

THE VALE OF GLAMORGAN COUNCIL

EXTRAORDINARY CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE – 11TH FEBRUARY, 2021

REFERENCE FROM CABINET – 8TH FEBRUARY, 2021

**“C468 REVISED INITIAL BUDGET PROPOSALS 2021/22 (L/PR)
(SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –**

The Council was required under statute to fix the level of Council Tax for 2021/22 by 11th March, 2021 and in order to do so, would have to agree a balanced revenue budget by that date.

The initial budget proposals presented to Cabinet on 30th November, 2020 outlined the potential financial picture for the Council in 2021/22. At the time the report was drafted, the Council had not received the provisional settlement from Welsh Government (WG) for 2021/22 and therefore the budget was modelled on three scenarios – a cash flat settlement, -1% and +1%.

The provisional settlement that had been received on 22nd December from WG, gave a headline increase of 4.9% over the current year. Taking into account adjustments, this was an increase in funding of £7.119m (4.42%) from the previous year. The final settlement was not due to be received until 2nd March, 2021. As a result of this change, further work had been done to the figures previously considered by Cabinet and Scrutiny Committees at the end of 2020.

In setting the proposed budget for 2021/22, funding had been provided towards cost pressures.

An efficiency target of £500k had been proposed for 2021/22 which covered all service areas. It was at a slightly increased level from 2020/21 as it represented a refocusing of the Reshaping Services programme and was aligned to the Corporate Recovery Strategy. It was considered that the target set for 2021/22 was at a level that could be achieved by services.

It was proposed that the Band D Council Tax rate be set at £1,357.02 for 2021/22 which was an increase of 3.9% from the current year.

The Leader noted that the settlement from WG had assumed a 0% pay award for staff for the coming year, but negotiations in terms of pay awards for staff were yet to begin and the issue had not as yet been finalised and assumptions made to cover associated costs without cutting services or using existing reserves.

Cost pressures in November 2020 had been estimated at around £10.2m but had since been revised to £8.4m.

Effects had been felt both operationally and financially in terms of COVID-19 which had resulted in increased expenditure in some areas and a loss of income in others. It was unknown how long the effects of the pandemic would continue to be felt and some uncertainty whether the current support from WG would continue within the next financial year, making some predictions for the coming year difficult going forward. The assumptions within the estimates were that any ongoing financial impact on Council services as a result of the pandemic over the coming year would be supported by WG but was not guaranteed.

The Deputy Leader noted there were further opportunities for discussion of this report at Scrutiny, Cabinet and Council.

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

(1) T H A T the revised initial revenue budget proposals for 2021/22 be approved and referred for consultation to the Corporate Performance and Resources Scrutiny Committee.

(2) T H A T the recommendations of Corporate Performance and Resources Scrutiny Committee be forwarded to Cabinet for consideration as part of the final budget determination.

Reasons for decisions

(1) In order to gain the views of Corporate Performance and Resources Scrutiny Committee.

(2) In order that Cabinet be informed of the recommendations of Corporate Performance and Resources Scrutiny Committee before making a final decision on the budget.”