

THE VALE OF GLAMORGAN COUNCIL

CABINET: 24TH JANUARY, 2022

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE: 22ND DECEMBER, 2021

“708 INITIAL REVENUE BUDGET PROPOSALS 2022/23 AND MEDIUM TERM
FINANCIAL PLAN 2021/22 TO 2024/25 (REF) –

The reference from Cabinet on 22nd November, 2021 was presented by the Interim
Head of Finance / S151 Officer.

As part of this, the Interim Head of Finance presented the most up to date data
following the publishing of the (provisional) WG settlement, with highlights such
as:

- This amounted to an increase of 10.51%, which was an above average settlement and equated to £17.695M.
- This included funding for National Insurance, Teachers Pay/Pension 21/22 and 22/23.
- The WG's reference to this settlement now including the Pandemic Hardship Funding would need to be clarified.
- Standard Spending Assessments (SSA) had increased by £21.45M or 8%.
- Some of the previously calculated revenue shortfall and cost pressures would now need to be revised due to the new settlement (currently net cost pressures amounted to £27m).
- The various options / scenarios for Council tax increases were outlined.
- Grant funding was a mixed picture, ranging from reductions in areas such as Reducing Infant Class sizes to increases in other areas, i.e. Children and Communities Grant, although these were at an all Wales level and more concrete details on funding would come through in the weeks ahead from WG.
- The settlement also included funding for Welsh Councils around paying the Real Living Wage for Social Care staff, the expansion of Free School Meals as well as for Early Years and Childcare, where further information from WG would also be required.
- It also appeared that WG would allow the Council to claim in advance for block booking for next year for its homelessness provision, thereby lessening the £2m cost pressure in this area if the full 12 months was allowable.
- Other issues were outlined, such as the inclusion of the Fire Service cost pressure of £175k and the need to revisit the school transport cost pressures.
- Although better than expected, the revenue settlement still resulted in a shortfall in funding and further work would be undertaken to balance the budget, which may require the use of existing reserves.

Following the presentation of the report, the subsequent comments and questions were raised by the Committee:

- Councillor John commented that the settlement was much better than expected and referred to the issues raised at the meeting of the Environment and Regeneration Scrutiny Committee and the importance to fund cost pressures relating to statutory services such as Waste, and Highway Maintenance.
- Councillor Dr Johnson raised a number of issues, including free school meal provision and the need for adequate funding, more information on the situation regarding the Intermediate Care Fund (ICF) and commented on the consistency of the figures around the settlement, with the WG and Vale totals being slightly different and adjusted. The Interim Finance Officer stated that Committee would have additional scrutiny of the finalised revenue budget proposals. On the ICF, further clarity from WG would be needed to establish what the level of funding would be and what the criteria was for this. On the consistency of the overall settlement figures, she pointed out that the difference shown was the comparison of last year's AEF (Aggregate External Finance) to the new AEF and WG's figures included adjustments hence the difference between the Council and WG figures
- Deputy Leader and Cabinet Member for Education and Regeneration wished to add that the Council faced some challenging decisions going forward, with sizeable cost pressures which the WG settlement would not fully cover, such as Education, but this involved measures which would result in a huge leap forward, such as the extension of free school meals for primary schools, as well as the push for more after school activities and healthy food initiatives, such pilot schemes and other innovative steps would also help to attract further funding which would be beneficial.
- The Chair also raised a number of issues, concerning the impact (i.e. from UK Government) on the funding and cost implications of public sector pensions schemes (LGPS and Teacher's) as a result of the 'McCloud judgment', the ongoing importance of maintaining healthy reserves in order to fund various Council schemes and to 'reprofile them if necessary, the direction of travel of consumer and retail price indices on cost pressures, as well as stressing that the other scrutiny committees needed to highlight both priority areas of funding and those areas which could be reprioritised and therefore where savings could be made. On the McCloud decision, the Cabinet Member for Neighbourhood Services and Transport explained he sat on the Cardiff and Vale Pension Board and this decision would be part of the triennial actuarial value revaluation which was due from the end of this fiscal year; although his assumption was that it would not be met by the UK Government but by the pension fund and that will be one of its cost pressures. Further, the 'levelling off' of life expectancy could mean that employer pension contributions may not need to be substantially adjusted and therefore not an immediate concern from a Council revenue perspective.
- Finally, Councillor Carroll made the point that the 10.6 % increase as part of the WG settlement would hopefully be 'passed on' to Council taxpayers such as through lower Council Tax rates being set.

Scrutiny Committee, having considered the report and all the issues and

implications contained therein

RECOMMENDED –

- (1) T H A T Cabinet be informed of the comments of the Committee for their consideration as part of the consultation process for the initial revenue budget proposals for 2022/23 and the final budget proposals for 2022/23.
- (2) T H A T the Committee supported the emphasis placed on the importance of funding cost pressures concerning Highway Maintenance, as recommended by the Environment and Regeneration Scrutiny Committee.
- (3) T H A T the recommendations of the Environment and Regeneration, Healthy Living and Social Care and Homes and Safe Communities Scrutiny Committees as above regarding the report be noted.

Reasons for recommendations

- (1) In order that Cabinet be informed of the comments by Corporate Performance and Resources Scrutiny Committee before making a final proposal on the budget.
- (2) In order that Cabinet be informed of the recommendations of the relevant Scrutiny Committees before making a final proposal on the budget.
- (3) Having regard to the contents contained therein and discussions at the meeting.”