

Vale of Glamorgan Provisional WG Settlement 22/23

December 2021

Provisional W/G Revenue Settlement Headlines (December 2021)

- Increase of 10.51% after adjusting for transfers and council tax base adjustments this equate to £17.695M.
- Above average settlement (4th) driven by population and pupil numbers.
- Includes funding for National Insurance, Teachers Pay/Pension 21/22 and 22/23.
- Pandemic Hardship Funding.
- Advises indicative 3.5% increase for 2023/24 and 2.4% for 2024/25.
- SSA has increased by £21.45M or 8%, a more detailed analysis of SSA is shown on the next slide.

Detailed Movement on SSA

	SSA £'000	EDUC SSA £'000	PSS SSA £'000	RDS SSA £'000	FIRE SSA £'000	OTHER SSA £'000	CAPITAL SSA £'000	CTRS SSA £'000	DEPRIV GRANT £'000	TOTAL
2021/22 SSA	257,076	113,837	67,582	7,529	6,485	40,045	12,369	9,062	167	257,076
Transfers In										
Social Care Workforce Grant	185		185							185
Adjusted SSA	257,261	113,837	67,767	7,529	6,485	40,045	12,369	9,062	167	257,261
Increase in SSA for 22/23	21,450	8,329	8,479	370	520	4,631	-906	26	0	21,449
Provisional 22/23 SSA	278,711	122,166	76,246	7,899	7,005	44,676	11,463	9,088	167	278,710
% Increase/(Decrease)	8.34%	7.32%	12.51%	4.91%	8.02%	11.56%	-7.32%	0.29%	0.00%	8.34%

Impact on projected revenue shortfall

This has been calculated assuming cost pressures remain at the level reported to Cabinet in November as set out below. However, a number of these cost pressures will need to be revised. Some may need to be increased in the context of changing market conditions and demographic data and some cost pressures can be reduced due to changing grant funding positions.

Net Pressures	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Pay Inflation – Schools	2,685	2,096	2,138	6,919
Cost Pressures - Schools	3,479	2,360	1,668	7,507
Less				
Savings To be Achieved by Schools	-	-	-	-
Net Pressures – Schools	6,164	4,456	3,806	14,426
Pay Inflation – Other Services	1,812	1,436	1,465	4,713
Cost Pressures – Other Services	18,988	3,921	4,887	27,796
Less				-
Savings Identified	-			-
Net Pressures– Other Services	20,800	5,357	6,352	32,509
Total Net Pressures	26,964	9,813	10,158	46,935

Impact on projected revenue shortfall

Provisional Settlement	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Change in AEF Provisional Settlement 21/12/21 Assume 3.5% for 23/24 and 2.4% for 24/25	-17,695	- 6,510	- 4,621	- 28,826
Notional Council Tax Increase 3.2%	- 3,460	- 2,752	- 2,840	- 9,052
Potential Revenue Shortfall	5,809	551	2,697	9,057
Notional Council Tax Increase 3.9%	- 4,048	- 3,408	- 3,541	- 10,997
Potential Revenue Shortfall	5,221	- 105	1,996	7,112
Notional Council Tax Increase to Projected Welsh Average (7.05% for 2022/23 & 3.58% in 2023/24 and 2024/25)	-6,697	-3,223	-3,339	- 13,259
Potential Revenue Shortfall	2,572	80	2,198	4,850

- At Council Tax Increase of 4.2% (Oct CPI) Projected Shortfall of £4.969M.
- At Council Tax Increase of 5.1% (Nov CPI) Projected Shortfall of £4.212M.
- Assuming a Council increase of 3.9% and building in the revised increased council tax base for 22/23 the Council would see a potential revenue shortfall of £5.221M assuming all reported cost pressures and pay awards are funded.
- If a lower level of council tax is considered there will be a higher potential shortfall.
- A 1% increase in council tax equates to £841k.

Grant Funding

Across Wales slight increase of 0.4%, many of the grants remain unchanged from 2021-22 figures, and some are yet to be finalised.

Some of the bigger and more significant reductions include:

- Regional consortia School Improvement Grant reduces from £172.6m to £158m
- Recruit, Recover, Raise Standards reduces from £68.8m to £37.5m
- ALN reduces from £16.2m to £14.2
- Reducing Infant Class size reduces from £6m to £2.5m
- Small Schools and Rural Grant ceases
- Road Safety Grant reduces from £2.9m to £1.9m

There are increases in several grant schemes, some of the bigger and more significant include:

- Pupil Development Grant increased from £111m to £123m
- Childcare Offer increased from £58m to £81m
- Bus Services Support rises from £60.5m to £62.6m
- Children and Communities Grant rises from £148m to £152m

WLGA Briefing Additional Info

Real Living Wage

Welsh Government state the Local Government settlement includes funding to enable authorities to meet the additional costs of starting to pay the Real Living Wage of £9.90 an hour to social care workers from April 2022. This was also referenced in the draft budget's Social Care section where it again stated this was within the overall funding envelope

Free School Meals

Extend free school meals to all primary school pupils over the lifetime of the agreement between the government and Plaid Cymru. This will see an additional 196,000 children become eligible to take up the offer of free school meals in Wales

An additional £90M across Wales up to 2024-25 to deliver the commitment in stages. Investment will aim to use public procurement to increase local food production and distribution to benefit local economies. It was announced that £40m of this funding will be available from 2022/23. This should enable all children in key stage 1 to be provided with Free School Meals from September 2022.

WLGA Briefing Additional Info

Early Years and Childcare

An additional £30m in Early Years and Childcare. The draft Budget suggests that this funding will be used to expand the childcare offer to parents who are in training or education, and on increasing provision for two-year-olds.

£70m capital up to 2024-25 for Childcare Offer and Flying Start settings

Areas of uncertainty/further information required.

- Need to revise Education demographics e.g. pupil numbers.
- Real living wage for care workers internally and externally.
- FSM Proposals/Infrastructure requirements.
- Need to include Fire Service cost pressure £175k.
- Consider potential homelessness funding and revised cost pressure.
- Need to revisit school transport cost pressure in context of market conditions.
- Pay Award 21/22 and 22/23 uncertainty.
- Grant Funding Levels generally.
- Energy costs, we are still trying to quantify the impact here but we have purchased all electricity for 22/23 and 93% of gas in advance for 22/23 so although there is likely to be an increase it isn't expected to be anything like media reports.

Revenue Settlement Conclusion

- The revenue settlement is better than in previous years.
- However, there is still a shortfall in funding that needs to be identified.
- There are also uncertainties around grant funding.
- There are still some cost pressures that need to be further quantified.
- While there are reserves available they should only be used as part of an approved programme of savings to ensure expenditure is in line with budget on a recurring basis.

Capital Funding

General Capital Funding for 22/23 £5.829M (£2.378M GCF Grant £3.451M Supported Borrowing).

In 21/22 we received £6.867M reduction of £1.038M.

Based on this figure we have unallocated asset renewal of £1.068M in 22/23.

Across Wales the funding reduces by 16% from £178m to £150m but then increases to £180m from 23-24 onwards. From 2023/24 there is also a sum for decarbonisation.

Capital Issues

- Resurfacing
- We require £2.151M to fund Phase 2 of Waste Transfer Station and a further £2.917M to fund the Waste Fleet Parking. Impact on revenue if not progressed in 22/23.
- Potential increased costs 21st Century Schools.

Capital Funding

Next Steps

- Need to review profiles of capital schemes to ensure realistic.
- Apply for additional WG funding where available e.g. 21st Century Schools.
- Possible use of reserves/capital receipts/other funding.
- Additional funding in 23/24 and 24/25 can schemes be pushed back?