

Name of Committee:	Council
Date of Meeting:	08/03/2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Final Proposals for the Revenue Budget 2019/20
Purpose of Report:	The purpose of this report is to set out revised budget proposals for members to consider in respect of the final revenue budget for the financial year 2019/20.
Report Owner:	Report of the Leader
Responsible Officer:	Carys Lord, Section 151 Officer
Elected Member and Officer Consultation:	Scrutiny Committees and Corporate Management Team have been consulted on the initial budget proposals. Trade Unions have been consulted informally on the potential implications of the proposals. External stakeholders were also consulted on the budget priorities.
Policy Framework:	This report is following the procedure laid down in the Constitution for the setting of the budget and needs Council approval.

Executive Summary:

- The initial revenue budget proposals presented to Cabinet in November 2018 outlined a challenging financial picture for the Council in 2019/20.
- The final settlement from Welsh Government, when taking into account adjustments, was a reduction of £1.181m (0.77%) from the previous year.
- The final revenue proposals were presented to Council on 27th February 2019 however they were not approved and this report contains revised proposals for the 2019/20 revenue budget.
- In setting the proposed budget for 2019/20, funding has been provided for cost pressures at a lower level than requested by services due to the shortfall in funding. As well as the usual pressure for services, for 2019/20 there will be an additional pressure as a result of the increase in employer's contributions into the Teachers Pensions Fund. This is estimated to cost the Council £1.8m in 2019/20 and £3.1m over the 2 year period. The Council proposes to provide funding to schools to fully fund this pressure.
- In addition to the cost pressures previously proposed to Council on 27th February 2019, £100k has now been included in the base budget to support strategic bus routes and community facilities.
- A savings target of £3.7m had been set for 2019/20 which covers all service areas including Schools. This figure is lower than the savings targets for 2018/19, however, it is anticipated that the current year's target will not be achieved in full and it is increasingly difficult for services to continue to find savings following over £55m being achieved in the last 9 years.
- In order to cover the additional cost pressure included in this report, savings totalling £100k have been reprofiled and brought forward from 2020/21 into 2019/20 providing a revised saving target for 2019/20 of £3.8m. It is considered that the target set for 2019/20 is at a level that can be achieved by services.
- In order to balance the budget it will be necessary to use the Council Fund reserve and £2m will be used in 2019/20 with a further £1m being utilised in 2020/21. This is not ideal as it will move the financial pressure onto future years where higher levels of savings will need to be achieved.
- It is proposed that the Band D Council Tax rate is set at £1,245.06 for 2019/20 which is an increase of 4.9% from the current year.
- A projection of the possible total shortfall in funding for 2020/21 and 2021/22 could be between £9.704m and £13.994m dependent on whether Council Tax is increased by 2.1% (being CPI in December 2018 or 4.9% (being the proposed level of increase for 2019/20). In light of this level of shortfall, services are requested to start planning immediately for ways of achieving further savings over the next 2 years.

1. Recommendation

That Council approve the following:

1.1 Fix the budget for 2019/20 at £226.098 million including a provision of £240k for discretionary rate relief to rural shops and post offices and charitable organisations.

1.2 Approve the budgets for 2019/20 as set out in Appendix C and in the following table:

	£000
Schools	87,896
Strategy, Culture, Community Learning & Resources	11,110
Achievement for All	5,339
School Improvement	1,030
Directors Office	234
Children & Young People	16,098
Adult Services	47,957
Resource Mgt & Safeguarding	272
Youth Offending Service	741
Neighbourhood & Transport Services	26,792
Building Services	0
Regulatory Services	2,041
Council Fund Housing Resources	1,309
Regeneration	14
Development Management	2,057
Private Housing	967
General Policy	1,209
Use of Reserves	23,032
	(2,000)
Grand Total	226,098

1.3 Approve the recommendations regarding Net Growth for 2019/20 as set out in Appendix D and Savings for 2019/20 as set out in Appendix E.

1.4 Set the Council Tax for 2019/20 for its own purposes (excluding Police and town and Community Council precepts) at the following levels:

Band	Council Tax £
A	830.04
B	968.38
C	1,106.72
D	1,245.06
E	1,521.74
F	1,798.42
G	2,075.10
H	2,490.12
I	2,905.14

- 1.5** The proposed draft report on Education Budget and Indicator Based Assessment (IBA) at Appendix B be endorsed and the Director of Learning and Skills make arrangements for it to be forwarded to the School Budget Forum.
- 1.6** The initial savings targets for 2020/21 and 2021/22 as set out in Appendix F be approved.
- 1.7** The Director of Learning and Skills be given delegated powers to determine the amount of money to be allocated to the schools' delegated budgets after consultation with the Schools Budget Forum.
- 1.8** The reclassification of reserves as set out at Appendix H be approved.

2. Reasons for Recommendations

- 2.1** To set the 2019/20 budget in line with statutory requirements.
- 2.2** To allocate budgets to services.
- 2.3** To reduce risk to services and balance the budget.
- 2.4** To set Council Tax levels for 2019/20.
- 2.5** So that the report can be presented to the Schools Budget Forum.
- 2.6** To set minimum targets for achieving savings.
- 2.7** To set out delegated authority in relation to the allocation of the Education and Schools budget.
- 2.8** To ensure that reserves are both adequate in purpose and level.

3. Background

- 3.1** The Council is required under statute to fix the level of Council Tax for 2019/20 by 11th March 2019. The final decision on the budget cannot be delegated and must be made at a meeting of Council.

- 3.2** The Final Proposals for the Revenue Budget 2019/20 were presented to Council on 27th February 2019. A Council Tax increase of 4.9% over the previous year was proposed with a use of £3m of the Council Fund to balance the budget during 2019/20 and 2020/21. This proposal was not approved by Council. A copy of that report and appendix is attached at Appendix A.

4. Key Issues for Consideration

Revenue Settlement 2019/20

- 4.1** WG has provided the Council with final figures for next year's settlement and for this Council shows a total Standard Spending Assessment (SSA) of £228.101m, which represents an adjusted increase of £4.491m over 2018/19.
- 4.2** Additional funding will be provided through the Revenue Support Grant (RSG) for new responsibilities as follows:
- Increasing Capital Limits for Residential Care (from £40k to £50k) : £260k
- 4.3** There are transfers into the RSG settlement in 2019/20 for the following :
- Teachers Pay Grant : £354k
 - Free School Meals Grant : £157k
- 4.4** The Council compares its total budget for Education to its IBA (Indicator Based Assessment). This report will need to be made available for consideration by the Council's Schools Budget Forum and full Council and is attached at Appendix B. The budget is set at £4.799m above the IBA.
- 4.5** The Council's final settlement figures from WG are £110.31m for the RSG and £41.76m for Non-Domestic Rates. These amounts together total a final Aggregate External Finance (AEF) of £152.07m for the Council. When taking into account the adjustments above, the effective reduction in AEF for the Council from the previous year is £1.181m (0.77%).

Budget Strategy 2019/20

- 4.6** Cabinet approved the Budget Strategy on 16th July 2018 (min no. C366). As part of this Strategy, Directors were requested to continue to progress the Reshaping Services Programme.
- 4.7** The 2019/20 initial revenue budget proposals projected a provisional shortfall against base budget of £10.42m if all cost pressures of £9.244m were to be funded and on the assumption that savings of £3.744m would be achieved. These figures were based on a nil Council Tax increase and the potential income that could be received from varying levels of increase in Council Tax were provided. Since November 2018, the Budget Working Group (BWG) has

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undertaken further work to formulate the final revenue budget proposals contained in this report.

4.8 In particular, the BWG has had regard to the following issues:

- The results of consultation with the Schools Budget Forum, Scrutiny Committees and external stakeholders;
- Ways in which cost pressures can be reasonably reduced or mitigated;
- A further review of the proposed savings for 2019/20 onwards;
- The progression of the Reshaping Services programme;
- The existing financial strategies in place for Education & Schools, Social Services and Other Services;
- Possible increases in council tax;
- The projected funding position for 2020/21 and 2021/22; and
- The potential to use reserves as part of a defined financial strategy and to allow a more thorough review of options for savings and their implications, alternative methods of service delivery and collaborative ventures.

4.9 There are cost pressures relating to pay and pension from the National Living Wage and the increase in the employers contribution into the Teacher's Pension scheme which is due to increase from 16.48% to 23.6% from 1st September 2019. No additional funding has been provided by WG for this cost pressure. The South Wales Fire and Rescue Service also have an increase in the level of employer's contribution into their pension fund. Further details are included in the original report to Council on 27th February 2019 as shown in Appendix A.

Consultation with Scrutiny Committees

4.10 The 2019/20 Initial Revenue Budget Proposals were considered by Cabinet on 19th November 2018 and by each Scrutiny Committee during December 2018. Corporate Performance and Resources Committee is the lead Scrutiny Committee with responsibility for financial issues and they recommended that Scrutiny Committees recommendations were referred to Cabinet on 21st January 2019.

4.11 The BWG have had consideration for the recommendations of the Scrutiny Committees when preparing the 2019/20 revenue budget.

Consultation with External Stakeholders

4.12 The Council undertook consultation with external stakeholders and decided to use the biennial Public Opinion Survey, a survey of a representative sample of around 1,000 Vale residents, as the primary method to engage on its budget

shortfall and a set of questions on the budget were included in the survey. In addition, it was decided to publish the same set of questions on the Council's website in order to provide residents and partners who had not taken part in the Public Opinion Survey with the opportunity to have their say. The views of elected members, Town and Community Councils and key partners have also been sought through a separate exercise. The full results are shown as part of the report to Council on 27th February 2019 at Appendix A.

Proposed Budget 2019/20

- 4.13** The budget considered by Council on 27th February 2019 was not approved. At that meeting there were discussions regarding a potential reduction in the 4.9% proposed increase in Council Tax which would be funded by an increased drawdown from reserves. That motion was defeated.
- 4.14** It has not been possible to fully fund all the cost pressures submitted by services due to the reduction in funding. Careful consideration has therefore been given to the allocation of funding and it has been allocated to areas where the pressures cannot be mitigated or reduced. The total of Net Growth for 2019/20 is £5.588m and the breakdown of this sum is shown at Appendix D. This includes an increase in the level of cost pressures previously proposed to Council on 27th February 2019 of £100k. This includes £90k to support, if necessary and appropriate, strategic bus corridor services to ensure sustainable transport links between the Western Vale and Cardiff during peak periods, as well as supporting public transport services in and around Llandough Hospital and Penarth, which in turn will ensure access to the new Cogan Wellbeing hub that is currently being planned. It is also proposed that funding will be made available to support community groups to provide and sustain a new community hub at facilities that are proposed for the new St Pauls Church development in Penarth.
- 4.15** It is proposed that the savings target for 2019/20 is set at £3.020m excluding Schools and £3.844m including Schools. In order to fund the additional cost pressure of £100k, identified savings from 2020/21 have been re-profiled and brought forward into 2019/20. The revised details are contained in Appendix E.
- 4.16** The overall budget has also been prepared based on the following.
- 4.17** Asset Rentals are accounting adjustments reflecting charges to services for the use of assets. They do not constitute "real" expenditure and are reversed out and replaced by the cost of capital within Policy. Similarly IAS 19 changes are technical accounting adjustments to the costs of pension contributions, which are reversed out in Policy. Neither of these adjustments are therefore a part of the total expenditure of the Council.

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- 4.18** Recharges/Transfers relate to movements in charges between internal Council Services and the transfer of functions. Overall there is a neutral impact on the budget.
- 4.19** Budget Adjustments relate to the £330k reduction in the use of the Social Services Fund in 2019/20.
- 4.20** Inflation relating to pay awards of £3.2m has been included. Due to the shortage of funding, no provision has been made for non pay inflation.
- 4.21** Transfers into the RSG have been allocated to the relevant service area.
- 4.22** After providing funding for cost pressures and allocating savings there is still a large gap between available resources and the required budget. As part of the Initial Revenue Proposals report presented to Cabinet on 19th November 2018 it was projected that the outturn for Policy for 2018/19 would be a favourable variance of £4m and this sum should be transferred into the Council Fund. It is therefore proposed that £2m of the Council Fund is used in 2019/20 and a further £1m is used in 2020/21 to fund the gap in future years. It is proposed that the remaining £1m is retained in the Fund due to the large shortfall in funding projected in 2020/21 and 2021/22.

Proposed Council Tax 2019/20

- 4.23** The Council is proposing to set the 2019/20 budget at the same level as originally proposed to Council on 27th February 2019 which was £226.098m. After deducting from this budget figure the Revenue Support Grant of £110.31m, redistributed non-domestic rates of £41.76m there is a requirement of £74.028m to be met from council tax. Dividing this by the council tax base of 59,457 gives a level of council tax for this Council's purposes (excluding police and community council precepts) for Band D properties of £1,245.06 as proposed in the original report to Council. This is an increase over the current year's council tax which is £1,186.92 of £58.14 or 4.9%. The average of the council tax set by councils in Wales for 2018/19 at Band D was £1,219.07.
- 4.24** It is considered that the proposed increase in Council Tax at 4.9% is a reasonable compromise between the pressure on services, particularly in light of the reduction in AEF and consequent level of savings required and the financial pressures facing council taxpayers. This increase will also be one of the lowest across Wales and below the Welsh average increase which is around 6%.

Financial Strategy for 2020/21 to 2021/22

- 4.25** WG has not provided the Council with indicative settlement figures for 2020/21 or beyond. The MTFP was based upon a cash reduction of 1% in both 2020/21

and 2021/22. Each 1% change in AEF affects the Council by approximately £1.5m. As there has been no indication from WG that there will be a positive settlement for local authorities in future years, it is considered necessary to take a prudent approach to future settlements and a reduction of 1% has continued to be used for the projections contained within this report.

- 4.26** Pay inflation for the next two years has been based upon a similar increase to the 2019/20 pay award. This assumption will be reviewed again when the next iteration of the MTFP is produced.
- 4.27** As previously stated the Council has been required to make a high level of savings for a number of years. Identifying further savings is becoming more challenging. The Reshaping Services change programme will continue to identify further savings. Appendix F includes the revised proposed identified savings for 2020/21 and 2021/22. These are currently at a low level, however work will start immediately to establish detailed proposals for savings for future years. As part of the revised proposals, £100k of savings originally identified for 2020/21 have been brought forward into 2019/20.
- 4.28** Cost pressures for future years have been considered and assessed by the BWG and total £10.550m for 2020/21 and 2021/22. Details are attached at Appendix G. This includes a possible level of funding for schools and the full year effect of the increase in employers pension contribution for Teachers. Also included is a sum for the pressures in Social Services as a result of increased demographic growth and further increases in the National Living Wage. Any further cost pressures will need to be managed down or mitigated by Services in order to avoid further savings targets being required.
- 4.29** It is proposed that £1m of the Council Fund reserve is utilised in 2020/21 to support the revenue budget. After the use of the fund as details above, the balance as at 31st March 2022 will be £10.634m. However, there is considerable uncertainty on the effects of Britain's exit from the Europe Union. In addition, after achieving savings over the past years it is becoming increasingly difficult to achieve savings in the short term and they will need a longer lead in time to implement. That being the case, the Council Fund could be used further to support the budget in the coming years, while at the same time, being mindful that the Section 151 Officer requires a balance of £7m to be maintained as a minimum balance for this particular fund.
- 4.30** The tables below show the projected shortfall in 2020/21 and 2021/22 firstly assuming a council tax increase in each of the two years of 2.1%, based on CPI for December 2018 and secondly based on the same increase in Council Tax as proposed for 2019/20. It must however be emphasised that these projections are based upon information available at the current time and they will be subject to change e.g. changes in AEF.

Financial Projections to 2021/22	2020/21	2021/22	Total
	£000	£000	£000
Assumed Decrease in AEF (1% and 1%)	1,521	1,505	3,026
Cost Pressures	6,111	4,439	10,550
Pay Inflation	3,554	3,554	7,108
Net Savings Targets Allocated - Non Schools	(632)	(116)	(748)
Net Savings Targets Allocated - Schools	(881)	(919)	(1,800)
Use of General Fund	(1,000)	0	(1,000)
(Surplus)/Shortfall in Savings Required Exc. Council Tax	8,673	8,463	17,136
Assumed 2.1% Gross Council Tax Increase	(1,555)	(1,587)	(3,142)
(Surplus)/Shortfall in Savings Required Inc. Council Tax at 2.1%	7,118	6,876	13,994
Assumed 4.9% Gross Council Tax Increase	(3,627)	(3,805)	(7,432)
(Surplus)/Shortfall in Savings Required Inc. Council Tax at 4.9%	5,046	4,658	9,704

4.31 This shows that the possible shortfall in funding for 2020/21 and 2021/22 could total between £9.704m and £13.994m and require savings of between £10.452m and £14.742m, excluding schools. The position will be reassessed as part of the MTFP and options for achieving the shortfall in savings will be addressed further.

Reserves

4.32 Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.

4.33 The Council has always taken a prudent approach with regard to Specific Reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other Reserves have been established to fund Council priorities, e.g. Neighbourhood Services and in particular the Capital Programme, e.g. School Investment Reserve, Project Fund, Building Fund. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment. Sums have also been set aside to assist in budget management. The Housing Revenue Account Reserve is ring-fenced to Housing and the majority will be used to fund improvements to the Council's housing stock.

4.34 The Council presently benefits from a reasonable level of reserves, however, they are not inexhaustible and have taken years of careful financial management to develop to their current position. After several years of real term reductions in funding and with no confirmation of positive settlements in the foreseeable

future, there is reducing contingency in the normal operational council budgets and the management and use of reserves will become increasingly important to be able to continue to provide services and to mitigate risks, while still trying to deliver corporate priorities.

- 4.35** The level of reserves must be considered in the context of the financial risk facing the Council over the coming years. This risk has been outlined as part of the report to Council on 27th February 2019, attached at Appendix A.
- 4.36** It is important to point out that a large proportion of the reserves are held for capital expenditure as well as for revenue purposes. There is a large commitment required for the future development of local schools and for the risks in maintaining aging premises. Also, the Council relies heavily on its ICT infrastructure and the Wales Audit Office has recommended that a corporate technology development fund should be held.
- 4.37** The Council also holds funds to enable it to fulfil its priorities set out in the Corporate Plan through the 4 well-being outcomes. The Council must demonstrate its commitment to the Well-being of Future Generations Act and ensure that the needs of the present are met without compromising the ability of future generations to meet their own need, thus ensuring that funding is available in the long term through sound financial planning.
- 4.38** As part of the usual Budget process, an examination of the level of reserves was undertaken to ascertain their adequacy and strategy for use. The reserves were examined with a view to their level (i.e. whether the amount held in the fund is sufficient to meet requirements) and purpose (i.e. whether the need to hold the fund is still relevant). The requirement for each specific reserve has also been considered in light of the Council's priorities.
- 4.39** The estimated level of the Council Fund Reserve at 1st April 2019 is £13.634m with a planned drawdown of £2m in 2019/20 and a further £1m in 2020/21.
- 4.40** The Section 151 Officer's view is that the minimum level for the Council Fund Reserve is £7m. This is considered sufficient to cover unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial and several instances can occur in a year. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale of Glamorgan this is currently about £11.3m. However, in view of the prudent approach the Council takes with regard to Specific Reserves, £7m is considered a reasonable minimum.
- 4.41** There are Schools balances which are unspent budgets delegated to individual schools. As at 31st March 2018 the aggregate nursery, primary and secondary balances were £2.6m.

- 4.42** Attached at Appendix H is a schedule showing the reserves and the anticipated balances at the 31st March 2019, 2020, 2021 and 2022. The Appendix sets out the title of the reserve together with its purpose. A summary of the position is set out below and excludes Schools balances and the Housing Revenue Account (HRA).

Summary of Estimated Reserves Projected to 2021/22	Est. Bal. 31/3/2019 £000	Net Movement £000	Est. Bal. 31/3/2022 £000
General Reserves	13,634	(3,000)	10,634
Specific Reserves :			
Insurance Fund	3,452	0	3,452
Capital Reserves	28,796	(18,809)	9,987
Other Specific Reserves	25,937	(7,358)	18,579
Total Council Fund Reserves(excl. Schools and HRA)	71,819	(29,167)	42,652

- 4.43** It is projected that there will be a large fall (41%) in the level of reserves over the 3 year period as substantial calls on funds are made. However, these are still deemed to be adequate as known risks are largely covered and the Council Fund Reserve is at a reasonable level, not expected to fall below £7m.

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

Delivering Well Being

- 5.1** In setting the revenue budget, the Council needs to consider its corporate priorities as set out in the Corporate Plan 2016-2020 through the 4 well-being outcomes which are shown below with examples of how the Council is providing support through the 2019/20 revenue budget.
- An Inclusive and Safe Vale – Funding will be provided for the Homes Loan Service;
 - An Environmentally Responsible and Prosperous Vale - Additional funding is being allocated to support the waste and recycling service;
 - An Aspirational and Culturally Vibrant Vale – Funding has been provided for schools; and
 - An Active and Health Vale – Funding has been provided to support Social Services and collaborative work will continue with Health as part of the ICF grant funding.
- 5.2** These outcomes demonstrate the Council’s commitment to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of

the present are met without compromising the ability of future generations to meet their own need. Even with reductions in funding, where practical, the Council will strive to maintain services which contribute towards this agenda.

5.3 In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow. These budget proposals reflect this new approach to working. The 5 ways of working are:-

- Looking to the long term - The budget proposals are a means of planning for the future and take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
- Taking an integrated approach - The budget proposals highlight and encourages ways of working with partners.
- Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners.
- Working in a collaborative way – The budget proposals recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future.
- Understanding the root cause of issues and preventing them – The budget process is proactive and allows an understanding of the financial position so that issues can be tackled at the source.

6. Resources and Legal Considerations

Financial

- 6.1** The total budget shown at Appendix C is £226.098m. After adjusting for discretionary rate relief of £240k, it is £2.243m below the Council's SSA of £228.101m. The 2018/19 budget was £987k below the SSA.
- 6.2** The Council's SSA (IBA) is an indication of the relative resources needed to provide a standard level of service. It is based on statistical data and formulae, any of which can be flawed in assessing need. It is used primarily as a method of distributing AEF. It is not an absolute indicator of a required spending level for a particular service in a particular area. It is for local councils to best determine their own spending priorities in light of local circumstances.
- 6.3** It is proposed that £3m is used from the Council Fund over the next 2 financial years.

Statement of Section 151 Officer on Robustness of Estimates

- 6.4** The Local Government Act 2003 requires that the Section 151 Officer (currently the Head of Finance) must report on the robustness of the estimates, which are to be approved by Council. This Section constitutes that assurance.
- 6.5** In view of the uncertainties of the current and future economic climate there is increased risk facing the Council's financial position and, as a consequence, the delivery of services. This has been recognised and referenced within this report, where relevant, together with actions that can be taken to manage that risk.
- 6.6** Savings are regarded as extremely challenging but achievable and have been carefully examined with risk and measures to mitigate them identified. It is important to stress the importance of the mitigating actions being implemented and the need to consider Equality Impact Assessments (EIA). An EIA for the budget is included in the report to Council dated 27th February 2019 which is attached at Appendix A.
- 6.7** Estimates in the budget report are robust subject to any reservations/ qualification or other commentary contained in the report. All services' expenditures are under pressure and there is always a risk that a service may overspend, particularly in light of unforeseen circumstances.
- 6.8** A measure to guard against this will be to monitor the budget during the year and to identify problems as they arise and put in place remedial action. Key to this will be the delivery of savings including those required under the Reshaping Services programme. Cabinet, Scrutiny and managers continue to have a key role in reviewing and maintaining budgetary performance.
- 6.9** Reserves have been again reviewed and are considered adequate to cover contingencies and the risks stated in the report.

Employment

- 6.10** The budget proposals will have implications for the Council's employees and there will be a loss of jobs. The reduction for 2019/20, excluding schools, is estimated to be around 28 full-time equivalents (FTE) with a large part of the savings target being focused on more efficient procurement. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies.
- 6.11** The above figures do not include the staffing implications relating to budget pressures within schools as the details need to be considered by individual Governing Bodies and supported by the Director of Learning & Skills. Individual schools will also be impacted by whether they have growing or falling pupil numbers. There are, however, likely to be staff reductions and redundancies

depending on each school's circumstances. The Director of Learning & Skills will need to establish the impact of the budget on employees in schools.

- 6.12** The Council has an Avoiding Redundancy Procedure that will be followed and includes a requirement for the Council to search for suitable alternative employment. The numbers of employees referred to are those impacted in the budget. There could be further staff implications from other restructuring exercises during the year.
- 6.13** The trades unions will continue to be consulted on the details of any potential redundancies once known.
- 6.14** In light of the staffing implications it is essential to ensure that consultation with the trades unions is carried out in accordance with the Council's Avoiding Redundancy Policy and related legal requirements. A Change Forum meets regularly with the trade unions to help co-ordinate the consultation process and deal with cross- directorate issues.

Legal (Including Equalities)

- 6.15** The Council is required under statute to fix its Council Tax for 2019/20 by 11th March 2019 and in order to do so will have to agree a balanced revenue budget by the same date.

7. Background Papers

Local Government Final Revenue Settlement letter dated 20th December 2018.

Name of Committee:	Cabinet
Date of Meeting:	18/02/2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
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- A savings target of £3.7m has been set for 2019/20 which covers all service areas including Schools. This figure is lower than the savings targets for 2018/19, however, it is anticipated that the current year's target will not be achieved in full and it is increasingly difficult for services to continue to find savings following over £55m being achieved in the last 9 years. It is considered that the target set for 2019/20 is at a level that can be achieved by services.
- In order to balance the budget it will be necessary to use the Council Fund reserve and £2m will be used in 2019/20 with a further £1m being utilised in 2020/21. This is not ideal as it will move the financial pressure onto future years where higher levels of savings will need to be achieved.
- It is proposed that the Band D Council Tax rate is set at £1,245.06 for 2019/20 which is an increase of 4.9% from the current year.
- A projection of the possible total shortfall in funding for 2020/21 and 2021/22 could be between £9.604m and £13.894m dependent on whether Council Tax is increased by 2.1% (being CPI in December 2018 or 4.9% (being the proposed level of increase for 2019/20). In light of this level of shortfall, services are requested to start planning immediately for ways of achieving further savings over the next 2 years.

1. Recommendation

That Cabinet recommend to Council the following:

- 1.1** Fix the budget for 2019/20 at £226.098 million including a provision of £240k for discretionary rate relief to rural shops and post offices and charitable organisations.
- 1.2** Approve the budgets for 2019/20 as set out in Appendix C and in the following table:

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	£000
Schools	87,896
Strategy, Culture, Community Learning & Resources	11,110
Achievement for All	5,339
School Improvement	1,030
Directors Office	234
Children & Young People	16,098
Adult Services	47,957
Resource Mgt & Safeguarding	272
Youth Offending Service	741
Neighbourhood & Transport Services	26,702
Building Services	0
Regulatory Services	2,041
Council Fund Housing Resources	1,309
Regeneration	109
Development Management	2,057
Private Housing	972
General Policy	1,209
Use of Reserves	23,022
	(2,000)
Grand Total	226,098

1.3 Approve the recommendations regarding Net Growth for 2019/20 as set out in Appendix D and Savings for 2019/20 as set out in Appendix E.

1.4 Set the Council Tax for 2019/20 for its own purposes (excluding Police and town and Community Council precepts) at the following levels:

Band	Council Tax £
A	830.04
B	968.38
C	1,106.72
D	1,245.06
E	1,521.74
F	1,798.42
G	2,075.10
H	2,490.12
I	2,905.14

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- 1.5 The proposed draft report on Education Budget and Indicator Based Assessment (IBA) at Appendix A be endorsed and the Director of Learning and Skills make arrangements for it to be forwarded to the School Budget Forum.

That Cabinet approve the following:

- 1.6 The initial savings targets for 2020/21 and 2021/22 as set out in Appendix F be approved.
- 1.7 The Director of Learning and Skills be given delegated powers to determine the amount of money to be allocated to the schools' delegated budgets after consultation with the Schools Budget Forum.
- 1.8 The reclassification of reserves as set out at Appendix H be approved.

2. Reasons for Recommendations

- 2.1 To set the 2019/20 budget in line with statutory requirements.
- 2.2 To allocate budgets to services.
- 2.3 To reduce risk to services and balance the budget.
- 2.4 To set Council Tax levels for 2019/20.
- 2.5 So that the report can be presented to the Schools Budget Forum.
- 2.6 To set minimum targets for achieving savings.
- 2.7 To set out delegated authority in relation to the allocation of the Education and Schools budget.
- 2.8 To ensure that reserves are both adequate in purpose and level.

3. Background

- 3.1 The Council is required under statute to fix the level of Council Tax for 2019/20 by 11th March 2019. The final decision on the budget cannot be delegated and must be made at a meeting of Council. This is scheduled to be held on 27th February 2019.

4. Key Issues for Consideration

Medium Term Financial Plan

- 4.1 The Medium Term Financial Plan (MTFP) 2018/19 to 2021/22 was presented to Cabinet on 17th September 2018 min no. C411. It assumed a reduction in Welsh Government (WG) funding of 1% for the years 2019/20, 2020/21 and 2021/22. This resulted in the requirement to find savings of £15.714m over this period, with £3.627m having been identified. There was therefore further savings to be identified of £12.087m over the 3 year period.

- 4.2** The latest Plan factored in a managed level of cost pressures, a notional increase in council tax of 2.5% each year, projected annual pay awards and limited non pay inflation.

Anticipated Outturn 2018/19

- 4.3** The Initial Revenue Budget Proposals report for 2019/20, presented to Cabinet on 19th November 2018 (minute number C480), advised that there would be an underspend of £4m projected for 2018/19.
- 4.4** The revenue monitoring report to Cabinet on 7th January 2019 provided a further update on the position for the year and detailed where services would be utilising reserves in the year to cover overspends. £107k will be required for Learning and Skills and £315k for Environment and Housing. It also projected that the savings target for 2018/19 of £6.298m would not be achieved and that there would be a shortfall of £724k (89%).

Revenue Settlement 2019/20

- 4.5** WG has provided the Council with final figures for next year's settlement and for this Council shows a total Standard Spending Assessment (SSA) of £228.101m, which represents an adjusted increase of £4.491m over 2018/19.
- 4.6** Additional funding will be provided through the Revenue Support Grant (RSG) for new responsibilities as follows:
- Increasing Capital Limits for Residential Care (from £40k to £50k) : £260k
- 4.7** There are transfers into the RSG settlement in 2019/20 for the following :
- Teachers Pay Grant : £354k
 - Free School Meals Grant : £157k
- 4.8** The Council compares its total budget for Education to its IBA (Indicator Based Assessment). This report will need to be made available for consideration by the Council's Schools Budget Forum and full Council. A proposed draft of this report is attached at Appendix A. The budget is set at £4.799m above the IBA.
- 4.9** The Council's final settlement figures from WG are £110.31m for the RSG and £41.76m for Non-Domestic Rates. These amounts together total a final Aggregate External Finance (AEF) of £152.07m for the Council. When taking into account the adjustments above, the effective reduction in AEF for the Council from the previous year is £1.181m (0.77%).
- 4.10** Final notification of the level of all 2019/20 WG grants has not yet been received.

Budget Strategy 2019/20

- 4.11** Cabinet approved the Budget Strategy on 16th July 2018 (min no. C366). As part of this Strategy, Directors were requested to continue to progress the Reshaping Services Programme.
- 4.12** The 2019/20 initial revenue budget proposals projected a provisional shortfall against base budget of £10.42m if all cost pressures of £9.244m were to be funded and on the assumption that savings of £3.744m would be achieved. These figures were based on a nil Council Tax increase and the potential income that could be received from varying levels of increase in Council Tax were provided. Since November 2018, the Budget Working Group (BWG) has undertaken further work to formulate the final revenue budget proposals contained in this report.
- 4.13** In particular, the BWG has had regard to the following issues:
- The results of consultation with the Schools Budget Forum, Scrutiny Committees and external stakeholders;
 - Ways in which cost pressures can be reasonably reduced or mitigated;
 - A further review of the proposed savings for 2019/20 onwards;
 - The progression of the Reshaping Services programme;
 - The existing financial strategies in place for Education & Schools, Social Services and Other Services;
 - Possible increases in council tax;
 - The projected funding position for 2020/21 and 2021/22; and
 - The potential to use reserves as part of a defined financial strategy and to allow a more thorough review of options for savings and their implications, alternative methods of service delivery and collaborative ventures.
- 4.14** During 2019/20, the National Living Wage will provide for a minimum hourly rate of £8.21 for workers aged 25 and above which is an increase of 4.85% from the 2018/19 rate of £7.83. There will be further pressure in future years when the rate continues to increase to at least £9.00 per hour by 2020. The Council's new pay structure which will be implemented from 1st April 2019 will comply with these requirements and the cost implications have been fully funded within the proposed budget. This change will however have a significant effect on services the Council commissions from external organisations, in particular for Social Services.
- 4.15** One of the larger new cost pressures facing the Council over the next 2 years is the increase in the employers contribution into the Teacher's Pension scheme which is due to increase from 16.48% to 23.6% from 1st September 2019 and could cost the Council around £3.1m over two years. No additional funding has been provided by WG for this cost pressure. The South Wales Fire and Rescue

Service also have an increase in the level of employer's contribution into their pension fund.

Consultation with Scrutiny Committees

4.16 The 2019/20 Initial Revenue Budget Proposals were considered by Cabinet on 19th November 2018 and by each Scrutiny Committee during December 2018. In addition to noting the initial revenue proposals, the following recommendations were made by Scrutiny Committees :

- Scrutiny Committee (Healthy Living and Social Care) – 4th December 2018 – Minute Number 532

(2) T H A T the Corporate Performance and Resources Scrutiny Committee pass on to Cabinet the Committee's comments regarding acknowledgement of the increase in demand for services for Adults and Children and the pressures on the service's budget and a call for an easing of the cost pressures that needed to be fully considered and applied.

- Scrutiny Committee (Homes and Safer Communities) – 5th December 2018 – Minute Number 547

(2) T H A T the Initial Revenue Budget Proposals for 2019/20 and the comments raised by the Committee, including those relating to cost pressures as set out in the minute above be passed to the Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

The minute included the expression of deep concern regarding the possible loss of the Homes Loan Officer post as the work of the post was very evident. The Committee also expressed its displeasure in the reduction in funding from Welsh Government which appeared very harsh in comparison to other Local Authorities.

- Scrutiny Committee (Environment and Regeneration) – 6th December 2018 – Minute Number 570 :

(1) T H A T Cabinet be advised of the Committee's view that cost pressure V1 and the waste recycling treatment contract should be fully funded to the value of £850k per annum, and for this money to be allocated from the Council's General Fund Reserve.

(2) T H A T Cabinet and the Budget Working Group be advised of the Committee's view that serious consideration is given to the level of reserves held in the Council Fund Reserve before costs are passed onto residents in the form of increased Council Tax.

- Scrutiny Committee (Learning and Culture) – 11th December 2018 – Minute Number 577 :

(2) T H A T Cabinet be requested to consider carefully the impact for the service areas should it decide not to fund some of the cost pressures noted for the Directorate.

4.17 The recommendations of Scrutiny Committees were referred to the Corporate Performance and Resources Scrutiny Committee, which is the lead Scrutiny

Committee for the budget. On 13th December 2018 this Committee supported the recommendations of the other scrutiny committees and referred their recommendations to Cabinet, minute number 601. The Committee also added :-

(6) T H A T the Council and Cabinet lobby both Westminster and the WLGA with a copy to the Minister Kirsty Williams regarding the teachers' superannuation costs, pointing out the issues and whether they would be prepared to look favourably on the Council in this regard.

- 4.18** Corporate Performance and Resources Committee's recommendations were referred to Cabinet on 21st January 2019, minute number C552.

RESOLVED – T H A T the contents of the report be noted and passed to the Budget Working Group for consideration in concluding the budget proposals for 2019/20.

- 4.19** The BWG have had consideration for the recommendations of the Scrutiny Committees when preparing the 2019/20 revenue budget.

Consultation with External Stakeholders

- 4.20** The Council decided to use the biennial Public Opinion Survey, a survey of a representative sample of around 1,000 Vale residents, as the primary method to engage on its budget shortfall and a set of questions on the budget were included in the survey. In addition, it was decided to publish the same set of questions on the Council's website in order to provide residents and partners who had not taken part in the Public Opinion Survey with the opportunity to have their say. The views of elected members, Town and Community Councils and key partners have also been sought through a separate exercise. The full results of the consultation process are attached in the report at Appendix B.
- 4.21** From the Public Opinion Survey results only 57% of respondents were aware of the financial pressures faced by the Council. When asked how the financial shortfall should be addressed, the most popular option to be actioned first was to increase Council tax to the Welsh average, with the second being to charge for services that are currently free.
- 4.22** From the Online Survey results 69% of respondents were aware of the financial pressures faced by the Council. When asked how the financial shortfall should be addressed, the priorities from the online survey results differed to those from the Public Opinion Survey. Charge for services that are currently free has consistently been ranked as the second preferred option, however, developing services that would generate revenue was ranked first, with an increase in Council Tax to the Welsh average being ranked as 4th.
- 4.23** Written comments regarding service provision and the structure of the Council were received from a small number of residents and are detailed in Appendix B.

- 4.24** The BWG has had regard to the consultation results when formulating the final budget proposals for 2019/20. As Members are aware, the Council's Reshaping Services programme includes a range of approaches in seeking to ensure that services are sustainable into the future. The approaches, include developing shared services in order to build capacity and generate services. Working in collaboration with a range of partners is also part of the programme, as is the approach of being more commercial where appropriate. All these elements have been referenced by respondents as part of the consultation exercise undertaken, and will be increasingly important as ways to maintain essential services whilst at the same time generating savings in 2019/20 and beyond.

Proposed Budget 2019/20

- 4.25** The proposed budget for 2019/20 has been set in line with the current financial strategy and a summary of the overall position is attached at Appendix C. The overall budget has been prepared based on the following matters.
- 4.26** Asset Rentals are accounting adjustments reflecting charges to services for the use of assets. They do not constitute "real" expenditure and are reversed out and replaced by the cost of capital within Policy. Similarly IAS 19 changes are technical accounting adjustments to the costs of pension contributions, which are reversed out in Policy. Neither of these adjustments are therefore a part of the total expenditure of the Council.
- 4.27** Recharges/Transfers relate to movements in charges between internal Council Services and the transfer of functions. Overall there is a neutral impact on the budget.
- 4.28** Budget Adjustments relate to the £330k reduction in the use of the Social Services Fund in 2019/20.
- 4.29** Inflation relating to pay awards of £3.2m has been included. Due to the shortage of funding, no provision has been made for non pay inflation.
- 4.30** Transfers into the RSG have been allocated to the relevant service area.
- 4.31** The BWG has reviewed and updated the cost pressures. It is not possible to fully fund all the cost pressures submitted by services due to the reduction in funding. Careful consideration has therefore been given to the allocation of funding and it has been allocated to areas where the pressures cannot be mitigated or reduced. The total of Net Growth for 2019/20 is £5.488m and the breakdown of this sum is shown at Appendix D.
- 4.32** The level of savings to be achieved has been reviewed by the BWG and the proposed savings for 2019/20 totals £2.920m excluding Schools and £3.744m including Schools. Details are contained in Appendix E. This figure is lower than the £6.298m savings target for 2018/19 excluding Schools, however, it is

anticipated that the shortfall against this target will be £724k and services are intending to drawdown from reserves. The services have had to find savings of over £55m in the last 9 years and each year it becomes increasingly difficult to identify budgets to reduce. Within this context, the savings targets that have been set for 2019/20 have been assessed and are considered to be achievable.

- 4.33** After providing funding for cost pressures and allocating savings there is still a large gap between available resources and the required budget. As part of the Initial Revenue Proposals report presented to Cabinet on 19th November 2018 it was projected that the outturn for Policy for 2018/19 would be a favourable variance of £4m and this sum should be transferred into the Council Fund. It is therefore proposed that £2m of the Council Fund is used in 2019/20 and a further £1m is used in 2020/21 to fund the gap in future years. It is proposed that the remaining £1m is retained in the Fund due to the large shortfall in funding projected in 2020/21 and 2021/22.

Proposed Council Tax 2019/20

- 4.34** If the Council decides to budget at £226.098m, deducting from this Revenue Support Grant of £110.31m, redistributed non-domestic rates of £41.76m produces a requirement of £74.028m to be met from council tax. Dividing this by the council tax base of 59,457 gives a level of council tax for this Council's purposes (excluding police and community council precepts) for Band D properties of £1,245.06. This is an increase over the current year's council tax which is £1,186.92 of £58.14 or 4.9%. The average of the council tax set by councils in Wales for 2018/19 at Band D was £1,219.07.
- 4.35** The BWG's view is that the proposed increase in Council Tax at 4.9% is a reasonable compromise between the pressure on services, particularly in light of the reduction in AEF and consequent level of savings required and the financial pressures facing council taxpayers.

Proposed Budgets by Service 2019/20

Learning and Skills

	Schools	Strategy, Culture, Comm Learning & Resources	Achieve- ment for All	School Improve- ment	Directors Office	Total
	£000	£000	£000	£000	£000	£000
Budget 2018/19	84,458	11,555	4,650	1,033	232	101,928
Recharges/Tfrs	(227)	(206)	342	25	0	(66)
Changes in Asset Rentals/IAS 19	0	(316)	0	0	0	(316)
Pay Inflation	1,500	106	104	1	2	1,713
Net Growth	2,478	74	273	0	0	2,825
Transfer into RSG	511	0	0	0	0	511
Savings	(824)	(103)	(30)	(29)	0	(986)
Budget 2019/20	87,896	11,110	5,339	1,030	234	105,609

4.36 A breakdown of the net growth is shown in Appendix D. After adjustments, the Education SSA has increased by £1.417m from 2018/19. In light of this and the comments made by the Learning and Culture Scrutiny Committee, additional funding of £2.825m has been allocated to this service, in addition to £1.713m for pay inflation.

4.37 Funding has been provided to Schools to fund the full increase in costs as a result of the increase in the employer's pension contribution rate increasing from 16.48% to 23.6%, even though no additional funding has been received from WG. There are some teaching staff who are based in central Education and these budgets have also been increased to fully fund additional pension costs. £770k has also been provided to contribute towards other pressures in schools such as demographic growth.

4.38 During the year it has been reported that the complex needs Out of County placements, independent placements and Looked After Children residential placements budget will overspend in total by £319k. Part of this overspend is being offset by budget underspends within the Directorate. There are also other pressures within the central Education budget and the BWG has allocated recurring funding of £200k to this area, which will be allocated to specific areas by the Director of Learning and Skills. Funding has also been provided for the increase costs of Microsoft licences.

4.39 A breakdown of the savings target is shown in Appendix E. A savings target of £824k has been allocated to Schools.

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- 4.40** It is suggested that the Schools Budget Forum be consulted before any final decision is made on the split of the funding between Central Education and the Schools. It is recommended that delegated authority be given to the Director of Learning & Skills to determine the split in the light of that consultation.
- 4.41** WG has transferred 2 grants into the RSG from 1st April 2019 namely Teachers Pay and School Meal grants.
- 4.42** After the changes above, the Education budget will be substantially above the IBA.

Social Services

	Children & Young People	Adult Services	Resource Mgmt. & Safeguarding	YOS	Total
	£000	£000	£000	£000	£000
Budget 2018/19	15,235	46,644	201	728	62,808
Recharges/Tfr	399	(265)	3	(6)	131
Adjustments	0	330	0	0	330
Pay Inflation	97	400	68	14	579
Net Growth	525	963	13	5	1,506
Transfer into RSG	0	260	0	0	260
Savings	(149)	(378)	(18)	0	(545)
Changes in Asset Rentals/IAS 19	(9)	3	5	0	(1)
Budget 2019/20	16,098	47,957	272	741	65,068

- 4.43** The Social Services Directorate had been reporting an overspend of £500k during 2018/19 however this has been offset by the receipt of a one off grant from WG to support Sustainable Social Services which for this Council is £513k. There remains continuing pressures on the service, particularly on the Children's Placement budget which is resulting in a projected overspend of £500k for Children's Services. This is due to the increasing complexities of the children currently being supported, which results in their placement in very high cost units. There is also continuing pressure on the adult care packages budget.
- 4.44** A breakdown of the net growth is shown in Appendix D. Having regard to the current financial pressures and the concerns raised by the Healthy Living and Social Care Scrutiny Committee, the BWG acknowledges that there are significant issues in this area. Not only is there an increase in the population, but clients are increasingly frail with complex needs. There is a 'knock on' effect from pressures within Health and work is ongoing to ensure integration between the two services. It is also acknowledged that service providers will require an increase in fees to fund the increase in the National Living Wage. The BWG has taken all these factors into account and it is proposed that an additional £500k is allocated

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to Children's Services and £923k to Adults Services, however, the split by service of this additional funding may be reviewed during the new financial year by the Director of Social Services once details of WG grant funding is received. Funding has also been provided for the increase costs of Microsoft licences.

- 4.45** The Social Services SSA for 2019/20 has increased by £1.981m from 2018/19, however WG announced as part of the provisional settlement an extra £30m for Social Care across Wales. It is not known at this stage the value of the allocation to this Council or whether there are specific terms and conditions attached as no formal correspondence has been received from WG, however, it is anticipated that the additional funding could be worth around £1m and will be allocated directly to the Social Services budget once received.
- 4.46** Additional funding of £260k has been included in the final settlement for the increase in the capital limits for Residential Care from £40k to £50k and has been included in the Adults Service budget for 2019/20.
- 4.47** WG has advised that the maximum weekly charge for non-residential care will increase next year from £80 per week to £90 which will provide additional funding to the service. The Intermediate Care Fund (ICF) grant will continue to be provided to Health by WG and the Service will work with Health to ensure the monies are spent in the most cost effective way.
- 4.48** A breakdown of the savings target is shown in Appendix E.

Environment and Housing

	Neighbour- hood and Transport	Building	Regulatory	Council Fund Housing	Total
	£000	£000	£000	£000	£000
Budget 2018/19	26,842	0	2,239	1,383	30,464
Recharges/Tfr	57	0	(96)	(3)	(42)
Pay Inflation	413	0	0	27	440
Net Growth	660	0	0	8	668
Savings	(932)	0	(102)	(106)	(1,140)
Changes in Asset Rentals/IAS 19	(338)	0	0	0	(338)
Budget 2019/20	26,702	0	2,041	1,309	30,052

- 4.49** A breakdown of the net growth is shown in Appendix D. During 2019/20 there will be a further pressure on the Waste Collection and Recycling services from increasing costs in this sector and concern was expressed by Scrutiny Committee. The BWG has therefore been able to allocate funding of £625k to this area which

includes funding for the projected increase in waste contracts. Funding has also been provided for the increase costs of Microsoft licences.

4.50 A breakdown of the savings target is shown in Appendix E.

Managing Director & Resources

	Resources	Regen	Develop Mgt	Private Hsing	Total
	£000	£000	£000	£000	£000
Budget 2018/19	497	2,055	1,076	11,007	14,635
Recharges/Tfr	(259)	(26)	(46)	(9,844)	(10,175)
Pay Inflation	357	56	45	10	468
Net Growth	140	9	7	39	195
Savings	(679)	(29)	(110)	(3)	(821)
Changes in Asset Rentals/IAS 19	53	(8)	0	0	45
Budget 2019/20	109	2,057	972	1,209	4,347

4.51 A breakdown of the net growth is shown in Appendix D. There was support from Scrutiny Committees to provide funding for the continuation of the Homes Loan Service and the necessary funding has been provided. There has also been additional pressure identified in the Democratic Services area which has been funded. Funding has also been provided for the increase costs of Microsoft licences.

4.52 A breakdown of the savings target is shown in Appendix E.

4.53 A virement of £9.94m was approved as part of the initial budget proposal report. The Council Tax Reduction Scheme had been held under the Private Housing heading. Due to changes in guidance received from the Wales Audit Office, the Council had been asked to report this scheme under the central Policy heading. A virement was therefore approved and is shown under the Recharges/Tfr line in the above table.

Financial Strategy for 2020/21 to 2021/22

4.54 The 2014/15 final budget proposals were informed by a budget review exercise that included the reappraisal of the Council's financial strategy. Consequently, separate strategies were put in place for Education & Schools, Social Services and all Other Services.

4.55 The BWG has continued to have regard to the appropriateness of these strategies given the significant level of savings that now have to be found, the

relative size of the Education & Schools and Social Services budgets as a proportion of the Council's net budget requirement and the pressures on the services.

- 4.56** The Council will continue to strive to ensure that the Education & Schools increases should match the overall percentage change in the Council's budget as amended for adjustments to the council tax reduction scheme (CTRS) and the council tax base and that the budget for Education will be the same proportion of the Council's total budget as the Education SSA is to the total SSA where it is feasible to do so. However, this will be dependent on future settlements and will become increasingly difficult if reductions in funding continues in future years.
- 4.57** The BWG considers that the principles applied above to Education & Schools also continue to apply to Social Services. It is proposed that the financial strategy for all Other Services will need to continue. This will require services to manage downwards or meet the bulk of their cost pressures through additional savings. For the purpose of these projections, it has been assumed that the financial strategies set out in this report for Education & Schools and Social Services will continue to be applied.
- 4.58** WG has not provided the Council with indicative settlement figures for 2020/21 or beyond. The MTFP was based upon a cash reduction of 1% in both 2020/21 and 2021/22. Each 1% change in AEF affects the Council by approximately £1.5m. As there has been no indication from WG that there will be a positive settlement for local authorities in future years, it is considered necessary to take a prudent approach to future settlements and a reduction of 1% has continued to be used for the projections contained within this report.
- 4.59** Pay inflation for the next two years has been based upon a similar increase to the 2019/20 pay award. This assumption will be reviewed again when the next iteration of the MTFP is produced.
- 4.60** As previously stated the Council has been required to make a high level of savings for a number of years. Identifying further savings is becoming more challenging. The Reshaping Services change programme will continue to identify further savings. Appendix F includes the proposed identified savings for 2020/21 and 2021/22. These are currently at a low level, however work will start immediately to establish detailed proposals for savings for future years.
- 4.61** Cost pressures for future years have been considered and assessed by the BWG and total £10.550m for 2020/21 and 2021/22. Details are attached at Appendix G. This includes a possible level of funding for schools and the full year effect of the increase in employers pension contribution for Teachers. Also included is a sum for the pressures in Social Services as a result of increased demographic growth and further increases in the National Living Wage. Any further cost pressures will need to be managed down or mitigated by Services in order to avoid further savings targets being required.

4.62 It is proposed that £1m of the Council Fund reserve is utilised in 2020/21 to support the revenue budget. After the use of the fund as details above, the balance as at 31st March 2022 will be £10.634m. However, there is considerable uncertainty on the effects of Britain's exit from the Europe Union. In addition, after achieving savings over the past years it is becoming increasingly difficult to achieve savings in the short term and they will need a longer lead in time to implement. That being the case, the Council Fund could be used further to support the budget in the coming years, while at the same time, being mindful that the Section 151 Officer requires a balance of £7m to be maintained as a minimum balance for this particular fund.

4.63 The tables below show the projected shortfall in 2020/21 and 2021/22 firstly assuming a council tax increase in each of the two years of 2.1%, based on CPI for December 2018 and secondly based on the same increase in Council Tax as proposed for 2019/20. It must however be emphasised that these projections are based upon information available at the current time and they will be subject to change e.g. changes in AEF.

Financial Projections to 2021/22 BASED ON 2.1% COUNCIL TAX INCREASE	2020/21 £000	2021/22 £000	Total £000
Assumed Decrease in AEF (1% and 1%)	1,521	1,505	3,026
Cost Pressures	6,111	4,439	10,550
Pay Inflation	3,554	3,554	7,108
Net Savings Targets Allocated - Non Schools	(732)	(116)	(848)
Net Savings Targets Allocated - Schools	(881)	(919)	(1,800)
Use of General Fund	(1,000)	0	(1,000)
Assumed 2.1% Gross Council Tax Increase	(1,555)	(1,587)	(3,142)
(Surplus)/Shortfall in Savings Required	7,018	6,876	13,894

Financial Projections to 2021/22 BASED ON 4.9% COUNCIL TAX INCREASE	2020/21 £000	2021/22 £000	Total £000
Assumed Decrease in AEF (1% and 1%)	1,521	1,505	3,026
Cost Pressures	6,111	4,439	10,550
Pay Inflation	3,554	3,554	7,108
Net Savings Targets Allocated - Non Schools	(732)	(116)	(848)
Net Savings Targets Allocated - Schools	(881)	(919)	(1,800)
Use of General Fund	(1,000)	0	(1,000)
Assumed 4.9% Gross Council Tax Increase	(3,627)	(3,805)	(7,432)
(Surplus)/Shortfall in Savings Required	4,946	4,658	9,604

4.64 This shows that the possible shortfall in funding for 2020/21 and 2021/22 could total between £9.604m and £13.894m and require savings of between £10.452m and £14.742m, excluding schools. The position will be reassessed as part of the MTFP and options for achieving the shortfall in savings will be addressed further.

Reserves

- 4.65** Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.
- 4.66** The Council has always taken a prudent approach with regard to Specific Reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other Reserves have been established to fund Council priorities, e.g. Neighbourhood Services and in particular the Capital Programme, e.g. School Investment Reserve, Project Fund, Building Fund. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment. Sums have also been set aside to assist in budget management. The Housing Revenue Account Reserve is ring-fenced to Housing and the majority will be used to fund improvements to the Council's housing stock.
- 4.67** The Council presently benefits from a reasonable level of reserves, however, they are not inexhaustible and have taken years of careful financial management to develop to their current position. After several years of real term reductions in funding and with no confirmation of positive settlements in the foreseeable future, there is reducing contingency in the normal operational council budgets and the management and use of reserves will become increasingly important to be able to continue to provide services and to mitigate risks, while still trying to deliver corporate priorities.
- 4.68** The level of reserves must be considered in the context of the financial risk facing the Council over the coming years.
- 4.69** One of the main risks to the Council's financial planning is the uncertainty as to the level of funding to be received from WG in future years. WG has not provided an indication of the change in the settlement in 2020/21 and beyond. Projections have therefore been based on the assumed cash reduction in AEF of 1% which is equivalent to around £1.5m.
- 4.70** Projecting forward on this basis, there is a gap in funding in the coming years that will need to be identified. Excluding Schools, savings of between £13.372m and £17.662m needs to be achieved over the next 3 years. This figure is extremely challenging and there will be significant pressure on services to deliver this level of savings. There is a risk of non-achievement of these savings and the ability to identify and implement savings given the already high level of savings previously delivered by services over the past years. Reserves have been set up where possible to facilitate this process e.g. Early Retirement/Redundancy Fund, Reshaping Services Fund.

- 4.71** There are risks in the budget and the most significant of these are set out in this report. Even though additional funding has been proposed for 2019/20, further action will need to be undertaken by directorates to achieve a balanced budget going forward.
- 4.72** Pay and price inflation is a further risk. From 2020/21 onwards, provision has been made in the budget at a similar rate to 2019/20 for pay, with no provision for non pay inflation. The Consumer Price Index for the 12 months to December 2018 rose by 2.1%. Services will need to manage spending as costs rises.
- 4.73** Details of all specific grants has not yet been finalised by WG and there is a risk that should grants be cut and it is not possible to reduce expenditure correspondingly, the Council could overspend. This risk should be mitigated by the fact that Services should have in place “exit” plans for any specific grant ceasing and are usually aware of likely developments in the level of grant. In the first place each Service would be expected to fund any shortfall from its revenue budget. There are however some reserves held to cover future grant reductions but these can only be seen as a contingency in the short term e.g. Adult Community Learning and Youth Offending reserves. The payment of redundancy costs, when a grant ceases, is not normally allowed as eligible expenditure to be set against the grant and therefore it is for the Council to set aside funds to cover this eventuality. A Grant Exit Strategy reserve is being held under the Social Services heading to fund such costs if they arise and in the main relates to the Flying Start grant.
- 4.74** Legislative changes provide a major risk to the Council. The increase in the National Living Wage will put further pressure on staffing budgets. There is uncertainty for future recycling costs due to changes in the global market. In addition, the impact of changes to welfare reforms are at present not clear and a reserve is held for this purpose.
- 4.75** There are risks associated with climate change, in particular energy costs and the Council holds an Energy Fund to implement energy saving initiatives. The effect of adverse weather conditions increases the cost of running and maintaining the Council’s infrastructure and provision needs to continue to be set aside to fund works over and above that held in the normal operational revenue budget, as covered for instance by the Bad Weather reserve.
- 4.76** Whilst covered by a separate report on the agenda, it is important to point out that a large proportion of the reserves are held for capital expenditure as well as for revenue purposes. There is a large commitment required for the future development of local schools and for the risks in maintaining aging premises. Also, the Council relies heavily on its ICT infrastructure and the Wales Audit Office has recommended that a corporate technology development fund should be held.

- 4.77** The Council also holds funds to enable it to fulfil its priorities set out in the Corporate Plan through the 4 well-being outcomes. The Council must demonstrate its commitment to the Well-being of Future Generations Act and ensure that the needs of the present are met without compromising the ability of future generations to meet their own need, thus ensuring that funding is available in the long term through sound financial planning.
- 4.78** As part of the usual Budget process, an examination of the level of reserves was undertaken to ascertain their adequacy and strategy for use. The reserves were examined with a view to their level (i.e. whether the amount held in the fund is sufficient to meet requirements) and purpose (i.e. whether the need to hold the fund is still relevant). The requirement for each specific reserve has also been considered in light of the Council's priorities.
- 4.79** The estimated level of the Council Fund Reserve at 1st April 2019 is £13.634m with a planned drawdown of £2m in 2019/20 and a further £1m in 2020/21.
- 4.80** The Section 151 Officer's view is that the minimum level for the Council Fund Reserve is £7m. This is considered sufficient to cover unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial and several instances can occur in a year. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale of Glamorgan this is currently about £11.3m. However, in view of the prudent approach the Council takes with regard to Specific Reserves, £7m is considered a reasonable minimum.
- 4.81** There are Schools balances which are unspent budgets delegated to individual schools. As at 31st March 2018 the aggregate nursery, primary and secondary balances were £2.6m
- 4.82** Attached at Appendix H is a schedule showing the reserves and the anticipated balances at the 31st March 2019, 2020, 2021 and 2022. The Appendix sets out the title of the reserve together with its purpose. A summary of the position is set out below and excludes Schools balances and the Housing Revenue Account (HRA).

Summary of Estimated Reserves Projected to 2021/22	Est. Bal. 31/3/2019 £000	Net Movement £000	Est. Bal. 31/3/2022 £000
General Reserves	13,634	(3,000)	10,634
Specific Reserves :			
Insurance Fund	3,452	0	3,452
Capital Reserves	28,796	(18,809)	9,987
Other Specific Reserves	25,937	(7,358)	18,579
Total Council Fund Reserves(excl. Schools and HRA)	71,819	(29,167)	42,652

- 4.83** It is projected that there will be a large fall (41%) in the level of reserves over the 3 year period as substantial calls on funds are made. However, these are still deemed to be adequate as known risks are largely covered and the Council Fund Reserve is at a reasonable level, not expected to fall below £7m.

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

Delivering Well Being

- 5.1** In setting the revenue budget, the Council needs to consider its corporate priorities as set out in the Corporate Plan 2016-2020 through the 4 well-being outcomes which are shown below with examples of how the Council is providing support through the 2019/20 revenue budget.
- An Inclusive and Safe Vale – Funding will be provided for the Homes Loan Service;
 - An Environmentally Responsible and Prosperous Vale - Additional funding is being allocated to support the waste and recycling service;
 - An Aspirational and Culturally Vibrant Vale – Funding has been provided for schools; and
 - An Active and Health Vale – Funding has been provided to support Social Services and collaborative work will continue with Health as part of the ICF grant funding.
- 5.2** These outcomes demonstrate the Council’s commitment to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own need. Even with reductions in funding, where practical, the Council will strive to maintain services which contribute towards this agenda.
- 5.3** In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow. These budget proposals reflect this new approach to working. The 5 ways of working are:-
- Looking to the long term - The budget proposals are a means of planning for the future and take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
 - Taking an integrated approach - The budget proposals highlight and encourages ways of working with partners.
 - Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners.

- Working in a collaborative way – The budget proposals recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future.
- Understanding the root cause of issues and preventing them – The budget process is proactive and allows an understanding of the financial position so that issues can be tackled at the source.

6. Resources and Legal Considerations

Financial

- 6.1** The total budget shown at Appendix C is £226.098m. After adjusting for discretionary rate relief of £240k, it is £2.243m below the Council's SSA of £228.101m. The 2018/19 budget was £987k below the SSA.
- 6.2** The Council's SSA (IBA) is an indication of the relative resources needed to provide a standard level of service. It is based on statistical data and formulae, any of which can be flawed in assessing need. It is used primarily as a method of distributing AEF. It is not an absolute indicator of a required spending level for a particular service in a particular area. It is for local councils to best determine their own spending priorities in light of local circumstances.
- 6.3** It is proposed that £3m is used from the Council Fund over the next 2 financial years.

Statement of Section 151 Officer on Robustness of Estimates

- 6.4** The Local Government Act 2003 requires that the Section 151 Officer (currently the Head of Finance) must report on the robustness of the estimates, which are to be approved by Council. This Section constitutes that assurance.
- 6.5** In view of the uncertainties of the current and future economic climate there is increased risk facing the Council's financial position and, as a consequence, the delivery of services. This has been recognised and referenced within this report, where relevant, together with actions that can be taken to manage that risk.
- 6.6** Savings are regarded as extremely challenging but achievable and have been carefully examined with risk and measures to mitigate them identified. It is important to stress the importance of the mitigating actions being implemented and the need to consider Equality Impact Assessments (EIA). An EIA for the budget is attached at Appendix I.
- 6.7** Estimates in the budget report are robust subject to any reservations/ qualification or other commentary contained in the report. All services'

expenditures are under pressure and there is always a risk that a service may overspend, particularly in light of unforeseen circumstances.

- 6.8** A measure to guard against this will be to monitor the budget during the year and to identify problems as they arise and put in place remedial action. Key to this will be the delivery of savings including those required under the Reshaping Services programme. Cabinet, Scrutiny and managers continue to have a key role in reviewing and maintaining budgetary performance.
- 6.9** Reserves have been again reviewed and are considered adequate to cover contingencies and the risks stated in the report.

Employment

- 6.10** The budget proposals will have implications for the Council's employees and there will be a loss of jobs. The reduction for 2019/20, excluding schools, is estimated to be around 27 full-time equivalents (FTE) with a large part of the savings target being focused on more efficient procurement. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies.
- 6.11** The above figures do not include the staffing implications relating to budget pressures within schools as the details need to be considered by individual Governing Bodies and supported by the Director of Learning & Skills. Individual schools will also be impacted by whether they have growing or falling pupil numbers. There are, however, likely to be staff reductions and redundancies depending on each school's circumstances. The Director of Learning & Skills will need to establish the impact of the budget on employees in schools.
- 6.12** The Council has an Avoiding Redundancy Procedure that will be followed and includes a requirement for the Council to search for suitable alternative employment. The numbers of employees referred to are those impacted in the budget. There could be further staff implications from other restructuring exercises during the year.
- 6.13** The trades unions will continue to be consulted on the details of any potential redundancies once known.
- 6.14** In light of the staffing implications it is essential to ensure that consultation with the trades unions is carried out in accordance with the Council's Avoiding Redundancy Policy and related legal requirements. A Change Forum meets regularly with the trade unions to help co-ordinate the consultation process and deal with cross- directorate issues.

Legal (Including Equalities)

- 6.15** The Council is required under statute to fix its Council Tax for 2019/20 by 11th March 2019 and in order to do so will have to agree a balanced revenue budget by the same date.

7. Background Papers

Local Government Final Revenue Settlement letter dated 20th December 2018.

Report of the Managing Director

Reasons for Difference between Final Education IBA and Budget

Background

The Welsh Government (WG) no longer requires each local authority to compare its total budget for education to its Education Indicator Based Assessment (IBA), and report on reasons for the difference between the Education Budget and its IBA. In the interest of continuing transparency with all schools and the school's Budget Forum, this appendix continues to be included as part of the final budget report.

The Vale of Glamorgan Council 2019/20 education IBA is £98.827M compared to a budget of £103.626M. The Council is therefore funding educational services at £4.799M above the IBA.

Issues

The 2019/20 revenue settlement from WG has decreased the Aggregate External Finance (AEF) for this Council by £1.181M; a decrease of 0.77% from 2018/19 after adjusting for transfers.

The Council's overall 2019/20 Standard Spending Assessment (SSA) is £228.101M which has increased by £4.491M or 2.01% when compared to the previous year's adjusted SSA.

The Council continues to face significant pressures in setting a budget which were identified in the report on the Initial Revenue Budget Proposals for 2019/20 presented to Cabinet on the 19th November 2018.

Table to Show Demographic Impact on the ISB

The 2019/20 settlement recognises an increase of 265 Vale of Glamorgan pupils compared to the previous year which has a financial Impact estimated at £1.013M as identified in the following table.

APPENDIX A

	2018/19	2019/20	Change	SSA Unit Value	Increased Cost
Pupil Numbers Nursery and Primary	12,123	12,278	155	£3,313.78	£513,636
Pupil Numbers Secondary in Yr Groups 7-9	4,419	4,485	66	£4,127.79	£272,434
Pupil funding Pupils in Yr 10 & 11	2,946	2,990	44	£5,157.63	£226,936
COST OF DEMOGRAPHIC INCREASE			265		£1,013,006

Learning and Skills Budget 2019/20

The overall increase in the Learning and Skills budget is £3.681M, the table below shows the movement between the 2018/19 and 2019/20 Budgets

Learning and Skills Budget 2019/20	£'000
2018/19 Learning and Skills Budget	101,928
Growth to fund Employers Teacher's Pension Contributions	1,808
Growth to fund pay inflation	1,713
Growth to fund demographic growth in schools	770
Transfer into Revenue Support Grant	511
Growth to fund increase in complex needs placements	200
Growth to fund Microsoft licences	47
Reshaping Services and Efficiency Savings	-986
Asset Rent and IAS 19 adjustments	-316
Central Recharge and insurance adjustments	-66
Net budget increase	3,681
2019/20 Learning and Skills Budget	105,609

Education IBA Comparison

The Learning and Skills 2019/20 Budget is £105.609M, however not all departments within the Learning and Skills Directorate fall under the heading of Education for IBA comparison (e.g. Libraries, CYPP and Arts). In order to compare the Education budget with the Education IBA, the Learning and Skills budget must be adjusted as demonstrated in the table below.

The resulting Education budget of £103.626M exceeds the Education IBA (£98.827M) by £4.799M.

Education IBA Comparison	Budget 2019/20
	£'000
Schools	87,896
Achievement for All	5,339
- Less CYPP	-287
Strategy, Community Learning and Resources	11,110
- Less Libraries and Arts	-2,094
Directors office	234
School Improvement	1,030
Education Transport (under development Services)	3,662
Less education asset rents and IAS 19	-3,264
TOTAL EDUCATION BUDGET	103,626
2018/19 SSA	98,827
Variance above SSA	4,799

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

Conclusion

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

The Education and Schools 2019/20 budget is £4.799M above the SSA of £98.827M, however schools and educational services are still under a great deal of financial pressure in order to manage within budgeted resources. The Directorate will continue to work on the Reshaping Services agenda with the aim to make savings by changing the way services are provided.



APPENDIX B

2019-20 Budget Consultation Report

Background

Since 2010, the Vale of Glamorgan Council has saved over £50million from its overall budget. For the 2019/20 financial year, it was estimated that up to an additional £14million may need to be saved subject to the increase in Council Tax. On this basis the Council needed to consult with residents and key partners to explain its current financial position and to ask for an indication of how these savings could be met.

Methodology

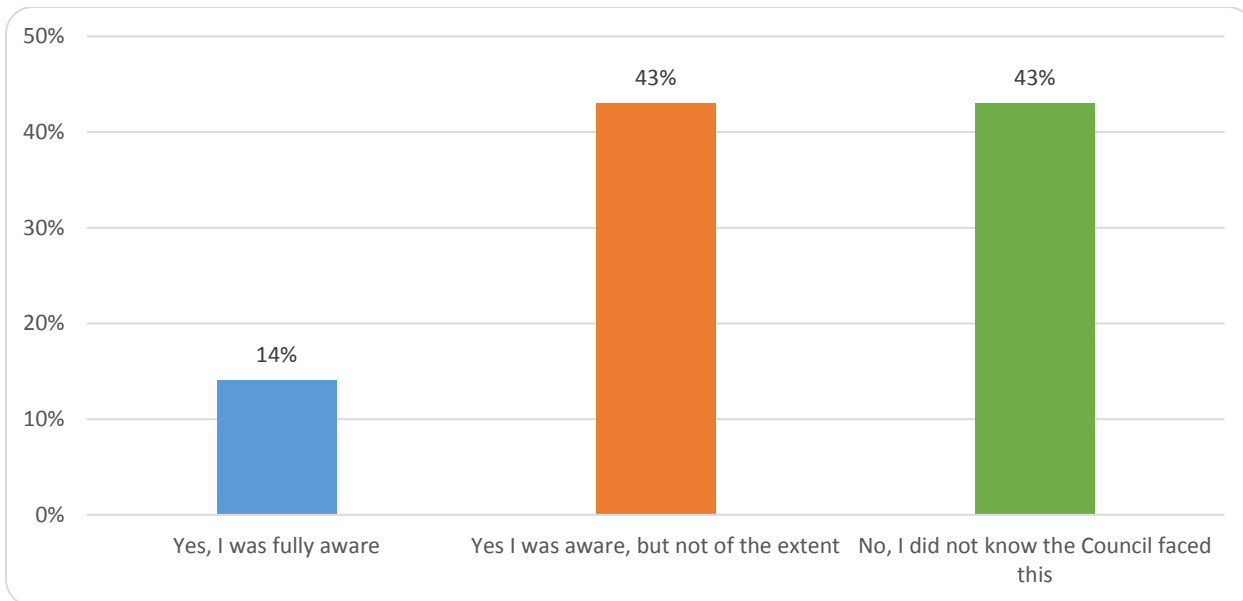
The Council decided to use the biennial Public Opinion Survey, a survey of a representative sample of around 1,000 Vale residents, as the primary method to engage on its budget shortfall. A set of questions on the budget were included in the survey, which was carried out through face-to-face interviews with residents in their homes. In addition, it was decided to publish the same set of questions on the Council's website in order to provide residents and partners who had not taken part in the Public Opinion Survey with the opportunity to have their say. Council officers also attended meetings with key stakeholders in order to explain the situation and promote the survey. Town and Community Councils and key partners such as members of the Public Services Board were also invited to write to the Council with their suggestions.

Results

Public Opinion Survey

These responses are from a representative sample of 1,000 Vale residents.

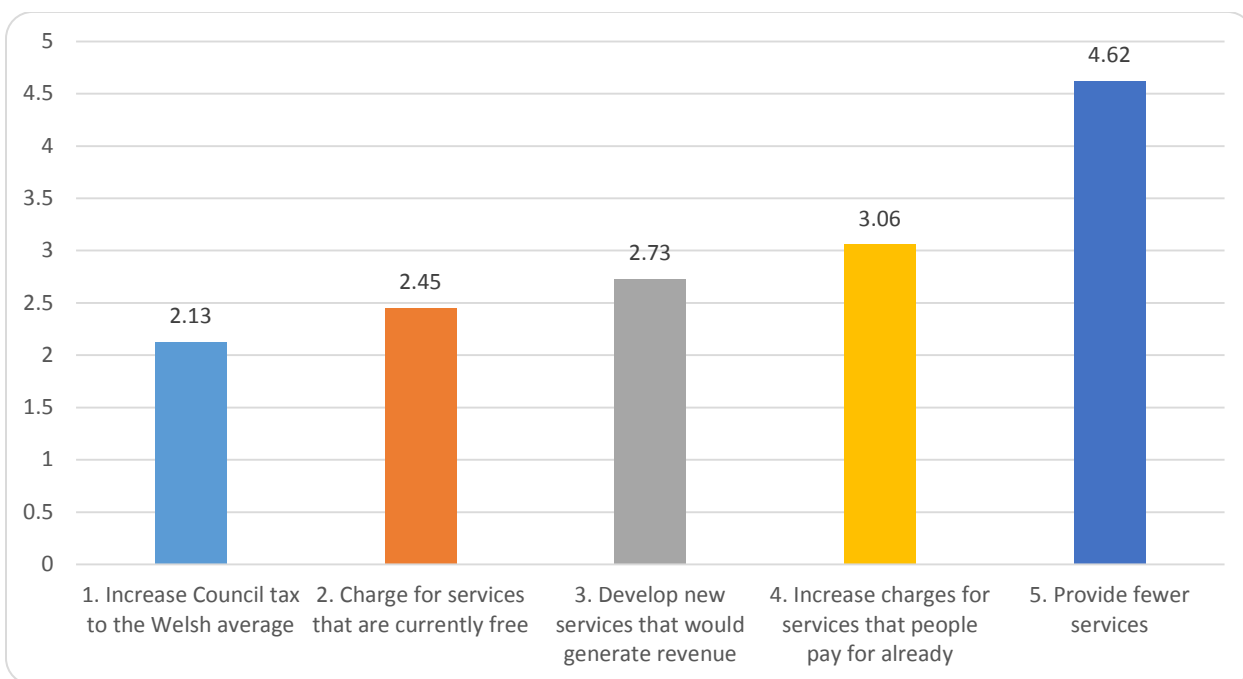
Q. The Vale of Glamorgan Council projects that it needs to find around £14m worth of savings in 2019/20. That is approximately a 6% reduction of its current budget. Before today were you aware of this shortfall?



The responses to this question show that approximately 57% of residents were aware of the situation, however 43% were not aware of the extent of the savings required and 43% did not know that the Council faced this financial challenge.

Q. The Council has already had to take a number of difficult decisions to identify where savings can be made and this process will continue. The Council cannot address its budget shortfall by savings alone. In which order would you prioritise the following methods of addressing the budget shortfall?

(1- 5, where 1 should be done first)

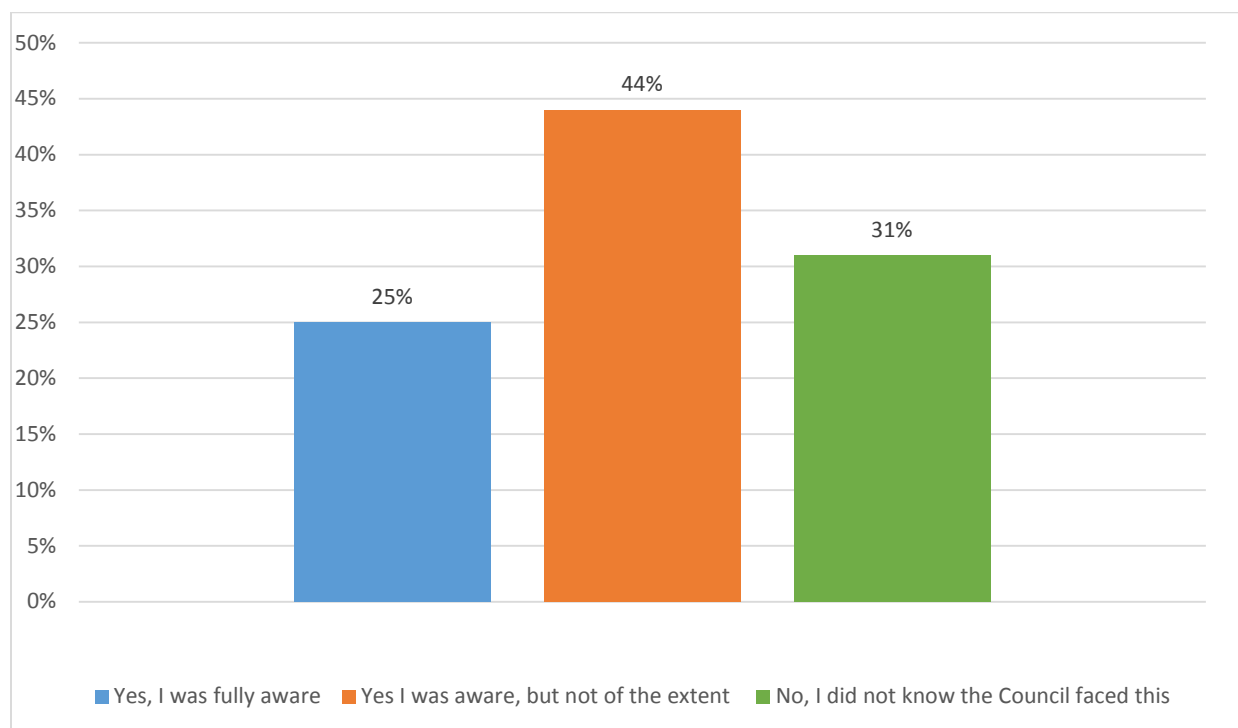


Perhaps surprisingly, the option that has been put forward for where this should be actioned first is to increase Council tax to the Welsh average. Next is to charge for services that are currently free, then to develop new services that would generate revenue. In fourth position was to increase charges for services that people pay for already. Finally the least popular option was to provide fewer services.

Online Survey

These responses are from 296 responses to the online survey from a combination of Vale residents and Vale of Glamorgan Council staff and partners.

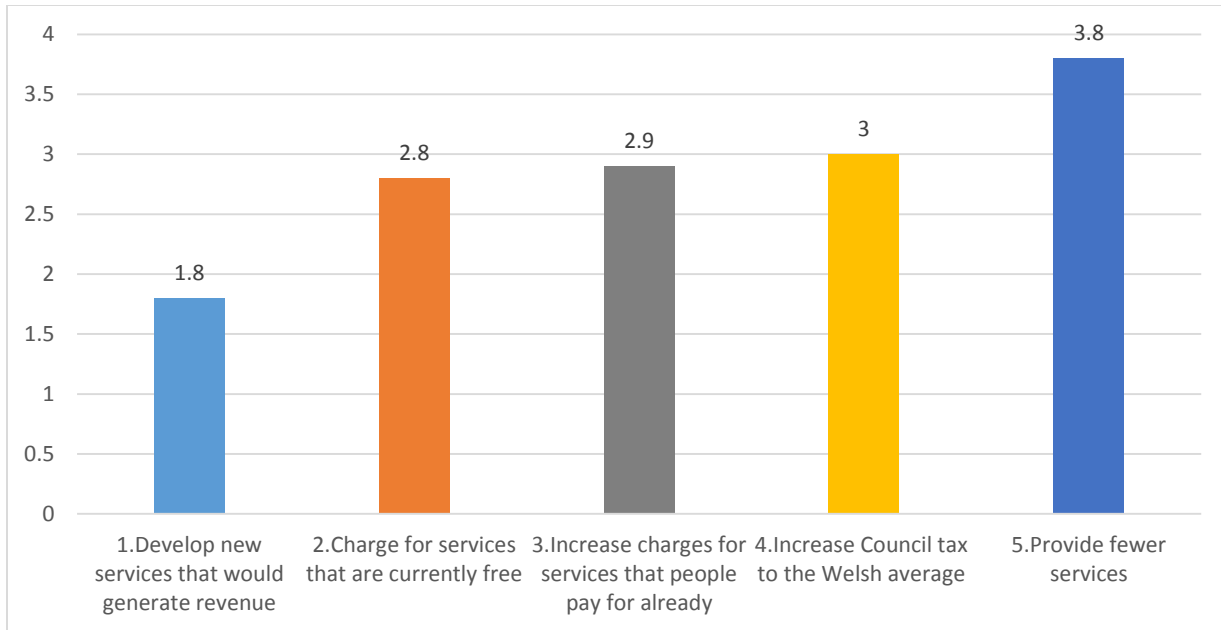
Q. The Vale of Glamorgan Council projects that it needs to find around £14m worth of savings in 2019/20. That is approximately a 6% reduction of its current budget. Before today were you aware of this shortfall?



As with the Public Opinion Survey, we have seen that the majority of residents are aware of the Council's budget shortfall, but not to the full extent and around 31% were not aware of this situation. So there is work to do to address this.

Q. The Council has already had to take a number of difficult decisions to identify where savings can be made and this process will continue. The Council cannot address its budget shortfall by savings alone. In which order would you prioritise the following methods of addressing the budget shortfall?

(1- 5, where 1 should be done first)



The priorities from the online survey differ to those from the public opinion survey. Provide fewer services is consistently the least preferred option. Charge for services that are currently free has also been consistently ranked as the second preferred option. 'Increase charges...' is ranked third and fourth across the two surveys. Developing services that would generate revenue is ranked first for the online survey but third from the Public Opinion Survey. Finally Increasing Council Tax is the least consistent option, being ranked first by respondents to the Public Opinion Survey but fourth by respondents to the online survey.

Profile of Respondents

97% of responses to the online survey came from local residents, 1% from local councilors, 1% from a local business owner and 1% stated 'other'.

48% of respondents identified themselves as female and 52% male.

1% of respondents are aged 18-24, 8% are 25-34, 37% are 35-54, 50% are 55 – 77 and 4% are 75+.

3% of respondents day to day activities are limited a lot because of a disability, 14% are limited a little, 80% are not limited and 3% preferred not to say.

Written responses

The Council received five written representations in response to the budget consultation. One was from Barry Town Council and the other four were from residents. Barry Town Council noted that they are keen to continue discussions on the Reshaping Services programme in the future.

One resident commented that the most important services for them were weekly household waste collections and green bags (garden waste).

Another commented that introducing parking charges would not meet the budget shortfall and instead the Council should be more lateral in its thinking. They also suggested offering capital building investment participation across the board in the Vale and coordinate a minimal 20% involvement.

Another suggested that the only sensible way forward would be to merge the Local Authorities in to 4 or 5 authorities to end wasted duplication. In the meantime they suggest sharing services wherever possible.

Finally, one resident made a number of suggestions including:

- 1. Review of manpower of office staff and labour force. There seems to be a degree of under-deployment in a number of areas including office staff and labouring.*
- 2. Car parking charges especially where there are currently free facilities. (Suggest two free initial hours to encourage visitors).*
- 3. Development of vehicle depository areas for car sharers where a monthly/annual charge is made for their use.*
- 4. Wholesale reappraisal of Council Tax bands. Many properties underpaying.*
- 5. Development of Vale taxi service as an on-demand service to replace the current woefully underused bus service.*
- 6. Review of the future of unviably small village primary schools in terms of the cost of staff and property maintenance.*
- 7. Realistic charging for leisure facilities and use of council maintained sports grounds.*
- 8. Development of revenue generating initiatives such as adventure activities (e.g. zip wire, dry ski slope, skateboard park, miniature railway), accommodation, historical sites, educational facilities (eg planetarium), and cafeteria at beauty spots and parklands.*

Conclusions

A key issue that has emerged from this consultation exercise is that of awareness of the budget position. In order to address the lack of awareness of the Council's budget shortfalls it is recommended that the Council take a different approach to communicating budgetary issues and sharing this message. Instead of undertaking consultation once a year on the budget it is proposed that messages relating to the budget position and how this links to key services are communicated to residents regularly throughout the year and each time the Council is proposing to make a change to a service or seek to address the budget shortfall.

The Council should also seek to protect services wherever possible as it is shown through both surveys that providing fewer services is not a preferred option for respondents. This reflects the current Council strategy, and it is fair to surmise that the Vale of Glamorgan Council has been aware of the need to protect services. In order to succeed in this approach, the Council has sought to transform the way it delivers key services over the last 5 years. This has been achieved under the Reshaping Services programme, which has seen a variety of methods used to secure savings and efficiencies, whilst at the same time protecting highly valued public services.

The Reshaping Services approach has also involved reassessing the way the Council charges for certain services. Introducing charges for services is a preferred option across both surveys, ranked second highest amongst the options. In this regard, the Council needs to continue to focus on its work in this area, as part of the Reshaping Services programme.

	Original Budget 2018/19 £'000	Asset Rents/ IAS 19 £'000	Base Budget 2018/19 £'000	Rechgs/ Transfs £'000	Budget Adjustment £'000	Pay Inflation £'000	Transfers Into RSG £'000	Savings £'000	Cost Pressures £'000	Use of General Reserves £'000	Base Estimate 2019/20 £'000	Asset Rents/ IAS 19 £000	Original Budget 2019/20 £000
Learning and Skills Schools	84,458	0	84,458	(227)	0	1,500	511	(824)	2,478	0	87,896	0	87,896
Strategy, Culture, Community Learning and Resources	11,555	(3,314)	8,241	(206)	0	106	0	(103)	74	0	8,112	2,998	11,110
Achievement for All	4,650	2	4,652	342	0	104	0	(30)	273	0	5,341	(2)	5,339
School Improvement	1,033	0	1,033	25	0	1	0	(29)	0	0	1,030	0	1,030
Directors Office	232	0	232	0	0	2	0	0	0	0	234	0	234
Total Learning & Skills (Excluding Schools)	17,470	(3,312)	14,158	161	0	213	0	(162)	347	0	14,717	2,996	17,713
Social Services													
Children and Young People	15,235	(35)	15,200	399	0	97	0	(149)	525	0	16,072	26	16,098
Adult Services	46,644	(177)	46,467	(265)	330	400	260	(378)	963	0	47,777	180	47,957
Resource Management & Safeguarding	201	93	294	3	0	68	0	(18)	13	0	360	(88)	272
Youth Offending Services	728	(16)	712	(6)	0	14	0	0	5	0	725	16	741
Total Social Services	62,808	(135)	62,673	131	330	579	260	(545)	1,506	0	64,934	134	65,068
Environment and Housing													
Neighbourhood and Transport Services	26,842	(4,274)	22,568	57	0	413	0	(932)	660	0	22,766	3,936	26,702
Building Services	0	46	46	0	0	0	0	0	0	0	46	(46)	-
Regulatory Services	2,239	1	2,240	(96)	0	0	0	(102)	0	0	2,042	(1)	2,041
Council Fund Housing	1,383	(23)	1,360	(3)	0	27	0	(106)	8	0	1,286	23	1,309
Total Environment and Housing	30,464	(4,250)	26,214	(42)	0	440	0	(1,140)	668	0	26,140	3,912	30,052
Managing Director													
Resources	497	(509)	-12	(259)	0	357	0	(679)	140	0	(453)	562	109
Regeneration	2,055	(32)	2,023	(26)	0	56	0	(29)	9	0	2,033	24	2,057
Development Management	1,076	(7)	1,069	(46)	0	45	0	(110)	7	0	965	7	972
Private Housing	11,007	(8)	10,999	(9,844)	0	10	0	(3)	39	0	1,201	8	1,209
Total Managing Director	14,635	(556)	14,079	(10,175)	0	468	0	(821)	195	0	3,746	601	4,347
General Policy	12,218	8,253	20,471	10,152	0	0	0	(252)	294	0	30,665	(7,643)	23,022
Met from General Reserves	0	0	0	0	0	0	0	0	0	(2,000)	(2,000)	0	(2,000)
TOTAL	222,053	0	222,053	0	330	3,200	771	(3,744)	5,488	(2,000)	226,098	0	226,098

NET GROWTH 2019/20

2019/20

£000

Learning and Skills**Schools**

Teacher Superannuation Increase (16.48% to 23.6%) 1,708

General Cost Pressure 770

Total Schools 2,478**Strategy, Culture, Community Learning & Resources**

Teacher Superannuation Increase (16.48% to 23.6%) 27

Microsoft Licences 47

Total Strategy, Culture, Community Learning & Resources 74**Achievement for All**

General Pressures 200

Teacher Superannuation Increase (16.48% to 23.6%) 73

Total Achievement for All 273

TOTAL LEARNING AND SKILLS 2,825

Social Services**Childrens Services**

External Placements 500

Microsoft Licences 25

Total Childrens Services 525**Adult Services**

Pressures including Demographic Growth and National Living Wage 922

Microsoft Licences 41

Total Adult Services 963**Resource Management and Safeguarding**

Microsoft Licences 13

Total Resource Management and Safeguarding 13**Youth Offending Service**

Microsoft Licences 5

Total Youth Offending Service 5

TOTAL SOCIAL SERVICES 1,506

Environment and Housing**Neighbourhood and Transport Services**

Waste Collection and Recycling pressures 625

Microsoft Licences 35

Total Neighbourhood and Transport Services 660**Council Fund Housing**

Microsoft Licences 8

Total Council Fund Housing 8

TOTAL ENVIRONMENT AND HOUSING 668

NET GROWTH 2019/20

2019/20

£000

Managing Director & Resources**Resources**

Democratic Services Additional Service Pressures	50
Microsoft Licences	90
Total Resources	140

Regeneration

Microsoft Licences	9
Total Regeneration	9

Development Services

Microsoft Licences	7
Total Development Services	7

Private Housing

Homes Loan Service	37
Microsoft Licences	2
Total Private Housing	39

TOTAL MANAGING DIRECTOR & RESOURCES	195
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Policy

Fire and Rescue Service Employer Pension Contributions	285
Microsoft Licences	9
Total Policy	294

TOTAL NET GROWTH 2019/20	5,488
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Service	Title & Description	2019/20
LEARNING AND SKILLS		
Schools		824
Strategy, Culture, Community Learning & Resources		
Third Party Spend	Savings from external procurement	103
Total Strategy, Culture, Community Learning & Resources		103
Achievement for All		
Third Party Spend	Savings from external procurement	30
Total Achievement for All		30
School Improvement		
Consortium	Saving from contribution to Central South Consortium	29
Total School Improvement		29
TOTAL LEARNING AND SKILLS		986
SOCIAL SERVICES		
Childrens Services		
Psychology Support for Foster Carers	Savings from the commissioning of psychology support to offer a therapeutic service to foster carers	60
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	88
Total Childrens Services		149
Adults Services		
Older Persons Day Services	Review of service provision	40
Maximising Reablement	Savings resulted from decreased on-going cost of packages of domiciliary care for people accessing services	100
Direct Payments	Converting existing clients to direct payments	50
Charging & Income Generation/Debt Recovery	Income from introducing charges for services as allowed by legislation	50
Review of Complex Cases		30
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	107
Total Adults Services		378

Service	Title & Description	2019/20
Resource Management & Safeguarding		
Third Party Spend	Savings from external procurement	18
Total Resource Management & Safeguarding		18
TOTAL SOCIAL SERVICES		545
ENVIRONMENT AND HOUSING		
Neighbourhood Services and Transport		
Internal Waste	Review of arrangements for the internal disposal of residual waste	50
Passenger Transport	Review of service provision	36
Reshaping Services	Existing savings target	600
Business Support	Review of service provision	50
Community Buildings	Review of service provision	19
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	176
Total Neighbourhood Services and Transport		932
Regulatory Services		
Shared Regulatory Service	Savings from collaborative service	102
Total Regulatory Services		102
Housing		
CCTV	Review of service provision	76
Third Party Spend	Savings from external procurement	30
Total Housing		106
TOTAL ENVIRONMENT AND HOUSING		1,140
MANAGING DIRECTOR AND RESOURCES		
Finance, ICT and Property		
Accountancy	Review of staffing structure	25
Internal Audit	Review of staffing structure	30
Fraud & Income Recovery	Reduction in fraud and recovery of income	50
Rental Income	Rent of office facilities	32

Service	Title & Description	2019/20
Discretionary Payments	Reduction in budget provision for discretionary payments	200
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	7
Third Party Spend	Savings from external procurement	119
Compliance	Review of Compliance arrangements	25
Total Finance and ICT		488
HR		
Staffing Savings	Restructure of senior management	44
Digital Sickness Reporting/E Recruitment	Change of working practice	23
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	6
Total HR		74
Legal and Democratic Services		
Software Savings	Savings from the introduction of new software	5
Members Printing	Reduction in printing	2
Legal Income	Generation of additional income	5
Records Management Unit	Digitisation of records and savings from office accommodation	7
Lease	Review of lease	3
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	6
Third Party Spend	Savings from external procurement	12
Fees and Charges	Inflationary uplift across appropriate fees and charges	8
Total Legal and Democratic Services		48
Performance and Development		
Digital Customer - e-Form Integration	Integration of e-forms with Oracle CRM for customer self-service	44
Third Party Spend	Savings from external procurement	22
Fees and Charges	Inflationary uplift across appropriate fees and charges	3
Total Performance and Development		69

Service	Title & Description	2019/20
Regeneration		
Third Party Spend	Savings from external procurement	25
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Fees and Charges	Inflationary uplift across appropriate fees and charges	3
Total Regeneration		29
Development Management		
Planning Income	Income from various initiatives in Planning department	39
General Efficiencies	General budget review	60
Third Party Spend	Savings from external procurement	11
Total Development Management		110
Private Housing		
Third Party Spend	Savings from external procurement	3
Total Private Housing		3
TOTAL MANAGING DIRECTOR AND RESOURCES		821
Policy		
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	2
Third Party Spend	Insurance saving	250
Total Policy		252
TOTAL		3,744

Service	Title & Description	2020/21	2021/22
LEARNING AND SKILLS			
Schools		881	919
Strategy, Culture, Community Learning & Resources			
General Efficiencies	General review of budget	45	0
Third Party Spend	Savings from external procurement	0	0
Total Strategy, Culture, Community Learning & Resources		45	0
TOTAL LEARNING AND SKILLS		926	919
SOCIAL SERVICES			
Childrens Services			
Psychology Support for Foster Carers	Savings from the commissioning of psychology support to offer a therapeutic service to foster carers	8	0
Total Childrens Services		8	0
Adults Services			
Review of Complex Cases		100	0
Total Adults Services		100	0
TOTAL SOCIAL SERVICES		108	0
ENVIRONMENT AND HOUSING			
Neighbourhood Services and Transport			
Traffic Surveys	Review of number of ad hoc, non-statutory traffic surveys	10	10
Passenger Transport	Review of service provision	144	0
Sports Development	Review of service provision	0	56
Community Buildings	Review of service provision	19	0
Total Neighbourhood Services and Transport		173	66
Regulatory Services			
Shared Regulatory Service	Savings from collaborative service	34	0
Total Regulatory Services		34	0
TOTAL ENVIRONMENT AND HOUSING		207	66

Service	Title & Description	2020/21	2021/22
MANAGING DIRECTOR AND RESOURCES			
Finance, ICT and Property			
Fraud & Income Recovery	Reduction in fraud and recovery of income	50	50
Universal Credit	Review of service provision following the rollout of Universal credit	207	0
Total Finance and ICT		257	50
HR			
Staffing Savings	Restructure of senior management	44	0
Total HR		44	0
Legal and Democratic Services			
Members Printing	Reduction in printing	1	0
Lease	Review of lease	3	0
Total Legal and Democratic Services		4	0
Performance and Development			
Digital Customer - Bulky Items	Review of the bulky item service and move to customer self-service	22	0
Total Performance and Development		22	0
Development Management			
Planning Income	Income from various initiatives in Planning department	12	0
Gen Efficiencies and Advertising	General budget review	8	0
Total Development Management		20	0
TOTAL MANAGING DIRECTOR AND RESOURCES		347	50
Council Wide			
Compliance	Review of Compliance arrangements	25	0
TOTAL COUNCIL WIDE		25	0
TOTAL		1,613	1,035

APPENDIX G

PROJECTED NET GROWTH 2020/21 AND 2021/22

	2020/21	2021/22
	£000	£000
<u>Learning and Skills</u>		
Schools		
Teacher Superannuation Increase Full Year Effect (16.48% to 23.6%)	1,221	0
General Cost Pressure	1,625	1,420
Total Schools	2,846	1,420
Strategy, Culture, Community Learning & Resources		
Teacher Superannuation Increase (16.48% to 23.6%)	19	0
Total Strategy, Culture, Community Learning & Resources	19	0
Achievement for All		
General Pressures	270	100
Teacher Superannuation Increase (16.48% to 23.6%)	52	0
Total Achievement for All	322	100
TOTAL LEARNING AND SKILLS	3,187	1,520
<u>Social Services</u>		
Childrens Services		
External Placements	276	276
Total Childrens Services	276	276
Adult Services		
Pressures including Demographic Growth and National Living Wage	1,518	1,518
Total Adult Services	1,518	1,518
TOTAL SOCIAL SERVICES	1,794	1,794
<u>Environment and Housing</u>		
Neighbourhood and Transport Services		
Waste Collection and Recycling pressures	80	75
Total Neighbourhood and Transport Services	80	75
TOTAL ENVIRONMENT AND HOUSING	80	75
<u>Policy</u>		
City Deal Debt	50	50
Total POLICY	50	50
Use of Reserves	1,000	1,000
TOTAL NET GROWTH	6,111	4,439

ANALYSIS OF RESERVES

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/18			Bal		Bal	Bal	Bal
	£000	£000	£000	£000		£,000	£,000	£,000
<u>Housing Revenue Account</u>	775	77	0	852	The fund is ring fenced by statute for use by the Housing Revenue Account (HRA). As well as acting as a working balance for the HRA, it is also used to fund repairs and the capital programme.	873	901	919
<u>General Reserves</u>								
Council Fund	9,634	4,000	0	13,634	The working balance of the Authority can be used to support Council Fund expenditure or to reduce the Council Tax. The minimum recommended level in the view of the S151 Officer is £7m. £4m transferred into this reserve as part of the Initial Budget Proposals 2019/20.	11,634	10,634	10,634
<u>Specific Reserves</u>								
<u>Learning and Skills</u>								
School Invest to Save	25	0	-25	0	The reserve is used to support costs of staffing restructures and redundancies in schools.	0	0	0
Schools Rationalisation and Improvements	763	32	-314	481	This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities including the transition of Barry Secondary schools. Transfers in also include reimbursement from schools for the capital loan scheme.	501	501	502
School Deferred Pensions	252	0	-28	224	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years	200	200	200
Sports Facilities	31	0	0	31	Funding transferred from Pen y Garth Primary School in order to provide a budget to fund ad hoc repairs and maintenance required to sports hall.	31	31	31
Library Fund	151	0	0	151	To finance the improvement of Library services.	0	0	0
Adult Community Learning	89	0	0	89	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded across Wales.	0	0	0
Youth Service	149	0	-107	42	To assist with the implementation of the Youth Engagement & Provision Framework in schools as well as initial costs in relation to the reshaping of the Youth service.	0	0	0
Repairs and Renewals Catering	187	0	-187	0	The primary use is to fund enhancements to premises and the replacement of Catering equipment, ensuring Environmental Health Officer requirements and Health & Safety obligations within school Catering premises are met.	0	0	0

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments	Est Bal 31/03/20 £,000	Est Bal 31/03/21 £,000	Est Bal 31/03/22 £,000
Social Services								
Legislative Changes	4,831	0	0	4,831	To cover additional burdens on the authority due to changes in legislation eg Social Services and Well-being (Wales) Act 2014 , Deprivation of Liberties Standards.	4,831	4,831	4,831
Social Services Plan	980	0	-330	650	To support the approved Social Services Budget Reduction Programme.	650	650	650
Social Services Pressures	1,913	0	0	1,913	To cover short term childrens placements which have a high cost e.g. remand, that cannot be accommodated within the current operational budget.	1,913	1,913	1,913
Social Services Development	350	0	0	350	To cover costs of implementing service development and contingency for premises maintenance	350	350	350
Grant Exit Strategy	630	0	0	630	To pay potential redundancy costs if Welsh Government grants were discontinued.	630	630	630
Youth Offending Service	174	0	0	174	To assist with potential reductions in grant funding in future years and to carry out works at YOS building	174	174	174
Environment and Housing								
Neighbourhood Services	7,200	758	-4,150	3,808	To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives. Reserve increased in 2018/19 to carry forward the Highways Refurbishment grant	2,640	220	0
Waste Transfer Station	1,500	0	0	1,500	Establishment of a Waste Transfer Station.	0	0	0
Winter Maintenance	423	0	-127	296	To fund necessary works during periods of severe weather conditions.	150	0	0
Building Services Improvement	249	0	-144	105	Monies set aside for improvements to the Building Services department.	0	0	0
Rural Housing Needs	56	0	-12	44	To be used to fund Rural Enabler post.	32	20	8
Homelessness and Housing	522	0	0	522	This sum will be used to support homelessness prevention work.	465	423	381
Community Safety	37	0	0	37	To fund community safety initiatives.	37	37	37
Gypsy Traveller	1,059	0	0	1,059	Provision of Gypsy/Traveller site and Gypsy Liaison Officer.	1,059	1,059	1,059
Regulatory Improvements	282	0	-20	262	Monies set aside for Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	262	262	262

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments	Est Bal 31/03/20 £,000	Est Bal 31/03/21 £,000	Est Bal 31/03/22 £,000
Managing Director and Resources								
Regeneration and Planning								
Disabled Facilities	31	0	-31	0	To fund an Occupational Therapist within Disabled Facilities Grant team.	0	0	0
Temporary Empty Homes Officer	2	0	-2	0	To be used to fund an Empty Homes Officer.	0	0	0
Private Sector Housing	284	0	-65	219	To fund initiatives for Private Sector Housing, including an Occupational Therapist within the DFG team.	134	49	0
Local Development Plan	178	40	0	218	Set aside for costs relating to the production of the Local Development Plan.	243	243	143
Regeneration & Planning	796	0	-41	755	Monies set aside to cover various commitments within the service.	755	755	755
Planning Fees	100	0	0	100	To provide for reduction in planning fees income.	100	100	100
Building Control	296	0	0	296	Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account.	246	196	146
Donations	24	12	-15	21	Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast.	21	18	15
Resources								
Welfare Reforms	756	0	0	756	To fund pressures on the Authority resulting from changes to the Welfare Benefit System. The balance required in this reserve will be assessed when more information becomes available. This reserve could be used to finance any Department for Work and Pensions projects.	756	756	756
Legal	657	0	-15	642	To provide in house legal capacity on major projects, fund increased in house capacity which assists with income generation.	545	461	375
Trainee Appointments	680	0	-30	650	To fund the appointment of trainees and interns to support services and the Reshaping Service programme.	610	570	530
Legal Claims	1,920	0	0	1,920	To fund future legal cases and judicial reviews.	1,920	1,920	1,920
Human Resources	141	0	0	141	To fund transitional costs associated with the move to the new HR operating model/HR service centre, for spend to save projects i.e. reduce recruitment spend, reduce sickness absence etc and for a part time temporary post for work associated with the 16-24 agenda.	91	41	0
Performance and Development	343	0	-50	293	To fund the purchase of hardware, software and equipment and to fund the appointment of trainees and interns to support the service.	213	153	103

ANALYSIS OF RESERVES

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/18			Bal		Bal	Bal	Bal
	£000	£000	£000	£000		£,000	£,000	£,000
Democratic & Freedom of Information	48	0	-48	0	To be used to fund IT and other equipment required to support department.	0	0	0
Corporate								
Election Expenses	216	40	0	256	Set aside for the Council and other elections costs.	266	276	286
Corporate Governance	338	0	0	338	This reserve has been set aside in respect of local government governance and development issues e.g. collaboration, mergers. The fund is also a useful contingency provision for improvements required urgently e.g. as a result of an inspection report.	338	338	338
Early Retirement/Redundancy	973	0	0	973	Used to finance the cost of early retirement and redundancy as a result of restructuring, budget savings and the Reshaping Service Programme.	973	973	973
Events	340	0	-148	192	To provide funds to promote the Vale of Glamorgan particularly in respect of tourism and economic development.	44	0	0
Insurance Fund	3,452	0	0	3,452	To fund potential future claims on the Authority based upon historical evidence. This is reviewed annually. No prediction for future use has been included at present and claims can have a long lead time.	3,452	3,452	3,452
Energy Management Fund	318	119	-368	69	Energy saving schemes initially funded from this reserve and transfers in relate to the repayments to the fund from services once savings are achieved.	168	242	302
Reshaping Services	569	0	0	569	To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services programme.	569	569	569
Interpretation Services for Asylum Seekers	98	0	0	98	To provide support and interpretation services for asylum seekers.	98	98	98
Stronger Communities Fund	232	0	0	232	To enable community groups, the voluntary sector and town and community councils to apply for revenue and capital funding that promotes initiatives within the Vale of Glamorgan consistent with the Council's vision of "Strong communities with a bright future".	202	172	142

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments	Est Bal 31/03/20 £,000	Est Bal 31/03/21 £,000	Est Bal 31/03/22 £,000
Capital								
Additional Capital Funding	0	1,927	0	1,927	Additional capital funding received from Welsh Government in 2018/19 to be allocated during 2019/20	0	0	0
City Deal	1,898	0	0	1,898	To be used to contribute towards the City Deal which will generate significant economic growth and to improve transport and other infrastructure within the Cardiff Capital Region.	1,898	1,898	1,898
Coastal Works	570	0	-110	460	To assist in funding the ongoing liabilities that will arise following the coastal developments in the Vale, maintaining the impact of the significant investment made.	350	240	130
Computer Renewal Fund	3,952	108	-674	3,386	Set aside to meet the costs of replacement and renewal of computer hardware and software, telecommunication systems and infrastructure. Transfers in include the repayment back into the fund from schools and other services relating to IT loans.	3,222	2,355	2,196
Capital Scheme Commitments	92	0	-55	37	Set aside to top up Barry Regeneration schemes.	37	37	37
School Investment Strategy	11,372	37	-981	10,428	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	8,214	4,092	562
Capital Fund	3	0	0	3	To assist in funding future capital commitments.	3	3	3
Project Fund	3,180	0	-416	2,764	This fund is to be used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate.	2,330	2,180	2,180
Regeneration Fund	312	0	-32	280	To fund various regeneration schemes in the Vale, including committed capital schemes.	22	22	22
Council Building Fund	6,582	0	-2,758	3,824	The fund is available in respect of repairs and maintenance of Council Buildings.	2,224	1,870	1,870
Repairs and Renewals Vehicle	2,414	900	-590	2,724	This fund is primarily for the replacement of plant and vehicles. Vehicles are purchased from the fund and the transfer in represents the equivalent "rental" amount reimbursing the fund.	466	24	24
Social Services Buildings	500	0	0	500	To fund the update of Social Services premises to meet the future demands of the service.	500	500	500
Telecare	565	0	0	565	Replacement fund for Telecare equipment and other service costs.	565	565	565
TOTAL SPECIFIC RESERVES (excl HRA)	66,085	3,973	-11,873	58,185		45,500	36,469	32,018

Equality Impact Assessment

APPENDIX I

Please click on headings to find [general guidance](#) or section guidance with an example.

You will find supporting information in appendices at the end of the guidance.

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

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

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

Revenue Budget Proposals for 2019/20

2. [Who is responsible?](#)

Name		Job Title	
Team	Corporate Management Team	Directorate	All Services

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

Date of start of assessment	November 2018
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4. [Describe the proposal?](#)

What is the purpose of the proposal?

The proposals detail the revenue budget for all services across the authority for 2019/20 and indicative budgets for 2020/21 and 2021/22.

Why do you need to put it in place?

The Council is required under statute to fix the level of Council Tax for 2019/20 by 11th March 2019. In order to achieve this a balanced revenue budget has to be produced and

Equality Impact Assessment

agreed.

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

The proposed net revenue budget for the authority for 2019/20 is over £200 million. The budget has been developed by the Budget Working Group following discussions with Directors and appropriate Cabinet members.

What are the intended outcomes of the proposal?

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

Who does the proposal affect?

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

Will the proposal affect how other organisations work?

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

Will the proposal affect how you deliver services?

The impact of the final revenue budget proposals for 2019/20 will vary according to the service and the nature of the changes to be made. Where these could potentially have a high impact upon clients with protected characteristics these will be subject to further consultation and analysis prior to any change in policy or approved saving being implemented.

In reviewing its many cost pressures, the Council has allocated the scarce resources available to it to meet its highest priorities. This process has regard to the impact upon different services and their client base. Additional funding has been allocated in 2019/20 to benefit Education & Schools and Childrens and Adult's Social Services. Savings required from all services have been phased over a number of years in order to allow sufficient time to address existing costs pressures whilst ensuring that areas for savings are achievable and sustainable, and that the potential equality impacts of implementing the savings and/or changing existing policy have been fully considered. The Council's Reshaping Services programme has identified a number of savings to be progressed during 2019/20 which will also necessitate engagement and consultation with those

Equality Impact Assessment

affected.

Will the proposal impact on other policies or practices?

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

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

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

How will you achieve the proposed changes?

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

Who will deliver the proposal?

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

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

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

5. What evidence are you using?

Engagement (with internal and external stakeholders)

The initial revenue budget proposals were discussed by Cabinet, all Scrutiny Committees and the Schools Budget Forum during December 2018.

Consultation (with internal and external stakeholders)

To ensure that the budget set for 2019/20 continues to address the priorities of Vale residents and the Council's service users, the budget setting process will take into

Equality Impact Assessment

account the results of the Public Opinion Survey. The Public Opinion Survey is undertaken every two years and captures the views of a representative sample of Vale residents. The survey represents the most accurate information that is held on what our residents think of the work that the Council does. The views of elected members, town and community councils and key partners will also be sought through a separate exercise

National data and research

The funding made available from Welsh Government is key in setting the budget and the final settlement was received in December 2018. The way in which the settlement is calculated is the subject of ongoing review of both data and methodology during the preceding year

Local data and research

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

6. How robust is the evidence?

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

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

What are the gaps?

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

What will you do about this?

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

What monitoring data will you collect?

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

Equality Impact Assessment

undertaken.

How often will you analyse and report on this?

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

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

Where will you publish monitoring data and reports?

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

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

7. [Impact](#)

Is there an impact?

The impact of the final revenue budget proposals for 2019/20 will vary according to the service and the nature of the changes to be made.

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

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

N/A

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

Equality Impact Assessment

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

Age

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

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

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

Disability

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

Gender reassignment, including gender identity

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

Marriage and civil partnership (discrimination only)

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

Pregnancy and Maternity

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

Race

The Annual Population Survey produced by the Office for National Statistics for the year ending 30th September 2017 shows that 123,000 residents of the Vale of Glamorgan said they were from a white background with 3,000 residents saying they were from a non-white background.

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

Religion and belief

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

Equality Impact Assessment

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

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

Sex

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

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

Sexual orientation

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

Welsh language

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

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

How do you know?

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

What can be done to promote a positive impact?

Any alterations to policies will have due regard to the results of consultation exercises with

Equality Impact Assessment

the relevant individuals or groups affected. Wherever possible mitigating action will be taken to minimise the impact upon those displaying the protected characteristics above.

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

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

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

This will be considered as part of any implementation process

Will the impact be positive, negative or neutral?

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

8. Monitoring ongoing impact

Date you will monitor progress

Ongoing throughout the financial year

Equality Impact Assessment

Measures that you will monitor

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

Date you will review implemented proposal and its impact

As part of the initial revenue budget proposals for 2020/21

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

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

10. Outcomes and Actions

Recommend actions to senior management team

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

Outcome following formal consideration of proposal by senior management team

Budget has been discussed at Corporate Management Team

Equality Impact Assessment

11. [Important Note](#)

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

12. [Publication](#)

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

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

13. [Authorisation](#)

Approved by (name)	Carys Lord
Job Title (senior manager)	Head of Finance
Date of approval	4 th February 2019
Date of review	November 2019

Report of the Managing Director

Reasons for Difference between Final Education IBA and Budget

Background

The Welsh Government (WG) no longer requires each local authority to compare its total budget for education to its Education Indicator Based Assessment (IBA), and report on reasons for the difference between the Education Budget and its IBA. In the interest of continuing transparency with all schools and the school's Budget Forum, this appendix continues to be included as part of the final budget report.

The Vale of Glamorgan Council 2019/20 education IBA is £98.827M compared to a budget of £103.626M. The Council is therefore funding educational services at £4.799M above the IBA.

Issues

The 2019/20 revenue settlement from WG has decreased the Aggregate External Finance (AEF) for this Council by £1.181M; a decrease of 0.77% from 2018/19 after adjusting for transfers.

The Council's overall 2019/20 Standard Spending Assessment (SSA) is £228.101M which has increased by £4.491M or 2.01% when compared to the previous year's adjusted SSA.

The Council continues to face significant pressures in setting a budget which were identified in the report on the Initial Revenue Budget Proposals for 2019/20 presented to Cabinet on the 19th November 2018.

Table to Show Demographic Impact on the ISB

The 2019/20 settlement recognises an increase of 265 Vale of Glamorgan pupils compared to the previous year which has a financial Impact estimated at £1.013M as identified in the following table.

APPENDIX B

	2018/19	2019/20	Change	SSA Unit Value	Increased Cost
Pupil Numbers Nursery and Primary	12,123	12,278	155	£3,313.78	£513,636
Pupil Numbers Secondary in Yr Groups 7-9	4,419	4,485	66	£4,127.79	£272,434
Pupil funding Pupils in Yr 10 & 11	2,946	2,990	44	£5,157.63	£226,936
COST OF DEMOGRAPHIC INCREASE			265		£1,013,006

Learning and Skills Budget 2019/20

The overall increase in the Learning and Skills budget is £3.681M, the table below shows the movement between the 2018/19 and 2019/20 Budgets

Learning and Skills Budget 2019/20	£'000
2018/19 Learning and Skills Budget	101,928
Growth to fund Employers Teacher's Pension Contributions	1,808
Growth to fund pay inflation	1,713
Growth to fund demographic growth in schools	770
Transfer into Revenue Support Grant	511
Growth to fund increase in complex needs placements	200
Growth to fund Microsoft licences	47
Reshaping Services and Efficiency Savings	-986
Asset Rent and IAS 19 adjustments	-316
Central Recharge and insurance adjustments	-66
Net budget increase	3,681
2019/20 Learning and Skills Budget	105,609

Education IBA Comparison

The Learning and Skills 2019/20 Budget is £105.609M, however not all departments within the Learning and Skills Directorate fall under the heading of Education for IBA comparison (e.g. Libraries, CYPP and Arts). In order to compare the Education budget with the Education IBA, the Learning and Skills budget must be adjusted as demonstrated in the table below.

The resulting Education budget of £103.626M exceeds the Education IBA (£98.827M) by £4.799M.

Education IBA Comparison	Budget 2019/20
	£'000
Schools	87,896
Achievement for All	5,339
- Less CYPP	-287
Strategy, Community Learning and Resources	11,110
- Less Libraries and Arts	-2,094
Directors office	234
School Improvement	1,030
Education Transport (under development Services)	3,662
Less education asset rents and IAS 19	-3,264
TOTAL EDUCATION BUDGET	103,626
2018/19 SSA	98,827
Variance above SSA	4,799

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

Conclusion

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

The Education and Schools 2019/20 budget is £4.799M above the SSA of £98.827M, however schools and educational services are still under a great deal of financial pressure in order to manage within budgeted resources. The Directorate will continue to work on the Reshaping Services agenda with the aim to make savings by changing the way services are provided.

	Original Budget 2018/19 £'000	Asset Rents/ IAS 19 £'000	Base Budget 2018/19 £'000	Rechgs/ Transfs £'000	Budget Adjustment £'000	Pay Inflation £'000	Transfers Into RSG £'000	Savings £'000	Cost Pressures £'000	Use of General Reserves £'000	Base Estimate 2019/20 £'000	Asset Rents/ IAS 19 £000	Original Budget 2019/20 £000
Learning and Skills Schools	84,458	0	84,458	(227)	0	1,500	511	(824)	2,478	0	87,896	0	87,896
Strategy, Culture, Community Learning and Resources	11,555	(3,314)	8,241	(206)	0	106	0	(103)	74	0	8,112	2,998	11,110
Achievement for All	4,650	2	4,652	342	0	104	0	(30)	273	0	5,341	(2)	5,339
School Improvement	1,033	0	1,033	25	0	1	0	(29)	0	0	1,030	0	1,030
Directors Office	232	0	232	0	0	2	0	0	0	0	234	0	234
Total Learning & Skills (Excluding Schools)	17,470	(3,312)	14,158	161	0	213	0	(162)	347	0	14,717	2,996	17,713
Social Services													
Children and Young People	15,235	(35)	15,200	399	0	97	0	(149)	525	0	16,072	26	16,098
Adult Services	46,644	(177)	46,467	(265)	330	400	260	(378)	963	0	47,777	180	47,957
Resource Management & Safeguarding	201	93	294	3	0	68	0	(18)	13	0	360	(88)	272
Youth Offending Services	728	(16)	712	(6)	0	14	0	0	5	0	725	16	741
Total Social Services	62,808	(135)	62,673	131	330	579	260	(545)	1,506	0	64,934	134	65,068
Environment and Housing													
Neighbourhood and Transport Services	26,842	(4,274)	22,568	57	0	413	0	(932)	750	0	22,856	3,936	26,792
Building Services	0	46	46	0	0	0	0	0	0	0	46	(46)	-
Regulatory Services	2,239	1	2,240	(96)	0	0	0	(102)	0	0	2,042	(1)	2,041
Council Fund Housing	1,383	(23)	1,360	(3)	0	27	0	(106)	8	0	1,286	23	1,309
Total Environment and Housing	30,464	(4,250)	26,214	(42)	0	440	0	(1,140)	758	0	26,230	3,912	30,142
Managing Director													
Resources	497	(509)	-12	(259)	0	357	0	(774)	140	0	(548)	562	14
Regeneration	2,055	(32)	2,023	(26)	0	56	0	(29)	9	0	2,033	24	2,057
Development Management	1,076	(7)	1,069	(46)	0	45	0	(115)	7	0	960	7	967
Private Housing	11,007	(8)	10,999	(9,844)	0	10	0	(3)	39	0	1,201	8	1,209
Total Managing Director	14,635	(556)	14,079	(10,175)	0	468	0	(921)	195	0	3,646	601	4,247
General Policy	12,218	8,253	20,471	10,152	0	0	0	(252)	304	0	30,675	(7,643)	23,032
Met from General Reserves	0	0	0	0	0	0	0	0	0	(2,000)	(2,000)	0	(2,000)
TOTAL	222,053	0	222,053	0	330	3,200	771	(3,844)	5,588	(2,000)	226,098	0	226,098

NET GROWTH 2019/20

2019/20

£000

Learning and Skills**Schools**

Teacher Superannuation Increase (16.48% to 23.6%) 1,708

General Cost Pressure 770

Total Schools 2,478**Strategy, Culture, Community Learning & Resources**

Teacher Superannuation Increase (16.48% to 23.6%) 27

Microsoft Licences 47

Total Strategy, Culture, Community Learning & Resources 74**Achievement for All**

General Pressures 200

Teacher Superannuation Increase (16.48% to 23.6%) 73

Total Achievement for All 273

TOTAL LEARNING AND SKILLS 2,825

Social Services**Childrens Services**

External Placements 500

Microsoft Licences 25

Total Childrens Services 525**Adult Services**

Pressures including Demographic Growth and National Living Wage 922

Microsoft Licences 41

Total Adult Services 963**Resource Management and Safeguarding**

Microsoft Licences 13

Total Resource Management and Safeguarding 13**Youth Offending Service**

Microsoft Licences 5

Total Youth Offending Service 5

TOTAL SOCIAL SERVICES 1,506

Environment and Housing**Neighbourhood and Transport Services**

Waste Collection and Recycling pressures 625

Strategic Bus Services 90

Microsoft Licences 35

Total Neighbourhood and Transport Services 750**Council Fund Housing**

Microsoft Licences 8

Total Council Fund Housing 8

TOTAL ENVIRONMENT AND HOUSING 758

NET GROWTH 2019/20

2019/20

£000

Managing Director & Resources**Resources**

Democratic Services Additional Service Pressures	50
Microsoft Licences	90
Total Resources	140

Regeneration

Microsoft Licences	9
Total Regeneration	9

Development Services

Microsoft Licences	7
Total Development Services	7

Private Housing

Homes Loan Service	37
Microsoft Licences	2
Total Private Housing	39

TOTAL MANAGING DIRECTOR & RESOURCES	195
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Policy

Fire and Rescue Service Employer Pension Contributions	285
Community Support St Pauls	10
Microsoft Licences	9
Total Policy	304

TOTAL NET GROWTH 2019/20	5,588
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Service	Title & Description	2019/20
LEARNING AND SKILLS		
Schools		824
Strategy, Culture, Community Learning & Resources		
Third Party Spend	Savings from external procurement	103
Total Strategy, Culture, Community Learning & Resources		103
Achievement for All		
Third Party Spend	Savings from external procurement	30
Total Achievement for All		30
School Improvement		
Consortium	Saving from contribution to Central South Consortium	29
Total School Improvement		29
TOTAL LEARNING AND SKILLS		986
SOCIAL SERVICES		
Childrens Services		
Psychology Support for Foster Carers	Savings from the commissioning of psychology support to offer a therapeutic service to foster carers	60
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	88
Total Childrens Services		149
Adults Services		
Older Persons Day Services	Review of service provision	40
Maximising Reablement	Savings resulted from decreased on-going cost of packages of domiciliary care for people accessing services	100
Direct Payments	Converting existing clients to direct payments	50
Charging & Income Generation/Debt Recovery	Income from introducing charges for services as allowed by legislation	50
Review of Complex Cases		30
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	107
Total Adults Services		378

Service	Title & Description	2019/20
Resource Management & Safeguarding		
Third Party Spend	Savings from external procurement	18
Total Resource Management & Safeguarding		18
TOTAL SOCIAL SERVICES		545
ENVIRONMENT AND HOUSING		
Neighbourhood Services and Transport		
Internal Waste	Review of arrangements for the internal disposal of residual waste	50
Passenger Transport	Review of service provision	36
Reshaping Services	Existing savings target	600
Business Support	Review of service provision	50
Community Buildings	Review of service provision	19
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	176
Total Neighbourhood Services and Transport		932
Regulatory Services		
Shared Regulatory Service	Savings from collaborative service	102
Total Regulatory Services		102
Housing		
CCTV	Review of service provision	76
Third Party Spend	Savings from external procurement	30
Total Housing		106
TOTAL ENVIRONMENT AND HOUSING		1,140
MANAGING DIRECTOR AND RESOURCES		
Finance, ICT and Property		
Accountancy	Review of staffing structure	25
Internal Audit	Review of staffing structure	30
Fraud & Income Recovery	Reduction in fraud and recovery of income	75
Rental Income	Rent of office facilities	32
Discretionary Payments	Reduction in budget provision for discretionary payments	200

Service	Title & Description	2019/20
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	7
Third Party Spend	Savings from external procurement	119
Compliance	Review of Compliance arrangements	35
Universal Credit	Review of service provision following the rollout of Universal credit	20
Total Finance and ICT		543
HR		
Staffing Savings	Restructure of senior management	84
Digital Sickness Reporting/E Recruitment	Change of working practice	23
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	6
Total HR		114
Legal and Democratic Services		
Software Savings	Savings from the introduction of new software	5
Members Printing	Reduction in printing	2
Legal Income	Generation of additional income	5
Records Management Unit	Digitisation of records and savings from office accommodation	7
Lease	Review of lease	3
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	6
Third Party Spend	Savings from external procurement	12
Fees and Charges	Inflationary uplift across appropriate fees and charges	8
Total Legal and Democratic Services		48
Performance and Development		
Digital Customer - e-Form Integration	Integration of e-forms with Oracle CRM for customer self-service	44
Third Party Spend	Savings from external procurement	22
Fees and Charges	Inflationary uplift across appropriate fees and charges	3
Total Performance and Development		69

Service	Title & Description	2019/20
Regeneration		
Third Party Spend	Savings from external procurement	25
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Fees and Charges	Inflationary uplift across appropriate fees and charges	3
Total Regeneration		29
Development Management		
Planning Income	Income from various initiatives in Planning department	44
General Efficiencies	General budget review	60
Third Party Spend	Savings from external procurement	11
Total Development Management		115
Private Housing		
Third Party Spend	Savings from external procurement	3
Total Private Housing		3
TOTAL MANAGING DIRECTOR AND RESOURCES		921
Policy		
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	2
Third Party Spend	Insurance saving	250
Total Policy		252
TOTAL		3,844

Service	Title & Description	2020/21	2021/22
LEARNING AND SKILLS			
Schools		881	919
Strategy, Culture, Community Learning & Resources			
General Efficiencies	General review of budget	45	0
Third Party Spend	Savings from external procurement	0	0
Total Strategy, Culture, Community Learning & Resources		45	0
TOTAL LEARNING AND SKILLS		926	919
SOCIAL SERVICES			
Childrens Services			
Psychology Support for Foster Carers	Savings from the commissioning of psychology support to offer a therapeutic service to foster carers	8	0
Total Childrens Services		8	0
Adults Services			
Review of Complex Cases		100	0
Total Adults Services		100	0
TOTAL SOCIAL SERVICES		108	0
ENVIRONMENT AND HOUSING			
Neighbourhood Services and Transport			
Traffic Surveys	Review of number of ad hoc, non-statutory traffic surveys	10	10
Passenger Transport	Review of service provision	144	0
Sports Development	Review of service provision	0	56
Community Buildings	Review of service provision	19	0
Total Neighbourhood Services and Transport		173	66
Regulatory Services			
Shared Regulatory Service	Savings from collaborative service	34	0
Total Regulatory Services		34	0
TOTAL ENVIRONMENT AND HOUSING		207	66

Service	Title & Description	2020/21	2021/22
MANAGING DIRECTOR AND RESOURCES			
Finance, ICT and Property			
Fraud & Income Recovery	Reduction in fraud and recovery of income	25	50
Universal Credit	Review of service provision following the rollout of Universal credit	187	0
Total Finance and ICT		212	50
HR			
Staffing Savings	Restructure of senior management	4	0
Total HR		4	0
Legal and Democratic Services			
Members Printing	Reduction in printing	1	0
Lease	Review of lease	3	0
Total Legal and Democratic Services		4	0
Performance and Development			
Digital Customer - Bulky Items	Review of the bulky item service and move to customer self-service	22	0
Total Performance and Development		22	0
Development Management			
Planning Income	Income from various initiatives in Planning department	7	0
Gen Efficiencies and Advertising	General budget review	8	0
Total Development Management		15	0
TOTAL MANAGING DIRECTOR AND RESOURCES		257	50
Council Wide			
Compliance	Review of Compliance arrangements	15	0
TOTAL COUNCIL WIDE		15	0
TOTAL		1,513	1,035

APPENDIX G

PROJECTED NET GROWTH 2020/21 AND 2021/22

	2020/21	2021/22
	£000	£000
<u>Learning and Skills</u>		
Schools		
Teacher Superannuation Increase Full Year Effect (16.48% to 23.6%)	1,221	0
General Cost Pressure	1,625	1,420
Total Schools	2,846	1,420
Strategy, Culture, Community Learning & Resources		
Teacher Superannuation Increase (16.48% to 23.6%)	19	0
Total Strategy, Culture, Community Learning & Resources	19	0
Achievement for All		
General Pressures	270	100
Teacher Superannuation Increase (16.48% to 23.6%)	52	0
Total Achievement for All	322	100
TOTAL LEARNING AND SKILLS	3,187	1,520
<u>Social Services</u>		
Childrens Services		
External Placements	276	276
Total Childrens Services	276	276
Adult Services		
Pressures including Demographic Growth and National Living Wage	1,518	1,518
Total Adult Services	1,518	1,518
TOTAL SOCIAL SERVICES	1,794	1,794
<u>Environment and Housing</u>		
Neighbourhood and Transport Services		
Waste Collection and Recycling pressures	80	75
Total Neighbourhood and Transport Services	80	75
TOTAL ENVIRONMENT AND HOUSING	80	75
<u>Policy</u>		
City Deal Debt	50	50
Total POLICY	50	50
Use of Reserves	1,000	1,000
TOTAL NET GROWTH	6,111	4,439

ANALYSIS OF RESERVES

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/18			Bal		Bal	Bal	Bal
	£000	£000	£000	£000		£,000	£,000	£,000
<u>Housing Revenue Account</u>	775	77	0	852	The fund is ring fenced by statute for use by the Housing Revenue Account (HRA). As well as acting as a working balance for the HRA, it is also used to fund repairs and the capital programme.	873	901	919
<u>General Reserves</u>								
Council Fund	9,634	4,000	0	13,634	The working balance of the Authority can be used to support Council Fund expenditure or to reduce the Council Tax. The minimum recommended level in the view of the S151 Officer is £7m. £4m transferred into this reserve as part of the Initial Budget Proposals 2019/20.	11,634	10,634	10,634
<u>Specific Reserves</u>								
<u>Learning and Skills</u>								
School Invest to Save	25	0	-25	0	The reserve is used to support costs of staffing restructures and redundancies in schools.	0	0	0
Schools Rationalisation and Improvements	763	32	-314	481	This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities including the transition of Barry Secondary schools. Transfers in also include reimbursement from schools for the capital loan scheme.	501	501	502
School Deferred Pensions	252	0	-28	224	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years	200	200	200
Sports Facilities	31	0	0	31	Funding transferred from Pen y Garth Primary School in order to provide a budget to fund ad hoc repairs and maintenance required to sports hall.	31	31	31
Library Fund	151	0	0	151	To finance the improvement of Library services.	0	0	0
Adult Community Learning	89	0	0	89	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded across Wales.	0	0	0
Youth Service	149	0	-107	42	To assist with the implementation of the Youth Engagement & Provision Framework in schools as well as initial costs in relation to the reshaping of the Youth service.	0	0	0
Repairs and Renewals Catering	187	0	-187	0	The primary use is to fund enhancements to premises and the replacement of Catering equipment, ensuring Environmental Health Officer requirements and Health & Safety obligations within school Catering premises are met.	0	0	0

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments	Est Bal 31/03/20 £,000	Est Bal 31/03/21 £,000	Est Bal 31/03/22 £,000
Social Services								
Legislative Changes	4,831	0	0	4,831	To cover additional burdens on the authority due to changes in legislation eg Social Services and Well-being (Wales) Act 2014 , Deprivation of Liberties Standards.	4,831	4,831	4,831
Social Services Plan	980	0	-330	650	To support the approved Social Services Budget Reduction Programme.	650	650	650
Social Services Pressures	1,913	0	0	1,913	To cover short term childrens placements which have a high cost e.g. remand, that cannot be accommodated within the current operational budget.	1,913	1,913	1,913
Social Services Development	350	0	0	350	To cover costs of implementing service development and contingency for premises maintenance	350	350	350
Grant Exit Strategy	630	0	0	630	To pay potential redundancy costs if Welsh Government grants were discontinued.	630	630	630
Youth Offending Service	174	0	0	174	To assist with potential reductions in grant funding in future years and to carry out works at YOS building	174	174	174
Environment and Housing								
Neighbourhood Services	7,200	758	-4,150	3,808	To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives. Reserve increased in 2018/19 to carry forward the Highways Refurbishment grant	2,640	220	0
Waste Transfer Station	1,500	0	0	1,500	Establishment of a Waste Transfer Station.	0	0	0
Winter Maintenance	423	0	-127	296	To fund necessary works during periods of severe weather conditions.	150	0	0
Building Services Improvement	249	0	-144	105	Monies set aside for improvements to the Building Services department.	0	0	0
Rural Housing Needs	56	0	-12	44	To be used to fund Rural Enabler post.	32	20	8
Homelessness and Housing	522	0	0	522	This sum will be used to support homelessness prevention work.	465	423	381
Community Safety	37	0	0	37	To fund community safety initiatives.	37	37	37
Gypsy Traveller	1,059	0	0	1,059	Provision of Gypsy/Traveller site and Gypsy Liaison Officer.	1,059	1,059	1,059
Regulatory Improvements	282	0	-20	262	Monies set aside for Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	262	262	262

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments	Est Bal 31/03/20 £,000	Est Bal 31/03/21 £,000	Est Bal 31/03/22 £,000
Managing Director and Resources								
Regeneration and Planning								
Disabled Facilities	31	0	-31	0	To fund an Occupational Therapist within Disabled Facilities Grant team.	0	0	0
Temporary Empty Homes Officer	2	0	-2	0	To be used to fund an Empty Homes Officer.	0	0	0
Private Sector Housing	284	0	-65	219	To fund initiatives for Private Sector Housing, including an Occupational Therapist within the DFG team.	134	49	0
Local Development Plan	178	40	0	218	Set aside for costs relating to the production of the Local Development Plan.	243	243	143
Regeneration & Planning	796	0	-41	755	Monies set aside to cover various commitments within the service.	755	755	755
Planning Fees	100	0	0	100	To provide for reduction in planning fees income.	100	100	100
Building Control	296	0	0	296	Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account.	246	196	146
Donations	24	12	-15	21	Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast.	21	18	15
Resources								
Welfare Reforms	756	0	0	756	To fund pressures on the Authority resulting from changes to the Welfare Benefit System. The balance required in this reserve will be assessed when more information becomes available. This reserve could be used to finance any Department for Work and Pensions projects.	756	756	756
Legal	657	0	-15	642	To provide in house legal capacity on major projects, fund increased in house capacity which assists with income generation.	545	461	375
Trainee Appointments	680	0	-30	650	To fund the appointment of trainees and interns to support services and the Reshaping Service programme.	610	570	530
Legal Claims	1,920	0	0	1,920	To fund future legal cases and judicial reviews.	1,920	1,920	1,920
Human Resources	141	0	0	141	To fund transitional costs associated with the move to the new HR operating model/HR service centre, for spend to save projects i.e. reduce recruitment spend, reduce sickness absence etc and for a part time temporary post for work associated with the 16-24 agenda.	91	41	0
Performance and Development	343	0	-50	293	To fund the purchase of hardware, software and equipment and to fund the appointment of trainees and interns to support the service.	213	153	103

ANALYSIS OF RESERVES

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/18			Bal		Bal	Bal	Bal
	£000	£000	£000	£000		£,000	£,000	£,000
Democratic & Freedom of Information	48	0	-48	0	To be used to fund IT and other equipment required to support department.	0	0	0
Corporate								
Election Expenses	216	40	0	256	Set aside for the Council and other elections costs.	266	276	286
Corporate Governance	338	0	0	338	This reserve has been set aside in respect of local government governance and development issues e.g. collaboration, mergers. The fund is also a useful contingency provision for improvements required urgently e.g. as a result of an inspection report.	338	338	338
Early Retirement/Redundancy	973	0	0	973	Used to finance the cost of early retirement and redundancy as a result of restructuring, budget savings and the Reshaping Service Programme.	973	973	973
Events	340	0	-148	192	To provide funds to promote the Vale of Glamorgan particularly in respect of tourism and economic development.	44	0	0
Insurance Fund	3,452	0	0	3,452	To fund potential future claims on the Authority based upon historical evidence. This is reviewed annually. No prediction for future use has been included at present and claims can have a long lead time.	3,452	3,452	3,452
Energy Management Fund	318	119	-368	69	Energy saving schemes initially funded from this reserve and transfers in relate to the repayments to the fund from services once savings are achieved.	168	242	302
Reshaping Services	569	0	0	569	To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services programme.	569	569	569
Interpretation Services for Asylum Seekers	98	0	0	98	To provide support and interpretation services for asylum seekers.	98	98	98
Stronger Communities Fund	232	0	0	232	To enable community groups, the voluntary sector and town and community councils to apply for revenue and capital funding that promotes initiatives within the Vale of Glamorgan consistent with the Council's vision of "Strong communities with a bright future".	202	172	142

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments	Est Bal 31/03/20 £,000	Est Bal 31/03/21 £,000	Est Bal 31/03/22 £,000
Capital								
Additional Capital Funding	0	1,927	0	1,927	Additional capital funding received from Welsh Government in 2018/19 to be allocated during 2019/20	0	0	0
City Deal	1,898	0	0	1,898	To be used to contribute towards the City Deal which will generate significant economic growth and to improve transport and other infrastructure within the Cardiff Capital Region.	1,898	1,898	1,898
Coastal Works	570	0	-110	460	To assist in funding the ongoing liabilities that will arise following the coastal developments in the Vale, maintaining the impact of the significant investment made.	350	240	130
Computer Renewal Fund	3,952	108	-674	3,386	Set aside to meet the costs of replacement and renewal of computer hardware and software, telecommunication systems and infrastructure. Transfers in include the repayment back into the fund from schools and other services relating to IT loans.	3,222	2,355	2,196
Capital Scheme Commitments	92	0	-55	37	Set aside to top up Barry Regeneration schemes.	37	37	37
School Investment Strategy	11,372	37	-981	10,428	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	8,214	4,092	562
Capital Fund	3	0	0	3	To assist in funding future capital commitments.	3	3	3
Project Fund	3,180	0	-416	2,764	This fund is to be used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate.	2,330	2,180	2,180
Regeneration Fund	312	0	-32	280	To fund various regeneration schemes in the Vale, including committed capital schemes.	22	22	22
Council Building Fund	6,582	0	-2,758	3,824	The fund is available in respect of repairs and maintenance of Council Buildings.	2,224	1,870	1,870
Repairs and Renewals Vehicle	2,414	900	-590	2,724	This fund is primarily for the replacement of plant and vehicles. Vehicles are purchased from the fund and the transfer in represents the equivalent "rental" amount reimbursing the fund.	466	24	24
Social Services Buildings	500	0	0	500	To fund the update of Social Services premises to meet the future demands of the service.	500	500	500
Telecare	565	0	0	565	Replacement fund for Telecare equipment and other service costs.	565	565	565
TOTAL SPECIFIC RESERVES (excl HRA)	66,085	3,973	-11,873	58,185		45,500	36,469	32,018