

THE VALE OF GLAMORGAN COUNCIL

HOMES AND SAFE COMMUNITIES SCRUTINY COMMITTEE: 4<sup>TH</sup> DECEMBER, 2024

REFERENCE FROM CABINET: 28<sup>TH</sup> NOVEMBER, 2024

**C183 MEDIUM TERM FINANCIAL PLAN 2025/26 TO 2029/30 REFRESH AND UPDATE (EL/PR) (SCRUTINY – ALL) –**

The Leader presented the report to refresh the assumptions in the Medium Term Financial Plan and provide an update on the Chancellor's UK Budget announcement and progress on the 2025/26 budget.

There had been extensive work across the summer and autumn refreshing the assumptions in the Medium Term Financial Plan with all the expected cost pressures and inflation figures for all matters that affected the Council, which then showed the gap between delivering services as the Council would want against the income the Council was projected to receive. Once the Welsh Government settlement was received, the figures would be revised and reported to Scrutiny and Cabinet as part of the budget setting process in the new year.

The Leader said the Vale of Glamorgan Council was the second lowest funded of all Welsh Counties and was also a low Council Tax Authority. As reported previously there were growing Additional Learning Needs requirements as well as Social Care and school transport pressures, along with challenging financial positions in some schools that were expected to continue over the next year and into the medium term and would put pressure on other Departments year-on-year.

Council Tax was currently being modelled at 3.9%, with a forecast increase of only 1% in Welsh Government grant, however recent UK Government announcements including the Chancellor's UK budget announcement in October were better than expected for the public sector. There was additional funding announced for health, Social Care and schools at a UK level with £1.7bn in consequentials for Wales, but further detail would be contained in the Welsh Government settlement which was due to be announced on 10th December.

The Council had underlying pressures of £34m and as such a thorough review of those was undertaken in order to deliver a balanced budget and had been managed down to £23m. Work was ongoing through the Reshaping Programme to bridge the gap and proposals would be brought to Cabinet for consideration in January 2025 before going out for public consultation and to Scrutiny Committees.

The Council continued to lobby Welsh Government for the appropriate level of resources for Local Authorities for a fairer funding settlement.

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 budget gap of £14.838m in 2025/26 and £43.422m across the medium term be noted.

(2) T H A T the underlying pressures in 2025/26 of £34.325m and Budget Gap of £25.948m before management action be noted.

(3) T H A T the work already undertaken to manage and mitigate the unprecedented inflationary and demand pressures being experienced be noted.

(4) T H A T the ongoing work to identify transformational opportunities and tactical savings to be brought forward in the Budget for Consultation report in January be noted.

(5) T H A T the low prospects for an improved settlement and the upward pressure on Council Tax be noted.

(6) T H A T the ongoing be noted as part of work to lobby Welsh Government for:

- Improved funding settlements to cover the growth in ALN, Social Care, Education, Transport and Homelessness costs;
- A review of the funding mechanism, especially the formula for Schools; and
- An uplift to statutory fee levels for care contributions and planning fees.

(7) T H A T the prospect of a UK multi-year settlement to be announced in the Spring Budget be noted

(8) T H A T the report be referred to the Council's Scrutiny Committees to review the work mitigating the cost pressures for consideration and for any recommendations to be referred back to Cabinet.

### Reasons for decisions

(1) To make Cabinet aware of the financial challenge facing the Council in 2025/26.

(2) To make Cabinet aware of the risk that will be inherent in budget setting for 2025/26.

(3) To provide transparency on those cost pressures which Council would not be able to accommodate in the 2025/26 Budget.

- (4) To confirm the approach to balancing the budget and give assurance that the work was underway.
- (5) To provide clarity on the need to balance the budget through a range of measures.
- (6) To continue to make the case for funding to support financial sustainability in the face of mounting costs and demand across a range of services and that there was fair settlement for the Vale's schools and that statutory fees were set at a level which enabled the Council to cover its costs.
- (7) To make Cabinet aware of the positive prospect of a multi-year settlement which would support financial planning and sustainability.
- (8) To ensure an open and transparent approach to financial management in line with the approved Financial Strategy.