000s
<b>Directorate Learning and Skills</b>																	
Schools	Energy Saving in Schools ICT switch Off	Transformational	Yes	No	0	Digital innovation	15	165	-	-	-	Green					
Learning and Skills	Payments to Non Maintained Nursery Providers Continuation of 23-24 Saving	Tactical	No	Yes	0	Service Review	14	-	-	-	-	Green	St Donats has been closed				
Learning and Skills	Payments to Non Maintained Nursery Providers Additional Saving	Tactical	No	Yes	0	Service Review	36	11	-	-	-	Green	Final remaining non maintained nursery				
Learning and skills	Move to full cost recovery position for ACL	Tactical	Yes	Yes	0	Generating Income	130	-	-	-	-	Amber					
Learning and Skills	Old Hall - 20% loss overall in Cowbridge consider alternative funding	Transformational	Yes	No	0	Target Operating Model	40	50	-	-	-	Amber					
Learning and Skills	Reduced Contribution School Improvement	Tactical	No	Budget Adjustment	0	Service Review	34	-	-	-	-	Green	CSC Contribution Budget Adjustment				
Learning and Skills	Off set costs through targeted use of new grant funding	Tactical	No	Yes	0	Service Review	102	-	-	-	-	Green					
<b>Subtotal Directorate Learning and Skills</b>							<b>371</b>	<b>226</b>	-	-	-						
Social Services	Closer to Home Residential Care (C&YPs)	Transformational	No	Yes completed 2023/24	0	Target Operating Model	100	-	-	-	-	Amber	Delays on Building Programme and Recruitment of Staff, need to go through registration process- Likely to be utilised in Autumn of 2023 with first placement currently being reviewed. Likely to be between £65k and £85k				
Social Services	Reduced building rental	Tactical	Yes	Yes	0	Corporate Asset Strategy	50	-	-	-	-	Amber	Part of wider asset reorganisation review overall costs and savings position.				
Social Services	Closer to Home Supported Living (LD)	Transformational	Yes	Yes	0	Target Operating Model	100	-	-	-	-	Amber	Further smart houses planned, additional work required to review potential for savings.				
Social Services	Day services remodelling & full cost recovery	Transformational	Yes	Yes	0	Service Transformation	180	-	-	-	-	Amber					
Social Services	Fee review & full cost recovery	Tactical	No	Yes	0	Generating Income	5	-	-	-	-	Amber					
Social Services	Telecare Expansion & fee review	Transformational	Yes	Yes	0	Service Transformation	20	5	-	-	-	Amber					
Social Services	Adult Transport Review	Tactical	No	Yes	0	Service Review	5	5	-	-	-	Amber					
Social Services	Releasing time to care	Tactical	Yes	Yes	0	Service Review	300	350	-	-	-	Amber					
Social Services	Continuing Health Care	Tactical	Yes	Yes	0	Service Review	250	250	-	-	-	Amber					
Social Services	Provider fees (cost avoidance – review of rate)	Tactical	No	Yes	0	Service Review	243	-	-	-	-	Amber	The Council plan to move to a sliding scale of fee increases from April 2024 with the largest increase being made to those providers that currently accept our standard contract rate. This will be undertaken between Jan and March 2024.				
Social Services	Debt Recovery	Tactical	Yes	No	0	Generating Income	30	30	-	-	-	Amber	Due to capacity issues it is acknowledged that the Council has not robustly recovered outstanding debts. We are recruiting to a debt recovery role in the team and finalising a debt recovery process with legal services.				
Social Services	Direct Payment Review	Tactical	No	No	0	Generating Income	10	10	-	-	-	Amber	The Direct Payments team will mre robustly apply already established processes in relation to the recoupling of direct payments that have not been spent and are sitting in recipients accounts.				
Social Services	Deferred Payment Arrangement fee (income)	Transformational	No	Yes	0	Target Operating Model	13	13	-	-	-	Amber	The Council incurs costs to substantiate that a charge/Deferred Payment Arrangement would be appropriate and on going administration costs as required by the Social Services and Well-Being (Wales) Act 2014.				
	Residential Accommodation for children	Transformational	Yes	Yes	0	Target Operating Model	-	240				Amber					
Social Services	UASC Supported Accomodation	Transformational	Yes	Yes	0	Target Operating Model	75	75	-	-	-	Amber					
Social Services	Pop up Accomodation	Transformational	Yes	Yes	0	Target Operating Model	75	-	-	-	-	Amber					
Social Services	Additional Income	Tactical	No	Yes	0	Generating Income	300	-	-	-	-	Green	Budget Adjustment				
<b>Subtotal Directorate Social Services</b>							<b>1,755</b>	<b>978</b>	-	-	-						
Neighbourhood and	Increase in fees and charges	Tactical	No	Fees and Charges	0	Generating Income	10	-	-	-	-	Green	Increase fees and charges for some NS and T services above inflation and move to full cost recovery.				
Neighbourhood and	Parking Charging Review	Tactical	Yes	Yes	0	Generating Income	100	-	-	-	-	Amber	Introduce charges for Residents permits, on street parking charging, additional carparks for charging, overnight motorhomes to be considered. Other Car Parks to be considered for closure or transfer where charging is not viable.				
Neighbourhood and	Expand Construction and Design Team	Tactical	No	No	0	Generating Income	150	-	-	-	-	Amber	Increase income for team BUT dependant on work incoming RISK with falling capital budgets.				
Neighbourhood and	Rationalisation of Public Conveniences	Tactical	Yes	Yes	0	Corporate Asset Strategy	100	-	-	-	-	Amber	Formally close Park Crescent, Barry Multistory, Thompson Street and Boverton Road Toilets. Review toilet cleaning at Country Parks. Rationalise other toilets and review opening hours.				
Neighbourhood and	Review Planting in Parks consider use of shrubs/drought resistant planting and sponsorship	Tactical	Yes	Yes	0	Service Review	40	-	-	-	-	Amber	Bedding plants only bought if sponsored otherwise move to shrubs requiring less maintenance. Less staffing covered elsewhere as a saving.				
Neighbourhood and	Review Street Lighting Contract and Energy Costs	Tactical	No	Yes	0	Service Review	25	-	-	-	-	Amber	Review Street lighting contract to reduce cost and ensure system is efficient. Consideration of part night LED/light reduction.				
Neighbourhood and	Jenner Park alternative model	Transformational	Yes	Yes	0	Service Transformation	65	-	-	-	-	Red	Jenner Park to be maintained by a sports club asset transfer may only be part year. NNDR recovery part of saving.				
Neighbourhood and	Reassess Tracking Information to rationalise fleet	Transformational	Yes	Yes	0	Service Transformation	10	10	-	-	-	Amber	To be done as part of fleet review.				
Neighbourhood and	Garage Generation of additional income	Transformational	Yes	Yes	0	Service Transformation	10	-	-	-	-	Amber	Increase price of MOTs to £54.75 (maximum allowed) . Promote MOTs to increase income (additional 120 MOTs per annum). This is not full cost recovery and charges are restricted by Government.				
Neighbourhood and	Charging for public use of Electric vehicle chargers	Transformational	No	Yes	0	Service Transformation	7	-	-	-	-	Amber	Work with energy team to progress.				
Neighbourhood and	Invest to Save Pest Control (Shared Regulatory Services)	Transformational	Yes	Yes	0	Service Transformation	50	-	-	-	-	Amber	Invest to save proposal for Authority Specific Pest Control to be funded from Invest to Save Proposal				
Neighbourhood and	Parkwood VAT relief	Tactical	Yes	No	0	Service Review	70	-	-	-	-	Amber	Initial Discussions have commenced and independent advice sought				
Neighbourhood and	School Crossing Patrols	Tactical	Yes	Yes	11	Service Review	100	-	-	-	-	Amber	Service Review ask schools to consider taking on SCP. Non statutory but assists road safety of all at school times. If not potential loss of 11 part time posts.				
Neighbourhood and	Increase income charges for highway development	Tactical	No	No	0	Generating Income	50	-	-	-	-	Amber	Increase income for team BUT dependant on work incoming RISK due to resource levels and difficulty recruiting at salaries offered.				
Neighbourhood and	Additional concessions	Transformational	Yes	No	0	Service Transformation	20	-	-	-	-	Amber	Commercial Opportunities for additional concessions				
Neighbourhood and	Holm View	Transformational	Yes	Yes	0	Service Transformation	55	-	-	-	-	Amber	Holm View is a surplus site and utilities should be decommissioned.				

Directorate	Description of Saving Proposal	Investment Resource	Equality Impact Assessment Required	FTE Impact 2024/25	Saving Category	£'000	£'000	£'000	£'000	£'000	Overall RAG Status	Comments/Narrative					
													2024/25	2025/26	2026/27	2027/28	2028/29
													£'000s	£'000s	£'000s	£'000s	£'000s
<b>Directorate Learning and Skills</b>																	
Neighbourhood and	Various Vacant Posts to be deleted	Tactical	No	Yes	Vacant Posts	Service Review	200	-	-	-	-	Amber	Posts gone less resource. Make business support more resilient by combining across housing and neighbourhood services.				
Neighbourhood and	Limit black bags at Barry and Llandow Civic Amenity Sites	Tactical	No	Yes	0	Service Review	10	-	-	-	-	Amber	Helps us meet our statutory recycling targets as well as creating a saving to black bag disposal				
Neighbourhood and	New Model for Community Centres to include full maintain of buildings	Transformational	Yes	Yes	1	Service Transformation	20	50	50	-	-	Amber	Repurpose community centres to enhance the sense of place to become hubs etc. Opportunities for greater external investment. Total revenue budget approximately 210k.				
Neighbourhood and	Rationalise Winter Maintenance Gritting Routes	Tactical	No	Yes	0	Service Review	15	-	-	-	-	Amber	One less gritter and less areas salted. Less standby.				
Neighbourhood and	Waste Maintenance collections at Flats and Apartments	Tactical	No	Yes	Check	Service Review	150	-	-	-	-	Amber	Challenging. There will be a service impact but the duty for these areas are with the landowners who need to be more proactive with their tenants				
Neighbourhood and	School Grass Cutting full cost recovery	Tactical	No	No	0	Service Review	50	-	-	-	-	Amber	This will remove the schools grounds maintenance team which is heavily subsidising school service and operated utilising agency staff. Schools will be offered a full cost recovery service.				
Neighbourhood and	Remove Green Flag Park status from all 8 Council parks	Tactical	No	Yes	Agency 4	Service Review	140	-	-	-	-	Red	Service standards and agency staffing reduced at parks. Reduction of 2 vehicles. Service standards reduced. Less resource to react to park issues. Could be more ASB and vandalism.				
Neighbourhood and	Alleygates in Barry and Penarth Service Review	Tactical		Yes	0	Service Review	25	-	-	-	-	Amber	Review provision of alleygates in areas of Barry and Penarth. Including alternative funding available.				
Neighbourhood and	Directorate Business Support, Performance, Commercial Opportunities and Finance Review	Transformational		Yes	0	Service Transformation	25	-	-	-	-	Amber	Revised Housing and Neighbourhood Services BusinessSupport Unit to ensure support fits businesses.				
Neighbourhood and	Decommission of foam stream equipment	Tactical	No	Yes	0	Service Review	14	-	-	-	-	Amber	The removal of the use of the foam will reduce the ability to provide this method of weed control (environmental benefit). Although the use of this equipment has become limited already this year due to current staffing levels.				
Neighbourhood and	Expansion of Commercial Recycling Collections	Transformational		No	0	Target Operating Model	50	50	-	-	-	Amber	Additional commercial recycling customers following introduction of Source Separated Recycling for Commercial sector.				
Neighbourhood and	Review of Street Cleansing Service	Tactical	No	Yes	1 agency and overtime and vacancy deletion	Service Review	191	-	-	-	-	Amber	This will reduce service standards such as delayed response to litter and refuse events and the physical removal of 50% of existing bins as it will not be possible to service the amount of bins that are present in the community. No dedicated town sweepers. All sweepers mobile				
Neighbourhood and	Deploy an additional Enforcement car	Tactical	Yes	Yes		Service Review	10	-	-	-	-	Amber	Investment required for car. Income depends on compliance with traffic orders. Potential expansion to undertake other enforcement functions eg DVLA/ Moving Traffic Offences.				
Neighbourhood and	Charge for Post 16 Transport	Tactical	Yes	Yes		Generating Income		300	-	-	-	Red	Consultation 2024 Policy must be in place October 2024 for implementation September 2025. Could cut and save £150k.				
Neighbourhood and	Colcot Sports Centre	Tactical	Yes	Yes	0	Corporate Asset Strategy		70	-	-	-	Amber	Asset Transfers to include Maslin Park, Wick, Windmill Lane, Penarth Athletic Club, Old Penarthians, St Brides. Cabinet Report went 2/2/23.				
Neighbourhood and	Asset Transfers Single use Facilities	Transformational	Yes	Yes	Not yet determined possible impact	Target Operating Model	100	-	-	-	-	Amber					
Neighbourhood and	Budget Adjustment Pre Tenancy Adviser and Voluntary Assisted Tenancies budget	Tactical	No	Budget Adjustment	n/a	Service Review	28	-	-	-	-	Amber	Budget Adjustment				
Neighbourhood and	Miscellaneous	Tactical	No	No	n/a	Service Review	8	-	-	-	-	Green	Miscellaneous Budget Adjustments				
<b>Subtotal Directorate Neighbourhood and Housing</b>							<b>12</b>	<b>1,898</b>	<b>480</b>	<b>50</b>	<b>-</b>	<b>-</b>					
Place	Review of facilities contracts	Tactical	No	Yes	0	Corporate Asset Strategy	23	-	-	-	-	Amber	Negotiations are underway regarding termination of the lease at VEC, this is an Invest to Save scheme that is subject to a business case.				
Place	Review of visitor attractions in country parks	Tactical	No	Yes	0	Service Review	22	-	-	-	-	Amber	Medieval village will remain open to the public but associated support will be removed				
Place	Review planning and additional fee income (e.g. PPAs)	Tactical	No	Budget Adjustment	0	Generating Income	20	-	-	-	-	Budget Adjustment	Income will be achieved from a combination of fee increases for preapplication and submissions and planning performance agreements as well as raising the fee target for planning applications				
Place	Regeneration - General Budget Cutting	Tactical	No	No	0	Service Review	21	-	-	-	-	Amber	Reducing budgets to a base minimum to function. In some cases teams are left with several hundred pounds remaining on their budgets.				
Place	Tourism marketing budget reduction	Tactical	No	No	0	Service Review	15	-	-	-	-	Amber	Leaves only £10k publicity budget for the Vale				
Place	Facilities admin role	Tactical	No	No	0.5 Vacant post agency cover	Service Review	15	-	-	-	-	Amber	Facilities administration will be picked up as required by the remaining team.				
Place	Planning - General Budget Cutting	Tactical	No	No	0	Service Review	11	-	-	-	-	Amber					
Place	Business Support Post Deletion recently Vacated Post	Tactical	No	No	1 Vacant Post	Service Review	33	-	-	-	-	Green	£33k to be achieved in 2024/25 through a review of vacant posts				
Place	Countryside - Increased contribution Dunraven	Transformational	No	Yes	0	Target Operating Model	40	-	-	-	-	Amber	Transformation project - working with Dunraven estate to fund the Heritage Coast facilities at Dunraven beach.				
Place	Close reception at Cosmeston	Tactical	No	Yes	1	Service Review	36	-	-	-	-	Amber	Reception building will be made available for vending offerincluding drinks and food.				
Place	Building Control	Tactical	No	Yes	0	Generating Income	10	-	-	-	-	Amber	Additional Income on Building Control Fees				
Place	Country Parks income	Transformational	Yes	No	0	Service Transformation	20	-	-	-	-	Amber	Re-explore opportunities for income in the parks including expanding parking area, concessions, lease renewals and other opportunities.				
Place	ANPR Income Country Parks	Tactical	Yes	Yes	0	Generating Income	20	-	-	-	-	Amber	Dependent on installation of ANPR and includes possible overnight parking				
<b>Subtotal Directorate Place</b>							<b>3</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>					
Resources	Financial Services: Review Docks Office Site Reduced cost to the Council as a result of a new approach to operating the Docks Office rather than corporate office accommodation.	Transformational	No	Yes	n/a	Target Operating Model	100	-	-	-	-	Amber	Full saving will not be achieved during 23/24 as review is ongoing and this is part of a wider review of office space. A Rateable Value reduction has realised part of the saving earlier than anticipated.				
Resources	Financial Services: Court Road Budget Deletion of the corporately held budget that previously supported the running of the Court Road site when operating as a depot. Costs of operating the new site are within the new school's budgets.	Tactical	No	No	0	Service Review	206	-	-	-	-	Amber					
Resources	Financial Services: Civic Offices NNDR Revaluation Saving resulting in a revaluation of the Civic Offices for the purpose of business rates.	Tactical	No	No	0	Service Review	25	-	-	-	-	Amber					
Resources	Financial Services: Corporate Office Accommodation Facilities Management Reduction in security and portage cover within corporate office buildings and removal of the courier service.	Tactical	No	Yes	2	Service Review	95	-	-	-	-	Amber					
Resources	Financial Services: Town Hall Income Increase in income received from the lease and service charge associated with the Town Hall.	Tactical	No	No	0	Generating Income	8	-	-	-	-	Amber					

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Directorate	Description of Saving Proposal	Investment Resource	Equality Impact Assessment Required	FTE Impact 2024/25	Saving Category	£'000	£'000	£'000	£'000	Overall RAG Status	Comments/Narrative		
						2024/25	2025/26	2026/27	2027/28			2028/29	
						£'000s	£'000s	£'000s	£'000s			£'000s	
Resources	Financial Services: Reduction in Repairs & Maintenance Budget for Corporate Facilities Saving as a result of reducing repairs and maintenance budgets for corporate buildings.	Tactical	No	No	0	Service Review	50	-	-	-	-	Amber	
Resources	HR & Organisational Development: Manual Handling Rental Saving as a result of relocating the Manual Handling team from BSC2 to the Civic Offices.	Tactical	No	No	0	Service Review	12	-	-	-	-	Amber	
Resources	Directorate: Fees & Charges Inflationary and other increases on a range of directorate fees and charges, including Registrars.	Tactical	No	No	0	Generating Income	35	-	-	-	-	Amber	
Resources	Directorate: Welsh Church Acts Recharge Recharging Council officer time from Directorate departments to the Welsh Church Acts Committee for professional services provided.	Tactical	No	No	0	Generating Income	10	-	-	-	-	Amber	
Resources	Financial Services: Property Fees & Charges Additional professional fees income to the property department for capital schemes.	Tactical	No	No	0	Service Review	50	-	-	-	-	Amber	
Resources	Directorate: Recharge to HRA for Central Services Recovering central services costs from the Housing Revenue Account.	Tactical	No	No	0	Generating Income	165	-	-	-	-	Amber	
Resources	Financial Services: DWP Income Increased income from the DWP for benefit work processes.	Tactical	No	No	0	Service Review	16	-	-	-	-	Amber	
Resources	Legal & Democratic Services: Licence Work Income Increased income to the Legal Services department as a result of professional services provided to other departments in processing licences.	Tactical	No	No	0	Service Review	5	-	-	-	-	Amber	
Resources	HR & Organisational Development: Shared Cost AVCs Reduced employer national insurance contributions associated with an increase in the number of employees taking advantage of shared cost additional voluntary contributions.	Tactical	No	No	0	Service Review	10	-	-	-	-	Amber	
Resources	Communications, Participation & Equalities Group: Media Monitoring System Reduction in the costs associated with the use of media monitoring system which provides intelligence on the Council's coverage in the media.	Tactical	No	No	0	Service Review	13	-	-	-	-	Amber	
Resources	Digital Service: Managed Print Service Saving as a result of rationalising the existing printing devices in corporate office buildings and retendering the contract within the year.	Tactical	No	No	n/a	Contract Review/Procurement	80	-	-	-	-	Amber	
Resources	Digital Service: Security Software Saving associated with discontinuing use of security software, with functionality replicated within existing systems.	Tactical	No	No	0	Digital Strategy	15	-	-	-	-	Amber	
Resources	Financial Services: Open Banking & Payments Review of the systems used to process the Council's income, including banking and payment management.	Tactical	No	Yes dependent on	0	Digital Strategy	10	-	-	-	-	Amber	
Resources	Legal & Democratic Services: Scanning Bureau Reduction in costs of accessing the scanning bureau by Legal Services.	Tactical	No	No	0	Service Review	12	-	-	-	-	Green	
Resources	Directorate: Budget Reductions Savings from reducing supplies & services budgets across the Directorate, including through postage, subscriptions and miscellaneous budgets.	Tactical	No	No	0	Service Review	8	-	-	-	-	Amber	
Resources	Legal & Democratic Services: Mayors Office Budget Reduction Reduction in miscellaneous expenses for the Mayor and removal of the Mayor's official car and budget, to be replaced with the use of an electric pool car for official business. The official car would be sold at auction and proceeds from the sale added to the Mayor's Fund for community grants.	Tactical	No	No	0	Service Review	44	-	-	-	-	Amber	
Resources	Communications, Participation & Equalities Group: Translation Budget Reduction Reduction in the costs of translating content through alternative methods and a reduction in wordcount professionally translated.	Tactical	No	No	0	Service Review	40	-	-	-	-	Amber	

Directorate	Description of Saving Proposal	Investment Resource	Equality Impact Assessment Required	FTE Impact 2024/25	Saving Category	£'000	£'000	£'000	£'000	Overall RAG Status	Comments/Narrative	
						2024/25	2025/26	2027/28	2028/29			
						2026/27						
						£'000s	£'000s	£'000s	£'000s			£'000s
Directorate Learning and Skills	Directorate: Reduction in Headcount This saving will be delivered by deleting a number of vacant posts, restructuring within teams resulting in changes to roles and reduction in headcount in areas across the Directorate including within HR & Organisational Development, Legal & Democratic Services, Financial Services, Communications Participation & Equalities Group and Digital Services.					339	-	-	-	-		
Resources		Tactical	No	Yes	9.5 Service Review						Amber	
<b>Subtotal Directorate Corporate Resources</b>					<b>11.5</b>	<b>1,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Policy	Mayor's hospitality budget and twinning savings	Tactical	No	Budget Adjustme	0 Service Review	36	-	-	-	-	Achieved Budget Adjustment	
Policy	Additional Investment Income (Temporary)	Tactical	No	Budget Adjustme	0 Generating Income	500	-	500	-	550	Green	
Policy	Temporary Capital Financing Headroom	Tactical	No	Budget Adjustme	0 Service Review	-	-	500	-	200	Green	
Policy	MRP Policy Change	Tactical	No	Budget Adjustme	0 Technical	600	-	-	-	-	Amber	
Policy	Strong Communities Temp	Tactical	No	Budget Adjustme	0 Service Review	132	-	132	-	-	Green	
Policy	Insurance	Tactical	No	Budget Adjustme	0 Service Review	200	-	-	-	-	Amber	
Policy	Council Tax Arrears	Tactical	No	Budget Adjustme	0 Technical	500	-	-	-	-	Green	
<b>Subtotal Policy</b>						<b>1,968</b>	<b>-</b>	<b>1,132</b>	<b>-</b>	<b>750</b>		
Corporate - Cross C	Reduce Mileage Claim - Across Council	Tactical	No	Yes	0 Service Review	50	-	-	-	-	Amber	
<b>Total Savings</b>					<b>27</b>	<b>7,676</b>	<b>552</b>	<b>-</b>	<b>700</b>	<b>-</b>		
<b>Subtotal Schools</b>						<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Subtotal Directorate Learning and Skills</b>						<b>371</b>	<b>226</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Subtotal Directorate Social Services</b>						<b>1,755</b>	<b>978</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Subtotal Directorate Neighbourhood and Housing</b>						<b>1,898</b>	<b>480</b>	<b>50</b>	<b>-</b>	<b>-</b>		
<b>Subtotal Directorate Place</b>						<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Subtotal Directorate Corporate Resources</b>						<b>1,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Subtotal Policy</b>						<b>1,968</b>	<b>-</b>	<b>1,132</b>	<b>-</b>	<b>750</b>		
<b>Subtotal Corporate</b>						<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total Savings</b>						<b>7,676</b>	<b>552</b>	<b>-</b>	<b>700</b>	<b>-</b>		
	<b>Transformational</b>					<b>1,190</b>	<b>658</b>	<b>50</b>	<b>-</b>	<b>-</b>		
	<b>Tactical</b>					<b>6,486</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>750</b>		
	<b>Total</b>					<b>7,676</b>	<b>552</b>	<b>-</b>	<b>700</b>	<b>-</b>		
	<b>Draft Budget Proposals Cabinet 18-01-24</b>					<b>7,847</b>	<b>387</b>	<b>-</b>	<b>700</b>	<b>-</b>		
	<b>Reallocation Energy Saving in Schools</b>					<b>-</b>	<b>165</b>	<b>165</b>	<b>-</b>	<b>-</b>		
	<b>Removal of Coastal Toilet Charging</b>					<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>		
	<b>Rounding Adjustment</b>					<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>		
	<b>Final Budget Proposals 29-02-24</b>					<b>7,676</b>	<b>552</b>	<b>-</b>	<b>700</b>	<b>-</b>		



## Appendix D Detailed Reserves Analysis

Reserve Category	Reserve Name	2023/24	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	2027/28	2028/29	2028/29
		Opening	Movement	Closing	Movement	Closing	Movement	Closing	Movement	Closing	Movement	Closing	Movement	Closing
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	General Fund	11,523	-1,346	10,177	0	10,177	0	10,177	0	10,177	0	10,177	0	10,177
Insurance	Insurance	4,878	0	4,878	0	4,878	0	4,878	0	4,878	0	4,878	0	4,878
Service Reserves	Education Improvement and Pressures	3,549	-2,447	1,102	-347	755	0	0	0	0	0	0	0	0
Service Reserves	Libraries and Communities	397	-91	306	0	306	0	306	0	306	0	306	0	306
Service Reserves	Catering Equipment	185	0	185	0	185	0	185	0	185	0	185	0	185
Service Reserves	SS Donation	4	0	4	0	4	0	4	0	4	0	4	0	4
Service Reserves	Social Services	10,012	-6,051	3,961	0	3,961	0	3,961	0	3,961	0	3,961	0	3,961
Service Reserves	Neighbourhood Services Reserve	2,404	-317	2,087	-111	1,976	0	1,976	0	1,976	0	1,976	0	1,976
Service Reserves	Bad Weather	470	0	470	0	470	0	470	0	470	0	470	0	470
Service Reserves	Civil Parking Enforcement	3	0	3	0	3	0	3	0	3	0	3	0	3
Service Reserves	Waste Management Contingency	200	-200	0	0	0	0	0	0	0	0	0	0	0
Service Reserves	Place Donation	57	0	57	0	57	0	57	0	57	0	57	0	57
Service Reserves	Place Reserve	1,902	-416	1,486	0	1,486	-51	1,435	-5	1,430	0	1,430	0	1,430
Service Reserves	Porthkerry	67	0	67	0	67	0	67	0	67	0	67	0	67
Service Reserves	Cosmeston	70	0	70	0	70	0	70	0	70	0	70	0	70
Service Reserves	Corporate Resources	733	-95	638	-182	456	-80	376	0	376	0	376	0	376
Service Reserves	Building Services	802	0	802	0	802	0	802	0	802	0	802	0	802
Service Reserves	Electoral Registration	296	48	344	36	380	-2	378	35	413	0	413	0	413
Service Reserves	Holton Road	46	0	46	0	46	0	46	0	46	0	46	0	46
Service Reserves	Strong Communities	221	0	221	0	221	0	221	0	221	0	221	0	221
Service Reserves	IASS Reserve	261	0	261	0	261	0	261	0	261	0	261	0	261
Service Reserves	Building Control	121	0	121	0	121	0	121	0	121	0	121	0	121
Service Reserves	Regulatory	101	0	101	0	101	0	101	0	101	0	101	0	101
Service Reserves	Trainee Appointments	521	-100	421	-132	289	-136	153	-107	46	0	46	0	46
Service Reserves	Child Burial	85	0	85	0	85	0	85	0	85	0	85	0	85
Service Reserves	Mayors Foundation Grant	9	0	9	0	9	0	9	0	9	0	9	0	9
Service Reserves	Staff Employment Reserves	4	0	4	0	4	0	4	0	4	0	4	0	4
Risk and Smoothing	Homelessness and Housing Reserve	4,358	-200	4,158	-1,645	2,513	-1,145	1,368	-645	723	-200	523	0	523
Risk and Smoothing	Asylum Seekers	98	0	98	0	98	0	98	0	98	0	98	0	98
Risk and Smoothing	Cost of Living	854	-529	325	-125	200	0	200	0	200	0	200	0	200
Risk and Smoothing	Pay Pressures	4,168	-299	3,869	0	3,869	0	3,869	0	3,869	0	3,869	0	3,869
Risk and Smoothing	Energy Pressures	3,885	-2,401	1,484	-900	584	-149	435	0	435	0	435	0	435
Risk and Smoothing	Legal Claims	2,000	-95	1,905	-192	1,713	-194	1,519	0	1,519	0	1,519	0	1,519
Risk and Smoothing	Energy Management Fund	159	-84	75	101	176	94	270	91	361	90	451	0	451
Risk and Smoothing	Social Services Vehicle and Licences	408	-60	348	0	348	0	348	0	348	0	348	0	348
Risk and Smoothing	Ash Die Back	335	-230	105	0	105	0	105	0	105	0	105	0	105
Risk and Smoothing	Project Zero	1,423	-642	781	-31	750	-133	616	-91	525	0	525	0	525
Risk and Smoothing	Investment and Growth Fund	2,353	-2,353	0	0	0	0	0	0	0	0	0	0	0
Risk and Smoothing	Reshaping Risk and Investment	2,523	1,469	3,992	-168	3,824	-168	3,656	-168	3,488	-168	3,320	0	3,320
Risk and Smoothing	Corporate Landlord	5,707	-1,436	4,271	-1,164	3,107	0	3,107	-100	3,007	0	3,007	0	3,007
Risk and Smoothing	Digital Reshaping	1,531	-166	1,365	0	1,365	0	1,365	0	1,365	0	1,365	0	1,365
Risk and Smoothing	Budget Risk	0	1,000	1,000	-1,000	0	0	0	0	0	0	0	0	0
Capital Reserves	School Investment Strategy	1,896	-1,501	395	20	415	20	435	13	448	0	448	0	448
Capital Reserves	Vehicles Repair and Renewals	1,973	-1,937	36	800	836	800	1,636	800	2,436	0	2,436	0	2,436
Capital Reserves	ICF Capital	259	-259	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	Telecare	1,043	-350	693	-300	393	0	393	0	393	0	393	0	393



Appendix D Detailed Reserves Analysis

Reserve Category	Reserve Name	2023/24	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	2027/28	2028/29	2028/29
		Opening	Movement	Closing	Movement	Closing	Movement	Closing	Movement	Closing	Movement	Closing	Movement	Closing
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Reserves	Waste Transfer Station	891	-265	626	-626	0	0	0	0	0	0	0	0	0
Capital Reserves	WG Schools Capital	2,334	-2,334	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	FSM Capital Grant	1,593	-1,593	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	Capital Scheme Commitments	5,839	-3,062	2,777	-1,507	1,270	-338	932	0	932	0	932	0	932
Capital Reserves	City Deal	1,898	-1,898	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	Regeneration Reserve	0	920	920	0	920	0	920	-40	880	0	880	0	880
Schools	Schools	6,677	-6,677	0	0	0	0	0	0	0	0	0	0	0
Schools	ICT hwb	353	0	353	0	353	0	353	0	353	0	353	0	353
Schools	3g Pitch Renewals and Repairs	50	0	50	0	50	0	50	0	50	0	50	0	50
Schools	Additional Needs Fund	174	-174	0	0	0	0	0	0	0	0	0	0	0
Housing Revenue A	Housing Revenue Account	16,486	-15,537	949	77	1,026	76	1,102	35	1,137	34	1,171	35	1,206
	<b>TOTAL</b>	<b>110,190</b>	<b>-51,708</b>	<b>58,482</b>	<b>-7,396</b>	<b>51,086</b>	<b>-1,406</b>	<b>48,924</b>	<b>-182</b>	<b>48,742</b>	<b>-244</b>	<b>48,498</b>	<b>35</b>	<b>48,533</b>

## Appendix E 2024/25 Budget Analysis

	Original Budget 2023/24	Budget Adjustments	Revised Original Budget 2023/24	Recharge Adjustments	Budget Transfers and Adjustments	Cost Pressures	Savings	AEF Transfer In Grants	Reserves Movements	Total Budget 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Learning and Skills</b>										
Schools	115,439	-	115,439	-	175	4,602	-	-	-	119,866
Use of Reserves (Schools)	- 1,200	-	1,200	-	-	-	-	-	900	- 300
Strategy, Culture, Community Learning and Resources	8,911	- 2,197	6,714	- 553	-	104	- 235	-	-	6,030
Directors Office	252	-	252	-	-	5	-	-	-	257
Additional Learning Needs and Wellbeing	4,174	- 61	4,113	-	-	422	-	-	-	4,535
Standards and Provision	3,135	- 164	2,971	-	175	41	- 136	-	-	3,051
Use of Reserves		-	-	-	-	-	-	-	-	-
<b>Total Learning and Skills (incl. Schools)</b>	<b>130,711</b>	<b>- 2,422</b>	<b>128,289</b>	<b>- 553</b>	<b>-</b>	<b>5,173</b>	<b>- 371</b>	<b>-</b>	<b>900</b>	<b>133,438</b>
<b>Social Services</b>										
Children and Young People	19,507	- 888	18,619	- 4	-	3,141	- 250	-	-	21,506
Adult Services*	60,131	- 1,935	58,196	- 53	-	8,945	- 1,505	-	-	65,583
Resource Management and Safeguarding	8,452	- 723	7,729	- 70	-	779	-	-	-	8,438
Youth Offending Service	768	- 52	716	-	-	-	-	-	-	716
Use of Reserves										
<b>Total Social Services</b>	<b>88,858</b>	<b>- 3,598</b>	<b>85,260</b>	<b>- 127</b>	<b>-</b>	<b>12,865</b>	<b>- 1,755</b>	<b>-</b>	<b>-</b>	<b>96,243</b>
<b>Environment and Housing</b>										
Neighbourhood Services and Transport	29,963	- 2,456	27,507	- 253	-	1,067	- 1,812	225	-	26,734
Building/Cleaning Services	-	-	-	625	-	30	-	-	-	655
Regulatory Services	2,084	- 416	1,668	-	-	20	- 50	-	-	1,638
Council Fund Housing	2,213	- 279	1,934	-	-	1,492	- 36	-	-	3,390
<b>Total Environment and Housing</b>	<b>34,260</b>	<b>- 3,151</b>	<b>31,109</b>	<b>372</b>	<b>-</b>	<b>2,609</b>	<b>- 1,898</b>	<b>225</b>	<b>-</b>	<b>32,417</b>
<b>Corporate Resources</b>										
Resources	4,355	13,857	18,212	334	-	177	- 1,348	69	-	17,090
Housing Benefit	692	- 1,123	431	-	-	-	-	-	-	431
<b>Total Corporate Resources</b>	<b>5,047</b>	<b>12,734</b>	<b>17,781</b>	<b>334</b>	<b>-</b>	<b>177</b>	<b>- 1,348</b>	<b>69</b>	<b>-</b>	<b>16,659</b>
<b>Place</b>										
Regeneration	1,852	- 358	1,494	- 40	3	122	- 74	-	-	1,505
Sustainable Development	2,162	- 436	1,726	- 29	3	77	- 212	-	-	1,559
Private Housing	247	- 66	181	- 7	-	9	-	-	-	183
Use of Reserves		-	-						84	- 84
<b>Total Place</b>	<b>4,261</b>	<b>- 860</b>	<b>3,401</b>	<b>- 76</b>	<b>-</b>	<b>208</b>	<b>- 286</b>	<b>-</b>	<b>84</b>	<b>3,163</b>
<b>Policy</b>										
Members and Democratic		1,674	1,674	- 17	-	95	- 86	-	-	1,666
General Policy	33,381	- 32,281	1,100	67	-	32	- 332	-	-	867
Borrowing and Investments		8,672	8,672	-	-	50	- 1,100	-	-	7,622
Levies and Precepts		7,897	7,897	-	-	414	-	-	-	8,311
Council Tax Reduction Scheme and Arrears		11,335	11,335	-	-	-	- 500	-	-	10,835
<b>Total Policy</b>	<b>33,381</b>	<b>- 2,703</b>	<b>30,678</b>	<b>50</b>	<b>-</b>	<b>591</b>	<b>- 2,018</b>	<b>-</b>	<b>-</b>	<b>29,301</b>
Use of Reserves	- 2,096	-	2,096	-	-	-	-	-	264	- 2,360
<b>Total Budget</b>	<b>294,422</b>	<b>-</b>	<b>294,422</b>	<b>-</b>	<b>-</b>	<b>21,269</b>	<b>- 7,676</b>	<b>294</b>	<b>552</b>	<b>308,861</b>

<b>Funding</b>										
Revenue Support Grant	- 160,013		- 160,013			- 1,030				- 161,043
NDR Contribution from Pool	- 42,784		- 42,784			- 5,069				- 47,853
Additional Allocation Consequentials			-			- 591				- 591
Grant Transfer In			-					- 294		- 294
Council Tax	- 91,625		- 91,625			- 7,455				- 99,080
<b>Total Funding</b>	<b>- 294,422</b>	<b>-</b>	<b>- 294,422</b>	<b>-</b>	<b>-</b>	<b>- 14,145</b>	<b>-</b>	<b>- 294</b>	<b>-</b>	<b>- 308,861</b>

\* Allocation of Social Services Pay Award to be reflected in final Appendix to Council

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## APPENDIX F

# Head of Finance/s151 Officer

## Report on Robustness of Estimates and Sufficiency of Reserves

Each year as part of the budget setting process the Chief Financial Officer to report to the Authority when setting its council tax on:

- i. the robustness of the estimates included in the budget, and
- ii. the adequacy of the financial reserves in the budget.

The Council should have regard to this report in approving the budget and council tax. Whilst the focus of this statement is primarily on the risk, uncertainty, and robustness of the budget for the next financial year rather than the greater uncertainties in future years. The Head of Finance has considered the Medium Term Financial plan, reserve projections and Treasury and Capital Strategy when preparing this statement over the period to 2028/29.

## Robustness of Estimates in the Budget

### Budget Setting Process

The Budget Setting process at the Vale of Glamorgan Council for 2024/25 is based on increasing the budgets each year included a review of pay and price inflation alongside a full review of potential cost pressures prioritised on a Directorate Level.

The initial assessment of cost pressures identified pressures in the region of £38M a considerable proportion of these pressures were inflationary i.e. Pay awards or related to demographic growth evident in the 2023/24 financial year and therefore were unlikely to be mitigated significantly. An initial incredibly challenging review was undertaken that reduced the cost pressures allocated to £21m for the November budget update. A further review following the provisional settlement and allocation of £14.4m Barnett consequential funding across Wales increased this sum slightly to £21.6m

Cost pressures were subject to further review at Service specific Budget Working Groups with attendance from key Chief Officers from the Directorates, and the Leader and relevant Cabinet Member, these pressures were also considered alongside an analysis of the budget for the service.

A further Budget Working Group was held for each service area to consider both tactical and transformational savings proposals to help address the residual £7.8m budget shortfall which has been revised down slightly to £7.7m.

Reviews of the Capital Programme to remove schemes unlikely to progress and of low priority helping to safeguard reserves balances and proposals to reallocate reserves to address emerging budgetary risks have also been considered by the Senior Leadership Team as part of the budget setting process.

### Identification of and Deliverability of Savings

The Medium Term Financial Plan and Budget Strategy identified a need to identify savings at an unprecedented level to balance the budget and outlined a framework for the categorisation of savings.

Savings were identified at Directorate level with an indicative guide in the context of the funding gap identified giving some protection to Education and Social Care services, with the principle that no savings would be allocated to schools. Discretionary services were asked to put forward savings proposals at 3%, 5% and 10%.

Savings were outlined by services at a dedicated Budget Working Group which was attended by the Leader, Chief Executive, Director of Corporate Resources, Head of Finance, Head of Human Resources, representatives of Finance and Human Resources and the Directorate's Senior Leadership Team. Savings were categorised as Tactical or Transformational over several headings. Consideration of fte impact and any investment requirements were also outlined.

These savings were further reviewed by Senior Leadership Team in the context of Cost Pressures and the overall budget position.

Further work has been undertaken to carry out service review and Equality Impact Assessments for the identified savings.

A robust Savings Tracker building on processes established in 2023/24 will be in place to ensure the delivery of all savings. It will be an early warning system treating each saving as a project and ensuring key milestones are met and where any slippage occurs mitigations are identified in a timely fashion.

## Identification and Mitigation of Risk

### Inflationary Risk

#### Pay Inflation

Pay Inflation represents a key risk for the 2024/25, it is expected that inflation remains around 4% as we prepare to enter 2024/25 and the economy has entered recession. The Council has calculated pay pressures based on a flat rate award for single status staff and has calculated a 4% pay award for teaching staff. However, the funding allocated only awards 75% of the funding required and therefore an assumed vacancy provision or saving will be required to balance budgets if pay awards are negotiated at the level assumed. Should there be additional pressures the Pay Pressures reserve can be utilised to address the additional funding need if required. This reserve will also be utilised to support restructuring or redundancy and early retirement pressures.

#### Energy Inflation

It is the Council's projection based on information received from the Council's energy providers that an element of the Energy Inflation that had been projected for 2023/24 is transitory and as a result the Council feels that it is prudent to continue to utilise the Council's reserves to smooth the impact of energy price rises on a temporary basis with a step down in pressures of 35%. The sum utilised from reserves as part of the 2024/25 budget to offset the reduced pressure is £1.1m.

#### Contractual Inflation Revenue

The Council has included some pressures in respect of contractual inflation these are in relation to Waste contracts, Social Services residential and domiciliary care providers and School Transport. Pressures in the Social Care sector are complex for 2024/25 they are in part associated with the Welsh Government commitment in respect of payment of the Real Living Wage. Despite the approximately 13% increase in funding in the Social Care sector the increase that has been allowed for providers is approximately 3%. In practice the changes to the structure of provider fee payments will be far more complex reflecting a sliding scale of payments.

## Capital Programme Inflationary Risk

The Council has encountered significant inflationary pressure on the delivery of schemes in recent years. This inflationary pressure will continue to be managed on a case-by-case basis through scheme redesign and re-engineering, review of scope and scale and application for additional grant funding.

## Government Funding and Policy

Whilst the Council has benefited from an increase of 3.1% in Aggregate External Finance which was broadly in line with the increase assumed in the November report. It should be noted that this increase is below the significant pressures reported by services. The Welsh Government settlement did not include additional funding to correct the base budget for the 2023/24 pay award and does not fully reflect the pressures reported in the Social Care Homelessness and Additional Learning Needs sector.

The Council's forward projections are based on limited information provided by Welsh Government including some Fiscal Analysis carried out by Cardiff University. The Council has assumed a 1% increase in AEF across the Medium Term Financial plan period, some commentators would expect this increase to be nearer 0%. It is likely that forward funding projections will need to be reviewed to reflect the developing economic and political landscape which will include the outcome of the next General Election, next UK Government budget.

There remains some uncertainty of funding where schemes are delivered through grant allocation, and this can expose the Council to some risk in terms of the continuation of service provision. The Council can also encounter risk in respect of whether grant funding is continuing at 2023/24 levels in respect of specific grants also. There is pressure in respect of the reduction in funding support for Homelessness although the Council welcomes the reinstatement of the Social Care Workforce Grant and funding for Supported Bus Services.

## Council Tax

Whilst the collection rate for Council Tax has reduced in recent years in the context of Covid and the Cost of Living crisis, the Council has benefitted from several new developments in the area and changes in allowances during financial years that have enabled the Council to benefit from a Council Tax Surplus. The level of arrears and therefore required provision for bad and doubtful debts will need to be monitored carefully during this period but are projected to improve over the period and provision has been made for some collection of arrears as part of the budget assumptions. The Empty Homes policy that was implemented as part of the 2023/24 budget has now been reflected in the Council Tax base and Council Tax assumptions utilised as part of the budget analysis. Included for 2024/25 is the inclusion of the Second Homes premium for Council Tax which will be monitored closely during the introductory year.

## Resource Constraints

The deliverability of some of the challenging proposals in the budget strategy need to be considered against the capacity issues within the organisation. The Council experiences challenges in recruiting and retaining specialist resources across the organisation. Vacant posts in key strategic areas will have been cut as part of the budget proposals and there will be a need to commission additional temporary resource and external resource to implement the extensive savings proposals in accordance with the desired timescales, funding for this can be leverage utilising the Risk Investment and Reshaping and Digital Reshaping reserves. External expertise will also need to be utilised where the Council does not hold the required specialist experience such as in the identification and assessment of investment opportunities under the Non Treasury Investment Strategy and delivery of schemes such as the UK Government Levelling Up.

## Mitigation of Unawarded Cost Pressures

In addition to the savings identified an additional budgetary risk in 2024/25 will be where there is a gap between the Cost Pressures put forward by services and the Cost Pressures awarded. This funding gap will impact all services and totals £16.7m across the Council.

The first category of cost pressures in this funding gap relates to cost pressures associated with new additional resource and capacity and examples of these types of cost pressure relate to expansion of resources bases, the proposal to establish a team to challenge applications for Additional Learning Needs tribunals etc. and additional support for Sustainable Drainage. As all these proposals relate to non-statutory investment, they were not progressed at the initial review stage and service departments were asked to consider the mitigation of these cost pressures. There will clearly be implications with the decision not to invest in these areas that the Council will need to keep under close review.

The second category of unawarded cost pressures relate to part funding of statutory service pressures such as funding 75% of pay award projections, part funding of ALN (Additional Learning Need) demographic pressures and uplifts for Provider fees. The funding gap in these areas may be mitigated by part implementation of schemes, will be dependent on the level of vacant posts and the negotiated pay awards for 2024/25.

## Climate and Nature Emergency

The Council has declared a climate and nature emergency and is required to work towards the delivery of Project Zero by 2030. The need to invest in decarbonisation of the Council's asset base and supply change is a key challenge, some additional investment has been included as part of the Council's 2024/25 Capital Strategy, but further investment will be required to achieve this challenging target.

Over the next five years of the Capital Programme the Council will continue to improve the energy efficiency of its housing stock to meet the requirements of Welsh Government legislation in relation to decarbonisation and the Welsh Housing Quality Standard (WHQS).



The Sustainable Communities for Learning programme is committed to contributing to the decarbonisation agenda, Welsh Government announced in November 2021 that all new school projects within the Sustainable Communities for Learning Programme will be required to meet net zero carbon (in operation) from January 2022 onwards.

A variety of energy reduction measures and renewable energy installations have been identified across several assets within the council's portfolio which include installation of LED lighting, PV panels and Air Source Heat Pumps. An allocation of funding has also been made available in each of the five years for tree planting and the cyclical maintenance of trees.

## Cost of Living Crisis

The crisis represents a significant risk to the residents of the Vale of Glamorgan and has potential to impact on numerous Council services such as homelessness, social services, free school meals and housing benefits and council tax collection. The impact of the Cost of Living Crisis has featured in budget setting with an appreciation of demand pressures on homelessness, social services for example. Officers have also been mindful of the impact that the savings programme may have an Equality Impact Assessments have been completed for all savings lines to ensure there are no unintended consequences for the community, especially more vulnerable groups. A small reserve, set out further below, is also specifically held and has been utilised in part to support the Council's response to the crisis with its partners.

## Treasury Risk

The Council has extremely limited exposure to interest rates as most of the borrowing has been undertaken on a fixed basis. However, the Council has a borrowing need in the coming period due to the maturing of historic debt and the planned use of reserves requiring a reduction in the internal borrowing arrangements currently being utilised to minimise cost to the Council. The timing of this borrowing will need to be carefully managed in the context of projections around interest rates and the advice from the Council's Treasury Management adviser is to utilise short term borrowing in the interim until fixed term interest rates start to reduce in the medium term. This approach is likely to tie in with the forecast reduction in reserves and additional borrowing need that has been identified associated with the pipeline schemes St Richard Gwyn, Cowbridge Phase 2, and Buttrills Changing Room.

A temporary saving that was originally included in the 2023/24 budget strategy has been extended for 2024/25 to reflect the expectation that the Council will continue the internal borrowing approach to a certain extent because of projected reserve balances and analysis carried out as part on the preparation of the Treasury management strategy including the Liability benchmark.

The Council prioritises the liquidity and security of its investments as part of its Treasury Management Strategy and most of the Council's investments are held with Local

Authorities, the UK (United Kingdom) Government or AAA rated Money Market Funds domiciled in the UK.

A temporary saving has been extended into 2024/25 to reflect the expected increased level of investment return in associated with the Council's forecast level of reserves and the increased level of investment return being experienced in the market in the context of the increase Bank Base rate and associated cost of borrowing.

## Medium Term Position

A key feature of the Financial Strategy is the principle of sustainability. Whilst as in 2023/24 the focus of the Budget report has been on 2024/24 and balancing the budget for that year there has also been continuous attention on the medium term financial prospects. The forecasts in later years of the plan are less robust and will naturally be subject to regular review but nevertheless place a marker on future cost pressures. Understanding these future pressures interplays with the Adequacy of Reserves in the next section and is especially important in assessing how short term pressures can be managed.

It is clear that pressures across Social Care, Education and Housing are likely to be sustained across the Medium Term and it is clear that the organisation will be unable to sustain further significant savings of a tactical nature and therefore, it the organisation is undertaking important work to refresh the Reshaping Services programme. A report setting out the proposed approach was taken to Cabinet on 18<sup>th</sup> January 2024 and alongside this the Council has initiated some work to consider the Target Operating Model of the Council and what the organisation will need to look like in 2030.

The Target Operating Model was one of the transformation themes that officers were asked to put forward proposals for as part of the Budget Working Groups

This strand reflects the need to focus on how the Council's Corporate Plan is delivered and the need to potentially reduce the operating footprint looking at opportunities to reduce duplication and build capacity to deliver transformational projects.

The savings proposals across the Medium Term Financial Plan period include £1.898m of transformational proposals and this is expected to represent a more significant proportion of savings proposals as we progress through the Medium Term period.

Included within the Medium Term projections are the Capital Financing costs for several Pipeline schemes namely the Sustainable Communities for Learning St Richard Gwyn and Cowbridge phase 2 schemes the additional cost for these schemes total £78.8m over the period. The inclusion of these schemes will be subject to a business case and further Cabinet report.

Projected cost for Social Care commissioning is a significant contributor to the overall Cost Pressures figure and assumes a significant ongoing inflationary pressure in this sector this will be necessary to ensure market stability in the supply sector and continue to tackle the recruitment and commissioning issues that the Council had experienced prior to 2023/24.

There are some savings proposals that seek to mitigate some of these emerging pressures in the Adult Care sector such as releasing time to care and continuing health care.

Whilst there are some future savings identified particularly for 2025/26 there is also the need to plan to step down some of the temporary savings round Capital financing and Investment Income as the ability to internally borrow and general investment income reduces as reserves are utilised to support the capital programme and project delivery. The Council will need to continue to identify savings for future years looking to build on the work initiated in the run up to the budget preparation around the Corporate Landlord, refreshed Digital Strategy and the Procurement Strategy. The Council will need to work closely with the local Communities as it continues to develop the service review and working with the Community savings and monitor the impact of income generation on the delivery of services. Initiatives for Invest to save or cost avoidance should be initiated to enable any savings or cost avoidance to be generated to support a balanced budget in future years of the Medium Term Plan. As part of the preparation of the 2023/24 and 2024/25 budgets specific reserves have been identified to support these workstreams as identified in the adequacy of reserves section below.

## Adequacy of Reserves

The Council hold reserves for a number of reasons which are set out in the following bullet points: General Fund set at a policy level to cover unknown risks; smoothing reserves to address pressures in a managed way; insurance reserve set at actuarially determined level; reserves to address corporate risks; reserves to invest in the future development of services; and to contribute to the Council's Capital Programme as well as ring fenced reserves for Schools and the Housing Revenue Account. These are adjudged to be held at an appropriate level and there is a five year forecast of their use in place.

- The Authority's policy on general balances is to hold a minimum prudent level which is currently set at £10m. The projected level of general fund balances will be 3.3% of net revenue budget at the beginning of 2024/25 it is considered that this remains a comfortable level as the percentage is in the range between 3% and 5% of new revenue budget and more than £10m. This balance is also mitigated by several service specific and risk based reserves.
- Budget Risk – In 2023/24 the Council has achieved approximately 85% of the budget target. If we assume that a similar level of savings can be achieved or mitigated in 2024/25 then provision in the region of £1.151m will be required to offset the budgetary risk, following a review of reserves an allocation of £1m has been allocated to a reserve to mitigate this risk in 2024/25.
- The Council has identified some use of reserves as part of the budget strategy however this is in a prudent manner to smooth costs that are expected to be temporarily high or can be stepped down in a prudent manner following investment or identification of

some savings in the area. The use of smoothing reserves as part of the Budget Strategy is set out in the table below.

	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Corporate Energy	1,200	700	0		
School Energy	1,200	400	0		
Homelessness	200	1,460	945	445	0
Cost of Living	200	100	0		
Risk, Reshaping and Investment	0	84	0		
<b>Total Use of Smoothing Reserves</b>	<b>2,800</b>	<b>2,744</b>	<b>945</b>	<b>445</b>	<b>0</b>
<b>Movement in Use of Reserves</b>		<b>-56</b>	<b>-1,799</b>	<b>-500</b>	<b>-445</b>

- Due to the volatility associated with Social Care demand and provider fees and the high cost of some placements particularly in the Children and Young People’s Social Care sector it is important that Social Care reserves are maintained at a sufficient level to manage emerging high cost pressures in future years. Following the review of reserves as part of the preparation of the 2024/25 budget a reallocation of £3m reserves is proposed to ensure that the Social Care reserve is maintained at around £4m just over 4% of the base budget for the service.
- The Insurance reserve is held at £4.8m which is considered prudent for the continuation of current insurance arrangements the levels of reserves are subject to external review on a triennial basis and the next review is due in the coming months and will inform the level of funding maintained in the reserve in future years.
- As part of the review of reserves the Council has identified corporate reserves aligned to key strategic budgetary risks as set out in the table below.

As at	Estimated Balance 31/03/24	Estimated Balance 31/03/25	Estimated Balance 31/03/26	Estimated Balance 31/03/27	Estimated Balance 31/03/28	Estimated Balance 31/03/29
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Risk and Smoothing Reserves</b>						
Homelessness and Housing Reserve	4,211	2,566	1,421	776	576	576
Cost of Living	325	200	200	200	200	200
Pay Pressures	3,869	3,869	3,869	3,869	3,869	3,869
Energy Pressures	1,484	584	435	435	435	435
Legal	1,905	1,713	1,519	1,519	1,519	1,519

Project Zero	1,310	1,379	1,340	1,340	1,430	1,430
Investment and Growth Fund	0	0	0	0	0	0
Reshaping Risk and Investment	3,992	3,824	3,656	3,488	3,320	3,320
Corporate Landlord	4,271	3,107	3,107	3,007	3,007	3,007
Digital Reshaping	1,365	1,365	1,365	1,365	1,365	1,365
Budget Risk	1,000	0	0	0	0	0
<b>Total</b>	<b>23,732</b>	<b>18,608</b>	<b>16,912</b>	<b>15,999</b>	<b>15,721</b>	<b>15,721</b>

- A further key element of the Council's budget strategy is to invest in areas to release savings or avoid costs in future years. Examples of reserves identified to support this approach are set out below.
  - Digital Reshaping Reserves
  - Reshaping, Risk, and Investment Reserve
- Non Treasury Investment Strategy, as part of the 2022/23 budget the Council set out aspirations for a Non Treasury Investment Strategy to boost recovery and growth in the region in the response to Covid and the emerging Cost of Living crisis. Further work has been undertaken on the implementation of this approach in the wake of the current economic conditions and the Council is now in a position to progress investments identified and approved in accordance with the fund. The approach is underpinned by PWLB (Public Works Loan Board) borrowing.
- Capital Reserve balances on 31st March 2024 are projected to stand at £5.5m and include provision of circa £1m to complete the works in relation to Penarth Leisure Centre High Level Glazing, £625k funding towards the Penarth Land Slip, £400k funding towards scheme for the retaining wall at Windsor Road and £576k towards the BSC2 scheme. These reserves have been utilised to fund match funding for Sustainable Communities for Learning schemes and other emerging Capital schemes.
- The Schools Reserves are ringfenced and are the responsibility of the individual schools under delegation. These are exceedingly difficult to forecast they increased to over £13m during Covid due to late allocations of Welsh Government grant they are projected to be utilised in full during 2023/24 with a net deficit of £850k set against the General Fund.
- The HRA (Housing Revenue Account) is a prescribed account for the Council's Social Housing. The level of these reserves will fluctuate as they are built up at the current time to support the Housing Development Programme. It has been over its forecast level in recent times due to the challenges in delivering the capital programme, but the

need is there, and it is projected to reduce to around £1m and be maintained at that level for the Medium Term Financial Plan period.

## Conclusions

The Council is facing wide ranging financial pressures and has had a comprehensive in approach in addressing them in making its financial plans for 2024/25 and across the medium term. The estimates are considered to be robust and the reserves adequate.