

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Monday, 08 February 2021</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Revised Initial Budget Proposals 2021/22
Purpose of Report:	To gain Cabinet's approval for the revised initial revenue budget proposals for 2021/22 and for the proposals to be submitted to Corporate Performance and Resources Scrutiny Committee.
Report Owner:	Report of the Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Carys Lord, Head of Finance / Section 151 Officer
Elected Member and Officer Consultation:	Corporate Management Team
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget and so does not need to be referred to Council at the proposal stage. However, the final 2021/22 budget will require the approval of full Council.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Council is required under statute to fix the level of council tax for 2021/22 by 11th March 2021 and in order to do so, will have to agree a balanced revenue budget by that date.</li> <li>• The initial budget proposals presented to Cabinet in 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%</li> <li>• The provisional settlement was received on 22nd December from Welsh Government (WG), which gave a headline increase of 4.9% over the current year. Taking into account adjustments, this is an increase in funding of £7.119M (4.42%) from the previous year. The final settlement is not due to be received until 2nd March 2021. As a result of this change, further work has been done to the figures previously considered by Cabinet and Scrutiny Committees at the end of 2020.</li> <li>• In setting the proposed budget for 2021/22, funding has been provided towards cost pressures.</li> </ul>	

- An efficiency target of £500k has been proposed for 2021/22 which covers all service areas. It is at a slightly increased level from 2020/21 as it represents a refocusing of the Reshaping Services programme and is aligned to the Corporate Recovery Strategy. It is considered that the target set for 2021/22 is at a level that can be achieved by services.
- It is proposed that the Band D Council Tax rate is set at £1,357.02 for 2021/22 which is an increase of 3.9% from the current year.

## **Recommendations**

It is recommended that:

1. The revised initial revenue budget proposals for 2021/22 be approved and referred for consultation with the Corporate Performance and Resources Scrutiny Committee.
2. The recommendations of Corporate Performance and Resources Scrutiny Committee are forwarded to Cabinet for consideration as part of the final budget determination.

## **Reasons for Recommendations**

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.

### **1. Background**

- 1.1 The Council's budget is determined largely by the settlement provided by the Welsh Government (WG). The Council's provisional settlement was received on 22nd December 2020 with the final settlement due to be received on 2nd March 2021.
- 1.2 The Council is required under statute to fix the level of council tax for 2021/22 by 11th March 2021 and in order to do so, will have to agree a balanced revenue budget by the same date. The final decision on the budget cannot be delegated and must be made at a meeting of Council. The final budget setting meeting is scheduled to be held on 10th March 2021.

### **2. Key Issues for Consideration**

#### **Medium Term Financial Plan**

- 2.1 The Medium Term Financial Plan (MTFP) 2020/21 to 2023/24 was presented alongside the Initial Budget Proposals to Cabinet on 30th November 2020 min no.C396. It considered a number of scenarios, the first assumed a cash neutral settlement whereby the funding from WG remained at the same level as awarded in 2020/21. The second scenario assumed a reduction in Welsh Government funding of 1% for the years 2021/22, 2022/23 and 2023/24 and a

third considered an increase in Welsh Government Funding of 1%. Scenario 1 resulted in the requirement to find additional savings of £21.655m. Under scenario 2 there was a requirement to find savings of £26.437m over this period, and scenario 3 required further savings to be identified of £16.776m. This is based on an assumed Council Tax increase of 4.9%.

<b>Shortfall in Funding</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>3 Year Total £000</b>
<b>Cash Neutral Settlement</b>				
Notional Council Tax Increase 4.9%	11,203	6,200	4,252	21,655
<b>1% Reduction in Settlement</b>				
Notional Council Tax Increase 4.9%	12,813	7,794	5,830	26,437
<b>1% Increase in Settlement</b>				
Notional Council Tax Increase of 4.9%	9,593	4,574	2,609	16,776

**2.2** The latest Plan also modelled a second council tax scenario which would increase the council tax to be on par with the Welsh average and would require an increase of 8.4% in year 1 followed by an increase of 4.62% in each of the subsequent years. Moving to the projected Welsh average reduced the shortfall as set out below.

<b>Shortfall in Funding</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>3 Year Total £000</b>
<b>Cash Neutral Settlement</b>				
Notional Council Tax Increase to Welsh Average (8.4% 21/22 & 4.62% thereafter)	8,423	6,305	4,373	19,101
<b>1% Reduction in Settlement</b>				
Notional Council Tax Increase to Welsh Average (8.4% 21/22 & 4.62% thereafter)	10,033	7,899	5,951	23,883
<b>1% Increase in Settlement</b>				
Notional Council Tax Increase to Welsh Average (8.4% 21/22 & 4.62% thereafter)	6,813	4,679	2,730	14,222

**2.3** The plan also considered the need to reduce the Council Tax collection rate which was set at 97.5% in 2020/21, the actual collection rate in 2019/20 was 97.3% and the collection rate in 2020/21 has been far lower taking into account the impact of Covid. Therefore, the MTFP considered a reduction of 1% on the Council Tax Collection Rate. In this scenario in 2021/22 there would be a potential shortfall ranging from £7.696m with a 1% increase in WG settlement and a Council Tax increase at the Welsh average to £13.667m with a 1% reduction in WG settlement and a 4.9% Council Tax increase.

## **Anticipated Outturn 2020/21**

- 2.4** The revenue monitoring report presented to Cabinet on 11th January 2021 provided an update on the outturn position for the year and detailed where services would be utilising reserves. Learning and Skills is currently expecting to outturn in a breakeven position and therefore the £452k in the Education Pressures reserve will be available to be utilised in future years. Social Services are projecting an adverse variance of £1.5m which will be funded from Social Services reserves. Environment and Housing are projecting an adverse variance of £750k and will fund £575k of this deficit from the Neighbourhood Services reserve, with the remaining £175k being funded from the Council Fund. Building Services and Building Cleaning are projecting an adverse variance of £815k. This overspend will need to be apportioned between the Housing Revenue Account (HRA) and the Council Fund. Monies were set aside at the end of 2019/20 in the Council Fund in order to meet any potential additional costs relating to the COVID 19 pandemic. Managing Director and Resources is projecting a drawdown of £293k from the ICT Fund to contribute towards the cost of its investment in infrastructure which was undertaken to facilitate homeworking. It is projected that the savings target for 2020/21 of £247k will be achieved.

## **Revenue Settlement 2021/22**

- 2.5** The Council is required under statute to fix the level of Council Tax for 2021/22 by 11th March 2021. The final decision on the budget cannot be delegated and must be made at a meeting of Council.
- 2.6** In previous years, the provisional settlement has been received from WG during October, with the final settlement being received during December. This year, similar to last year, the provisional settlement was not received until 22nd December 2020, due to the timing of the UK Government settlement. Local Authorities will be advised of their final settlement on 2nd March 2021, however, the final budget will not be debated by WG until 9th March 2021.
- 2.7** WG have previously advised that as the late publication resulted in the provisional settlement including the amended tax base for each authority, changes between the provisional and final settlement will be kept to a minimum however due to the uncertainty associated with the COVID 19 pandemic it is possible there may be some amendments to the settlement detail.
- 2.8** Due to the late announcement of the final settlement, the revenue budget for 2021/22 will be presented to Council for approval on 10th March 2021.
- 2.9** WG has provided the Council with provisional figures for next year's settlement which for this Council shows a total Standard Spending Assessment (SSA) of £257.077m, which represents an adjusted increase of £12.583m (5.15%) over 2020/21.

- 2.10** There is no new funding provided through the Revenue Support Grant (RSG) for new responsibilities.
- 2.11** There is a transfer into the RSG settlement in 2021/22 of £176k for the 2020/21 impact of Teachers pay. The impact of this pay award has already been funded in full in the base budget.
- 2.12** The Council's provisional settlement figures from WG are £124.398m for the RSG and £43.918m for Non-Domestic Rates.
- 2.13** These amounts together total a final Aggregate External Finance (AEF) of £168.316m for the Council. When taking into account the adjustments for transfers above, the effective increase in AEF for the Council from the previous year is £7.119m (4.42%) as set out in the table below.

	<b>£m</b>
Original AEF 2020/21	161.021
Adjustments for transfers into the settlement	0.176
Council Tax Base Adjustment	(0.742)
Adjusted 2020/21 AEF	160.455
2021/22 Provisional AEF	168.316
Increase in AEF after Council Tax Base and adjustments	7.861
% Increase in AEF after Council Tax Base and adjustments	4.9%
Increase in AEF excluding Council Tax Base	7.119
% Increase in AEF excluding Council Tax Base	4.42%

- 2.14** Final notification of the level of all 2021/22 WG grants has not yet been received.

### **Budget Strategy 2021/22**

- 2.15** Cabinet approved the Budget Strategy for 2021/22 on 27th July 2020 (min no. C309).
- 2.16** The 2021/22 initial revenue budget proposals considered a number of scenarios as set out in paragraphs 2.1-2.3 of this report.
- 2.17** Since November 2020, the Budget Working Group (BWG) has undertaken further work to formulate the revised initial revenue budget proposals contained in this report.
- 2.18** 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;
  - Current financial pressures being experienced by services;
  - Ways in which cost pressures can be reasonably reduced or mitigated;

- A review of the proposed savings and the potential levels of future savings;
- The progression of the Reshaping Services programme and transformational projects;
- Possible increases in Council Tax;
- The projected funding position for 2022/23 and 2023/24; and
- The potential to use reserves as part of a defined financial strategy.

**2.19** During 2021/22, the National Living Wage will provide for a minimum hourly rate of £8.91 for workers aged 23 and above which is an increase of 2.2% from the 2020/21 rate of £8.72 and includes 23 and 24 years olds for the first time. The Council's pay structure which was implemented in 2020/21 complies with these requirements and whilst the pay award for 2021/22 has yet to be agreed, this is expected to remain the case in 2021/22. This change will, however, have a significant effect on services the Council commissions from external organisations, in particular for Social Services.

**2.20** The Chancellor indicated a Public Sector pay freeze (excluding NHS staff and the lowest paid) as part of the Spending Review Statement on 25th November 2020 and the Minister for Finance and Trefnydd stated in the draft budget that one of the hard choices she faced in setting the spending plans for next year is the approach to public sector pay. The WG did not receive any additional funding through the Barnett formula to provide for public sector wide pay awards next year given the UK Government's decision to pause public sector pay rises, with the exception of the NHS and those on the lowest wages.

### **Consultation with Scrutiny Committees**

**2.21** The 2021/22 Initial Revenue Budget Proposals were considered by Cabinet on 30th November 2020 and by each Scrutiny Committee during December 2020. In addition to noting the initial revenue proposals, the following recommendations were made by Scrutiny Committees:

- Scrutiny Committee (Home and Safe Communities) - The Corporate Performance and Resources Scrutiny be requested to recommend to Cabinet the ongoing value and importance of the Domestic Abuse Assessment and Referral Community Safety Services, when looking at cost pressures and the revenue budget.
- Scrutiny Committee (Environment and Regeneration) - The Corporate Performance and Resources Scrutiny Committee considers the concerns of the Environment and Regeneration Scrutiny Committee regarding the lateness of the budget settlement from Welsh Government which makes it difficult for the Scrutiny Committee to make a view without knowing the final budget position, so it would be better if this was considered in January.

**2.22** 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 16th December 2020 this Committee supported the recommendations of the Scrutiny Committees and recommended that the Committee echoed the sentiments of the recommendations of both the Homes and Safe Communities and Environment and Regeneration Scrutiny Committees to Cabinet and it also recommended that the Scrutiny Committee writes to the Welsh Government minister highlighting its concerns regarding the lateness of the budget settlement and that Cabinet consider doing the same.

**2.23** Corporate Performance and Resources Committee's recommendations were referred to Cabinet on 25th January 2021.

**2.24** The BWG have considered the recommendations of the Scrutiny Committees when preparing the 2021/22 revenue budget.

### **Consultation with External Stakeholders**

**2.25** The Council's annual budget consultation exercise ran from 8th December 2020 until 5th January 2021. In 2020 it was decided that the annual budget consultation on its draft budget should run in conjunction with the consultation on the draft annual delivery plan, which gave respondents an opportunity to first comment on our priorities and how the Council intends to meet the wellbeing objectives over the next 12 months and then to comment on how the Council should prioritise spending.

**2.26** Due to the coronavirus pandemic the consultation was run predominantly online with an offer for residents and stakeholders to respond in writing or via telephone if they were not able to access the consultation online. The consultation was promoted to a wide range of stakeholders, via email, through the Council's social media channels and local media. The Council's Leader did a question and answer session with Bro Radio which was broadcast in December.

**2.27** There were 16 responses to the online survey in total. The low rate could be attributed to a number of factors, including the ongoing pandemic, the timing of the consultation and the length of the survey.

**2.28** In summary, respondents indicated a willingness to see some services continue to be delivered digitally although it was noted that provision should be retained for those unable to access digital services. Respondents also indicated that they would like some face to face services, such as events and libraries to resume as soon as it is safe to do so. Respondents also indicated that they would prefer services to be delivered differently rather than reducing services or increasing Council Tax. Given the low response rate it could be misleading to place too much emphasis on this data.

## Proposed Budget 2021/22

**2.29** The proposed budget for 2021/22 has been set in line with the current financial strategy and a summary of the overall position is set out in the table below.

	<b>Initial Budget Proposals November 2020 £'000</b>	<b>Adjustment £'000</b>	<b>Initial Revised Budget Proposals February 2021 £'000</b>
Base Budget 2020/21	240,438	0	240,438
Pay Award	3,772	(1,665)	2,107
Committed Growth	200	0	200
Reduced Use of Council Fund	1,000	0	1,000
Proposed Cost Pressures	10,238	(1,830)	8,408
Proposed Savings	(116)	(384)	(500)
<b>Adjusted Base Budget 2021/22</b>	<b>255,532</b>	<b>(3,879)</b>	<b>251,653</b>

**2.30** Inflation relating to pay awards of £2.107m has been included. This figure has been reassessed in respect of the Chancellor's Statement in November. As in recent years due to the shortage of funding and low level of inflation, no provision has been made for non-pay inflation.

**2.31** 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 level of funding and the high value of cost pressures submitted. However, careful consideration has been given to the allocation of funding and similarly to 2020/21, the BWG have been able to award growth at a relatively high level this year due to the level of the WG settlement, although this is still significantly below the level of cost pressures set out as part of the initial proposals. It has allocated funding to areas where the pressures cannot be mitigated or reduced. The BWG is recommending that cost pressures of £8.408m is agreed for 2021/22, taking the total for Proposed Growth to £9.608m. The breakdown of this sum is shown at Appendix A alongside the initial cost pressures that were reported to Cabinet in November 2020.

**2.32** The level of efficiencies to be achieved has been reviewed by the BWG and the revised proposal for 2021/22 totals £500k. Of this sum £116k has already been allocated as detailed below as part of previous budget proposals.

<b>Neighbourhood Services and Transport</b>	£'000
Traffic Surveys	10
Neighbourhood Services and Transport Efficiencies and Collaboration	56
<b>Total Neighbourhood Services and Transport</b>	<b>66</b>
<b>Finance, ICT and Property</b>	
Fraud & Income Recovery	50
<b>Total Resources</b>	<b>50</b>
<b>Total Approved Efficiencies 2021/22</b>	<b>116</b>

**2.33** Following a pause in setting efficiency targets in 2020/21, this increase in the target of £384k represents a refocussing of the Reshaping Services programme. Within this context and even with a positive settlement from WG for 2021/22, it is considered that services should still be requested to review and deliver their services in the most efficient and cost effective way going forward and ensure that they continue the process of transforming their services to become sustainable in order to meet cost pressures that will arise in the future. In line with the Corporate Recovery Strategy this renewed Reshaping Services Programme will be focused on the continuation and extension of digital service delivery, building on alternative service delivery models that have been identified during the coronavirus pandemic and a review of office accommodation. The level of efficiency targets that have been set for 2021/22 have been assessed and are considered to be achievable. Further detail on the allocation of the efficiency targets by service will be brought to Cabinet as part of the Final Revenue Proposals on 22nd February 2021.

**2.34** The Reshaping Services reserve and Digital Reshaping reserve are available to support Directorates in changing the delivery of services to improve the customer experience, increase the resilience of services, reduce the carbon footprint of the Council's activities and realise efficiencies. Further savings can be focused around income generation and commercial activity and there is £2.234m funding available in the Commercial Opportunities and Invest to Save reserve to support the implementation of income generation and invest to save schemes.

## Proposed Council Tax 2021/22

- 2.35** An adjusted settlement increase of 4.42% following an increase of 4.29% in 2019/20 represents a move away from the very low increases and reductions seen over the past 10 years. However, it should be noted that the increase after transfers of funding into the settlement equates to £7.119m, which is significantly less than the cost pressures required projected as part of the initial proposals (£10.238m), committed growth (£1.2m) and the revised pay awards (£2.107m), which equates to £13.545m. The available funding therefore still remains significantly less than the funding required by the Council. As the Council also wishes to avoid ceasing the provision of services, the Council still needs to consider an increase in Council Tax.
- 2.36** A council tax base of 61,412 for 2021/22 was approved by Cabinet on 7th December 2020 and reflects a reduction in the collection rate from 97.5% to 97.1%. This change brings the budgeted collection rate more in line with the actual collection rate in 2019/20, and a further reduction in the collection rate in 2020/21 due to the impact of the coronavirus pandemic. The council tax base has also been increased to reflect the impact of new developments in the Vale of Glamorgan.
- 2.37** If the Council decides to budget at £251.653m, deducting from this Revenue Support Grant of £124.398m and redistributed non-domestic rates of £43.918m, produces a requirement of £83.337m to be met from council tax. Dividing this by the council tax base of 61,412 gives a level of council tax for this Council's purposes (excluding police and community council precepts) for Band D properties of £1,357.02. This is an increase over the current year's council tax which is £1,306.08 of £50.94 or 3.9%. The average council tax set by councils in Wales for 2020/21 at Band D was £1,354.02 and therefore when taking into account increases to be approved by other Councils in Wales for 2021/22, this Council's Band D would still remain below the Welsh average.
- 2.38** The BWG's view is that the proposed increase in Council Tax at 3.9% is a reasonable compromise between the pressure on services and the financial pressures facing council taxpayers.
- 2.39** The Council Tax bandings at a base budget of £251.653m assuming a 3.9% increase in Council Tax are set out below.

<b>Band</b>	<b>Council Tax £</b>
A	904.68
B	1,055.46
C	1,206.24
D	1,357.02
E	1,658.58
F	1,960.14
G	2,261.70
H	2,714.04
I	3,166.38

## **Reserves**

- 2.40** 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.
- 2.41** 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, 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.
- 2.42** 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 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.
- 2.43** The level of reserves must be considered in the context of the financial risk facing the Council over the coming years.
- 2.44** 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 2022/23 and beyond.

- 2.45** 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 2021/22, further action will need to be undertaken by directorates to achieve a balanced budget in 2021/22 and beyond.
- 2.46** Pay and price inflation is a further risk. From 2021/22 onwards, provision has been made in the budget allowing for an annual 1.5% increase in pay. This will need to be kept under review in the context of a proposed pay freeze and a commitment to only increase pay for those receiving less than £24k. There is no provision for non-pay inflation. The Consumer Price Index for the 12 months to December 2020 was 0.6% up from 0.3% in November and services will need to manage spending as costs rises.
- 2.47** Details of all specific grants has not yet been finalised by WG. The provisional settlement set out some increases in grant funding across Wales which are set out below.
- Social Care Workforce and Sustainability Grant increased from £40m to £50m
  - Support for Minority Ethnic and Gypsy, Roma, Traveller learners rises from £10m to £11m
  - Bus Revenue Support (Traws Cymru) rises from £3.2m to £4.4m
  - Road Safety Grant rises from £0.95m to £2m
- 2.48** 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 service.
- 2.49** Legislative changes provide a major risk to the Council. The increase in the National Living Wage will put further pressure on staffing budgets and the impact of changes to welfare reforms continues to develop and a reserve is held for this purpose.
- 2.50** 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.

- 2.51** 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.
- 2.52** 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.
- 2.53** 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.
- 2.54** The estimated level of the Council Fund Reserve at 1st April 2021 is £10.824m including a planned drawdown of £1.990m in 2020/21. Any surplus identified at year end will be transferred into the Council Fund to contribute towards the Council's resilience in responding to the ongoing impact associated with Coronavirus pandemic.
- 2.55** The Section 151 Officer's view is that the current minimum level for the Council Fund Reserve of £10m is appropriate but may not be able to be maintained in light of the continued uncertainties around the impact of Brexit and ongoing Coronavirus pandemic. The Council Fund provides cover for 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 £12.5m. However, in view of the prudent approach the Council takes with regard to Specific Reserves, it is proposed that £10m should be maintained for this report and this will be reviewed as part of the MTFP.
- 2.56** There are Schools balances which are unspent budgets delegated to individual schools. As at 31st March 2020 the aggregate nursery, primary and secondary balances were £839k, we have some indication that the volume of schools reporting a deficit in 2020/21 is likely to be higher than in previous years and therefore this reserve level will need to be kept under review.

**2.57** Attached at Appendix B is a schedule showing the reserves and the anticipated balances at the 31st March 2021, 2022, 2023 and 2024. 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 2023/24	Balance.	Net Movement	Est. Bal.
	31/03/2020		31/03/2024
	£'000	£'000	£'000
Council Fund	12,814	(2,740)	10,074
Specific Reserves			
Insurance Fund	4,574	0	4,574
Capital Reserves	33,017	(24,364)	8,653
Other Specific Reserves	30,750	(11,839)	18,911
<b>Total Council Fund Reserves (excl. Schools and HRA)</b>	<b>81,155</b>	<b>(38,943)</b>	<b>42,212</b>

**2.58** It is projected that there will be a large fall (48%) in the level of reserves over the 4 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 £10m.

### Next Steps

**2.59** As the provisional settlement was significantly different to the initial proposals brought to members in November 2020, it is proposed that the revised initial revenue proposals for 2021/22 be approved by Cabinet and are referred to Corporate Performance and Resources Scrutiny Committee for consideration. Corporate Performance and Resources Scrutiny is to review the proposed level of cost pressures and proposed increase of 3.9% in Council Tax. The responses of Scrutiny Committee should be reported to Cabinet for 22nd February 2021 when the Final Revenue Proposals will be considered by Cabinet on the same agenda.

**2.60** The Final Revenue Proposals will then be considered by Council on 10th March 2021. The Council Tax also will need to be set at this meeting in order to meet the 11th March 2021 statutory deadline.

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

**3.1** The BWG will ensure that budget proposals consider the requirements of the Well-being of Future Generations Act and the Council's 4 well-objectives as

detailed in the Corporate Plan. These are discussed as part of the Medium Term Financial Plan.

**3.2** The Budget Working Group will also ensure that the budget proposals reflect the 5 ways of working which are;

o 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.

o Taking an integrated approach - The budget proposals highlight and encourages ways of working with partners.

o Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners.

o 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.

o 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.

## **4. Resources and Legal Considerations**

### **Financial**

**4.1** The total proposed revenue budget for 2021/22 is £251.653m. After adjusting for discretionary rate relief of £290k, it is £5.714m below the Council's SSA of £257.077m. The 2020/21 budget was £4.169m below the SSA.

**4.2** 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.

**4.3** It is proposed that no transfer is made in 2021/22 from the Council Fund to support the base budget.

### **Statement of Section 151 Officer on Robustness of Estimates**

**4.4** 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.

- 4.5** 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.
- 4.6** The proposed efficiencies are regarded as 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) which will be included in the Final Budget Report when it is brought before Cabinet later this month.
- 4.7** 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.
- 4.8** 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 efficiencies including those required under the Reshaping Services programme. Cabinet, Scrutiny and managers continue to have a key role in reviewing and maintaining budgetary performance.
- 4.9** Reserves have been again reviewed and, with the proposed changes to the level of the Council Fund, are considered adequate to cover contingencies and the risks stated in the report.

### **Employment**

- 4.10** Not all the savings required to meet the shortfall in funding will result in a reduction in staffing. 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 could be a number of redundancies. The trade unions will be consulted on the details of any possible redundancies once known. Staffing implications relating to budget pressures within schools will need to be considered by individual governing bodies.

### **Legal (Including Equalities)**

- 4.11** The Council is required under statute to fix its council tax by 11th March 2021 and in order to do so will have to agree a balanced revenue budget by the same date.
- 4.12** These initial budget proposals have due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of individual strategies for achieving savings will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects

of policies on individuals who have a range of protected characteristics under the Act.

## **5. Background Papers**

- 5.1** Budget Strategy 2021/22
- 5.2** Initial Revenue Budget Proposals 2021/22

**PROPOSED GROWTH 2021/22**

**Appendix A**  
**INITIAL**                      **FINAL**  
**PROPOSALS**                **PROPOSALS**  
**NOV 2020**                **FEB 2021**

**COST PRESSURES 2021/22**

No.	Description	2021/22 £'000	2021/22 £'000
<b>Directorate: Learning and Skills</b>			
<b>Schools</b>			
1	<b>Demographic Increase in Mainstream Schools</b> - Estimated increase in funding to reflect the increase in pupils reflected in the WG settlement. Final proposals figure represents the recalculated cost pressure based on provisional settlement data.	1,128	1,080
2	<b>ALN Support in Mainstream Primary and Secondary Schools</b> - Increase in the number of pupils required Additional Learning Needs support in Mainstream settings.	505	505
3	<b>Demographic Increase in Pupils in Ysgol Y Deri</b> - There is a demographic increase in the number of Vale pupils requiring specialist school placements each year over those leaving the provision at school leaving age.	843	843
4	<b>Establish Specialist Resource Base at Whitmore High School</b> - Establish a Specialist Resource Base (SRB) attached to a mainstream secondary school at Whitmore High School to provide additional support for pupils with Autism Spectrum Disorder whilst ensuring they can access mainstream secondary education.	176	176
<b>Total Schools</b>		<b>2,652</b>	<b>2,604</b>
<b>Non Schools</b>			
5	<b>Early Years ALN Lead Officer</b> - Establish a new statutory post of Early Needs Additional Learning Needs Officer as required by forthcoming Welsh Government Additional Learning Needs reform.	60	0
6	<b>Early Years Provision</b> - Funding for Additional Learning Needs support for very young children in pre-school settings as required by Welsh Government Additional Learning Needs reform.	75	75
7	<b>Reduction in Out Of County Income</b> - Reduction in the capacity to offer places at Ysgol Y Deri to pupils from other authorities.	147	100
8	<b>Complex Needs Placements in other Authorities and Independent Schools</b> - Additional funding required for specialist provision for children and young people with significant social emotional and mental health difficulties requiring specialist provision and for alternative placements to help manage the pressure on places at Ysgol Y Deri.	140	100
9	<b>21st Century Schools</b> - Monies required to finance revenue impact of loans that will be raised to fund capital expenditure. Borrowing has been reprofiled so cost pressure no longer required in 2021/22.	38	0
<b>Total Non Schools</b>		<b>460</b>	<b>275</b>
<b>Total Learning and Skills</b>		<b>3,112</b>	<b>2,879</b>

**Directorate: Social Services**

<b>Children and Young People's Services</b>			
1	<b>External Placements</b> - The demand for this budget is highly fluid and the pressure reflects an assumed level of inflation. Part of the Welsh Government Social Care Workforce grant which was received last year and this year and which was allocated to the External Placements budget will be available during 2021/22 at an increased level.	82	0
2	<b>Recruitment and Retention of Foster Carers (Payment for Skills)</b> - This pressure reflects the need to increase the payment for skills for our current population of carers. The pressure in next year and the year after reflects an increasing number of carers. Being able to recruit and retain carers is a key part of our ability to support children looked after and to help to reduce our reliance on externally purchased care.	90	90
3	<b>Recruitment and Retention of Foster Carers (Allowances Paid)</b> - This pressure is linked to the 3% annual increase applied by WG that LAs are obliged to pay. The calculation is based on our current number of carers and allows for an increase of 10 carers each year.	142	142
4	<b>Agency Social Workers Intake and Family Support Team and Care Planning and Proceedings Team</b> - There are significant challenges in recruiting and retaining permanent qualified staff in both Intake and Family Support Team and Care Planning and Proceedings Team. Advertisements have not to date succeeded in recruiting to vacant posts and staff have left the service. Both situations require the commissioning of agency staff to ensure the LA is able to fulfil its statutory role which are more costly. This bid has been replaced by number 7.	100	0
5	<b>Additional Social Worker Post Special Guardianship Regulation</b> - The Special Guardianship Regulations have changed and the LA is not complaint. These regulations require a dedicated officer to review Special Guardianship Order (SGO) support plans and the support offered to SGs on a yearly basis. The LA currently oversees 77 children on SGOs and subject to SGO allowances. We plan to increase the numbers by 5 this year and predict this trend increasing. This role requires a qualified social worker. Consider funding from Social Services Pressures reserve	50	0
6	<b>Legal Costs</b> - The ongoing pressure reflects the costs associated within care proceedings, including the instruction of Counsel, and an increasing number of proceedings being issued in comparison to previous years. Consider funding from Social Services Pressures reserve.	100	0
7	<b>Additional Children's Services Pressures</b> - Full pressure £387k but as some impact is as a result of Covid seek to fund £187k from Social Services Reserve or WG Funding. Replaces cost pressure 4 shown above.	0	200
<b>Total Children</b>		<b>564</b>	<b>432</b>

**PROPOSED GROWTH 2021/22**

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**PROPOSALS**                **PROPOSALS**  
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**COST PRESSURES 2021/22**

No.	Description	2021/22 £'000	2021/22 £'000
<b>Adults</b>			
7	<b>Demographic Changes</b> - Due to Covid-19 it is difficult to predict the actual change this year which will continue into 2021/22 as citizens behaviour is fluctuating with some coping well within the pandemic and finding alternative solutions to access support, and others potentially delaying seeking support which may see an increase in complexity when they reach a crisis point. Figures shown are based on previous years increases in budget and correlating 'normal' increases in demand, and anticipated ongoing grant funding.	500	500
8	<b>Provider Fees and Quality Assurance</b> - Continuing challenge by providers to increase fees to meet provider costs. Additional capacity is required to manage contract monitoring arrangements as a result of a number of significant quality assurance issues with providers. Numerous historical pressures continue to impact the committed spend for commissioned services, including National Living Wage, Sleep-Ins, HMRC regulations re travel time, auto-enrolment of pensions and now the increased burden of registration costs for domiciliary care workers under Regulation and Inspection of Social Care (RISC) (Wales) Act 2016.	1,565	1,300
9	<b>Increased Demand to Support Mental Health/Emotional Wellbeing</b> - The Division continues to experience challenges with covering Approved Mental Health Practitioners rotas. There is increased demand for Mental health support and there are more complex cases. We need additional social work and hands-on support worker capacity to support this growing demand and support our qualified workforce to undertake assessments and interventions. We have also experienced an increase in request for lower level support for emotional wellbeing that would not meet the criteria for our Mental Health teams. We anticipate that this is the area that will see most significant pressure over the coming 18 months as a direct consequence of Covid. Additional staff required with Mental Health knowledge to join our Intake and Assessment team to appropriately triage referrals and signpost people to other services, and support our Intake and Assessment team in this area to prevent inappropriate referrals into Mental health teams and use resources effectively and signpost people correctly so they find early support. x 2 support workers plus 3 x Social workers	220	220
10	<b>Accommodation</b> - As a consequence of Covid we have accommodation issues within the Division. We are currently working with the UHB to try to negotiate alternative provision and shifting costs, but currently there are suggestions that the displaced teams from Ty Jenner should be accommodated elsewhere within the area - potentially attracting lease costs. This bid may now not be required and is under review.	40	0
<b>Total Adults</b>		<b>2,325</b>	<b>2,020</b>
<b>Resource Management</b>			
11	<b>Your Choice</b> - To ensure that 'Your Choice' practices are embedded in our processes, it would be beneficial to have additional capacity within the RMS Commissioning team to support this roll-out and monitoring. 1 x Commissioning Officer (based on NE costs)	40	0
12	<b>Reablement</b> - The Vale Community Resource Service has benefitted from grant funding at the front line over several years, but due to the short term nature of the funding we have not developed the managerial and supervisory elements required to support the team of Reablement support workers, or consider how best to structure the service in regards to cluster/locality models. The review is currently being undertaken. At this time we cannot pre-empt the outcome of the review, but it is known that more management, co-ordinators and also a quality monitoring officer is required to support the service delivery of the current capacity. The current Service Review is phase A to ensure the structure is fit for purpose, and then in 2021/22 we wish to deliver the aims of the Vale Locality Plan that indicated that it would benefit citizens if all individuals assessed as requiring a POC access a period of reablement via the VCRS team. Based on deputy manager, 2 x co-ordinators, quality monitoring officer, social worker/OT. Review needs to be completed before further consideration for this bid in a later year.	250	0
13	<b>Residential</b> - This will enable the council provided care homes to deal with a previously applied vacancy factor. The issues created by Covid 19 include a need to reduce dependence on agency staff (or maintain consistent agency staff for each home) and also to ensure that the service can cope should staff be absent. This would enable the homes to be fully staffed. Covid issues to be funded by WG grant.	127	0
14	<b>PPE</b> - To enable the establishment of a PPE team in response to Covid 19 that operates across directorates. To be funded from Social Services reserves or from WG funding.	213	0
15	<b>Increased demand to support the Community Care Finance Functions</b> - With the increase in demand for services, the functions of the Community Care Finance Section are at the point where the workload cannot be managed within existing resources. Funding would allow for the maximisation of income for chargeable services within the Directorate. This should be funded from reserves for 2 years to establish whether additional income can be generated as a result of this additional resource.	73	0
<b>Total RMS</b>		<b>703</b>	<b>0</b>
<b>Total Social Services</b>		<b>3,592</b>	<b>2,452</b>

**Directorate: Environment and Housing**

No.	Description	2021/22 £'000	2021/22 £'000
<b>Neighbourhood Services</b>			
1	<b>Waste Grant Funding</b> - Estimated reduction in the Sustainable waste management grant.	50	50
2	<b>Highways and Footways</b> - Due to the reduction in the level of resurfacing anticipated on the carriageway and footway for 2020/21 onwards it is anticipated that the amount of patching required will increase.	350	0
3	<b>Big Fill</b> - Reduction in Big Fill budget planned for 2021/22 will lead to faster deterioration of the highway network and increased levels of insurance claims. The current programme is being funded from reserves at a value of around £500k per annum	100	100
4	<b>Highways Structures Inspections</b> - There is currently a backlog of inspections.	100	100
<b>Total Neighbourhood Services</b>		<b>600</b>	<b>250</b>

**PROPOSED GROWTH 2021/22**

**Appendix A**  
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**COST PRESSURES 2021/22**

No.	Description	2021/22 £'000	2021/22 £'000
<b>Transportation</b>			
1	<b>Education Transport</b> - There has been pressure on this provision of service due to an increase in cost and number of pupils. Funding provided at the level of the 2020/21 overspend.	412	392
	<b>Total Transportation</b>	<b>412</b>	<b>392</b>
<b>General Fund Housing</b>			
1	<b>Domestic Abuse Assessment and Referral Community Safety</b> - The Coordinator collates the daily Public Protection Notices completed by the Police in respect of low and medium risk domestic abuse cases which are not deemed high enough risk to be referred to the Multi-Agency Risk Assessment Conference (MARAC). The Coordinator then ensures the victim is offered person centre support and understands their future support options and is able to gain access to the correct services at the right time. As domestic abuse incidents have increased because of lockdown, it is important that this post continues to be funded until 2021/22 when a restructure of the Community Safety Team will be undertaken and continuation funding made available.	34	34
2	<b>CCTV</b> - Budget previously removed as a saving however contract still in place with Bridgend. Current contract to be extended for 6 months from 1st April 2021. Funding is therefore required to cover this period. As funding is required in the short term use of reserves proposed.	35	0
	<b>Total General Fund Housing</b>	<b>69</b>	<b>34</b>
	<b>Total Environment and Housing</b>	<b>1,081</b>	<b>676</b>

**Directorate: Managing Director & Resources**

<b>ICT</b>			
1	<b>Microsoft Licences</b> - Further increased costs as a result of Microsoft changing their costing model and an increase in subscription to purchase Microsoft's Advanced Threat Protection. This has been done in response to the increased security risk from increased home working as a result of the Pandemic.	225	225
2	<b>RSA Licences</b> - New Contract to facilitate remote access as a result of the Pandemic.	56	56
3	<b>Increased cost of existing ICT contracts</b> - Increased costs from a service provider.	60	60
	<b>Total ICT</b>	<b>341</b>	<b>341</b>
<b>Property Services</b>			
4	<b>Building Security and Cleaning.</b> The bid represents the projected shortfall for 2021/22.	65	65
	<b>Total Property</b>	<b>65</b>	<b>65</b>
<b>Legal and Democratic Services</b>			
5	<b>Coroner</b> - Increased contribution is required towards the cost of the Joint Coroner Service. The additional costs are attributable to the increased cost of undertaker fees following a payment review. There has also been an increase in the charges from the Cardiff & Vale Health Board in relation to pathologist fees.	30	30
6	<b>Land Charges</b> - Long-term decrease of land charges income receipts. The introduction of VAT on some of the land charges fees has had an impact on our receipts in terms of competition from private operators.	35	0
	<b>Total Legal and Democratic</b>	<b>65</b>	<b>30</b>
<b>Policy &amp; Business Transformation</b>			
7	<b>C1V</b> - Savings not achieved from previous years.	94	40
	<b>Total Policy and Business Transformation</b>	<b>94</b>	<b>40</b>
<b>Human Resources</b>			
8	<b>I-Development Software</b> - Annual support cost for system which is used to ensure that all training requirements of the Council are effectively managed.	35	0
9	<b>Human Resources</b> - Additional costs to accommodate a restructure	130	0
	<b>Total Human Resources</b>	<b>165</b>	<b>0</b>
<b>Private Sector Housing</b>			
10	<b>Housing Benefit Overpayments.</b> The migration of housing benefit claims to universal credit is impacting on the subsidy the Council receives on its overpayments. The loss of subsidy will continue as more cases are transferred over to universal credit. Funding	150	200
	<b>Total Private Sector Housing</b>	<b>150</b>	<b>200</b>
	<b>Total Managing Director and Resources</b>	<b>880</b>	<b>676</b>

**PROPOSED GROWTH 2021/22**

**Appendix A**  
**INITIAL**                      **FINAL**  
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**COST PRESSURES 2021/22**

No.	Description	2021/22 £'000	2021/22 £'000
<b>Directorate: Policy</b>			
1	<b>Council Tax Reduction Scheme</b> - There has been an increased uptake.	1,200	1,050
2	<b>City Deal Borrowing Costs</b> - Monies required to finance loans that will be raised to fund capital expenditure.	373	315
3	<b>South Wales Fire Service Levy</b> - Change in levy has now been received	0	360
<b>Total Policy</b>		<b>1,573</b>	<b>1,725</b>
<b>COUNCIL TOTAL</b>		<b>10,238</b>	<b>8,408</b>

**COMMITTED GROWTH 2021/22**

<b>Directorate: Managing Director &amp; Resources</b>			
	<b>Finance &amp; Property</b>		
	Oracle Implementation	200	200
<b>Directorate: Policy</b>			
	Reduction in Contribution from the Council Fund	1,000	1,000
<b>COMMITTED GROWTH TOTAL</b>		<b>1,200</b>	<b>1,200</b>
<b>PROPOSED GROWTH TOTAL</b>		<b>11,438</b>	<b>9,608</b>

**ANALYSIS OF RESERVES****APPENDIX B**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	01/04/20			Bal		31/03/22	31/03/23	31/03/24
	£000	£000	£000	£000		£000	£000	£000
<b><u>Housing Revenue Account</u></b>	<b>7,948</b>	<b>0</b>	<b>-7,058</b>	<b>890</b>	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.	915	923	928
<b><u>General Reserves</u></b>								
Council Fund	<b>12,814</b>	<b>0</b>	<b>-1,990</b>	<b>10,824</b>	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 £10m. £1m approved used in 2020/21 plus use for additional costs due to COVID 19. £750k to be used in 2021/22 for Oracle upgrade.	10,074	10,074	10,074
<b><u>Specific Reserves</u></b>								
<b><u>Learning and Skills</u></b>								
Schools Rationalisation and Improvements	<b>533</b>	<b>0</b>	<b>-175</b>	<b>358</b>	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.	57	0	0
Education Pressures	<b>452</b>	<b>0</b>	<b>0</b>	<b>452</b>	To fund pressures faced by Learning and Skills.	452	452	452
School Deferred Pensions	<b>319</b>	<b>53</b>	<b>0</b>	<b>372</b>	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years.	372	372	372
Schools invest to save reserve ER/VR	<b>0</b>	<b>66</b>	<b>0</b>	<b>66</b>	To assist with the cost of redundancies in schools	66	0	0
Sports Facilities	<b>6</b>	<b>0</b>	<b>-6</b>	<b>0</b>	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.	0	0	0
Library Fund	<b>151</b>	<b>0</b>	<b>-50</b>	<b>101</b>	To finance the improvement of Library services. £50k required in 2020/21 to matchfund the Penarth Library MALD capital project.	101	101	101
Adult Community Learning	<b>75</b>	<b>37</b>	<b>0</b>	<b>112</b>	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded	75	75	75
Community For Work Exit Strategy	<b>32</b>	<b>16</b>	<b>0</b>	<b>48</b>	To pay potential redundancy costs if Welsh Government grants were discontinued.	48	48	48

**ANALYSIS OF RESERVES****APPENDIX B**

<b>Name</b>	<b>Bal 01/04/20 £000</b>	<b>In £000</b>	<b>Out £000</b>	<b>Est Bal 31/03/21 £000</b>	<b>Comments</b>	<b>Est Bal 31/03/22 £000</b>	<b>Est Bal 31/03/23 £000</b>	<b>Est Bal 31/03/24 £000</b>
Youth Service	81	0	0	81	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. The reserve will be used to purchase a bus for the Youth service during 20/21. The remaining balance will be required to matchfund the Inspire to Work ESF project.	25	0	0
Catering	117	0	0	117	To support any issues relating to the Catering trading company.	117	117	117
Catering Equipment Renewals	34	101	0	135	Repairs and renewal fund for catering equipment in Schools.	135	135	135
<b>Social Services</b>								
Legislative Changes	7,923	0	-1,593	6,330	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 and other pressures on the service.	5,557	4,784	4,784
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
<b>Environment and Housing</b>								
Neighbourhood Services	3,723	0	-1,510	2,213	To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives.	506	206	0
Bad Weather	269	0	-150	119	To fund necessary works during periods of severe weather conditions.	0	0	0
Building Services Improvement	297	0	-50	247	Monies set aside for improvements to the Building Services department.	197	147	97
Rural Housing Needs	56	0	0	56	To be used to fund Rural Enabler post.	44	32	20

**ANALYSIS OF RESERVES****APPENDIX B**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	01/04/20			Bal		31/03/22	31/03/23	31/03/24
	£000	£000	£000	£000		£000	£000	£000
Homelessness and Housing	655	0	0	655	This sum will be used to support homelessness prevention work.	400	200	0
Housing Strategy	10	0	0	10	This funding will be used to produce the Housing Strategy including facilitating consultation events.	10	10	0
Supporting People	50	0	0	50	To continue to provide housing support.	50	50	50
Community Safety	31	0	-19	12	To fund community safety initiatives.	0	0	0
Gypsy Traveller	1,052	0	0	1,052	To support the provision of a Gypsy/Traveller site and Gypsy Liaison Officer.	1,052	1,052	1,052
Regulatory Improvements	406	0	-90	316	Monies set aside for Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	316	316	316
<b>Managing Director and Resources</b>								
<b>Regeneration and Planning</b>								
Private Sector Housing	251	0	-49	202	To fund initiatives for Private Sector Housing, including an Occupational Therapist within the DFG team.	151	99	47
Local Development Plan	349	40	0	389	Set aside for costs relating to the production of the Local Development Plan.	239	139	89
Regeneration Fund	305	0	-73	232	To fund various regeneration schemes in the Vale.	192	152	112
Holton Road Surplus	11	10	0	21	Ringfenced sum for Holton Road regeneration.	21	21	21
Regeneration & Planning	693	0	-187	506	Monies set aside to cover various commitments within the service.	268	209	206
Planning Fees	100	0	0	100	To provide for reduction in planning fees income.	100	100	100
Building Control	249	0	-72	199	Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account.	149	99	49
Donations	28	0	0	28	Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast.	28	28	28

**Resources**

**ANALYSIS OF RESERVES****APPENDIX B**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	01/04/20			Bal		31/03/22	31/03/23	31/03/24
	£000	£000	£000	£000		£000	£000	£000
Welfare Reforms	621	0	-230	391	To fund pressures on the Authority resulting from changes to the Welfare Benefit System. This reserve could be used to finance any Department for Work and Pensions projects.	216	216	216
Financial IT System	13	0	-13	0	To fund the costs of implementing the new Income Management system.	0	0	0
Internal Audit	22	26	0	48	To provide training and support development of Internal Audit staff.	48	48	48
Shared Internal Audit Service	318	250	-124	444	Balance held on behalf of the partners for the shared audit service.	444	394	394
Legal	511	0	-150	361	To provide in house legal capacity on major projects, fund increased in house capacity which assists with income generation.	251	156	61
Trainee Appointments	631	0	-40	591	To fund the appointment of trainees and interns to support services and the Reshaping Service programme.	534	476	416
Legal Claims	1,920	0	0	1,920	To fund future legal cases and judicial reviews.	1,920	1,920	1,920
Child Burial	36	12	0	48	Ring fenced grant funding received from Welsh Government.	48	48	48
Human Resources	141	0	-80	61	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.	0	0	0
Performance and Development	367	0	-58	309	To fund the purchase of hardware, software and equipment and to fund the appointment of trainees and interns to support the service.	259	209	209
Democratic & Freedom of Information	48	0	-14	34	To be used to fund IT and other equipment required to support department.	34	9	9
<b>Corporate</b>								
Election Expenses	411	42	0	453	Set aside for the Council and other elections costs.	471	238	255

**ANALYSIS OF RESERVES****APPENDIX B**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	01/04/20			Bal		31/03/22	31/03/23	31/03/24
	£000	£000	£000	£000		£000	£000	£000
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	293	0	-90	203	To provide funds to promote the Vale of Glamorgan particularly in respect of tourism and economic development.	203	203	203
Insurance Fund	4,574	0	0	4,574	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.	4,574	4,574	4,574
Energy Management Fund	199	98	-287	10	Energy saving schemes initially funded from this reserve and transfers in relate to the repayments to the fund from services once savings are achieved and income from renewable energy sources.	124	252	364
Green Infrastructure and Climate Change Reserve	1,250	0	0	1,250	This reserve has been set up to provide funds for Environmental Initiatives across the Vale of Glamorgan.	1,250	1,250	1,250
Reshaping Services	686	0	-216	470	To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services programme.	347	221	221
Digital Reshaping	220	0	0	220	Invest to save funding to support the implementation of new digital ways of working and to update current systems.	220	220	220
Interpretation Services for Asylum Seekers	98	0	0	98	To provide support and interpretation services for asylum seekers.	98	98	98
Stronger Communities Fund	325	0	0	325	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".	325	325	325

**ANALYSIS OF RESERVES****APPENDIX B**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	01/04/20			Bal		31/03/22	31/03/23	31/03/24
	£000	£000	£000	£000		£000	£000	£000
Mayors Foundation	5	0	0	5	Ringfenced funding to be issued as grants.	5	5	5
<b>Capital</b>								
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	487	0	-202	285	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.	175	65	65
Waste Transfer Station	1,498	0	0	1,498	Establishment of a Waste Transfer Station.	0	0	0
ICT Fund	2,893	73	-711	2,255	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.	737	785	833
Capital Scheme Commitments	1,565	22	-437	1,150	Set aside for capital schemes to be undertaken	0	0	0
School Investment Strategy	9,090	284	-1,936	7,438	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	0	0	0
WG Schools Capital Grant 2018-19	185	0	-185	0	A £1.765m grant was received from WG and was used to displace existing capital spend in 2018/19. An equivalent sum is being carried forward through this reserve to fund capital expenditure relating to schools.	0	0	0
WG Schools Capital Grant 2019-20	1,905	0	-1,905	0	A £1.905m grant has been awarded by WG and is being used to displace existing capital spend in 2019/20. An equivalent sum is being carried forward through this reserve into 2020/21 to fund capital expenditure relating to schools.	0	0	0
Capital Economic Regeneration Fund	489	0	-101	388	To finance capital economic regeneration schemes.	333	333	333
Commercial Opportunities and Invest to Save Fund	2,354	0	-120	2,234	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.	2,235	2,240	2,245
Council Building Fund	5,777	0	-2,545	3,232	The fund is available in respect of repairs and maintenance of Council Buildings.	2,230	1,889	1,889

**ANALYSIS OF RESERVES****APPENDIX B**

<b>Name</b>	<b>Bal</b>	<b>In</b>	<b>Out</b>	<b>Est</b>	<b>Comments</b>	<b>Est</b>	<b>Est</b>	<b>Est</b>
	<b>01/04/20</b>			<b>Bal</b>		<b>Bal</b>	<b>Bal</b>	<b>Bal</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
Repairs and Renewals Vehicle	<b>3,361</b>	<b>800</b>	<b>-2,723</b>	<b>1,438</b>	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	183	0	0
Carbon Vehicles Reserve	<b>0</b>	<b>215</b>	<b>0</b>	<b>215</b>	New reserve for electric pool cars	215	215	215
Social Services Buildings	<b>500</b>	<b>0</b>	<b>-10</b>	<b>490</b>	To fund the update of Social Services premises to meet the future demands of the service.	490	490	490
ICF Capital	<b>330</b>	<b>0</b>	<b>-330</b>	<b>0</b>	Health have requested that the funding is returned to them during 2020/21	0	0	0
Telecare	<b>685</b>	<b>0</b>	<b>0</b>	<b>685</b>	Replacement fund for Telecare equipment and other service costs.	685	685	685
<b>TOTAL SPECIFIC RESERVES (excl HRA)</b>	<b>68,341</b>	<b>2,145</b>	<b>-16,531</b>	<b>53,978</b>		<b>35,658</b>	<b>32,784</b>	<b>32,138</b>