

Meeting of:	Cabinet
Date of Meeting:	Thursday, 26 February 2026
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Report Title:	Draft Budget 2026/27 and Medium Term Financial Plan 2026/27 to 2030/31
Purpose of Report:	To put forward draft proposals for the Budget 2026/27 and outline the financial position across the medium term 2026/27 to 2030/31 for approval by Full Council on 9th March
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Corporate Resources
Elected Member and Officer Consultation:	Cabinet Members and Strategic Leadership Team
Policy Framework:	Approving the 2026/27 Budget is a Council function
<p>Executive Summary:</p> <ul style="list-style-type: none"> The report sets out the Council’s proposals for its Budget 2026/27 and Medium Term Financial Plan 2026/27 to 2030/31 for recommendation on to Council for approval on 9th March 2026, ahead of the 11th March statutory deadline. The Council’s approach to managing its finances and the setting of its budget is set out in the Financial Strategy agreed in July 2026 with the key consideration being the delivery of the Council’s objectives set out in ‘Vale 2030’, the Council’s Corporate Plan, which was approved in March 2025. The Council, in common with councils across both Wales and England is experiencing significant financial pressures across social care – both Children’s and Adults, School finances especially Additional Learning Needs (ALN) as well as pay awards and Home to School Transport. The UK Government has recognised these pressures and there was a relatively more favourable Spending Review in June 2025 but very much front loaded and still falling short of meeting all known pressures. Due to the May 2026 Senedd elections there is only a one year Settlement from Welsh Government but positively the latest Welsh Government Funding announcement on 9th December gave an increased Settlement of 4.5% across Wales, an improvement on the 2.5% in the initial provisional Settlement on 24th November 2025. 	

- The Welsh Government agreed its budget on 19th January, several weeks earlier than in recent years and the Final Settlement was published on 20th January 2026, confirming the 9th December Provisional Settlement.
- The additional resources whilst appreciated, do fall short of what is needed to sustain essential local services. The Settlement concentrates resources towards Schools and Social Care. It is also underpinned by a notional increase in Council Tax based on the average across Wales for the past three years and that is in excess of the increase proposed in this report.
- The overall position for the Council has also benefited from the significant funding position for the Cardiff and Vale Pension Fund with the proposed reduction in the employer's contribution reducing costs by £3.812M.
- The improved December Settlement and reduced pensions costs enabled a further review of cost pressures enabling additional resources to be targeted at schools, addressing continued social care pressures and putting measures in place to make the Council more financially resilient across the medium term. It has also allowed a budget to be proposed that does not require significant reductions to other services. This work continued across the Consultation period and consequently the total growth set aside for schools in addition to meeting known pressures wherever possible is £2m (up from £1m in the January report).
- Future prospects are also low with the poorly performing UK economy likely to be a drag on settlements at the same or lesser level in future years which was reflected in the June Spending Review. The Autumn Budget has sought to improve the fiscal headroom which may ease the pressure in 2027/28 and 2028/29 but UK public finances remain challenging. It is important to keep focus on the medium term.
- The Council continues to be the second lowest funded Council per head of population in Wales and spends significantly above its notional formula needs assessment for Education and Social Services given the continued pressures in these services. The Council has the fifth lowest spend per head of all of the Welsh Counties and spend for all services with the exception of Education is benchmarked at low or very low. Council Tax is also low with the 2025/26 Council Tax the sixth lowest of the 22 counties 6.86% below the Welsh median. The proposed Council Tax increase is highly unlikely to affect this relative position.
- An increasing proportion of the Council's resources year on year have been directed towards Schools and Social Care, 68% in 2023/24, 70% in 2024/25 and rising to 71% for 2025/26. However, this trend is paused in 2026/27 due in large part to the reduction in employer pension contributions.
- For 2026/27 the Council is faced with financial pressures of £28.227M and these total £84.010M across the medium term (including 2026/27). The underlying pressures in 2026/27 were £35.393M and there has been an extensive review to manage these down whilst being mindful of there not being future overspends in those areas where pressures have not been accommodated in these proposals.
- Council Tax is proposed to increase by 5.5% for 2026/27. Whilst the Settlement was better than anticipated it does fall short of the resource required to meet the growing ALN and Social Care demands and the pressure of the NI increases in the Chancellor's budget on externally provided service provision.

- There has been a four-week period of consultation with residents and other groups as well as the proposals being subject to review by members of the Council’s Performance Joint Scrutiny Committee. There was a good response to the Consultation and the new approach to Scrutiny generated a good level of discussion.
- There are services which the Council would wish to invest in further but would require a further increase in the Council Tax which are not currently in the proposals, but were consulted upon. Youth Service £300k – a more proactive/preventative service working alongside young people to deliver their skills and support their mental health; Rural Bus Service £500k – additional provision connecting residents in rural communities with larger towns and service hubs; and Parks and Gardens £120K – additional investment to reinstate works, the nature of which were previously contributing to Green Flag status. The Budget Consultation covered the potential to increase Council Tax by a further 1% to enable this investment, and it is notable that there was very little difference in residents’ responses between this and the 5.5% increase proposed. This is a matter explored in further detail within the body of the report.
- There is a gap of £6.584M in 2026/27 and £34.865M across the five year medium term which will be met from a mix of reshaping and tactical savings initiatives. For 2026/27, £3.812M of the gap is met from the reduction in pension costs with £2.772M being delivered through reshaping and savings.
- The Council published its Reshaping Prospectus alongside its draft Corporate Plan in October 2024, the approach to how services would be delivered to meet the Corporate Plan objectives. The Reshaping Programme is central to balancing the budget in 2026/27 and across the medium term. An increasing proportion of the gap is met from transformation with the drive towards sustainable finances. This report provides a detailed focus on the various streams of the Reshaping Programme driving a balanced budget through to 2023/31. Given the financial challenge across the medium term there is still a need for some tactical savings and work will continue across the Spring of 2026 to identify additional reshaping initiatives.
- There is an overarching Equality Impact Assessment in place for the overall budget proposals and individual assessments against all of the reshaping and savings proposals where appropriate and necessary and this has been published as part of the budget consultation.
- The report also describes the approach taken to developing the budget proposals and of the continuation of the approach of directing resources in line with the Council’s Corporate Plan and protecting services supporting the most vulnerable members of the community. There is, nevertheless an extremely difficult balance to achieve, given the desire to continue to deliver a range of core services alongside escalating costs within Schools and Social Care representing 69% of spending in the initial proposals.

	Learning and Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
Adjusted Original Budget	13,544	128,568	106,707	82,755	331,574
Recharge and Delegation Adjustment	2,019	-2,032	0	13	0

Adjusted Budget	15,563	126,536	106,707	82,768	331,574
Total Pressures	3,223	8,078	11,281	5,644	28,226
Use of Reserves	267	0	0	500	767
Pensions Adjustment	(274)	(1,299)	(1,041)	(1,198)	(3,812)
Savings	(160)	(160)	(1,722)	(730)	(2,772)
Reverse out Temporary Savings	0	0	0	250	250
Net Funding Increase	3,056	6,619	8,562	4,422	22,659
% Increase /(Decrease)	20%	5%	8%	5%	7%
Net Budget 2026/27	18,619	133,155	115,269	87,190	354,233

- The Council's Reserves have been under review and an updated position is set out with reserves forecast to be at £30.586M at the end of the five year Medium Term Financial Plan period. This review has need to be extensive due to the requirement to identify Council reserves to match the growing overall deficit in the Council's schools. The reserves will continue to be held against statutory obligations, capital commitments, known risks and to supporting reshaping through transformation. The reserves have also come under pressures over the past three years due to in year demand pressures and there is the additional protection of a contingency budget built into the proposals to address similar potential volatility in 2026/27.
- The Head of Finance/s151 has a statutory duty to assess the robustness of the estimates and adequacy of reserves. The report at Appendix E judges the estimates to be robust and despite the risks with school deficits also judges reserves to be adequate at this time.
- The draft Budget will be brought forward for approval by Full Council on 9th March 2026.

Recommendations

1. That Cabinet notes the updated financial position.
2. That Cabinet recommends that Full Council approves a Council Tax increase of 5.5%
3. That Cabinet recommends that Full Council approves the budget for 2026/27.
4. That Cabinet notes the forecasts across the medium term to 2030/31 and the approach to deliver sustainable finances.
5. That Cabinet notes the realigned reserves which seek to match the risks the Council now faces and also notes the comments of the s151 Officer on the adequacy of reserves and robustness of estimates in paragraphs 2.106 to 2.117.
6. That Cabinet notes the arrangements put in place to ensure the delivery of the £2.772 savings programme and ensure the management and mitigation of those cost pressures not awarded.
7. That the use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution be approved in order for the Draft Budget 2026/27 and Medium Term Financial Plan 2026/27 to 2030/31 to be considered by Full Council on 9th March 2025

Reasons for Recommendations

1. It is important for Cabinet to be regularly appraised of the Council's medium term financial position.
2. Setting the annual rate of Council Tax is a key policy decision for Council.
3. Setting a balanced budget is a statutory responsibility and decision for Full Council.
4. Sustainability is one of the fundamental principles of the Financial Strategy.
5. The review of the reserves was one of the fundamental principles of the Financial Strategy and given that the s151 Officer has a statutory duty to comment on the adequacy of reserves and robustness of estimates.
6. To ensure all savings can be delivered in full for 2026/27 and also that the unawarded cost pressures do not come forward as overspends.
7. To allow the Draft Budget 2026/27 and Medium Term Financial Plan 2026/27 to 2030/31 to be referred to Full Council on 9th March 2026 for consideration and approval.

1. Background

1.1 Financial Strategy 2026/27

1.2 Cabinet approved the Financial Strategy 2026/27 on 17th July 2025. It set out the Council's overall driving principle to deliver the Corporate Plan objectives as set out in Vale 2030 which was approved by Council in March 2025.

1.3 The Strategy also restates the underlying principles in developing the budget and medium term financial plan and the sustainability of the Council's finances, these continue to hold:

- i. Focus on Supporting the Most Vulnerable
- ii. Sustainable Finances
- iii. The underlying estimates need to be robust, and all cost pressures need to be Appropriate Level of Reserves
- iv. Generating Local Tax Revenue
- v. Fees and Charges
- vi. Collective Responsibility to Manage the Finances
- vii. Accessible and Transparent Finances
- viii. Deliver Best Value

1.4 A full link to the report is found at:

[Financial Strategy 2026-27](#)

1.5 Where we spend our money

1.6 The Council delivers a very wide range of services (as set out below along with the net spend and proportion of the overall Council spend). The two largest spend areas Schools and Social Care accounted for 71% of the Council's spend in 2025/26, up from 70% the previous year and this proportion will grow across the medium term following a pause in 2026/27. There is little flexibility in much of the Council's spend with, for example, the Council Tax Reduction Scheme of £12.335M being a national scheme (albeit far from fully funded, nationally) and the Fire Levy of £8.761M being a levy set by South Wales Fire and Rescue Service. There was a consultation on the governance and funding arrangement for Fire and Rescue Service in the autumn and alternatives to the levy are being considered.

1.7 Table 1 – Net Expenditure 2025/26

Service	Description	Net Spend 2025/26	% of Base Budget
		£000	%
Schools	Delegated spend for primary, secondary and Special schools	128,213	38.7

Service	Description	Net Spend 2025/26	% of Base Budget
	including Additional Learning Needs Provision		
Social Care	Support services for vulnerable Adults and Children and Young People in our Community.	106,594	32.1
Corporate Services and Policy	HR and Payroll; Finance including Council Tax, Rates and Benefits; Legal and Democratic Services; and also ICT and Office Accommodation costs total £5M.	16,212	4.9
Learning and Skills	Central support for schools, libraries, arts and cultural provision.	14,674	4.5
Council Tax Reduction Scheme	Statutory scheme supporting those on the lowest incomes.	12,335	3.7
Fire Levy	Payment of the levy to South Wales Fire and Rescue Service	8,761	2.7
Waste and Recycling	The cost of Waste and Recycling Services	8,341	2.5
Borrowing Costs	Capital financing costs and investment income	8,122	2.4
School Transport	Transporting Children and Young People to Mainstream and Special sector schools	7,355	2.2
Other Neighbourhood Services	Leisure, Parks, Street Cleansing and Supported Bus Services	7,094	2.1
Highways	The cost of Highways and Engineering including Flood, Drainage and road maintenance	5,447	1.7
Regeneration and Planning	Includes management of the Planning function including development of the LDP, Regeneration, Country Parks and Tourism services.	3,115	0.9
General Fund Housing	Community Safety and Homelessness provision	1,871	0.6
Democratic Costs	Democratic Costs	1,729	0.5
Regulatory Services	Food safety, animal welfare	1,711	0.5
Total		331,574	100.0

- 1.8** The Vale of Glamorgan is a relatively low spending Authority providing good value for money. It has the fifth lowest net expenditure of the 22 Welsh County Councils. It is similarly placed on Council Tax, being sixth lowest (further detail later in the report) and second lowest (21st of 22) for Government support with Revenue Support Grant of £1,769 per capita for 2026/27.
- 1.9** The benchmarking data has been refreshed since the Financial Strategy was produced with the 2024/25 Outturn numbers now available.
- 1.10** It presents a very similar picture with the Council very low overall on net expenditure and the majority of service lines at low or very low.
- 1.11** Table 2 - Benchmarking

Service	Unit	Wales Max	Wales Min	Vale	Wales Context
		£	£	£	
Adult Social Care	18 +	941.13	546.89	727.04	Low
Central	Head	198.33	13.45	28.98	Very Low
Children's and Families	0-17	2,462.92	1,471.14	1,385.89	Very Low
Cultural and Related	Head	121.92	42.64	55.63	Very Low
Education	0-18	7,137.38	5,195.15	6,166.57	High
Environmental and Regulatory	Head	232.66	128.41	134.45	Very Low
Highways and Transport	Head	164.58	74.87	103.92	Average
Housing	Head	387.90	221.50	275.89	Low
Planning	Head	51.22	19.00	52.44	Low
Total		3,621.64	2,779.69	2,860.36	Very Low

- 1.12** Education is an exception, being high in the Wales context. At the more detailed level, mainstream primary and secondary school spending are both Very Low but spending in the special school category is Very High which drives the overall rating.
- 1.13** The UK Government published its Spending Review in June. Given the continued tough economic conditions at the time with inflation having temporarily fallen in line with Government targets, but rising and expected to peak in the autumn, and stalled economic growth the resources available to the Chancellor were always going to be limited. Positively, a three year settlement was given albeit with modest sums available year on year. Working out how this translated into

additional resource for Wales was not easy, but the expectation was for average day to day spending to grow by 1.4% per year in real terms but that it would be front loaded.

1.14 There was an initial refresh of the Medium Term Financial Plan with the main change being a resetting of assumptions on pay inflation and the knock on impact of inflation for pay and especially increases in the Real Living Wage on the Social Services Provider Fees. The funding gap in year one was £13.156M but with a knowledge of greater pressures coming through across the Council which would see this figure increase. The annual review of cost pressures was brought forward to feed into the anticipated spending review to be undertaken by the Welsh Government following the one at a UK level.

1.15 The Council was planning to bring its Reshaping proposals forward earlier for 2026/27 based on the prospect of an earlier Welsh Government Budget and Settlement. However, as set out below, due to Senedd Elections in May and the need for the existing administration have room to negotiate with other parties the announcements were delayed, some resources were initially held back and the settlement will be for one year only.

1.16 UK and Welsh Government Announcements

1.17 **Welsh Draft Budget**

1.18 The Welsh Government published its draft budget on 9th October. At this stage it offered a roll over budget only giving a 2.5% uplift for Local Authorities across Wales. Based on Office for Budget Responsibility (OBR) estimates on inflation there was 2.0% for general inflation and 2.2% for pay inflation. Expectations on Business Rate growth were more positive which has enabled the higher settlement figure of 2.5%.

1.19 The Settlement would also have seen the grant payments received in 2025/26 for the 2% National Insurance increase £221M and the additional 1% funding for the Teachers Pay award £243M to be added to the base.

1.20 At that time, the overall Welsh Budget allocated £508M more than 2025/26 to all public sector bodies of which £157M was allocated to local government but £231M was held back at this point. There had been speculation as to how this could be allocated especially with the current Welsh administration needing to negotiate with other groups in the Senedd for its budget to be approved in the new year. At the provisional, draft stage, both Health and Local Government had been given the same 2.5% uplift but for Health this was below the 3% allocated to Health in England and the 3.3% they have received historically. At the time it seemed unlikely that there would be more to come for local government.

1.21 **Provisional Welsh Government Settlement**

1.22 Full details of the Provisional Settlement from Welsh Government were received on 24th November were included in the Budget for Consultation approved by Cabinet on 15th January 2026. The Settlement was in line with the Welsh Government above, the Vale of Glamorgan receiving 2.3% through the floor

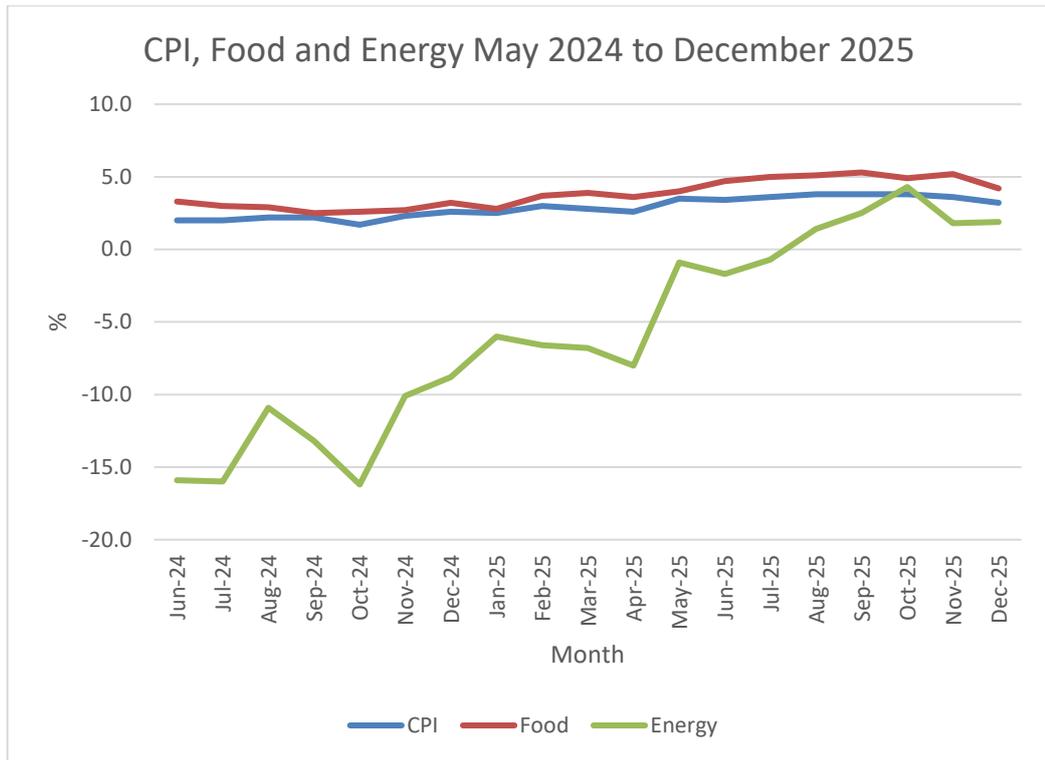
arrangements in place. It was very quickly followed by a revised Provisional Settlement on 9th December 2025 which is covered in full below.

- 1.23** To avoid confusion the initial Provisional Settlement is not covered here but for information can be found in the January report, the link to which is:
- 1.24** [Initial Budget for Consultation](#)
- 1.25** **UK Autumn Budget**
- 1.26** The Chancellor set out her UK Budget plans on Wednesday 26th November with a very wide range of measures covered albeit the main headline for Wales was a further £505M. There was a split between day to day spending of £320M and £185M for infrastructure and of the £320M, £187M would be available in 2026/27. The additional £505M was as a result of consequential for decisions at a UK level for services devolved to Wales. One of these is the transitional relief in operation for the new Business Rates list which accounts for in excess of £100M of the £186M and there is a likelihood that the Welsh Government would wish to put similar reliefs in place.
- 1.27** The UK Treasury plans to make changes to the way the Welsh Government is funded, giving them more flexibility in it manage its own budget. How much Welsh ministers can borrow and keep in reserves will also be increased, while how much they can take from reserves will be scrapped for 2026/27. On the latter point though, these reserves are known to be very modest. The Treasury says this will give Welsh ministers an extra £425M to spend.
- 1.28** Mark Drakeford, Cabinet Secretary for Finance and Welsh Language gave the keynote speech at the CIPFA Cymru Conference on 27th November, the morning after the Chancellor's Announcement. He set out an ambition for further resources for local government to be included when the Welsh Government approves its budget at the end of January 2026, well in advance of approvals in previous years which have been early March.
- 1.29** The other headlines were the removal of the two child benefit cap from April 2026 with 21,610 households in Wales having been impacted since the introduction of the measure in 2017 and a range of tax measures which will undoubtedly impact on local residents.
- National Insurance and income tax thresholds will be frozen for an extra three years beyond 2028 - meaning more people will go into higher bands.
 - And the amount that under-65s can put into cash ISAs will be capped at £12,000 a year, with another £8,000 reserved for investments.
 - Meanwhile the amount that people can sacrifice from their salary to avoid paying national insurance in pension contributions will be capped at £2,000 a year from 2029.
 - A new mileage-based tax for electric vehicles and plug-in hybrid cars will be introduced from 2028.
 - A planned Council Tax surcharge for high value properties will not apply in Wales.

- A decision to impose inheritance tax on farming assets worth more than £1M has been controversial among Welsh farmers.
- The FUW farming union welcomed a decision to allow the threshold to be shared among spouses but said many families risk facing unaffordable tax bills.

1.30 The overall economic position for the UK economy continues to be challenging, updates on inflation and GDP are provided below but are little unchanged from the position report in the July report.

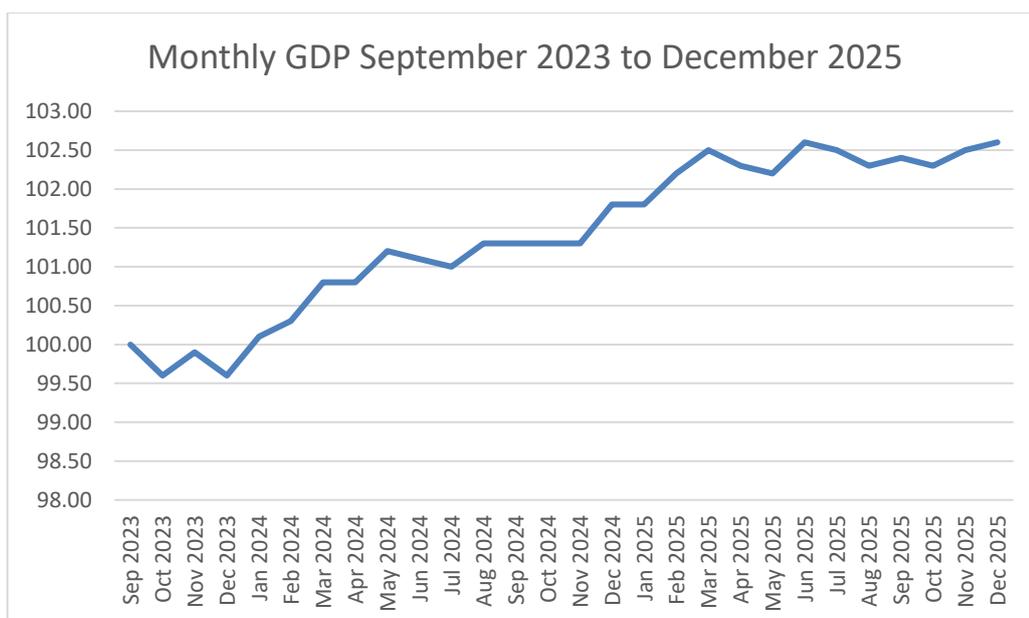
1.31 Chart 1 - CPI



1.32 Inflation was stubbornly stuck at 3.8% across July to September 2025 but eased back to 3.6% in October 2025, its first fall since March when it was 2.6%. There was a further fall in November to 3.2% but it picked back up to 3.4% for December. Food continues to be higher than the headline rate at 4.7% but energy at least is only up 1.9% year on year. There has since been a greater than anticipated reduction in November with the headline rate down to 3.2% and whilst still above the headline rate food easing back to 4.2%. Economic commentators continue to forecast inflation reducing and being in line with the UK Government target of 2% over the next year to eighteen months.

[January figures published on 18th February – headline 3.0%, food 3.8% and energy 0.2%].

1.33 Chart 2 - GDP



- 1.34** Growth in the UK economy has continued to be problematic, the economy has only grown 2.6% since September 2023. Growth over the past 12 months has been weak with December 2025 only up 0.8% on December 2024. There had disappointing figures for October 2025 with 0.1% reduction which has played in to the decision of the Monetary Policy Committee in December to reduce the Bank of England Base Rate to 3.75%. It has recovered over the past two months, up 0.2% in November and 0.1% in December.
- 1.35** The OBR’s report was presented a little prematurely ahead of the Chancellor’s announcement. Whilst growth estimates have been downgraded to 1.5% per annum across 2026/27 to 2028/29. There has been a reappraisal of inflation too, forecast to be down to 2.5% in 2026 and back in line with Government target of 2% in the following year 2027. The budget was fairly well received by the markets with bond markets stable which is good news for Government borrowing costs.
- 1.36 Updated Provisional Welsh Government Settlement**
- 1.37** Shortly after the publication on the MTFP Update to Cabinet on 4th December 2025, there was an updated Provisional Welsh Government Settlement announcement on Tuesday 9th December 2025. The Welsh Government and Plaid Cymru reached an agreement which will allow the budget for 2026/27 to pass and secures almost £300M of additional investment in Wales’ public services. The agreement will avoid the potential of no budget being passed at all and the consequences that would flow from that.
- 1.38** There are three elements to the agreement:
- i. Additional funding for local government in 2026/27 – an extra £112.8M, which provides an overall 4.5% increase to the local government settlement. All Councils will receive increases above 4%.
 - ii. Additional funding for the health and social care budget – an extra £180M, which, taken with the funding in the Draft Budget, is equivalent to a 3.6% increase in 2026/27.

iii. £120M of capital funding will be available to the next government after the Senedd election to allocate.

1.39 This is really positive news and for the Vale of Glamorgan means an additional £4.601M of Welsh Government grant which eases the pressure on balancing the budget.

1.40 The Settlement includes a number of one off delivered through specific grant being built in the base for 2026/27. There are set out in Table 3a below.

1.41 The 2025/26 base has been adjusted for the various one offs received in 2025/26 and the balance of the overall Council Tax base across Wales.

1.42 Table 3a – Adjusted Base

	Wales	Vale of Glamorgan
	£000	£000
Aggregate External Finance 2025/26	6,139,078	224,448
Share of Council Tax Base	0	243
Teachers Pay	17,848	802
ALN CO Pay	4,019	181
Public Sector Pay	14,900	606
Fire Pay	273	12
National Insurance	97,223	3,960
Total	6,273,341	230,251

1.43 The revised SSA increases are set out in Table 4b below. The Standard Spending Assessment for Wales is increased by 7.47% to £8.966Bn which is met from increases in Welsh Government Grant, Business Rates and Council Tax. The Vale of Glamorgan's increase is broadly in line that with all Wales position. As per previous years the reduction in the Council Tax Reduction Scheme is somewhat out of odds with on the ground experience.

1.44 Table 3b – Standard Spending Assessment Increases

Block	Wales		Vale of Glamorgan	
	£s	%	£s	%
School Services	224,648	6.83	9,976	6.85
Other Education	3,022	7.11	151	9.54
Personal Social Services	298,410	11.28	11,273	11.45
Roads and transport	2,229	0.95	117	1.31
Fire	15,350	7.28	658	7.33

Block	Wales		Vale of Glamorgan	
Other services	100,430	7.30	3,793	7.02
Deprivation Grant	0	0.00	0	0.00
Council Tax Reduction Scheme	0	0.00	-14	-0.15
Debt financing	-20,829	-7.44	-673	-7.87
Total	623,259	7.47	25,280	7.54

1.45 Total Aggregate External Finance (AEF) is £6.556Bn for Wales of which £14.107M is Top Up funding from 2025/26 and 2026/27 for the floor protection. The Vale of Glamorgan's final AEF is £240.134M of which £2.027M is Top Up funding from 20205/26, no floor protection required for 2026/27.

1.46 The Settlement assumes 100% collection of Council Tax and also adds back Second Homes and Long Term Empty Properties so assumes a Council Tax Base of 65,221 which differs to the Tax Base figure collected below which is utilised by the Council as part of its budget setting and excludes premiums and assumes 97.1% in year collection.

1.47 Specific grants have also been rolled over with a 2% uplift from £1.328Bn in 2025/26 to £1.354Bn in 2026/27 so no real terms growth here. There are some 90 different specific grants in the Settlement with Welsh level detail only available at this point.

Overall Capital Funding (both General Capital Funding and Capital Grants) reduces from £1.132Bn to £1.096Bn on a like for like basis. This is largely driven by reduction in the Sustainable Communities for Learning as it transitions from Band B to Band C. General Capital Funding has increased by £4M from £200M to £204M in line with the rollover budget. Details of capital funding and nearly 40 capital grants are set out in the Settlement, again at an all-Wales level only.

2. Key Issues for Consideration

2.1 Consultation and Engagement

2.2 Let's Talk – Life in the Vale

2.3 The allocation of resources is driven by the objectives of Vale 2030, the Council's Corporate Plan as set out in the Financial Strategy. It is also informed by continuous engagement and more formally consultation and scrutiny later in the approval process. The Council undertook wide-ranging engagement work with residents two years ago and this was undertaken again in 2025.

2.4 The Let's Talk About Life in the Vale exercise, which ran from 8th September to 12th November 2025 and received almost 2,000 responses from residents across the Vale of Glamorgan has included consultation on the financial strategy. This, alongside Vale 2030, has informed the priority areas identified in the budget setting process.

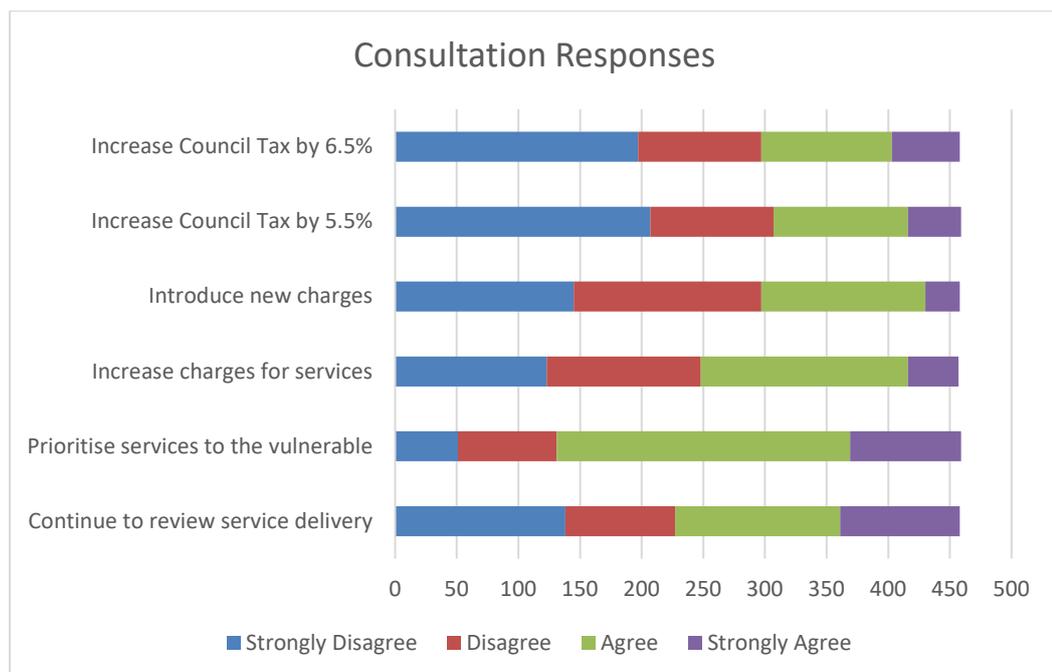
2.5 Following the Budget for Consultation being considered initially by Cabinet, a communications and engagement exercise aimed at residents and other key stakeholders was run for 4 weeks up to 13 February. The aim of this exercise was to provide detail for residents on the financial pressures faced by the Council and how Council Tax and other forms of funding are spent as well as seeking views on the proposals contained in this report

2.6 During the four week consultation period, the views of residents were sought as well as briefings for political groups, a performance joint scrutiny meeting and engagement with other key stakeholders such as the Public Services Board.

2.7 Consultation outcome

2.8 Overall, there was a good level of engagement with the budget consultation. There were 466 responses to the online survey and just over 150 responses to the budget quiz. Overall, respondents agreed with the Council’s financial strategy, which the survey questions were shaped around. However, there was almost a 50/50 split in terms of agreement and disagreement with reviewing services to make them as efficient as possible. More people disagreed than agreed with introducing charges for some services and increasing council tax. The chart below shows the responses to these questions. With regards to an additional 1% Council tax (on top of the 5.5%) to invest further in some services, around 60% of people either strongly disagreed or disagreed. It is however notable that the level of disagreement to this additional investment (funded by a further increase in Council Tax of 1%) was a smaller percentage than those who strongly disagreed or disagreed with the proposed 5.5% increase. In the same way a higher percentage of respondents strongly agreed to a 6.5 % Council Tax increase than the 5.5% increase.

2.9 Chart 3 – Consultation Responses



- 2.10** In terms of the quiz responses, on average 77% of people answered the questions correctly, which demonstrates there is an overall understanding of the Council's financial position.
- 2.11** A full consultation report is attached to this report at Appendix A.
- 2.12** Scrutiny feedback
- 2.13** The Head of Finance/s151 Office gave a detailed presentation to the Joint Performance Scrutiny meeting on 11th February in which he set out the key elements of the Budget for Consultation approved by Cabinet on 15th January 2026. Particular attention was drawn to the Council having the sixth lowest Council Tax of all Welsh counties, a genuine desire to fund all known school pressures and the risk that the exceptional level of deficits in a small number of schools pose to the Council's overall sustainability.
- 2.14** There followed discussion and questions on the content of the report. Members were generally complimentary of the work undertaken by staff to pull the budget proposals together since publication of the Strategy in the summer.
- 2.15** Cllr Johnson described the role their party had played nationally in securing an increase level of grant as described above. Cllr Johnson also commented on the impact of the 5.5% Council Tax increase as well as requesting further information on the benefits of an additional 1%. The bearing of the additional £1m for schools and the right sizing of Social Care budgets were also raised. Cllr Franks also sought clarification on the adequacy of school funds.
- 2.16** Cllr E Goodjohn highlighted that an additional £25M was being directed at Schools and Social Care in 2026/27 and referring to the benefits of the potential additional 1% on Council Tax focussed on the positive role the Youth Service has on the community.
- 2.17** The comments of the Committee will be forwarded in full to Cabinet for consideration ahead of Council approving the Budget on 9th March 2026.
- 2.18** The draft minutes of the meeting are available at:
<https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Scrutiny-New-2025/Scrutiny-Joint-Performance/2026/26-02-11/Minutes.pdf>
- 2.19** Draft Budget Proposals
- 2.20** The Council has underlying pressures of £35.393M. In order to bring forward a balanced budget for consultation, a comprehensive review was undertaken across the autumn 2025 which fed into the MTFP Refresh report to Cabinet on 4th December 2025 and further reported in the Budget for Consultation on 15th January 2026. The Council is mindful that those pressures not accommodated in the budget do not come forward as overspending in the new financial year and hence the necessary rigour of the exercise undertaken. These pressures were reviewed in light of the improved Settlement and reduced pension costs and the paragraphs below set out additional measures that have been taken to provide greater financial support to schools, recognise ongoing social care pressures and build resilience for the medium term.

2.21 There have been a number of small but important changes to the proposals in the Budget for Consultation approved by Cabinet in January. There has been a review of the Council's ability to internally borrow and the level of its anticipated investment income on its balances allowing the reversal of these savings from previous years to be reduced by £500K. The investment in the Public Realm of £750k remains but spread over three years releasing £500K. This has enabled a further £1M to be set aside for the County's mainstream schools.

2.22 Those pressures taken forward are summarised below with the full detail set out in Appendix B(i) and a full analysis setting out those it has not been possible to accommodate in Appendix B(ii). Appendix B(iii) sets out the proposed Directorate budgets for 2026/27 reflecting the cost pressure and savings proposals contained within this report.

2.23 There have been a series of changes to funding and as well as the cost assumptions mentioned above since the MTFP Refresh report was approved at Cabinet on 4th December. To support transparency and a full understanding of the current position present a detailed reconciliation is included in Appendix B

2.24 Table 4 – MTFP Summary

	2026/27	2027/28	2028/29	2029/30	2030/31
	£000	£000	£000	£000	£000
Additional Funding					
Grant Settlement	9,895	2,346	2,369	2,393	2,417
Council Tax Share adj in Settlement	222				
Transfers in					
NI	3,972				
Pay Awards	1,589				
Council Tax	5,821	4,334	4,503	4,679	4,861
Council Tax Base Growth	1,159				
Use of smoothing Reserves	-500				
School Support from Reserves	-266				
Total Additional Funding	21,893	6,680	6,872	7,072	7,278
Investment	2,764	65	0	-250	0
Demography	714	2,800	1,521	1,680	501
Inflation Pay	11,694	6,125	5,833	5,991	6,153

	2026/27	2027/28	2028/29	2029/30	2030/31
Inflation Non Pay	5,971	5,105	5,105	5,105	5,105
Capital Financing	60	375	225	160	196
Other Pressures	7,024	1,163	1,623	925	276
Total Pressures	28,227	15,633	14,307	13,611	12,231
Reversal of One Off Savings	250	500	0	0	0
Overall Gap	6,584	9,453	7,435	6,539	4,953
Pensions Costs	-3,812	0	0	0	0
Residual Gap	2,772	9,453	7,046	6,789	4,953

2.25 Assumptions on Funding

2.26 Government Grant

2.27 Modelling undertaken when the draft Welsh Government Budget was announced assumed that similar to 2025/26, the Vale of Glamorgan would be protected by the floor arrangements. Hence, whilst the headline settlement for Wales was initially 2.5%, the assumed uplift for the Council was 2.3%. The impact of the Vale of Glamorgan's Council Tax Base is lessened in the 9th December Settlement and consequently the uplift for 2026/27 is 4.3%, with no floor protection being required. It remains very difficult to forecast for future years and the 1% per annum increases for 2027/28 onwards are only indicative. Work undertaken by the Cardiff University Fiscal Unit following the June Spending Review suggests minimal growth equivalent to real terms reductions and this has been used as a guide.

2.28 There were grant payments from Welsh Government in 2025/26 to cover shortfalls in funding for pay awards in the 2025/26 settlement. These amounted to £1.408M and the Welsh Government confirmed these would be built into the Revenue Support Grant base for future years. These proposals include £0.983M which reflect the pressure coming forward from schools associated with Teachers Pay as Local Government Pay has already been reflected in the base budget for 2025/26, greater than initially anticipated.

2.29 Council Tax

2.30 Council Tax is modelled at increasing by 5.5%. CPI has at long last started to fall as set out above, it was stalled at 3.8% across July to September before easing to 3.6% in October and then more recently down to 3.2% in November. However, the CPI basket of goods is not representative of the growing pressures faced by Local Authorities especially in respect of social care and Additional Learning Needs. For example, the inflationary pressures in social care driven by the Real Living Wage set at 6.7% for 1st April 2026 along with demographic demands in both Children's and Adults.

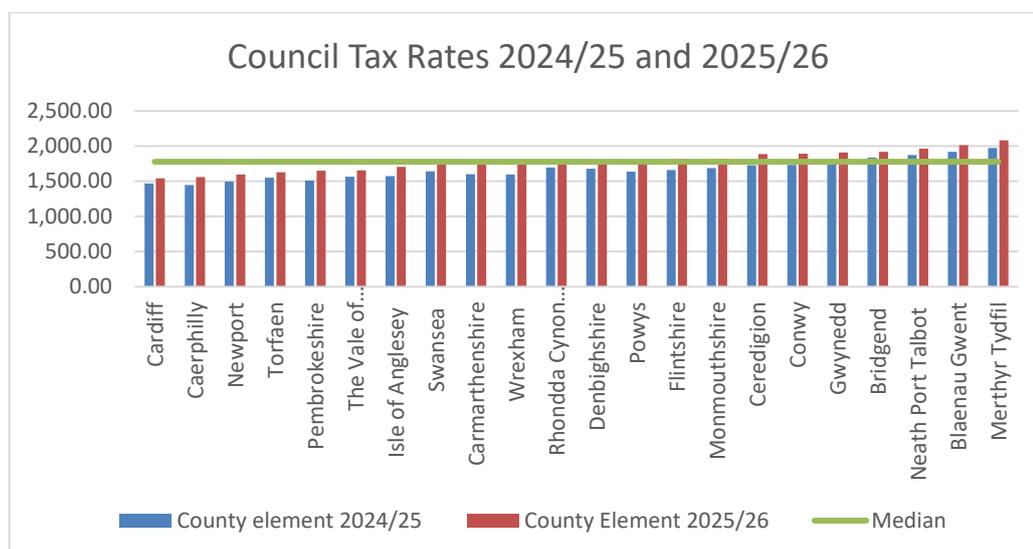
2.31 For a Council Tax increase of 5.5% the Council element of the Band D would be an increase of £90.99 on the current rate of £1,655.10 to £1746.09. This increase is the equivalent to £1.75 per week. Every 1% increase in the Council Tax is in the order of £16.55 per year or £0.32 per week.

2.32 Table 5 Council Tax by Band (county element only)

Band	2025/26	2026/27	Increase	Increase Per week
	£	£	£	£
A	1,103.40	1,164.06	60.66	1.17
B	1,287.30	1,358.07	70.77	1.36
C	1,471.20	1,552.08	80.88	1.56
D	1,655.10	1,746.09	90.99	1.75
E	2,022.90	2,134.11	111.21	2.14
F	2,390.70	2,522.13	131.43	2.53
G	2,758.50	2,910.15	151.65	2.92
H	3,310.20	3,492.18	181.98	3.5
I	3,861.90	4,074.21	212.31	4.08

2.33 It is significant that increases in Council Tax in the Vale of Glamorgan have been lower than the average increases across Wales for the past three years with the Band D charge consequently moving significantly below the median. This is a trend that appears likely to continue (at current forecasts) into 2026/27. Regardless of this developing and continuing trend, it is important that Council Tax revenues are maintained to ensure the future sustainability of the Council’s finances, and this is especially the case given the uncertainty on Government funding in 2027/28 and 2028/29.

2.34 Chart 4 – Council Tax Levels for Welsh Authorities.



- 2.35** The Draft Council Tax base figures are available for 2026/27 were brought forward to Cabinet on 18th December 2025. The Band D equivalents have increased by 664 to 64,634 which will deliver a further £1.142M of revenue.
- 2.36** The Council Tax assumptions continue to be based on a 97.1% in year collection rate.
- 2.37 Reserves**
- 2.38** There was one off support from reserves in 2025/26 to provide additional support and guidance to schools on producing balanced budgets. This had dropped out in the Budget for Consultation but is added back in for 2026/27 as part of the Draft Budget proposal given the continued concerns for school finances.
- 2.39 Spending Pressures**
- 2.40 Investment £2.764M**
- 2.41** There were initially investment proposals totalling £2.464M in 2026/27 put forward across all service of which only £0.912M was to be taken forward. There is modest investment of £0.137M in Learning and Skills with additional resource in the Sensory Team and an extension of the one off procurement support for schools which is intended to build on the procurement savings that have been identified in the sector to date. There is a proposal to fund £0.258M across a number of preventative initiatives in Social Services enhancing family and placement stability with some further resource to support debt recovery. The proposals set out £0.130M across two years for apprenticeship roles in Environment and Housing enabling the service to 'grow their own' specialist staff. In addition, the investment pressures include £0.476M in Corporate Resources primarily to strengthen resilience in a number of services and addressing ICT risks across the organisation.
- 2.42** However, the improved Settlement and Pensions position has meant there is a further £1.852M available bringing the total additional resources available for investment to £2.764M. This will allow the Council to further address resident priorities as indicated through engagement and the Let's Talk survey, as well as ensuring greater financial resilience for the Council. Resident feedback has shown a desire to see the Council investing more in public realm and an additional £750K over three years is proposed to add resource to Neighbourhood Services as a direct response. Due to the challenging position the Council faces in terms of demand for services (notably in Social Care and Additional Learning Needs) a £1.000M general demand contingency reserve is to be established. An additional £0.500M is proposed to invest in the Reshaping (transformation) Reserve to provide funding to support the organisation to transform in the coming years, consistent with the desire to meet future savings from this route rather than traditional efficiency savings/cuts.
- 2.43 Demography £0.714M**
- 2.44** There is an unusual situation in schools at present with a decline in mainstream pupil numbers but continued significant growth in demand for special school

places driving a net reduction of £0.636M. Learning and Skills had put forward £1.098M to address the special school demand but only £0.598M is being taken forward which effectively reduces the unit of resource across Ysgol Y Deri. The growth in special school places does have an impact on transport costs managed in Environment and Economy with an additional £0.300M allocated.

2.45 There is continued growth in Social Care across Children's and Adult Services with a further £1.050M allocated for additional children, young people and adults with care needs on top of addressing the in-year pressures in 2025/26 which are picked up under other pressures.

2.46 Pay Inflation £11.694M

2.47 Pay inflation is the greatest individual cost across the Council amount at £7.663M. The OBR have been forecasting inflation of between 1.7% and 1.9% and pay growth of 2.2% for 2026/27. This has been the basis of the Welsh Government's neutral budget. However, it goes without saying that the OBR have been overly optimistic in their forecasts in recent years and a more prudent line is being taken with pay awards for Teachers and NJC both assumed at 3%. In previous years there has been a paring back of allocations against the forecast levels of awards but that is not a sustainable approach and is not being applied for 2026/27.

2.48 The Pay Inflation figures also include £4.013M for the additional 2% National Insurance contributions introduced in the 2024 UK Budget. The cost had been covered by grant in 2025/26 and this has now been brought into the Settlement. Neither the costs nor funding had been reflected in the December MTFP Update report.

2.49 The Cardiff and Vale Pension Fund administered by Cardiff City is subject to its triennial review for 2026/27. The actuary reported back in December and given the strong performance of the Fund over the past three years there has been a significant reduction in employer contributions from 19.3% to 15.0% with effect from 1st April 2026. This generates a saving of £3.812M which has been dealt with as a contribution to the £6.584M gap.

2.50 General Inflation £5.971M

2.51 There are £5.971M of Non Pay Inflation pressures which are predominantly social care driven. The cost pressures submitted had been somewhat higher but the key component of the social care provider fee pressures was the increase in the Real Living Wage and whilst this is up 6.74%, well above the general pressure measured by CPI which was 3.8% in September it is nevertheless less than was anticipated. The other key Non-Pay Inflation pressure is utility costs which require £448K in schools and £100k Corporately. The smoothing reserve arrangements have unwound but costs have not returned to their pre-Russia invasion of the Ukraine levels.

2.52 Capital Financing £0.060M

2.53 Capital Financing costs in 2026/27 are to cover the Sustainable Communities for Learning borrowing costs with Cardiff Capital Region commitments continuing to

slip and a small sum for Structures schemes. This enables the Council to continue to invest in Vale of Glamorgan Schools. Future years of the MTFP cover both Sustainable Communities for Learning and Cardiff Capital Region commitments.

2.54 Other Pressures £7.024M

2.55 There are other pressures of £7.024M. A large component (£2.600M) is in Social Care where it has been necessary to address the base budget for pressures and non-delivery of savings in 2025/26. Of a similar magnitude are £1.230M of Additional Learning Needs and Special Schools pressures in Learning and Skills enabling increased support for Additional Learning Needs in the Mainstream sector and via Welsh speaking resource bases and satellite resource bases in the Secondary sector. £2.264M had been sought by the Directorate but it is anticipated a proportion of this will be met from Welsh Government specific ALN grant. There are significant pressures on schools and as a consequence of the improved settlement and pensions upside a further £1.000M was put forward for schools as part of the Budget for Consultation. Following a further review of cost pressures and savings initially identified to be reversed out, an additional £1M has been released bring the sum to £2M.

2.56 Reversal of One off Savings £0.250m

2.57 Initially £0.750M of savings in respect of investment income and external borrowing had been considered one off in previous years only. There has been a reassessment and this sum is reduced to £0.250M

2.58 Balancing the Budget

2.59 The approach to balancing the budget continues to be three pronged:

- i. Managing pressures
- ii. Increasing Funding
- iii. Reshaping via Transformation

2.60 The review of cost pressures is largely complete but will be kept under review. It has been mindful of not storing up potential overspends in 2026/27 and holding back on preventative spend which would mitigate longer term pressures. Importantly it has been possible to fully accommodate the forecast of pay awards in 2026/27.

2.61 Government grant and Council Tax are the key funding streams. The Council continues to lobby for a fair settlement and had lobbied the Welsh Government to fully release the £231M held back in the 24th November Provisional Settlement, indeed identifying a further £69M. Lobbying on multi-year settlements and a fair settlement for the Vale of Glamorgan, especially for Education funding continues.

2.62 Council Tax is a policy decision and is currently modelled at increasing by 5.5%. This is greater than the 3.9% previously modelled and reflects the pressures being experienced but also the need for financial sustainability and the importance of maintaining a strong tax base.

2.63 The key driver to ensure financial sustainability is the Council’s Reshaping Programme. This has emerged over the past two budget cycles and following an outline report to Cabinet in January 2024 the full prospectus was approved at Cabinet on 10th October 2024. A summary of the key elements of the Programme in the following paragraphs with a link to the full programme below.

2.64 [Reshaping Programme Update](#)

2.65 The framework contains five interrelated themes:

- i. Target Operating Model
- ii. Service Transformation
- iii. Strengthening Communities
- iv. Digital Innovation
- v. Economic Resilience

2.66 These themes are being used to identify, develop and deliver individual streams of activity within the overarching Reshaping Programme. Sponsors and project managers are in place for all of the elements.

Target Operating Model

2.67 This theme considers issues around the Council’s processes, people, structure, governance and technology and how the organisation should look and function to deliver our priorities and core activity.

2.68 The Council’s Target Operating Model (TOM) is the way in which the overall strategy of the organisation (via Vale 2030) will be delivered in strategic terms. Defining the organisation’s TOM will take the objectives of the Reshaping Programme and vision of the organisation for Strong Communities with a Bright Future and enable a set of organisation-wide principles to be developed on issues such as structure, delivery models that will/will not be acceptable, the Council’s strategic approach to partnership working, how people are managed and developed, as well as decision making, performance and scrutiny approaches. The TOM provides the direction and enabling activity to deliver the work involved in the other transformation themes, supported by key Council strategies such as the People Strategy, Digital Strategy, Medium Term Financial Plan, Corporate Asset Management Strategy and forthcoming Data Strategy. This theme is both about ‘what’ we do and also ‘how’ we do it.

Service Transformation

2.69 A key component of the transformation programme is considering how individual services can be transformed to make them more sustainable in the medium to longer term.

2.70 This theme takes the principles defined by the TOM and apply them to individual services (or combinations of services). Consideration is given to the best model for operating services, such as in collaboration with partners, by internal reorganisation, the role of digital technology and other service delivery models such as social enterprise, not for profit arms-length trading and others.

Strengthening Communities

- 2.71** This theme seeks to develop the Council as an enabler and facilitator rather than direct provider of some services as well as defining how the organisation interacts with partners.
- 2.72** Work to strengthen our communities is integral to how we transform as an organisation and there are a range of activities underway to take forward this work, reflecting our role as an enabler and facilitator as well as a provider of services.
- 2.73** This theme will be important as the financial position of the Council means that in the future some services may not be possible to deliver directly (and indeed, as has been seen, are sometimes more appropriately and effectively delivered by others with support of the Council, for example, the previous service transformation to create community libraries which ensured libraries continued to be viable within individual communities).

Digital Innovation

- 2.74** The digital innovation theme will involve the Council seeking to ensure that digital innovation is at the heart of what we do and secures efficiency across the board. The Digital Strategy is based around themes of community and involvement, organisation and processes, people and skills and data and insight. This shows how it complements the other themes of Reshaping (notably, Service Transformation) and the key strategic documents referenced earlier in this report.

Economic Resilience

- 2.75** The theme of economic resilience is centred around the Council's role in supporting economic resilience in how to 'level up' and ensure that a place-based approach is effective in the creation of sustainable communities with good employment.
- 2.76** Areas of focus within this theme include the Council's response to the UK Government's Levelling Up and Transforming Towns funding, alongside the use of Council assets to support economic resilience. The TOM will influence this theme in the Council's approach to working with Capital Region partners in the attraction of business to the county to support sustainable and high-quality jobs.

2.77 Proposals

- 2.78** The Council's overall budget gap of £6.584M in 2026/27 has been eased by the positive position on the pensions which takes £3.812M off the annual pay bill. There are Reshaping and Savings proposals of £2.772M. Of the £2.772M, £2.043M are Reshaping Savings and £0.729M Tactical, these are set out in detail in Appendix C and summarised in the tables below.

- 2.79** Table 6a – Reshaping and Savings Proposals

	2026/27	2027/28	2028/29
	£000	£000	£000
Reshaping	2,043	656	305

	2026/27	2027/28	2028/29
Savings	729	160	173
Total Reshaping and Savings Proposals	2,772	816	478

2.80 Reshaping proposals represent £2.018M or 69% of the £2.772M identified as savings for 2026/27.

2.81 Reshaping proposals are set out below. Cabinet will note that the categorisation of savings is on a 'best fit' basis and many savings associated with service transformation, for example, will include the harnessing of digital capabilities.

2.82 Table 6b – Reshaping Proposals

	2026/27	2027/28	2028/29
	£000	£000	£000
Target Operating Model - Income	436	140	70
Target Operating Model – Procurement	50	0	0
Service Transformation	1,557	516	235
Total Reshaping Proposals	2,043	656	305

2.83 Savings

2.84 A proportion of the proposals and initiatives to address the budget gap have needed to be traditional savings, although the ambition to reduce the quantum of more traditional services vis-à-vis transformational / Reshaping savings is and continues to be realised.

2.85 Table 6c - Savings

	2026/27	2027/28	2028/29
	£000	£000	£000
Savings Proposals	729	160	173
Total Savings Proposals	729	160	173

2.86 Of the 40 reshaping and savings proposals many have required an Equality Impact to be undertaken. Equality Impact Assessments have been undertaken for all of the reshaping and savings proposals and will be published as part of the consultation process.

2.87 Service analysis

2.88 The Council continues to target its limited resources towards its Corporate Plan objectives and those services which residents have indicated are priorities in a number of consultations including on the Corporate Plan itself and the Life in the Vale across autumn 2025.

2.89 There has been a concerted effort to pass through the SSA increases for School Services and Social Services and this has been largely achieved but has been particularly difficult for 2026/27 as in 2025/26 given the wide disparity in the growth in the individual SSA funding blocks in the Settlement from Welsh Government. There is not a direct alignment between the blocks and the

organisation of the Council's directorates, for example, Home to School Transport counting against the Schools Block but managed in Environment and Housing.

2.90 Table 7 – Service Analysis

	Learning and Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
Adjusted Original Budget	13,544	128,568	106,707	82,755	331,574
Recharge and Delegation Adjustment	2,019	(2,032)	0	13	0
Adjusted Budget	15,563	126,536	106,707	82,768	331,574
Total Pressures	3,223	8,078	11,325	5,600	28,226
Use of Reserves	267	0	0	500	767
Pensions Adjustment	(274)	(1,299)	(1,041)	(1,198)	(3,812)
Savings	(160)	(160)	(1,722)	(730)	(2,772)
Reverse out Temporary Savings	0	0	0	250	250
Net Funding Increase	3,056	6,619	8,562	4,422	22,659
% Increase /(Decrease)	20%	5%	8%	5%	7%
Net Budget 2026/27	18,619	133,155	115,269	87,190	354,233

2.91 Medium Term Financial Plan

2.92 Work has proceeded developing initiatives against the Reshaping framework to address gaps across the Medium Term to ensure Financial Resilience. This is summarised by directorate in Table 8 below but in greater detail with further description and a read across to the relevant stream or streams of the framework in Appendix D.

2.93 The focus of work has initially been on the 2026/27 budget but there are some continuing savings which start to address the future gaps.

2.94 The following table illustrates the additional Reshaping targets which have been identified following discussion with the Strategic Leadership Team. These proposals have been formulated by reflecting on the experience of the Reshaping Programme to date, the foundations laid through digital investment in the last 18 months as well as extensive analysis of data and research into opportunities for delivering services differently in the future.

2.95 Table 8 – Reshaping and Tactical Savings across the Medium Term

	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£000	£000	£000	£000	£000	£000
Shortfall	2,772	9,453	7,435	6,539	4,953	31,152
Identified to date						
TOM - Procurement	50	0	0	0	0	50
Service Transformation	1,557	516	235	0	0	2,309
TOM - Income	436	140	70	0	0	646
Tactical	729	160	173	0	0	1,062
Total Identified	2,772	816	478	0	0	4,067
Other Reshaping Targets						
Learning & Skills						
Additional Learning Needs	0	346	98	40	241	724
Establish Contract for Teaching Materials	0	50	0	0	0	50
Expand Community Libraries	0	0	0	50	50	100
Social Services						
Social Services demand management	0	2,680	2,035	1,521	1,463	7,698
Establish Contract for household goods	0	25	0	0	0	25
Waste Strategy HWRC, Fleet Parking and Commercialisation	0	200	200	200	200	800
Investment in Pot Hole Emerging Practice	0	0	0	0	200	200
Fleet Strategy	0	30	30	30	10	100
Place						
Country Park Opportunities	0	30	30	30		
Corporate Resources						
Decarbonisation Further Targets	0	40	227	400	400	1,067
Council & Cross-Cutting						
Increase Council Tax Collection Rate 1%	0	363	363	363	0	1,089
School Transport	0	0	150	190	190	530
Assumed Inflationary Increase Income	0	300	300	300	300	1,200
Reduce Long Term Agency Admin Spend	0	50	50	0	0	100
To be identified & allocated						
Customer Journey	0	100	50	50	50	250
TOM - Income Identification of further income streams and additional payment methods	0	50	50	50	50	200
Target Operating Model design	0	20	100	100	0	220

	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Alternative Service Delivery Models	0	0	200	200	100	500
Automation of some manual tasks	0	100	50	50	0	200
Other Digital Investment	0	100	50	50	50	250
Redirect x% of spend internally incl gateway on Consultancy and Comms spend	0	50	50	50	50	200
Top 40 Suppliers	0	350	350	350	350	1,400
Mid Value Spend with Multiple Transactions	0	200	200	200	200	800
Low Value Spend	0	200	200	200	200	800
Rebate for Purchase Card Expenditure	0	25	10	10	10	55
Financing						
Manage Down Cost Pressures	0	1,569	1,440	1,361	1,223	5,593
Reverse out Discretionary Budgets e.g. Contingency and Reserves	0	375	375	375	375	1,500
Total Targets	0	7,254	6,607	6,170	5,711	25,652
Assumed Tactical Savings	0	1,383	0	0	0	1,383
Gap (Surplus)	0	0	350	369	-758	50

2.96 Reserves

2.97 The Council is continually reviewing its reserves and has established a clear approach and rationale for the reserves it holds, being regulatory, to meet service and capital commitments, address risk and facilitate investment and reshaping. The Council is forecasting its overall level of reserves to be £44.420M at 31st March 2026 a reduction of £18.804M on the £63.224M as at 31st March 2025. A significant element of this reduction was planned but there has also been unplanned drawdown due to the in-year pressures in ALN and Social Care demand as well as a growing number of deficits in the Vale of Glamorgan's schools.

2.98 At Q3 2025/26 schools are still forecasting a collective deficit of £14.637M, an increase of £10.550M on the position at 31st March 2025. Schools have typically overstated their use of reserves and grants are still being released for 2025/26 by Welsh Government so this report is forecasting a position £3.5M more favourable than that collectively report by the schools. Consequently, the Council has had to have a drastic review of its own reserves and identify £7M to offset the increase level of school deficits. This has been very challenging and difficult for services where resources have been well managed.

2.99 The approach and assumptions for the reserves review were as follows:

- i. The Council Fund will be the first call for risk such as legal settlements etc.

- ii. Reserves for reshaping including digital reshaping to be allocated by SLT were prioritised over service reserves.
- iii. Pay pressures reserve should be safeguarded in the context of Overtime, Redundancy and Pay award uncertainty.
- iv. In future capital schemes will need be progressed through an increased reliance on borrowing.
- v. The Council Fund will be held at a minimum 3% of the net budget for 2026/27 circa £10.6m
- vi. Legal will be asked to review the nature of all ringfenced reserves that have been held for over three years to understand if they can be released.

2.100 The first stage of the review released £4.247M as set out in Table 9a below.

2.101 Table 9a – Reserves Review – First Stage

Reserve	
	£'000s
General Fund	1,000
Insurance	500
Bad Weather	262
Homelessness and Housing Reserve	135
Cost of Living	94
Reshaping Assets	412
School Investment Strategy	316
Welsh Gov Schools Capital	1
Corporate Landlord	121
Capital Scheme Commitments	10
Capital Regeneration and Levelling Up	84
ICT Hwb	1,312
TOTAL	4,247

2.102 The second stage was to apportion the remaining £2.753M across Service Reserves. This will require services to undertake further on their commitments and the profiling of these over the medium term. Table 9b sets out the impact of the second stage of the Reserves Review.

2.103 Table 9b – Reserves Review – Second Stage

Reserve Name	Service Reserve Balance	Apportioned Reduction
	£'000s	£'000s
Education Improvement and Pressures	1,455	777
Social Services	2,000	1,068
Neighbourhood Services Reserve*	1,972	18
Place Reserve	735	392
Corporate Resources	432	231

Reserve Name	Service Reserve Balance	Apportioned Reduction
Building Services	500	267
TOTAL	7,094	2,753

2.104 Table 9c below sets out the reserves forecast following the review.

2.105 Table 9c – Reserves Forecast

As at	Forecast Balance 31/03/26	Forecast Balance 31/03/27	Forecast Balance 31/03/28	Forecast Balance 31/03/29	Forecast Balance 31/03/30	Forecast Balance 31/03/31
	£000	£000	£000	£000	£000	£000
General Fund	11,268	11,268	11,268	11,268	11,268	11,268
Insurance Reserve	4,454	4,454	4,454	4,454	4,454	4,454
Service Reserves						
Learning and Skills	1,196	996	796	596	396	196
Social Services	636	636	636	636	636	636
Neighbourhood Services	1,954	143	0	0	0	0
Corporate Resources	201	163	143	122	101	79
Place	896	308	553	553	553	553
Other Service Reserves	924	849	839	828	817	806
Other Corporate	413	340	313	313	313	313
Risk and Smoothing Reserves						
Homelessness and Housing Reserve	2,697	2,080	1,480	880	280	0
Cost of Living	0	0	0	0	0	0
Pay Pressures	3,864	3,864	3,864	3,864	3,864	3,864
Energy Pressures	0	0	0	0	0	0
Legal	422	387	350	311	270	228
Project Zero	412	245	348	438	486	510
Investment and Growth Fund	0	0	0	0	0	0

As at	Forecast Balance 31/03/26	Forecast Balance 31/03/27	Forecast Balance 31/03/28	Forecast Balance 31/03/29	Forecast Balance 31/03/30	Forecast Balance 31/03/31
Reshaping Risk and Investment	1,878	2,143	2,465	2,777	3,080	3,376
Corporate Landlord	2,046	1,357	1,000	1,000	1,000	1,000
Reshaping Assets	140	70	0	0	0	0
Digital Reshaping	769	519	269	19	19	19
Budget Risk	0	0	0	0	0	0
Capital Reserves						
Capital	3,634	738	400	400	400	400
Capital Regeneration and Levelling Up	1,950	0	0	0	0	0
Adaptations Reserve	14	14	14	14	14	14
Sub Total	39,768	30,574	29,192	28,473	27,951	27,716
Ring Fenced Reserves						
Schools	-11,187	-11,187	-11,187	-11,187	-11,187	-11,187
Other Ringfenced Schools Reserves	414	414	414	414	414	414
School Deficit Reserve	11,100	11,100	11,100	11,100	11,100	11,100
Housing Revenue Account	4,325	4,474	2,380	2,411	2,476	2,543
Total Reserves	44,420	35,375	31,899	31,211	30,754	30,586

2.106 Adequacy of Reserves/Robustness of Estimates

2.107 S25 of the Local Government Act 2003 requires the local authority's s151 Officer to report on the robustness of estimates and the adequacy of the proposed reserves. The report is attached at Appendix E.

2.108 There has been a forensic examination of the Council's budgets during the 2026/27 budget setting process building on the arrangements put in place for setting the budgets in recent years. The Council continues to annually review and look to improve its budget planning arrangements. It is, of course, good practice to do so, but also essential given the current economic environment and the uncertainty on the level of settlements from Government. There had been the

prospect of a three year Settlement from Welsh Government following the UK Spending review in June 2025 but this was soon dismissed with the existing administration in the Senedd not wishing to make future financial commitments with the elections in May.

- 2.109** The forecasts in the autumn indicated that were underlying cost pressures of £35.393M and given the uncertainty on the level of Government Grant and modelling on Council Tax these were subject to a robust review to put the Council in a position where a balanced budget would be possible without an extensive savings programme. This work has paid dividends with the far better than anticipated settlement and the positive position on the Cardiff & Vale Pension Fund. The resultant £2.772M savings programme is modest compared to the past three years and should mean a good level of stability in 2026/27.
- 2.110** There has been extensive examination of the financial risks that the Council is exposed to: Government funding and policy; volume, complexity and cost of social care, inflation risk across pay, energy and third party supplies; and delivery of the savings programme along with mitigation of the unawarded cost pressures.
- 2.111** The report judges the Council's estimates to be robust and that there has been appropriate consideration of a wide range of risks.
- 2.112** The Council maintains strong reserves and is clear on the reasons for which they are held. There has been a very extensive annual review as part of setting the budgets over past three cycles and there has been a further exercise as the risks facing the Council have developed over the past twelve months.
- 2.113** The Council does face a critical financial risk to its reserves and sustainability as a consequence of schools spending well in excess of their annual budget allocations with their collective deficit of £4.137M as at 31st March forecast to grow significantly in 2025/26. If not addressed the year on year overspending would lead to school deficits being in excess of the Council's own reserves. The budget does address all known school pressures in 2026/27 as well as £2.000M to address historical pressures. This should take the pressure off the vast majority of schools but there are a number of outliers who the Council must continue to engage robustly with.
- 2.114** There are other less prominent risks and the key one continues to be the cost of delivery of social services. There has been a significant increase in demand alongside increased complexity of cases and cost both of internal provision and externally commissioned with providers experiencing similar inflationary pressures to the Council. There was less volatility in 2025/26 and there is confidence that the pressures awarded and the contingency put in place will address this risk.
- 2.115** As noted above, the savings programme is of a reduced scale to recent years. There has been concern about the Council's mixed track record for the delivery of large scale savings programmes and the more modest programme gives the opportunity of a reset and will enable greater focus on the development of proposals for future years through the Reshaping Programme framework. The

Council continues to monitor the delivery of savings across multiple years, including those historically set as part of previous years' budgets.

- 2.116** The Council has considered pressures across the medium to ensure finances are sustainable and has a reshaping and transformation programme in place which has established a series of initiatives to feed into future years' budgets. These are set out at a high level in the report and will be worked up in detail the spring and brought forward alongside the Financial Strategy in July.
- 2.117** The report judges that the reserves are adequate at this time but school spending is a genuine concern putting them at risk and must be highlighted.

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

- 3.1** The delivery of the Council's Corporate Plan and wellbeing objectives is significantly influenced by the available finance to deliver services. This report provides the context in which the Council will be operating in the immediate and medium term.
- 3.2** This report provides an immediate and medium-term projection of the Council's financial position, however the decisions to be taken on the Financial Strategy in the coming months will be influenced by the need to think about the longer term implications of decisions, including the continued lobbying of Welsh Government for genuine multi-year financial settlements to enable better forecasting and projection of budgets. It is challenging to plan ahead with a single year settlement albeit there has been an indication of real terms reductions in future years.
- 3.3** The approach to setting a balanced budget described in the body of this report includes reference to collaboration and the value of this approach has been well evidenced in recent years, most notably in the response to the pandemic, where the pooling of resources (whether financial, capacity or expertise) has resulted in improved outcomes and better value for money. The Financial Strategy places emphasis on supporting the most vulnerable, and the proposals in this budget demonstrate how the Council is continuing to resource and further invest in preventative services.
- 3.4** The report sets out how residents and other stakeholders have been consulted on the Council's budget, demonstrating the importance being placed on involving people in decision making. These proposals have been informed by the use of insight gained through the Let's Talk About Life in the Vale survey (2025), and consultation on a range of activities, including the Council's Annual Self Assessment. In understanding the views of others through this process, decisions will be taken in an integrated way – both internally and externally.

4. Climate Change and Nature Implications

- 4.1** The Council declared a Climate Emergency and Nature Emergency in 2019 and 2021 respectively) and the response to these Motions involves significant Council-wide activity to deliver. The ability to respond to these agendas will be impacted by the availability of financial resources to deliver them.

5. Resources and Legal Considerations

Financial

- 5.1** The financial considerations are set out in the body of the report.

Employment

- 5.2** Salaries and wages are a major element of the Council's overall spend and the inflationary impact of the pressures represents a significant proportion of growth set out as part of these draft proposals.
- 5.3** There has only been an improved settlement from Welsh Government and the detailed review of pressures has presented a less challenging savings and efficiencies target of £2.772M for 2026/27. Nevertheless, there may be an employment impact associated with these savings.
- 5.4** There are no reductions to Full Time Equivalent posts in the report.
- 5.5** Where there are such potential impacts, the Council will follow its existing policies and procedures and ensure that there is full engagement with staff and the Trades Unions. Further, some of the potential impact will reduce through turnover or redeployment.
- 5.6** The consultation on the Council's budget has been widely communicated to all council staff.

Legal (Including Equalities)

- 5.7** The Council is required under statute to fix its Council Tax for the financial year 2026/27 by 11th March 2024 and to do so will have to agree a balanced revenue budget by the same date.
- 5.8** The budget proposals as set out in the report has 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 specific proposals and strategies set out in the report 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.

- 5.9** An Equality Impact Assessment on the budget proposals has been completed and has been published as part of the budget consultation.

6. Background Papers

Financial Strategy 2026/27 – Cabinet July 2025

Medium Term Financial Plan Refresh – Cabinet December 2025

Budget for Consultation – Cabinet January 2026

Vale of Glamorgan Council Budget Consultation 2026/27

Results Report

Methodology

The budget consultation was launched on 16 January 2025 and closed on 13 February 2026.

The consultation was supported by a promotional campaign aimed at encouraging responses and improving people's understanding of the Council's financial position.

The consultation was hosted on a dedicated budget consultation hub on Participate Vale. This featured an explanation of the Council's current financial position, links to the full Cabinet report and appendix detailing all of the savings proposals, equality impact assessments for each of the savings proposals, a budget quiz, and the online consultation form.

The exercise was promoted to residents using media releases to local and regional news outlets, a social media campaign, and at face to face events during the consultation period. The consultation was promoted directly to the Participate Vale citizens panel and key partner organisations such as members of the Public Services Board and Town and Community Councils by email.

The online promotional campaign used the budget quiz as a new method for seeking to help residents understand the financial context in which the organisation is operating. Posts were shared across the Council's Facebook, Instagram, and LinkedIn pages, with stories featuring swipe-up links on Instagram and Facebook to drive traffic to the consultation and quiz.

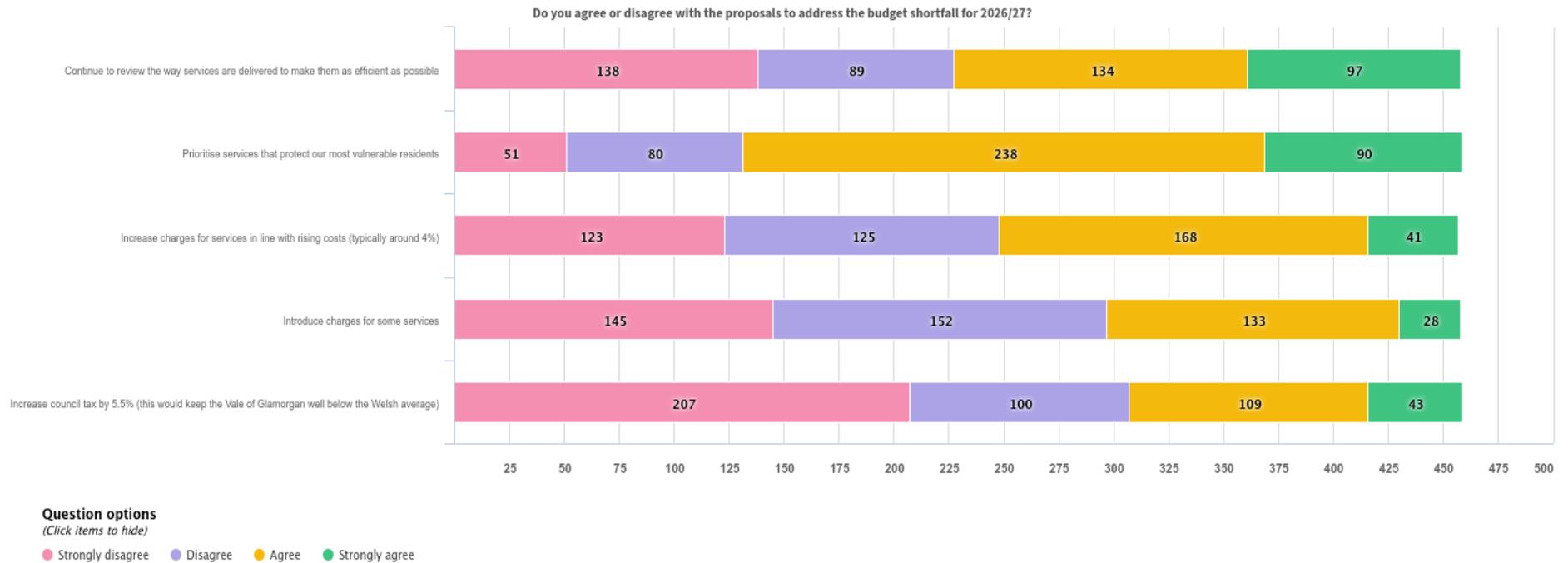
A promotional toolkit with suggested social media posts and assets was distributed to across the organisation, to schools, external partners and to Elected Members in order to maximise reach.

Results

There were 466 responses to the budget consultation in total, these are split across two surveys, English and Welsh. There were 463 responses to the English survey in total. The chart below is extracted from the English survey, where the majority of responses were received.

Survey questions

The survey asked respondents to express the extent to which they agreed or disagreed with five proposals that form the basis of the Council's budget strategy.



Firstly, respondents were asked to express a view on the proposal to **continue to review the way services are delivered to make them as efficient as possible**. 458 people responded to this question, of those 50% stated they either agreed or strongly agreed with this proposal. Which is in contrast to previous years, where the majority of respondents agreed or strongly agreed with this proposal.

Next respondents were asked the extent to which they agreed with the proposal to **prioritise the services that protect our most vulnerable residents**.

459 people responded to this question and of those, **71% either agreed or strongly agreed with this proposal**. This indicates a strong level of support for the core principle of the Council's budget strategy.

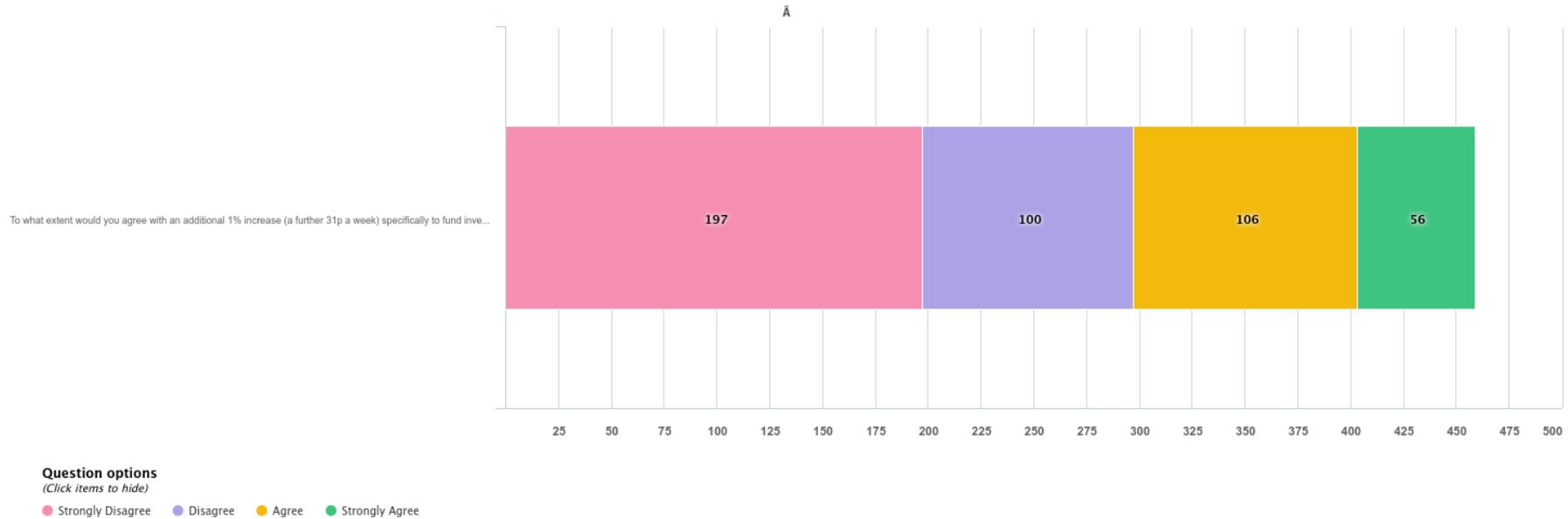
The third and fourth questions in the survey concerned charges for council services. The first asked the extent to which respondents agreed with the proposal to increase charges in line with rising costs (typically around 4%). 457 people responded to this question, of those 46% either strongly agreed or agreed with this proposal. **54% either disagreed or strongly disagreed**. The most common single response, however, was 'agree'. 36% of respondents indicated they agreed with the proposal.

When asked about introducing charges for some services, once again the majority of respondents disagreed, with **65% of respondents either disagreeing or strongly disagreeing**.

The final question in this section asked about the proposal to increase council tax by 5.5%

A large majority (**67%**) of respondents stated that they either disagreed or strongly disagreed with this proposal. The results to this question show there is only very limited support for increasing council tax to the extent proposed.

In addition to questions on the Council's budget strategy the survey also included a question on an additional 1% increase on Council tax (6.5% in total) in order to invest in services that have been cut back during the past ten years of austerity. This would include rural transport services, youth services and investment in parks that had previously been awarded green flag status.



The results show that **65% either strongly disagree or disagree with this proposal.**

Further comments

Respondents were also given the opportunity to make any additional comments. 322 additional comments were received.

An automated text analysis of these found the majority of additional comments were largely negative.

SENTIMENT SUMMARY



57% of comments were analysed as negative, 6% as mixed, 14% as neutral, and 23% as positive.

A lot of the comments that were deemed to be negative related to salaries, pensions and expenses. There were also a number of comments made about spending on 'vanity projects' such as the recent purchase of the former Wilko building on Holton Road and the transport interchange at the Dock offices.

A full report of all comments received is included in Appendix 1.

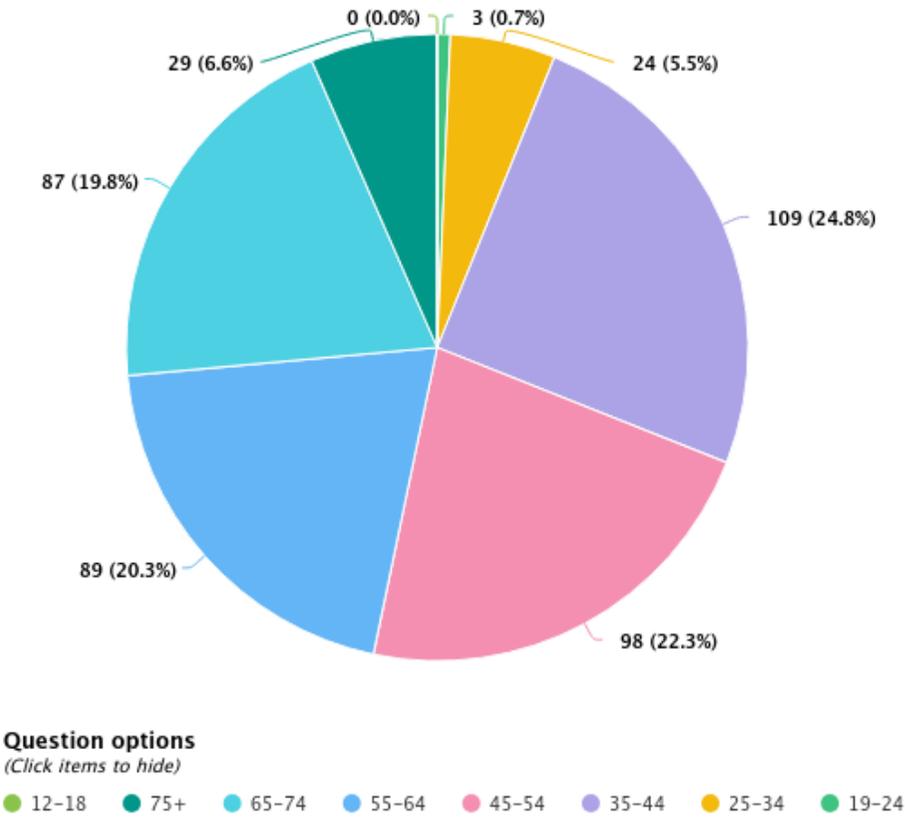
Profile of respondents

97% of respondents to the consultation survey identified themselves as residents of the Vale of Glamorgan. The remainder was made up from councillors, members of staff, community groups, and visitors.

44.4% of respondents were from Barry, 33.4% from the Eastern Vale (Penarth, Sully, Dinas Powys, Wenvoe), and 22.2% from the Western Vale (Rhoose, Llantwit Major, Bonvilston, St Brides, Cowbridge, Ogmore, St Athan).

There was a fairly even split of respondents by age, as shown in the chart below.

How old are you?



A full breakdown of respondents by protected characteristics can be found in Appendix A.

Description	2026/27	2026/27	2027/28	2028/29	2029/30	2030/31	Category of Growth
	£000's	Revised £000's	£000's	£000's	£000's	£000's	
Directorate: Learning and Skills							
Delegated Schools							
Schools	Special school demographic increase	1,098	598	1,003	1,124	468	0 Demographic
Schools	Demographic adjustment mainstream pupils -The reduction in pupils from the latest two years of verified data (January 2024 plac to January 2025 plac) has shown a decrease of 265 mainstream pupils. .	-1,234	-1,234	567	-833	-18	-729 Demographic
Schools	Additional Learning Needs funding for mainstream schools	1,010	620	0	0	0	0 Pressure
Schools	Expansion Whitmore Resource base	260	0	0	0	0	0 Pressure
Schools	Expansion Pencoedre Resource base	162	0	0	0	0	0 Pressure
Schools	Welsh medium secondary ALN resource base at Ysgol Bro Morgannwg.	216	216	0	0	0	0 Pressure
Schools	Satellite specialist resource bases in secondary schools. - Develop satellite bases in Cowbridge and St Cyres.	193	193	0	0	0	0 Pressure
Schools	Specialist resource base at St Richard Gwyn base.	0	0	0	758	542	0 Pressure
Schools	Energy Pressures	448	448	0	0	0	0 Inflationary
Schools	Rates	64	64	0	0	0	0 Inflationary
Schools	General Pressure	2,000	2,000	0	0	0	0 Pressure
Schools	ALN Coordinator Transfer In	186	186	5	5	5	5 Inflationary - Pay
Schools	Schools Teaching pay Award 2026/27	3,134	3,134	2,788	2,872	2,958	3,046 Inflationary - Pay
Schools	Schools Non-teaching pay Award 2026/27	1,202	1,202	1,263	1,301	1,340	1,380 Inflationary - Pay
Schools	Schools Teaching pay Award 2025/26 base correction to 4%	477	477	0	0	0	0 Inflationary - Pay
Schools	Schools Non-teaching pay Award 2025/26 base correction	174	174	0	0	0	0 Inflationary - Pay
Delegated Schools		9,390	8,078	5,626	5,227	5,295	3,702
Central Learning and Skills							
Learning & Skills	Schools Procurement Support	53	53	0	0	0	0 Investment
Learning & Skills	Data Analysis Capacity	50	0	0	0	0	0 Investment
Learning & Skills	Step Down Use of Reserves	-267	-267				Pressure
Learning & Skills	Sensory team expansion - Due to the amount of pupils requiring access to braille in the medium of Welsh	84	84	0	0	0	0 Investment
Learning & Skills	Restructuring of the complex needs team to meet increasing demands due to the ALN reform.	76	0	0	0	0	0 Investment
Learning & Skills	Out of county and Independent Schools complex needs placements.	111	111	98	115	0	0 Pressure
Learning & Skills	Reduction in Out of County Income	112	0	102	111	83	51 Pressure
Learning & Skills	IDP Officer for looked after children, EOTAS and OOC and ALN Resource Base Manager currently grant funded	182	0	0	0	0	0 Investment
Learning & Skills	Pay Award (non-schools) Central Learning and Skills Staff	335	335	279	223	228	232 Inflationary - Pay
Learning & Skills	National Insurance Transfer In	2,821	2,821	0	0	0	0 Inflationary - Pay
Learning & Skills	Counsel Fees for ALN	30	30	0	0	0	0 Pressure
Learning & Skills	Revenue impact of additional Sustainable Communities for Learning St Richard Gwyn	0	46	22	28	0	0 Capital Financing
Learning & Skills	Revenue impact of additional Sustainable Communities for Learning Ysgol Iolo -	0	0	227	0	0	0 Capital Financing
Learning & Skills	Revenue impact of additional Sustainable Communities for Learning YD	12	10	0	0	0	0 Capital Financing
Central Learning and Skills		3,599	3,223	728	477	311	283
Total Learning and Skills		12,989	11,301	6,354	5,704	5,606	3,985
Directorate: Social Services							
Children Services							
Social Services	Emergency Duty Team	90	90	0	0	0	0 Pressure
Social Services	Therapeutic Support - enhancing family stability	81	81	0	0	0	0 Investment
Social Services	Therapeutic Support - enhancing placement stability	71	71	0	0	0	0 Investment
Social Services	Increase in demand for community services to avoid placement costs - disabled children and young people - Dom Care	300	150	0	0	0	0 Pressure
Social Services	Increase in demand for community services to avoid placement costs - disabled children and young people - Direct Payments	100	118	0	0	0	0 Pressure
Social Services	Agency Saving Cost Pressure	136	0	0	0	0	0 Pressure
Social Services	Provider Fees - Additional funding for third party providers in 2025/26	642	642	500	500	500	500 Inflationary
Social Services	External Placements - In year Pressure 2025/26	1,073	1,000	0	0	0	0 Pressure
Social Services	Internal Placements - pressure on 2025/26 budget	245	243	0	0	0	0 Pressure
Social Services	Increased demand / need to provide equipment via the joint equipment store and uplift in costs of equipment and the regional Section 33	21	21	0	0	0	0 Pressure
Social Services	Regional Adoption Service Contribution	22	22	0	0	0	0 Inflationary - Pay
Social Services	Pay Awards Children and Young People Services	225	225	188	150	153	156 Inflationary - Pay
Social Services	Pay Awards Youth Justice	30	30	25	20	20	21 Inflationary - Pay
Social Services	External Placements - Demographic Projections	400	400	200	200	200	200 Demographic
Total Children Services		3,436	3,093	913	870	873	877
Adult Services							
Social Services	Provider Fees - Additional funding for third party providers	6,560	4,267	4,500	4,500	4,500	4,500 Inflationary
Social Services	Transition overview - 18 to 25 - Social Work practitioner post -cost avoidance for specialist placements	55	55	0	0	0	0 Investment
Social Services	Increased demand to meet the financial support needs of people without a corporate appointee and Shared lives residents where hosts cannot manage banking.	100	35	0	0	0	0 Pressure
Social Services	Adjusting Base Budget Direct Payments	100	100	0	0	0	0 Pressure
Social Services	Adjusting Base Budget Adult Placements	234	234	234	0	0	0 Pressure
Social Services	Pay Awards Adult Services	371	371	309	247	252	257 Inflationary - Pay
Social Services	Base Budget Adjustment Care Cap	83	83				0 Pressure
Social Services	Revenue impact of New Capital Bids - Older Persons Accom - Revenue cost of borrowing to progress the scheme	0	0	0	12	62	18 Capital Financing
Social Services	Demographic Pressures - increased numbers of people requiring care and support	650	650	650	650	650	650 Demographic
Adult Services		8,153	5,795	5,693	5,409	5,464	5,425
Resource Management and Safeguarding							
Social Services	Income recovery capacity	38	38	0	0	0	0 Investment
Social Services	Care Home Staffing	300	300	0	0	0	0 Pressure
Social Services	Mosaic license	226	226	0	0	0	0 Pressure
Social Services	Pay Award Resource Management and Safeguarding	349	349	291	233	237	242 Inflationary - Pay
Social Services	Lead Practitioner - Exploitation	67	51	0	0	0	0 Investment
Total Resource Management and Safeguarding		980	964	291	233	237	242
Social Services	National Insurance	451	451				0 Inflationary - Pay
Total		13,020	10,303	6,897	6,512	6,575	6,544
Environment and Housing							
Environment and Housing	Installation of residential disabled parking bays	50	0	0	0	0	0 Investment
Environment and Housing	Funding of one engineering position to progress flood risk management plans	60	0	0	0	0	0 Investment
Environment and Housing	Funding of apprenticeship posts (4)	130	65	65	0	0	0 Investment
Environment and Housing	Grass Cutting	50	50	0	0	0	0 Inflationary
Environment and Housing	Weed Control	25	0	0	0	0	0 Inflationary
Environment and Housing	Cost of B&B Homelessness Accommodation	-500	-500	0	0	0	0 Pressure
Environment and Housing	New Homelessness legislation	1,000	0	339	339	0	0 Pressure
Environment and Housing	New Homelessness legislation-Additional staffing resource Housing Options Team	200	80	80	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.	300	200	250	250	250	200 Pressure
Environment and Housing	Public Realm Investment	750	250	0	0	-250	0 Investment
Environment and Housing	Ash Die Back	50	50	0	0	0	0 Pressure
Environment and Housing	Pencoedre Splash Pad Consider as part of place making	40	0	0	0	0	0 Pressure
Environment and Housing	Public conveniences additional funding to improve standards	90	0	0	0	0	0 Pressure
Environment and Housing	Waste Contract Contractual Inflation and New Developments	100	100	5	5	5	5 Inflationary
Environment and Housing	HGV drivers (market forces rate)	650	0	25	25	25	25 Pressure
Environment and Housing	Car Parking Charges	150	150				0 Pressure
Environment and Housing	Pay Award Neighbourhood Services	395	395	329	263	269	274 Inflationary - Pay
Environment and Housing	Pay Award General Fund Housing	39	39	33	26	27	27 Inflationary - Pay
Environment and Housing	Pay Award Building Services	17	17	14	11	12	12 Inflationary - Pay
Environment and Housing	Pay Award Building Cleaning and Security	59	59	49	39	40	41 Inflationary - Pay
Environment and Housing	National Insurance	290	290				0 Inflationary - Pay
Environment and Housing	Base Adjustment SRS	44	44				0 Inflationary - Pay
Environment and Housing	Revenue impact of New Capital Bids - Structures - Revenue cost of borrowing to progress the scheme	4	4	19	18	46	46 Capital Financing
Environment and Housing	ALN transport - The cost of transport for the Demographic increase pupils	380	300	380	380	380	380 Demographic
Total Environment and Housing		4,373	1,593	1,588	1,357	803	1,010
Place							
Place	Replacement Local Development Plan - cost of public enquiry and Programme Officer	150	50	0	0	0	0 Pressure
Place	Ecology Assistant- Planning	54	0	0	0	0	0 Investment
Place	Strategic Development Plan - Regional Working	50	0	0	0	0	0 Investment
Place	Investment in Strategic Country Parks Position	40	40				0 Investment
Place	Moving the DEF System to the Cloud	12	12	0	0	0	0 Pressure
Place	Pay Award Place	144	144	120	96	98	100 Inflationary - Pay
Place	National Insurance	131	131	0	0	0	0 Inflationary - Pay
Total Place		581	377	120	96	98	100
Directorate: Corporate Resources							
Corporate Resources	Coroner	70	70	35	25	25	0 Pressure
Corporate Resources	Registers - Proposed changes to birth and death registrations arising from a Home Office project for the digital transformation of the service causing a loss of income.	51	51	0	0	0	0 Pressure
Corporate Resources	Pay Award Corporate Resources	519	519	433	346	353	360 Inflationary - Pay
Corporate Resources	Granicus Platforms to support public participation strategy and wider communication and marketing activity across the organisation. Upgraded CMS to enable development of a new website to support Digital Strategy and signalling change agenda. Continued media and online comment monitoring to enable measurement and evaluation of a new communications strategy	25	25	0	0	0	0 Pressure
Corporate Resources	Policy and Insight Partner Budget Corrections	71	21	0	0	0	0 Investment
Corporate Resources	Human Resources Capacity including Business Partner Resource and Health and Safety	111	111	0	0	0	0 Investment
Corporate Resources	Finance Capacity including Accountancy and Exchequer	141	141	0	0	0	0 Investment
Corporate Resources	Document Imaging Process - existing revenues and benefits system isn't Windows 11 Compliant. There would some year one implementation costs too.	64	64	0	0	0	0 Pressure
Corporate Resources	Capital salaries - new accounting treatment has meant a reduction in the overall sum charged to the Capital Programme	150	125	0	0	0	0 Pressure
Corporate Resources	Utility costs - these hadn't reduced as much as forecast in 2024/25 with the pressure masked by the provision to be stepped down in 2025/26.	150	100	0	0	0	0 Inflationary
Corporate Resources	Cloud Migration - Backup and Storage to move to a hybrid cloud solution. Approved by Cabinet on 1st May 2025, minute C330.	108	108	0	0	0	0 Pressure
Corporate Resources	Digital - PSBA Investment	75	75	0	0	0	0 Investment
Corporate Resources	Digital - System Pressures including rental, software and wireless	71	71	0	0	0	0 Pressure
Corporate Resources	Digital - Data Analytics Tools (website feedback)	14	6	0	0	0	0 Investment
Corporate Resources	Digital - C1V training resource	10	0	0	0	0	0 Investment
Corporate Resources	Lone Worker Scheme income of £10k no longer paid	10	0	0	0	0	0 Pressure

Corporate Resources	Digital - Out of Hours Support Charges	9	9	0	0	0	0	0	Pressure
Corporate Resources	Legal Services Community Services Grant Provision	69	0	0	0	0	0	0	Investment
Corporate Resources	Trainee Solicitor - currently funded from Legal Reserve, part of succession planning	39	39	0	0	0	0	0	Investment
Corporate Resources	Oracle Licences	128	128	0	0	0	0	0	Inflationary
Corporate Resources	Debt Recovery Legal Resource	43	43						Investment
Corporate Resources	Payment Strategy	40	40						Investment
Corporate Resources	National Insurance	338	338	0					Inflationary - Pay
Corporate Resources	Registrar's software licences and maintenance for Zipporah and RON System hosted by NPTC - booking and payments systems for weddings. Shortfall in budget provision	9	0	0	0	0	0	0	Inflationary
Corporate Resources	Democracy Counts Elector8+ - Election Management, Licence Fee, Support & Maintenance, Count Result Software. Shortfall in budget provision - Reserves	13	13	0	0	0	0	0	Pressure
Corporate Resources	Revenue impact of New Capital Bids - Decarb Civic Offices - Revenue cost of borrowing to progress the scheme	0	0	0	18	0	0	0	Capital Financing
Total Corporate Resources		2,328	2,097	468	389	378	360		
Policy									
Policy	City Deal - Revenue Costs Associated with Prudential Borrowing for the Council's Contr	107	0	107	149	52	132		Capital Financing
Policy	Fire Uplift	263	263	0	0	0	0	0	Pressure
Policy	Contingency Provision	1,000	1,000	0	0	0	0	0	Investment
Policy	Reserve Top Up	500	500	0	0	0	0	0	Investment
Policy	Property Insurance Cost Increase	120	120	0	0	0	0	0	Pressure
Policy	Council Tax Reduction Scheme	500	500	0	0	0	0	0	Pressure
Policy	Members Remuneration - Independent Remuneration Panel for Wales Draft Annual Re	172	172	100	100	100	100	100	Inflationary
Total Policy		2,662	2,555	207	249	152	232		
Total		35,953	28,226	15,633	14,307	13,611	12,231		

	2026/27	2026/27 Revised	2027/28	2028/29	2029/30	2030/31
Cost by Type						
Investment	4,004	2,764	65	0	-250	0
Demographic	1,294	714	2,800	1,521	1,680	501
Inflationary - Pay	11,753	11,753	6,125	5,833	5,991	6,153
Inflationary	8,348	5,971	5,105	5,105	5,105	5,105
Pressure	10,431	6,964	1,163	1,623	925	276
Capital Financing	123	60	375	225	160	196
Total	35,953	28,226	15,633	14,307	13,611	12,231

	2026/27	2026/27 Revised	2027/28	2028/29	2029/30	2030/31
Total by Service						
Schools	9,390	8,078	5,626	5,227	5,295	3,702
Learning & Skills	3,599	3,223	728	477	311	283
Social Services	13,020	10,303	6,897	6,512	6,575	6,544
Environment and Housing	4,373	1,593	1,588	1,357	803	1,010
Place	581	377	120	96	98	100
Corporate Resources	2,328	2,097	468	389	378	360
Policy	2,662	2,555	207	249	152	232
Total by Service	35,953	28,226	15,633	14,307	13,611	12,231

Base Budget Workings													
Directorate/Service	Original Budget 2025/26	Virements	Adjusted Original Budget	Transfers	National Insurance	Cost Pressures	Pay Awards	Reverse Temporary Savings	Pensions	Savings	Reserves	Total Original Budget 2026/27	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
National Insurance	- 139	8	- 131		131							0	
Total Place	3,074	- 53	3,021	0	131	102	144	0	-155	-82	0	3,161	
Policy													
Members and Democratic	1,729	1	1,730			150				-14		1,866	
General Policy	734	- 359	407			1,500			-26			1,849	
Borrowing and Investments	8,122	-	8,122					250				8,372	
Levies and Precepts	8,761	-	8,761			264						9,025	
Insurance	1,078	850	1,928									1,928	
Council Tax Reduction Scheme and Arrears	12,335	-	12,335			500						12,835	
Total Policy	32,759	492	33,283	0	0	2,414	0	250	-26	-14	0	35,875	
Grand Total	331,574	- 0	331,574	0	4,031	16,534	7,662	250	-3,813	-2,772	767	354,233	
Funding													
Revenue Support Grant	- 176,793		- 176,793								-7,363	-184,156	
Top Up Funding											-6,627	-6,627	
NDR Contribution from Pool	- 47,654		- 47,654								-1,689	-49,343	
Council Tax Arrears	- 1,250		- 1,250									-1,250	
Council Tax	- 105,877		- 105,877								-6,980	-112,857	
Total Funding	- 331,574		- 331,574	0	0	0	0	0	0	0	-22,659	-354,233	

Appendix Bii Cost Pressures Review Analysis				Schools			Learning & Skills			Social Services			Environment & Housing			Place			Corporate Resources			Policy			Total						
	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference	Adjusted	Raw	Difference				
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s				
Investments																															
Procurement and Data Resource	53	103	- 50	-	-	-	53	103	- 50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53	103	- 50	
ALN Resource	84	342	- 258	-	-	-	84	342	- 258	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84	342	- 258	
Preventative Children Services	152	152	-	-	-	-	-	-	-	152	152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	152	152	-	
Transition Practitioner Post	55	55	-	-	-	-	-	-	-	55	55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	55	-	
Income Recovery	81	81	-	-	-	-	-	-	-	38	38	-	-	-	-	-	-	-	-	43	43	-	-	-	-	-	-	81	81	-	
Exploitation Practitioner	51	67	- 16	-	-	-	-	-	-	51	67	- 16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	67	- 16	
Investment Environment and Housing	315	490	- 175	-	-	-	-	-	-	-	-	-	315	490	- 175	-	-	-	-	-	-	-	-	-	-	-	-	315	490	- 175	
Ecology Planning and Strategic Development Plan	-	104	- 104	-	-	-	-	-	-	-	-	-	-	-	-	104	- 104	-	-	-	-	-	-	-	-	-	-	-	104	- 104	
Additional Capacity Corporate Resources	313	363	- 50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	313	363	- 50	-	-	-	-	-	-	313	363	- 50	
Country Parks	40	40	-	-	-	-	-	-	-	-	-	-	-	-	40	40	-	-	-	-	-	-	-	-	-	-	-	40	40	-	
Contingency	1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-	-	-	-	1,000	1,000	-	
Reserve	500	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	500	-	-	-	-	500	500	-	
Digital Investment	81	99	- 18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81	99	- 18	-	-	-	-	-	81	99	- 18	
Legal Capacity	39	108	- 69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	108	- 69	-	-	-	-	-	39	108	- 69	
	2,764	3,504	- 740	-	-	-	137	445	- 308	296	312	- 16	315	490	- 175	40	144	- 104	476	613	- 137	1,500	1,500	-	-	-	2,764	3,504	- 740		
Demography																															
Mainstream Pupils	1,234	1,234	-	1,234	1,234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,234	1,234	-	
Special School Pupils	598	1,098	- 500	598	1,098	- 500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	598	1,098	- 500	
External Children's Placements	400	400	-	-	-	-	-	-	-	400	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	400	-	
Adults Placements	650	650	-	-	-	-	-	-	-	650	650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	650	650	-	
Special School Transport	300	380	- 80	-	-	-	-	-	-	-	-	-	300	380	- 80	-	-	-	-	-	-	-	-	-	-	-	-	300	380	- 80	
	714	1,294	- 580	636	136	- 500	-	-	-	1,050	1,050	-	300	380	- 80	-	-	-	-	-	-	-	-	-	-	-	-	714	1,294	- 580	
Pay Inflation																															
Schools Pay Award	5,113	5,113	0	5,113	5,113	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,113	5,113	0	
Local Government Pay	2,549	2,549	-	-	-	-	335	335	-	997	997	-	554	554	-	144	144	-	519	519	-	-	-	-	-	-	-	2,549	2,549	-	
National Insurance Adjustment	4,031	4,031	-	-	-	-	2,821	2,821	-	451	451	-	290	290	-	131	131	-	338	338	-	-	-	-	-	-	-	4,031	4,031	-	
	11,693	11,693	0	5,113	5,113	0	3,156	3,156	-	1,448	1,448	-	844	844	-	275	275	-	857	857	-	-	-	-	-	-	-	11,693	11,693	0	
Non Pay inflation																															
Provider Fees Children Placements	642	642	-	-	-	-	-	-	-	642	642	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	642	642	-	
Provider Fees Adults Placements	4,267	6,560	- 2,293	-	-	-	-	-	-	4,267	6,560	- 2,293	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,267	6,560	- 2,293
Members Remuneration	172	172	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172	172	-	-	-	-	172	172	-	
Utility Costs	548	598	- 50	-	-	-	448	448	-	-	-	-	-	-	-	-	-	-	100	150	- 50	-	-	-	-	-	-	548	598	- 50	
ICT Contract Inflation	128	137	- 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128	137	- 9	-	-	-	-	-	128	137	- 9	
Other Contract Inflation	214	239	- 25	-	-	-	64	64	-	-	-	-	150	175	- 25	-	-	-	-	-	-	-	-	-	-	-	-	214	239	- 25	
	5,971	8,348	- 2,377	-	-	-	512	512	-	4,909	7,202	- 2,293	150	175	- 25	-	-	-	228	287	- 59	172	172	-	-	-	5,971	8,348	- 2,377		
Pressures																															
ALN Mainstream	680	1,010	- 330	680	1,010	- 330	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	680	1,010	- 330	
Resource Base	409	831	- 422	409	831	- 422	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	409	831	- 422	
Additional School Pressures	2,000	2,000	-	2,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-	
ALN Premises and Legal	30	30	-	-	-	-	30	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30	30	-	
Out of County	111	223	- 112	-	-	-	111	223	- 112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	111	223	- 112	
External Placements Children	1,511	1,718	- 207	-	-	-	-	-	-	1,511	1,718	- 207	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,511	1,718	- 207
External Placements Adult	452	517	- 65	-	-	-	-	-	-	452	517	- 65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	452	517	- 65
Emergency Duty Social Care	90	90	-	-	-	-	-	-	-	90	90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90	90	-
Agency Social Services	-	136	- 136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136	- 136	
Joint Equipment Store	21	21	-	-	-	-	-	-	-	21	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21	21	-	
Waste HGV Driver	-	650	- 650	-	-	-	-	-	-	-	-	-	-	650	- 650	-	-	-	-	-	-	-	-	-	-	-	-	-	650	- 650	
Reserve Step Down	767	767	-	-	-	-	267	267	-	-	-	-	500	500	-	-	-	-	-	-	-	-	-	-	-	-	-	767	767	-	
Housing New Legislation	80	1,200	- 1,120	-	-	-	-	-	-	-	-	-	80	1,200	- 1,120	-	-	-	-	-	-	-	-	-	-	-	-	-	80	1,200	- 1,120
Highway Repairs	200	300	- 100	-	-	-	-	-	-	-	-	-	200	300	- 100	-	-	-	-	-	-	-	-	-	-	-	-	-	200	300	- 100
Other Neighbourhood	200	330	- 130	-	-	-	-	-	-	-	-	-	200	330	- 130	-	-	-	-	-	-	-	-	-	-	-	-	-	200	330	- 130
Place	50	150	- 100	-	-	-	-	-	-	-	-	-	-	-	-	50	150	- 100	-	-	-	-	-	-	-	-	-	50	150	- 100	
Digital to Cloud	120	120	-	-	-	-	-	-	-	-	-	-	-	-	-	12	12	-	108	108	-	-	-	-	-	-	-	120	120	-	
Coroner	70	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70	70	-	-	-	-	-	-	-	70	70	-	
Other Digital	408	418	- 10	-	-	-	-	-	-	226	226	-	-	-	-	-	-	-	182	192	- 10	-	-	-	-	-	-	408	418	- 10	
Corporate Resources	176	201	- 25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	176	201	- 25	-	-	-	-	-	-	176	201	- 25	
Care Home	300	300	-	-	-	-	-	-	-	300	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-	
Insurance	120	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120	120	-	-	-	-	120	120	-	
Fire	263	263	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	263	263	0	-	-	-	263	263	0	
Council Tax Reduction Scheme	500	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	500	-	-	-	-	500	500	-	
	7,024	10,431	- 3,40																												

Service	Description of Saving Proposal	Impact on Residents/ Service Users	Equality Impact Assessment Required	FTE Impact 2026/27	Saving Category	2026/27 Proposed £000's	2027/28 Proposed £000's	2028/29 Proposed £000's	2029/30 Proposed £000's	2030/31 Proposed £000's	Total MTFP
Reshaping Savings											
Neighbourhood Services and Housing	Traffic Management Procurement Opportunities	None	No	None	TOM Procurement	50					50
Neighbourhood Services and Housing	Transport policy – Apply current transport policy for ALN pupils and review current arrangements to fund transport of pupils in specialist provision.	Yes	Yes	None	Service Transformation	118	231				349
Learning and Skills	Enabling Pupils with ALN to remain in their local schools- Challenging the culture with regards to ALN value for money in mainstream schools through self-evaluation reform with school governance - reduction in funding for Ysgol Y Deri	No	Yes	Yes	Service Transformation	102	277	350			729
Learning and Skills	Enabling Pupils with ALN to remain in their local schools- Challenging the culture with regards to ALN value for money in mainstream schools through self-evaluation reform with school governance. The saving above from Ysgol Y Deri will result in increased costs mainstream which will partially offset the saving	No	Yes	None	Service Transformation	-41	-111	-140			-292
Learning and Skills	Special school model review (including Derw Newydd, Outreach, the engagement service and early intervention base)	No	Yes	Yes	Service Transformation	99	71	0	0	0	170
Social Services	Releasing time to care	Yes	Yes	None	Service Transformation	350	0	0	0	0	350
Social Services	Complex Cases Review	Yes	Yes	None	Service Transformation	250	0	0	0	0	250
Social Services	Reablement "intake" model of care & implimenting a strengths based practice model	Yes	Yes	None	Service Transformation	200					200
Social Services	Residential Accommodation for children	No	No	None	Service Transformation	275	0	0	0	0	275
Social Services	Pre Birth Pathway - partly legal budget	No	No	None	Service Transformation	74	0	0	0	0	74
Social Services	Independent Fostering Agency placements for children	No	No	None	Service Transformation	45					45
Corporate Resources	Welsh Language Translation	No	No	None	Service Transformation	0	25	25			50
Corporate Resources	Review Records Management Unit arrangements	No	No	None	Service Transformation		23				23
Corporate Resources	Corporate Landlord	No	No	Yes	Service Transformation	85	0				85
Place	Further income from raised Planning fees	Yes	No	None	TOM - Income	20	0				20
Social Services	Telecare Expansion & fee review	Yes	Yes	None	TOM - Income	30	0				30
Social Services	Increase Income	Yes	No	None	TOM - Income	40	0				40
Corporate Resources	Registrars Income	None	No	None	TOM - Income	50	0				50
Corporate Resources	HR Income - Shared Cost AVCs	None	No	None	TOM - Income	6	0				6

Neighbourhood Services and Housing	Neighbourhood Services Inflationary Income Increase	Yes	Yes where in ex	None	TOM - Income	170	0				170
Neighbourhood Services and Housing	Coastal Regeneration & Commercial Opportunities	Yes	Yes	None	TOM - Income	50	50				100
Neighbourhood Services and Housing	Barry Island Memorials	Yes	No	None	TOM - Income	10	10	20			40
Neighbourhood Services and Housing	Tree External Works	Yes	No	None	TOM - Income	10					10
Neighbourhood Services and Housing	Open Space Income Generation Opportunies	Yes	No	None	TOM - Income	20	20	0			40
Neighbourhood Services and Housing	Roundabout Advertising	Yes	No	None	TOM - Income	25	50	50			125
Neighbourhood Services and Housing	Fleet Review	Yes	Yes	None	TOM - Income	5	10				15
Total Reshaping Savings						2,043	656	305	0	0	3,005
Tactical Savings											
Learning and Skills	Use of Welsh in Education grant to facilitate meeting our commitments set out in the WESP.	No	No	None	Tactical	160					160
Place	New Delivery models for Regeneration and Place making activities	No	No	None	Tactical	40					40
Place	Review income and opportunities in country parks (concessions, facilities and car parkings)	No	No	None	Tactical	10					10
Place	Review Delivery of Community Grants	No	No	None	Tactical	12					12
Social Services	Adult Transport Review	Yes	Yes	None	Tactical	10					10
Social Services	Agency Review Adult Services	No	No	None	Tactical	10					10
Social Services	Direct Payment Processes	No	No	None	Tactical	10					10
Social Services	Deferred Income Social Care	No	No	None	Tactical	250					250
Social Services	Regional Projects Review	Yes	Yes	None	Tactical	100					100
Social Services	Agency Review - Children and Young People Services	No	No	None	Tactical	78					78
Corporate Resources	Digital budget reduction (full year effect)	No	No	None	Tactical	10					10
Policy	Mayor's Office budget reduction	No	No	None	Tactical	14					14
Corporate Resources	Managed headcount reduction (full year effect)	No	No	None	Tactical	25					25
Neighbourhood Services and Housing	Street Lighting Decarb Fall out of Salix Borrowing Costs	No	No	None	Tactical		160	173			333
Total Tactical Savings						729	160	173	0	0	1,062
Total Savings						2,772	816	478	0	0	4,067

Appendix D Detailed Reshaping		2026/27 Proposed £000's	2027/28 Proposed £000's	2028/29 Proposed £000's	2029/30 Proposed £000's	2030/31 Proposed £000's	Total MTFP	TOM - Proc	TOM - Income	TOM - Assets	TOM - WOW	Service Trans	Digital	Strength Comms	Ec Resil
	Shortfall	2,772	9,453	7,435	6,539	4,953	31,152								
	Identified to date														
TOM - Procurement	TOM - Procurement	50	0	0	0	0	50								
Service Transformation	Service Transformation	1,557	516	235	0	0	2,309								
TOM - Income	TOM - Income	436	140	70	0	0	646								
Tactical	Tactical	729	160	173	0	0	1,062								
	Total	2,772	816	478	0	0	4,067								
	Other Reshaping Targets														
	Learning & Skills														
Service Transformation	Additional Learning Needs		346	98	40	241	724	Y		Y	Y	Y	Y	Y	
TOM - Procurement	Establish Contract for Teaching Materials		50				50	Y							
Community Cohesion	Expand Community Libraries			0	50	50	100					Y		Y	
	Social Services														
Service Transformation	Social Services demand management		2,680	2,035	1,521	1,463	7,698	Y	Y	Y	Y	Y	Y	Y	Y
TOM - Procurement	Establish Contract for household goods		25				25	Y							
	Environment & Housing														
Service Transformation	Waste Strategy HWRC, Fleet Parking and Commercialisation		200	200	200	200	800				Y	Y		Y	
Service Transformation	Investment in Pot Hole Emerging Practice		0	0	0	200	200					Y		Y	
Service Transformation	Fleet Strategy		30	30	30	10	100								
Service Transformation	Locality Model						0								
	Place														
Service Transformation	Country Park Opportunities		30	30	30										
TOM - Assets	Economic Development Assets														
	Corporate Resources														
Service Transformation	Decarbonisation Further Targets		40	227	400	400	1,067					Y		Y	
	Council & Cross-Cutting														
TOM - Income	Increase Ctax Collection Rate 1%		363	363	363		1,089		Y				Y		
Service Transformation	School Transport		0	150	190	190	530								
TOM - Income	Assumed Inflationary Increase Income		300	300	300	300	1,200								
Service Transformation	Reduce Long Term Agency Admin Spend		50	50			100								
Service Transformation	Reduce Absence by x%						0								
	To be identified & allocated														
TOM -WOW	Customer Journey		100	50	50	50	250				Y	Y	Y		
TOM - Income	TOM - Income Identification of further income streams and additional payment methods		50	50	50	50	200	Y			Y	Y	Y		
TOM -WOW	Target Operating Model design		20	100	100		220				Y				
Service Transformation	Alternative Service Delivery Models			200	200	100	500				Y	Y			
Service Transformation	Automation of some manual tasks		100	50	50		200				Y	Y	Y		
Digital	Other Digital Investment		100	50	50	50	250						Y		



Head of Finance/s151 Officer

Report on Robustness of Estimates and
Sufficiency of Reserves

s25 Local Government Act 20023

Each year as part of the budget setting process the Chief Financial Officer to report to the Authority when setting its council tax on:

- i. the robustness of the estimates included in the budget, and
- ii. the adequacy of the financial reserves in the budget.

The Council should have regard to this report in approving the budget and council tax. The focus of this statement is primarily on the risk, uncertainty, and robustness of the budget for the next financial year rather than the greater uncertainties in future years. Nevertheless, the Head of Finance/s151 Officer has considered the Medium Term Financial Plan, reserve projections and Treasury and Capital Strategy when preparing this statement over the period from 2026/27 to 2030/31.

Robustness of Estimates in the Budget

Budget Setting Process

The Budget Setting process at the Vale of Glamorgan Council for 2026/27 takes a large incremental approach based albeit there have been more detailed reviews such as with Digital Services in 2025/26 which were more along the lines of a zero based approach. Budgets are uplifted annually predominantly for pay inflation but also price inflation for contractual commitments. Alongside this there is a full review of potential cost pressures put forward on a directorate by directorate basis and reviewed and prioritised corporately. Level.

The initial assessment of cost pressures in September 2025 identified pressures in the region of £34.4M of which a considerable proportion were inflationary i.e. pay awards or related to demographic growth evident in the 2025/26 financial year or through trends identified as part of school place planning and market needs assessment and therefore unlikely to be mitigated significantly. Throughout the process a continual assessment is made between known pressures, anticipated levels of funding and the potential for delivering savings and transformation. In this context, an initial review was undertaken that reduced the cost pressures allocated to £19.5M and an overall gap of £10.0M at the start of December. This process was very mindful of not ruling out pressures which could simply arise as overspends in the new financial year.

The review of pressures is a continual process throughout the budget setting cycle. There was a further assessment in November 2025 when the details of the initial Provisional Settlement from Welsh Government which increased the Vale of Glamorgan's Aggregate External Finance by 2.3% was received. The Settlement brought a number of known pressures including for National Insurance, Teachers pay and some additional funding for ALN Coordinators into the bases and the modelling was grossed the budget up on the funding and cost side to reflect this. There were also some pressures a little over £0.5M which were also brought into play. Overall the pressures were increased by £4.7M.

There was a more fundamental review following the updated Provisional Settlement in December 2025 and in light of significant upside for the Council's employer pension contributions following the actuaries' advice following the triennial review of the Cardiff and Vale Pension Fund. There had been much lobbying by all Welsh councils for the Government to release the headroom which had been held back initially and this gave rise to a revised Provisional Settlement of 4.3% providing a further £4.6M of grant. Consequently, there were a mix of additional pressures brought in to both alleviate known pressures and to also provide greater resilience across the medium term. In alleviating pressures most notably were resources across Social Services, Public Realm and Schools largely to right size the budget in areas of particular pressure in 2025/26. And in providing greater financial resilience, resources were made available for a contingency budget of £1.0M to provide a buffer against in year demand volatility and the reshaping (transformation) reserves were replenished by £0.5M to ensure the programme could be supported appropriately.

As already set out, cost pressures are under continual review and from a number of different perspectives too. Cost pressures were subject to a series of reviews at service specific Budget Working Groups with attendance from key chief officers from the directorates, and the Leader and relevant Cabinet Member; these pressures were also considered alongside an analysis of the budget for the service. The 2026/27 budget setting built on the approach adopted in 2025/26, the Budget Working Groups were split into two rounds, the first considered existing spend, benchmarking of service costs, cost pressures and early reshaping opportunities.

The second Budget Working Group focussed in on the revised cost pressures and both reshaping savings opportunities and tactical savings proposals. In line with the Reshaping Programme there was a greater emphasis on reshaping proposals with a consideration of the Target Operating Model for 2030.

The Reshaping Programme comprises five themes of reshaping activity.

1. Target Operating Model
2. Service Transformation
3. Digital
4. Strengthening Communities
5. Economic Resilience

As part of the 2025/26 budget setting an approach was developed that built on some of the learning from the Council's Covid Pandemic Response which was to provide an urgent focus to some critical areas emerging in terms of opportunities and threats for the Council. The Council focussed on ten high priority workstreams identified as part of the Reshaping programme and these have received a high level coordinated effort across the organisation in the run up to budget setting; these are set out below and are considered in greater detail in the next section of this report. This effort was underpinned by resource from the newly established Transformation Team.

Whilst Reshaping proposals across the demand management workstreams have progressed well, and a number of income generation proposals have been put forward for 2026/27, further work is required to draw out significant savings in the procurement, income

generation and decarbonisation space and to establish a pipeline of projects across the medium term financial plan period. As the identification of reshaping proposals is very much an iterative process, and the learning from the 2025/26 and 2026/27 budget setting process underpins the approach for the new Medium Term Financial Plan. Transformation proposals are to be quickly scoped (work is underway as of January 2026) to identify resource required including project management support, identification of digital dependency and appropriate timescales. One of the reflections on previous years is the use of the five themes of Reshaping in different combinations (for example, digital driving service transformation and the ability to leverage community benefit from economic resilience). Each opportunity set out in the draft medium term financial plan has been assigned a champion who is leading the scoping work to be completed in February; these projects are then mapped to the various theme it relates to and in the overall medium-term have been categorised on a 'best fit' basis.

The significant progress made in improving the baseline position as part of the Council's reshaping work in 2025/26 should also be noted. Project groups and boards have been established, improved procurement and income data gives rise to better understanding, wider engagement through a series of workshops and new approaches to targeted work through 'escape rooms'. This is all overseen by Transformation board which meets regularly and is chaired by the Chief Executive and comprises Cabinet Members and Strategic Leadership Team.

Identification of and Deliverability of Savings

The Medium Term Financial Plan and Budget Strategy identified a need to identify savings at a high level to balance the budget and outlined a framework for the categorisation of savings, alongside the methodology outlined in the Reshaping Programme.

Reshaping Services Programme

The Reshaping Programme was under development throughout 2024 with an initial Cabinet paper at the start of the year and the prospectus formally approved by Cabinet in October 2024. To underpin the change agenda a new Transformation Team was established to provide additional capacity and challenge to the workstreams identified.

The team meets with the Director of Corporate Resources and Head of Finance on a regular basis and provides frequent updates to SLT. They also report to boards that have been established for individual workstreams such as Assets to coordinate various asset reshaping initiatives across the Council.

Savings Identified for 2026/27

Savings were initially identified at Directorate level with reference to the targets outlined as part of the Medium Term Financial Plan set in February 2025 for the period 2025/26 to 2029/30. These savings were then outlined by services at the Budget Working Groups which were attended by the Leader, Chief Executive, Director of Corporate Resources, Head of Finance, Head of Human Resources, representatives of Finance and Human Resources and the Directorate's Senior Leadership Team. Savings were categorised as Tactical or Transformational over several headings. Consideration of employee impact and any investment requirements were also outlined.

These savings were further reviewed by Senior Leadership Team in the context of Cost Pressures and the overall budget position.

Further work has been undertaken to carry out service review and Equality Impact Assessments for the identified savings and these were published as part of the Council's budget consultation in January 2026. It was essential not only for meaningful consultation but for a full understanding of the impact internally too. This approach was first put in place for 2025/26 budget setting and is now established practice. The savings identified did fall short of the targets that were set out as reflected in the table below. However, the overall position has been supported by the substantial reduction in employer pension contributions of £3.812M.

	Original Target 2026/27	Actual Target 2026/27
	£000's	£000's
Total Funding Gap	8,814	2,772
Savings Already Proposed	1,201	0
Additional Reshaping Targets		
Target Operating Model – Other	2,839	50
Target Operating Model – Assets	0	0
Target Operating Model – Income	1,347	436
Service Transformation	0	0
Service Transformation/Digital	1,630	1,557
Community Cohesion	0	0
Total Additional Reshaping Targets	5,816	2,043
Gap - Tactical Savings Required/ Temporary Use of Reserves	1,797	729

For 2026/27 there has been a further reduction in the value of tactical savings put forward and an increase in the value of reshaping proposals as a proposal of the overall sum. The relatively lower value of savings targets for 2026/27 provides an important opportunity to consolidate progress on existing outstanding savings and work to develop the pipeline of savings across the medium term. Sub projects have been established beneath the various headings with a champion and initial scoping work will be undertaken in the coming months to assess the viability of proposals and establish resource and investment needs. Where necessary this will enable prioritisation to be carried out by SLT.

This reduced pressure gives the Council some time to develop a pipeline of Reshaping Transformation schemes across the Medium Term Financial Plan rather than having to meet the shortfall from tactical savings or cuts.

Monitoring and Review of Delivery of Savings

A robust Savings Tracker will be in place to ensure the delivery of all savings. It will be an early warning system treating each saving as a project and ensuring key milestones are met and where any slippage occurs mitigations will be identified in a timely fashion. It will be

reported alongside the monitoring and regularly to Senior Leadership Team and at service level Directorate Management Teams. To ensure delivery there have also been extensive officer discussions to explore and understand where individual services might need additional support from across the Council.

Building on feedback from Audit Wales in respect of the Council's financial sustainability and good practice across the sector the savings tracker will now also include a broader consideration of the impact of the saving on residents and service users.

Identification and Mitigation of Risk

The Council recognises financial sustainability as one of the organisation's corporate risks. These are monitored quarterly and reported to SLT, Governance & Audit Committee and Cabinet.

Inflationary Risk

Pay Inflation

Pay Inflation represents a key pressure for 2026/27 and has been estimated at 3%. Inflation in the UK economy has come closer to 3% over the past year but it remains volatile and risk in the context of broader global tensions. The Council has calculated pay pressures based on a 3% award for single status staff and has calculated a 3% pay award for teaching staff. The budget fully funds pay pressures across schools and corporate and funds historical pay gaps in schools as well as passporting on the £186k transferred in for ALN coordinators. Should there be additional pressures the Pay Pressures reserve can be utilised to address the additional funding need if required in year albeit the shortfall would need to be addressed in future years' budget setting. This reserve will also be utilised to support restructuring or redundancy and early retirement pressures.

Contractual Inflation Revenue Budget

The Council has included some pressures in respect of contractual inflation; these are primarily in relation to Social Services residential and domiciliary care providers and utility costs across Corporate Office Accommodation and in schools. Pressures in the Social Care sector are complex for 2026/27 as they are in part associated with the Welsh Government commitment in respect of payment of the Real Living Wage. In practice the changes to the structure of provider fee payments will be far more complex reflecting significant market and cost of care analysis undertaken by the Social Services commissioning team.

Capital Programme Inflationary Risk

The Council has encountered significant inflationary pressure on the delivery of schemes in recent years. This inflationary pressure will continue to be managed on a case by case basis through scheme redesign and re-engineering, review of scope and scale and application for additional grant funding.

Demand Risk

Social Care demand has been both an issue and risk for the Council in recent years. There is a strong approach to financial management in the Social Services Directorate through its Budget Programme Board which feeds into the Council's Setting. There is as a consequence great confidence that the underlying budget is robust and there has been additional

provision made for in year growth in volumes as well as cost in both Children's and Adults Social Care. Further for 2026/26 the overall Council budget has set aside a contingency sum of £1M for Demand to address any in year volatility.

Government Funding and Policy

The Initial Budget Proposals that were reported to Cabinet in January and formed the basis for the Public Consultation reflected an increase in funding from Welsh Government of 4.3% which was confirmed in the final settlement published on 20th January.

It should be noted that this increase is below the significant pressures reported by services and as part of the budget setting process cost pressures have been reduced from circa £35M to approximately £28M. The Welsh Government settlement includes additional funding to correct the base budget for the 2025/26 pay award and passports funding for National Insurance increase of 2%. However, the settlement does not fully reflect the pressures reported in the Social Care and Additional Learning Needs as well as general inflationary pressures experienced by councils across important preventative services such as Leisure, Parks and Regeneration.

The Council's forward projections are based on limited information provided by Welsh Government including some Fiscal Analysis carried out by Cardiff University. The Council has assumed a 1% increase in AEF across the Medium Term Financial plan period, some commentators would expect this increase to be nearer 0%. This will need to be monitored closely but clarity in the near term is unlikely with the forthcoming Senedd elections.

There remains some uncertainty of funding where schemes are delivered through grant allocation, and this can expose the Council to some risk in terms of the continuation of service provision. The Council can also encounter risk in respect of whether grant funding is continuing at 2025/26 levels in respect of specific grants also.

Council Tax

Whilst the collection rate for Council Tax has remained low in recent years in the context of Covid and the Cost of Living crisis, the Council has benefitted from several new developments in the area and changes in allowances during financial years that have enabled the Council to benefit from a Council Tax Surplus. The Council has also made really good progress in terms of the collection of historical arrears which have contributed to an in year surplus in recent years. The level of arrears and therefore required the provision for bad and doubtful debts will need to be monitored carefully during this period in the context of the £1.25M provision made in the budget for Council Tax Surplus.

The Empty Homes and Second Homes policies that were implemented as part of the 2023/24 and 2024/25 budgets are reflected in the Council Tax base and Council Tax assumptions utilised as part of the budget analysis and assumptions monitored to ensure they are achievable and prudent.

The ambition set out in the Medium Term Financial Plan will be to increase the Council Tax collection rate by 1% across the period to 98.1%, if this ambition is realised this would mean the Council is in the top quartile of Welsh Authorities for collection.

Resource Constraints

The deliverability of some of the challenging proposals in the budget strategy need to be considered against the available capacity within the organisation. The Council experiences challenges in recruiting and retaining specialist resources across the organisation. Vacant posts in key strategic areas will have been cut as part of the budget proposals and there will be a need to commission additional temporary resource and external resource to implement the savings proposals in accordance with the desired timescales, funding for this can be leveraged utilising the Risk Investment and Reshaping and Digital Reshaping reserves. External expertise will also need to be utilised where the Council does not hold the required specialist experience such as in the identification and assessment of investment opportunities under the Non Treasury Investment Strategy and delivery of schemes such as the UK Government Levelling Up.

In response to these capacity issues and to support the delivery of the Reshaping Programme a transformation team has been established to drive through service transformation and support the various corporate initiatives such as School Transport, Brilliant Basics and Neighbourhood Services service transformation in Parks and Cleansing.

Mitigation of Unawarded Cost Pressures

As in previous years, in addition to the savings identified an additional budgetary risk in 2026/27 will be where there is a gap between the cost pressures put forward by services and the cost pressures awarded. This funding gap will impact all services and totals £6.166M across the Council this gap is significantly less than as part of the 2025/26 budget setting. This reflects some of the right sizing of the budget, funding of investment including preventative cost pressures and full funding of the pay awards that have been pursued alongside a limited savings programme.

The first category of cost pressures in this funding gap relates to cost pressures associated with new additional resource and capacity. However, it is positive that the Council has been able to fund some preventative measures in Children's Services which would have been deleted under this approach in recent years. It is hoped that this small value measures will help the Council to take steps towards continued financial sustainability across the medium and long term. Cost pressures excluded include expansion of ALN provision in Learning and Skills and additional capacity in respect off Sustainable Drainage Works, data analysis in Learning and Skills and some additional capacity in Corporate Resources. There are clearly implications with the decision not to invest in these areas that the Council will need to keep under close review.

The second category of unawarded cost pressures relate to part funding of statutory service pressures such as delayed funding for new Homelessness Legislation in the context of some initial funding provided by Welsh Government and reduced funding for Adult Provider fees in the context of information regarding the Real Living Wage level for 2026/27.

Climate and Nature Emergency

The Council has declared a climate and nature emergency and is required to work towards the delivery of Project Zero by 2030. The need to invest in decarbonisation of the Council's asset base and supply change is a key challenge; some additional investment has been

included as part of the Council's 2026/27 Capital Strategy, but further investment will be required to achieve this challenging target.

Over the next five years of the Capital Programme the Council will continue to improve the energy efficiency of its housing stock to meet the requirements of Welsh Government legislation in relation to decarbonisation and the Welsh Housing Quality Standard (WHQS). The Sustainable Communities for Learning programme is committed to contributing to the decarbonisation agenda, Welsh Government announced in November 2021 that all new school projects within the Sustainable Communities for Learning Programme will be required to meet net zero carbon (in operation) from January 2022 onwards.

A variety of energy reduction measures and renewable energy installations have been identified across several assets within the council's portfolio over the next five years, which include installation of LED lighting, PV panels and Air Source Heat Pumps. An allocation of funding is also approved each year between 2026/27 to 2028/29 for tree planting and the cyclical maintenance of trees.

Cost of Living Crisis & Tackling Poverty

The cost of living crisis continues and the latest data released by Welsh Government on the Index of Multiple Deprivation has indicated that communities in the Vale of Glamorgan continue to experience poverty and that in areas, this is worsening. This represents a significant risk to the residents of the Vale of Glamorgan and has potential to impact on numerous Council services such as homelessness, social services, free school meals, housing benefits and council tax collection. The impact of the Cost of Living Crisis and overall levels of poverty has featured in budget setting with an appreciation of demand pressures on homelessness and social services for example. Officers have also been mindful of the impact that the savings programme may have and Equality Impact Assessments have been completed for all savings lines to ensure there are no unintended consequences for the community, especially more vulnerable groups. The work within the Strengthening Communities theme of Reshaping demonstrates how the Council is joining up transformation work relating to the priorities in Vale 2030 with the budget setting and resource allocation processes.

Treasury Risk

The Council has extremely limited exposure to interest rates as most of the borrowing has been undertaken on a fixed basis. However, the Council has a borrowing need in the coming period due to the maturing of existing debt and the planned use of reserves requiring a reduction in the internal borrowing arrangements and external borrowing set out in the Treasury Management Strategy. Borrowing need in year has also been kept to a minimum and terms for new borrowing kept relatively short in accordance with forward interest rate projections and the advice of the Council's independent Treasury Management Adviser; this approach is currently being utilised to minimise cost to the Council.

The timing of the new and replacement borrowing will need to be carefully managed in the context of projections around interest rates and the advice from the Council's Treasury Management adviser is to utilise short term borrowing, whilst laddering in some medium term borrowing in the interim until fixed term interest rates start to reduce. However, this will need to be set against a rising borrowing need and reduced resilience in the form of lower levels of reserves which are set out later in the report.

A temporary saving that was originally included in the 2023/24 budget strategy has been stepped down slightly by £250k to reflect the expectation that the Council will continue the internal borrowing approach to a certain extent because of projected reserve balances and analysis carried out as part of the preparation of the Treasury Management Strategy including the Liability Benchmark. This approach continues in the context of relatively minimal general fund borrowing in 2025/26 and higher than expected investment income and therefore there is continued reliance in the 2025/26 budget at around £750k.

The Council prioritises the liquidity and security of its investments as part of its Treasury Management Strategy and most of the Council’s investments are held with Local Authorities, the UK (United Kingdom) Government or AAA rated Money Market Funds domiciled in the UK.

Medium Term Position

A key feature of the Financial Strategy is the principle of sustainability; this is an issue faced by all Welsh councils and has been given additional prominence through the Audit Wales work to which the Council is positively responding.

The primary focus of the budget setting so far has been balancing the budget for 2026/27 but there has also been attention given to the medium term financial prospects. The forecasts in later years of the plan are less robust and will naturally be subject to regular review but nevertheless place a marker on future cost pressures. Understanding these future pressures interplays with the Adequacy of Reserves in the next section and is especially important in assessing how short term pressures can be managed.

It is clear that pressures across Social Care, Education and Housing are likely to be sustained across the Medium Term and it is also clear that the organisation will be unable to sustain further significant savings of a tactical nature and therefore the organisation launched a refreshed Reshaping and Transformation programme early in 2024. A comprehensive prospectus was approved at Cabinet on 16th October 2024 and resource has been allocated to the delivery of this programme through the transformation team.

The Council introduced savings across the Medium Term Financial Plan as part of 2025/26 budget setting in response to concerns raised in respect of financial sustainability by Audit Wales and Members.

The advantage of this approach is that it sets clear targets for the Reshaping Programme to work towards and is predominantly focussed on reshaping and transforming areas of high pressure trying to minimise tactical savings. The targets are summarised in the table below:

	2026/27 Proposed	2027/28 Proposed	2028/29 Proposed	2029/30 Proposed	2030/31 Proposed
	£000's	£000's	£000's	£000's	£000's
TOM -New Ways of Working	0	120	150	150	50
TOM - Income	436	853	783	713	350
Tom - Assets	0	0	0	0	0
TOM - Procurement	50	900	810	810	810
Service Transformation	1,557	3,993	3,304	2,661	2,803
Digital	0	100	50	50	50

Strengthening Communities	0	0	0	50	50
Total Reshaping	2,043	5,966	5,097	4,434	4,113
Tactical	729	1,543	173	0	0
Total Savings	2,772	7,509	5,270	4,434	4,113
Financing	0	1,944	1,815	1,736	1,598
Total Gap Closure	2,772	9,453	7,085	6,170	5,711

Savings are set against five categories and as discussed earlier in this report have been further broken down into sub projects with a champion and will be subject to quick initial scoping which will allow SLT to prioritise resources, allocate investment and refine the profile of savings over the Medium Term Financial Plan.

1. Target Operating Model

- a. TOM – Ways of Working. This as the name suggests relates to changes to the Council’s ways of working and whilst there is significant overlap with service transformation this is primarily corporate wide initiatives.
- b. TOM – Income. This includes benchmarking of existing income streams as well as development of new income streams and new ways of collecting income.
- c. TOM – Assets. Work in this area is led by the assets board and considers alternative use for existing assets including disposals, leases and community asset transfers.
- d. TOM-Procurement. This theme has a number of sub themes such as top 40 spend suppliers, mid level off contract spend, low level spend and purchase card spend.

2. Service Transformation

- a. Demand Management - This area identifies savings across key areas of cost pressure for the Council i.e. Additional Learning Needs, School Transport and Social Services. Significant progress has been made across these workstreams with the establishment of a Transport Board, further work to develop residential accommodation in communities for children services, work to develop maximise single handed care and the appropriateness of care packages.

3. Digital - The digital team are working alongside the Transformation Team to support the delivery of proposals identified as requiring digital resource. There are a number of digital projects already in progress and clearly the digital agenda is very closely aligned with proposals such as the Customer Journey and Automation of manual tasks. Digital will also be integral to ensuring the success of demand management proposals for ALN and Social Services.

4. Strengthening Communities - This area identifies a need to work closely with third sector organisations, volunteers and town and community councils developing new service models based on local needs, infrastructure and capacity.

5. Economic Resilience – There are currently limited financial proposals with direct economic resilience links however the increased focus on place making should identify potential opportunities to transform to drive increased economic resilience.

6. Tactical – This is the traditional approach to making savings and will be required to make up any shortfall through service cuts. It is the Council’s intention that this will be

minimised as much as possible during the Medium Term Financial Plan period as this often leads to reduced preventative expenditure and more acute expenditure.

7. Financing – This is always a key strand of the Council’s budget setting through managing cost pressures down and stepping down discretionary budgets to help meet the budget shortfall.

This will need to be considered alongside expectations for the medium term funding horizon for local authorities which will be informed by UK Government and Welsh Government.

Adequacy of Reserves

The Adequacy of Reserves is assessed in the context of the Council having a robust approach to Medium Term Financial Planning and financial sustainable which were covered at the end of the previous section of this report.

The Council holds reserves for a number of reasons which are set out in the following bullet points: General Fund set at a policy level to cover unknown risks; smoothing reserves to address pressures in a managed way; insurance reserve set at actuarially determined level; reserves to address corporate risks; reserves to invest in the future development of services; and to contribute to the Council’s Capital Programme as well as ring fenced reserves for Schools and the Housing Revenue Account. These are adjudged to be held at an appropriate level and there is a five year forecast of their use in place.

The Council undertook a review of reserves in preparation for the 2025/26 budget in the context of reduced reserve balances and a new approach has been adopted to align reserves with Corporate Risk and the Council’s Draft Corporate Plan. As part of this approach service specific reserves are minimised and reserves are held corporately and directed by the Senior Leadership Team; this ensures that the Council’s funds are aligned with the strategic direction of the Council rather than service specific priorities.

- The Council increased its general balance for 2025/26 to reflect 4% of the Council’s net budget. However, in the context of continued pressure on reserves and a number of specific reserves held for risks such as pay pressure, corporate landlord the policy will be amended to hold 3% of the Council’s net budget which is estimated to be £10.6M for 2026/27. This balance is also mitigated by several service specific and risk based reserves.
- Budget Risk – Budget Risk reserve has been utilised in full, for 2026/27 the Council has introduced a Contingency sum of £1m and this will be used to absorb budget risk. It is hoped that through a number of measures taken to right size the budget in 2026/27 some of the volatility seen over the past two years will be mitigated.
- Whilst the Council continues to be concerned regarding the volatility associated with Social Care demand and provider fees and the high cost of some placements particularly in the Children and Young People’s Social Care sector the Social Care reserve has been reduced and some of this volatility will need to be managed from within the contingency budget. As noted previously it is hoped that the steps taken to right size the budget will mitigate some of the volatility in this area.

- The Insurance reserve is held at £4.5M which is considered prudent for the continuation of current insurance arrangements the levels of reserves are subject to external review on a triennial basis and the next review is due in the coming months and will inform the level of funding maintained in the reserve in future years.
- As part of the review of reserves the Council has identified corporate reserves aligned to key strategic budgetary risks as set out in the table below.

Table 4 – Reserves Forecast

As at	Estimated Balance 31/03/26	Estimated Balance 31/03/27	Estimated Balance 31/03/28	Estimated Balance 31/03/29	Estimated Balance 31/03/30	Estimated Balance 31/03/31
	£000	£000	£000	£000	£000	£000
General Fund	11,268	11,268	11,268	11,268	11,268	11,268
Insurance	4,454	4,454	4,454	4,454	4,454	4,454
Service Reserves	6,220	3,435	3,280	3,048	2,816	2,583
Risk and Smoothing Reserves	12,228	10,665	9,776	9,289	8,999	8,997
Capital	5,598	752	414	414	414	414
Schools	327	327	327	327	327	327
Housing Revenue Account	4,325	4,474	2,380	2,411	2,476	2,543
Total	44,420	35,375	31,899	31,211	30,754	30,586

- A further key element of the Council’s budget strategy is to invest in areas to release savings or avoid costs in future years. Examples of reserves identified to support this approach are set out below and these balances have been increased as part of the current reserve review proposals.

- Digital Reshaping Reserves
- Reshaping, Risk, and Investment Reserve

As part of the 2026/27 budget proposals £500k has been set aside to provide a top up to reshaping reserves to enable the transformation proposals to be appropriately resourced and expert advice and support to be utilised as needed.

- Capital Regeneration and Levelling Up – The Council has been awarded a grant from the UK Government’s Levelling Up Fund (LUF) equalling £19.785M. The Council is contributing match funding of £2M to be funded from £949k ringfenced reserves in 2026/27 and £1.051M of borrowing, £535k in 2026/27 and £516k in 2027/28. The LUF grant will be used to fund the refurbishment of the Docks Offices, and the comprehensive redevelopment of the Mole, including the construction of a new Barry Watersports Centre and the development of a new Linear Park.
- Capital Reserve balances at 31st March 2025 are projected to stand at £5.251M and include provision of £1.7m funding towards the Penarth Land Slip (overall scheme of

£3M in 2025/26), £500K funding towards scheme for the retaining wall at Windsor Road and £195K towards Ty Jenner Air Source Heat Pump. These reserves have been utilised to match fund UK Government Levelling Up Fund and other emerging Capital schemes.

- The Schools Reserves are ringfenced and are the responsibility of the individual schools under delegation. The Council saw significant net deficits in 2024/25 which outturned at an overall deficit of £4.1M and the Council offset this balance with identified reserves. The deficit in 2025/26 is estimated at around a further £10.5M by year end taken up to a cumulative £14.6M. These are exceedingly difficult to forecast as they can be impacted to a great extent by Welsh Government grant, however it is expected that at least a further £7M provision for school deficits will be required in year and the budget report sets out the steps taken to identify this sum, further deficits in 2026/27 would require redirecting existing commitments and reserves and therefore it is vital that the action being undertaken by the Director of Learning & Skills to address the deficit position maintains focus and continues at pace. Additional funding to provide peer support in the budget setting space and procurement support continues in 2026/27.
- The HRA (Housing Revenue Account) is a prescribed account for the Council's Social Housing. The level of these reserves will fluctuate as they are built up at the current time to support the Housing Development Programme. It has been over its forecast level in recent times due to the challenges in delivering the capital programme, but the need is there in the context of an ambitious capital programme, it is projected to reduce to around £2M in 2027/28 and be maintained at that level for the Medium Term Financial Plan period.

Conclusions

The Council is facing wide ranging financial pressures and has had a comprehensive approach in addressing them in making its financial plans for 2026/27 and across the medium term. The estimates are considered to be robust and the reserves adequate.

School deficits remain a real, immediate and significant threat to the financial sustainability of the Council. The Council has sought to maximise funding for the mainstream sector of schools to minimise the number of schools in deficit as much as possible. There remains significant challenge in respect of the costs of ALN and falling pupil numbers to the funding position of schools and the deficits position must be kept under close scrutiny.

The Council has built on the existing budget processes and taken into account best practice and feedback from stakeholders and Audit Wales to provide additional strategic direction in respect of the Council's longer term sustainability. With clear targets for closing the Council's funding gap set out in the Medium Term Financial Plan reported as part of the budget proposals.