



Adnoddau
Corfforaethol | Corporate
Resources

Budget for Consultation

Environment & Regeneration Scrutiny

11 February 2025

AGENDA

- Budget 2025/26 and MTFP 202526 to 2029/30
 - Background
 - Overall Position
 - Cost Pressures
 - Savings Programme
 - Reserves
 - Consultation response
 - Scrutiny Ask
- Capital Programme 2025/26 to 2029/30
- Next Steps

Budget 2025/26 and MTFP 2025/26 to 2029/30

Uchelgais • Ambitious

Agored • Open

Cydweithio • Together

Balchder • Proud

Background

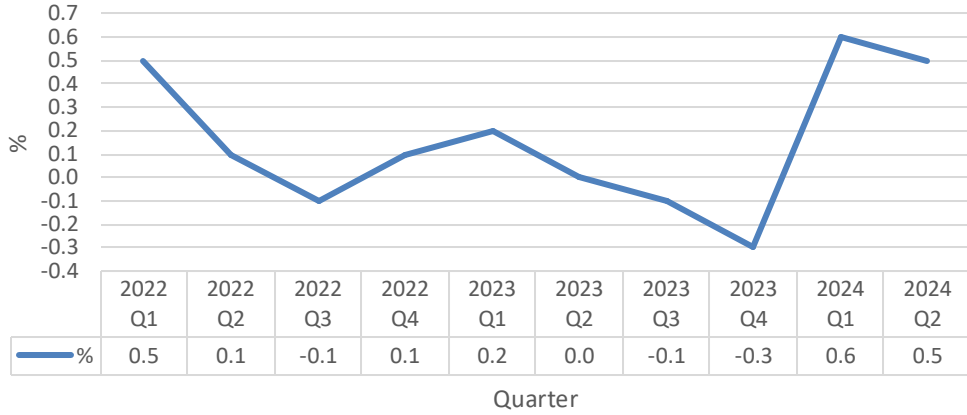
- Financial Strategy approved by Cabinet July
- Budget being developed alongside new Corporate Plan and Reshaping Programme
- Chancellor's Budget October 2024
 - Taxing budget to repair public services
 - £1.7Bn consequentials for Wales
- Medium Term Financial Plan Refresh November 2024
- £34.M underlying cost pressures and gap of £14.7M
- Welsh Government Settlement
 - 2024/25 In year allocations for pay and teachers pensions
 - 4.3% average Settlement across Wales for 2025/26

2025/26 Settlement

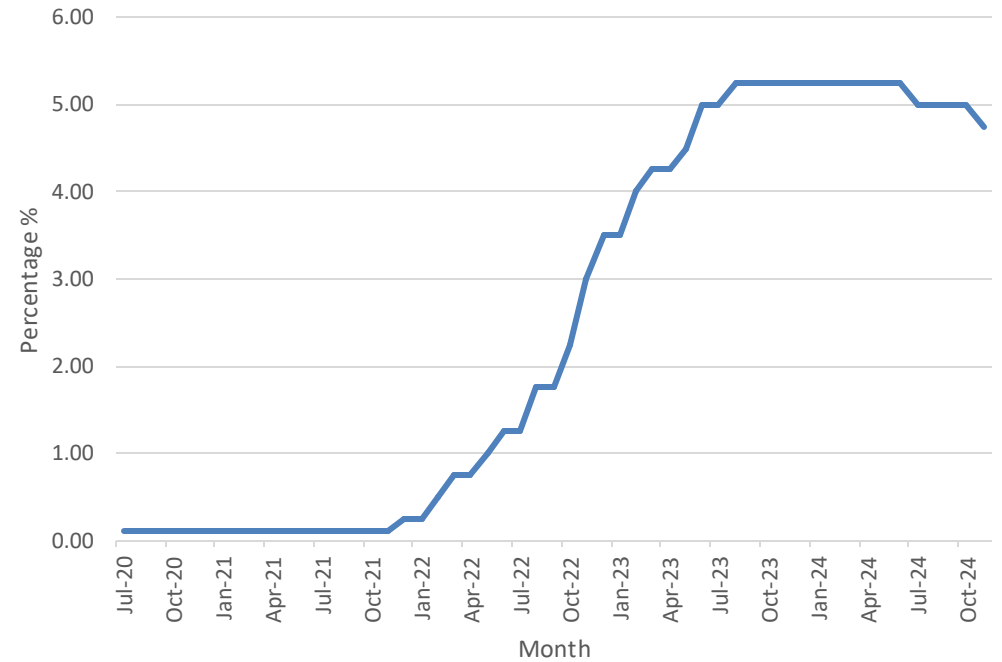
- Transfers in of £6.527M is good news and enables pay and pensions 2024/25 to be added to the base along with some headroom.
- Overall 2025/26 increase of 4.3% across Wales
- However, Vale of Glamorgan 3.3% only which is £7.362M, 2.4% increase on the 1% £2.095M previously forecast
- SSA movements to create a real challenge though:
 - Schools 10.00%
 - Social Services 11.83%
 - Fire 12.17%
 - Minimal increase for all other service blocks
- Other Grant announcements coming through
- Capital good news – additional £0.620M, assuming flatlined for future

Prospects

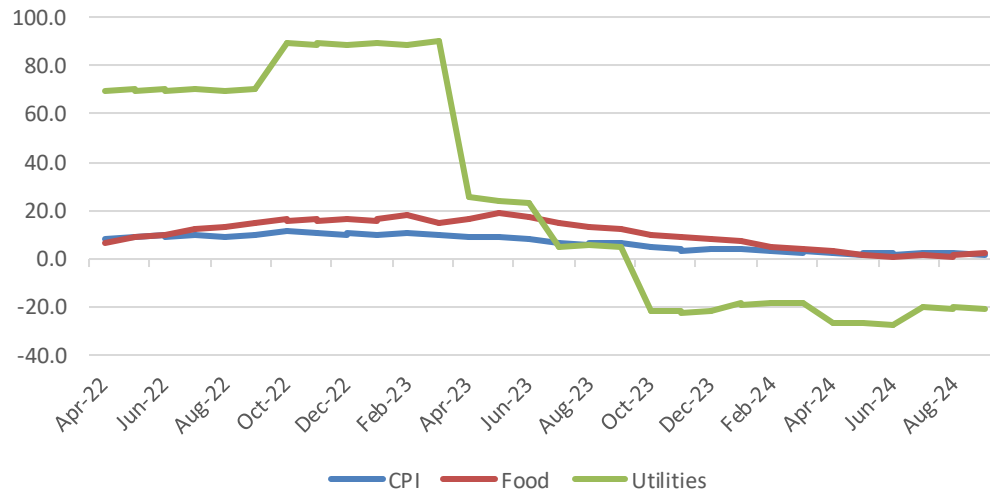
UK GDP Quarter on Quarter
Qtr1 2022 to Qtr2 2024



Bank of England Base Rate



CPI



Headlines

- Overall Budget Gap of £8.045M
- Grant transfers in for 2024/25 - Pay and Pensions and 3.3% increase for 2025/26
- Council Tax modelled at 6.9% but yield also up for Tax Base growth and Single Person Discount Review
- Pressures of £29.074M accommodated but underlying pressure was £39.905M which presents a risk
- Savings Programme of £9.026M – Gap of £8.045M plus (0.982M of one off reversals)
- Fees and Charges – generally increased by 3%
- Reserves under review

Overall Position for the Council

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Additional Funding | | | | | |
| Grant Transfers In | 6,892 | 0 | 0 | 0 | 0 |
| Grant Settlement | 7,111 | 2,234 | 2,257 | 2,279 | 2,302 |
| Council Tax | 8,543 | 4,171 | 4,334 | 4,503 | 4,679 |
| Use of smoothing Reserves | -1,784 | -500 | -460 | 0 | 0 |
| School Support from Reserves | 267 | -267 | 0 | 0 | 0 |
| Total Additional Funding | 21,029 | 5,638 | 6,131 | 6,782 | 6,981 |
| Investment | 595 | -53 | -214 | 0 | 0 |
| Demography | 1,546 | 2,652 | 1,947 | 1,923 | 1,933 |
| Inflation Pay | 11,181 | 5,325 | 5,463 | 5,605 | 5,750 |
| Inflation Non Pay | 8,881 | 5,275 | 5,275 | 5,275 | 5,275 |
| Capital Financing | 0 | 254 | 324 | 89 | 182 |
| Other Pressures | 6,872 | 259 | -117 | 330 | 275 |
| Total Pressures | 29,074 | 13,712 | 12,678 | 13,222 | 13,415 |
| Overall Gap | 8,045 | 8,074 | 6,547 | 6,440 | 6,434 |

Review of Cost Pressures

| Description | | Adjusted 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Category of Growth |
|--------------------------------------|--|---------------------|------------|------------|------------|------------|--------------------|
| | | £000's | £000's | £000's | £000's | £000's | |
| Environment and Housing | Waste Contract Contractual Inflation and New Developments | 0 | 75 | 75 | 75 | 75 | Inflationary |
| Environment and Housing | Cost of B&B Homelessness Accommodation | -500 | -500 | -445 | 0 | 0 | Pressure |
| Environment and Housing | Strategic Housing Coordinator | 46 | 0 | 0 | 0 | 0 | Pressure |
| Environment and Housing | Highway Repairs - Increased costs of footway and carriageway repairs due to continued underfunding of highway and footway resurfacing / refurbishment. | 500 | 200 | 200 | 200 | 200 | Pressure |
| Environment and Housing | Ash Die Back | 100 | 0 | 0 | 0 | 0 | Pressure |
| Environment and Housing | Asset Maintenance Neighbourhood Services Asset Repairs | 0 | 50 | 50 | 0 | 50 | Pressure |
| Environment and Housing | Pay Award Non Schools Neighbourhood Services | 259 | 336 | 343 | 350 | 357 | Inflationary - Pay |
| Total Environment and Housing | | 406 | 161 | 223 | 624 | 682 | |

Review of Cost Pressures

| Description | | Adjusted 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Category of Growth |
|--------------------|--|---------------------|------------|------------|-----------|-----------|--------------------|
| | | £000's | £000's | £000's | £000's | £000's | |
| Place | Regional Local Development Plan - cost of public enquiry and Programme Officer | 0 | 150 | -150 | 0 | 0 | Pressure |
| Place | Pay Award Non Schools Place | 102 | 84 | 86 | 88 | 89 | Inflationary - Pay |
| Total Place | | 102 | 234 | -64 | 88 | 89 | |

Savings

- Mix of reshaping and tactical

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|--|--------------|--------------|----------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Reshaping | 4,098 | 642 | 0 | | |
| Schools Efficiency | 1,200 | 0 | 0 | | |
| Savings | 3,728 | 562 | 0 | | |
| Total Reshaping and Savings Proposals | 9,026 | 1,204 | 0 | | |

- Further work underway to populate future years of the Plan:
 - Target Operating Model
 - Service Transformation
 - Strengthening Communities
 - Digital Innovation
 - Economic Resilience

Review of Savings

| Description | | Service Impact | Equality Impact Assessment | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Total |
|------------------------|---|----------------|----------------------------|---------|---------|---------|---------|---------|--------|
| | | | | £000's | £000's | £000's | £000's | £000's | £000's |
| Neighbourhood Services | Restructure of Neighbourhood Services management | N | N | 100 | - | - | - | - | 100 |
| Street Cleansing | Reduce litter bins by a further 25% (post 25% reduction) and reduce service standards for cleaning and public convenience provision across the Vale | Y | Y | 200 | - | - | - | - | 200 |
| Street Cleansing | Reduction of service standards across Resorts | Y | Y | 50 | - | - | - | - | 50 |
| Parks | Alternative delivery model for Parks and Open Spaces - A full service Transformation. | Y | Y | 270 | - | - | - | - | 270 |
| Waste Management | Resource reduction (Vehicles and Staffing) | Y | Y | 100 | 350 | - | - | - | 450 |
| Winter Maintenance | Review of service routes and resources | Y | Y | 15 | - | - | - | - | 15 |
| Car Parks | Permanent closure of car park Court Road Multistorey (residual budget) | Y | Y | 38 | - | - | - | - | 38 |
| Transport | Fleet reduction and efficiency | N | Y | 50 | - | - | - | - | 50 |
| Neighbourhood Services | Fees and Charges Increase to full cost recovery or 3% | Y | Y | 25 | - | - | - | - | 25 |
| Waste Management | Income - Increase garden waste subscription charges for 2025/26 | Y | Y | 140 | - | - | - | - | 140 |

Review of Savings

| Description | | Service Impact | Equality Impact Assessment | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Total |
|--|---|----------------|----------------------------|--------------|------------|----------|----------|----------|--------------|
| | | | | £000's | £000's | £000's | £000's | £000's | £000's |
| Waste Management | Income - Increased market share Commercial Waste | N | Y | 50 | - | - | - | - | 50 |
| Car Parks | Car Parking Income Coastal locations | Y | Y | 320 | - | - | - | - | 320 |
| Highway Construction | Income from capital projects | N | Y | 50 | - | - | - | - | 50 |
| Highway Development | Annual income target | N | Y | 190 | - | - | - | - | 190 |
| Enforcement | New camera car and increased enforcement opportunities | Y | Y | 225 | - | - | - | - | 225 |
| Waste Management | Waste Income | N | Y | 400 | - | - | - | - | 400 |
| Community Centres | Declare all community centres surplus for Community Asset Transfer consideration or closure | Y | Y | 50 | - | - | - | - | 50 |
| Lifeguard Buildings | Declare all Lifeguard buildings surplus for Community Asset Transfer consideration or closure | Y | Y | 10 | - | - | - | - | 10 |
| Concessions | Introduce additional concessions across Neighbourhood Services assets | N | Y | 25 | - | - | - | - | 25 |
| Other Assets | Community Asset Transfer of assets (Vale wide) | Y | Y | 25 | - | - | - | - | 25 |
| Total Environment & Housing | | | | 2,333 | 350 | - | - | - | 2,683 |

Review of Savings

| Description | | Service Impact | Equality Impact Assessment | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Total |
|-------------------------|---|----------------|----------------------------|------------|-----------|----------|----------|----------|------------|
| | | | | £000's | £000's | £000's | £000's | £000's | £000's |
| Regeneration | Vacant Post review | N | Y | 63 | - | - | - | - | 63 |
| Regeneration | Focus on income from business support | N | Y | 15 | - | - | - | - | 15 |
| Regeneration | Revisit operating models for BSC & Engine room | N | Y | - | 10 | - | - | - | 10 |
| Regeneration | Additional Income commercial lease income | N | Y | 20 | 10 | - | - | - | 30 |
| Sustainable Development | Planning Income target – WG fees increase | Y | Y | 70 | - | - | - | - | 70 |
| Sustainable Development | New Planning income opportunities- new products | Y | Y | 20 | - | - | - | - | 20 |
| Sustainable Development | Fee increases in both Planning and Building Control | Y | Y | 10 | - | - | - | - | 10 |
| Sustainable Development | Public Rights of Way Regionalisation | Y | Y | - | 20 | - | - | - | 20 |
| Sustainable Development | Country park Leisure commercialisation | Y | Y | 40 | - | - | - | - | 40 |
| Total Place | | | | 238 | 40 | - | - | - | 278 |

Overall Allocation of Resources

| | Learning & Skills | Schools | Social Services | Others | Total Pressures |
|-------------------------------|-------------------|----------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Original Budget | 13,872 | 119,566 | 96,276 | 79,147 | 308,861 |
| Pressures | | | | | |
| Investment | 467 | 128 | 0 | 0 | 595 |
| Demographic | 0 | 356 | 1,000 | 190 | 1,546 |
| Inflationary | 0 | 0 | 7,896 | 985 | 8,881 |
| Inflationary – Pay | 288 | 9,698 | 410 | 785 | 11,181 |
| Other Pressures | 820 | - 101 | 4,664 | 1,488 | 6,871 |
| Capital Financing | 0 | 0 | 0 | 0 | 0 |
| Total Pressures | 1,575 | 10,081 | 13,970 | 3,448 | 29,074 |
| Use of Reserves | 0 | 33 | 0 | 1,484 | 1,517 |
| Savings | - 512 | - 1,200 | -3,624 | - 3,691 | - 9,026 |
| Reverse Out Temporary Savings | 0 | 0 | 0 | 982 | 982 |
| Net Funding Increase | 1,063 | 8,914 | 10,346 | 2,224 | 22,547 |
| % Increase /(Decrease) | 7.66% | 7.46% | 10.75% | 2.81% | 7.30% |
| Net Budget 2025/26 | 14,935 | 128,480 | 106,622 | 81,371 | 331,408 |

Reserves

- Review of reserves underway – reducing, in part planned
- Will feed into Draft Budget report to Cabinet 27 February

| As at | Estimated Balance 31/03/25 | Estimated Balance 31/03/6 | Estimated Balance 31/03/27 | Estimated Balance 31/03/28 | Estimated Balance 31/03/29 | Estimated Balance 31/03/30 |
|-----------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| General Fund | 11,107 | 11,107 | 11,107 | 11,107 | 11,107 | 11,107 |
| Insurance | 4,878 | 4,878 | 4,878 | 4,878 | 4,878 | 4,878 |
| Service Reserves | 8,602 | 6,357 | 5,371 | 5,079 | 5,092 | 5,104 |
| Risk and Smoothing Reserves | 17,311 | 15,773 | 14,916 | 14,327 | 13,722 | 13,425 |
| Capital Reserves | 6,105 | 4,091 | 4,062 | 4,062 | 4,062 | 4,062 |
| Sub Total | 48,003 | 42,206 | 40,334 | 39,453 | 38,861 | 38,576 |
| Ring Fenced Reserves | | | | | | |
| Schools | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Ringfenced Schools | 748 | 748 | 748 | 748 | 748 | 748 |
| Housing Revenue Account | 4,192 | 4,232 | 4,474 | 2,095 | 2,115 | 2,172 |
| Total Reserves | 52,943 | 47,186 | 45,556 | 42,296 | 41,724 | 41,496 |

Response to Government Consultation

- The Council has responded, deadline was 24 January:
 - Overall Settlement across Wales is insufficient, additional £223M is welcome but short of £559M of pressures excluding NI impact of Chancellor's budget
 - Council experiencing similar pressures but disparity in council level settlements between 2.6% and 5.6%, requesting a floor at the average of 4.3%
 - Formulas for Social Care and Schools don't reflect need.

Scrutiny Ask

- Views/Comments required on:
 - Overall approach
 - Cost Pressures
 - Savings
 - Alternative ideas

Capital Programme 2025/26 to 2029/30

Capital Headlines

- Little additional new resource to allocate but Welsh Government Settlement better than anticipated. The amount awarded to the Council is £7.606m, an increase of £620k from the 2024/25 general capital funding.
- Nevertheless, an ambitious five year Programme
 - £82.440M in 2025/26
 - £399.7M over the five years
- Primarily funded through specific grant
- Also significant use of unsupported borrow, in the main for Housing Development, the financing costs of which are met from tenants' rents
- Capital bids were shortlisted by Strategic Insight Board in October, as the Provisional Capital Settlement from Welsh Government has now been received new schemes are proposed to be included within the Capital Programme.

Capital Programme 2025/26 to 2029/30

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Learning and Skills | 17,835 | 2,309 | 2,000 | 2,000 | 2,000 |
| Social Services | 1,373 | 302 | 225 | 215 | 200 |
| Environment | 11,277 | 6,179 | 4,124 | 3,885 | 3,710 |
| Housing | 25,477 | 40,774 | 61,795 | 49,203 | 51,551 |
| Place | 1,967 | 1,305 | 1,305 | 1,150 | 1,150 |
| Corporate Resources | 312 | 294 | 298 | 473 | 431 |
| City Deal | 810 | 2,286 | 807 | 2,053 | 1,100 |
| Pipeline Schemes * | 23,389 | 36,672 | 24,042 | 12,522 | 915 |
| Total | 82,440 | 90,121 | 94,596 | 71,501 | 61,057 |

* Pipeline schemes will be promoted to main programme once the business cases are approved

Capital Programme 2025/26 to 2029/30 Funding

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------------|---------------|---------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| General Capital Funding | 7,606 | 7,606 | 7,606 | 7,606 | 7,606 |
| Capital Receipts | 3,829 | 1,684 | 666 | 511 | 500 |
| Reserves | 11,366 | 7,958 | 8,316 | 4,155 | 2,594 |
| Unsupported Borrowing | 21,827 | 34,324 | 55,364 | 44,831 | 44,787 |
| Grants and Contributions (Including S106) | 37,812 | 38,549 | 22,644 | 14,398 | 5,570 |
| Total | 82,440 | 90,121 | 94,596 | 71,501 | 61,057 |

Capital Schemes

Bids proposed to be included within the five year Capital Programme in relation to this Scrutiny Committee:

- Street Lighting LED Lantern Replacement £100k per annum
- Penarth Marina Landslip £540k additional funding in 2026/27
- Fleet Parking £2.4m 2025/26

Next Steps

- Scrutiny 3 February to 19 February 2025
- Public Consultation runs to Friday 14 February
- Governance & Audit reviews Draft Treasury Strategy 17 February 2025
- Welsh Government Final Settlement 20 February
- Draft Budget, Capital Programme and Treasury Strategy to Cabinet 6 March
- Council 10 March

VALE of GLAMORGAN



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