

THE VALE OF GLAMORGAN COUNCIL

CABINET: 26TH FEBRUARY, 2026

REFERENCE FROM JOINT PERFORMANCE SCRUTINY COMMITTEE:
11TH FEBRUARY, 2026

“655 INITIAL BUDGET 2026/27 AND MEDIUM-TERM FINANCIAL PLAN 2026/27 TO 2030/31 (REF) –

The Head of Finance presented the report surrounding the Council’s budget proposals and provided an overview of key headlines, including that the Council was faced with approximately £28m of pressures in 2026/27, which equated to approximately £84m across the medium term. He indicated that there was a gap of £6.584m, which was being met by reductions in pension costs (£3.812m) alongside Reshaping and savings (£2.772m), which was lower than previous years. He indicated that the Council continued to be the second lowest funded Council per head of population in Wales and spent significantly above its notional formula needs assessment for Education and Social Services, and that Council Tax had been modelled on a 5.5% increase.

He further shared the timelines associated with the budget, including around the provisional settlement in November, provisional deal shared in December ahead of the final settlement confirming the 4.3% uplift being confirmed on 20th January, and indicated that he was still involved in lobbying Welsh Government for a multi-year settlement.

The Head of Finance provided an overview of the journey of the Medium Term Financial Plan (MTFP) which showed the position as at 4th December, 2025, and was subsequently updated to reflect further pressures, settlements, and the impact of savings and reducing the pensions fund, which all culminated in the budget being presented. He provided an overview of the pressures identified within the budget including £3.224m in investment, £0.714m due to demography, £11.694m due to pay inflation, £5.971m due to general inflation, £0.060m due to capital financial alongside other pressures such as social care and schools which totalled £6.064m. He then provided an overview of savings including those related to income £436k, Procurement £50k, Service Transformation £1.557m and Tactical savings, £729k, and highlighted how these savings were reduced compared to previous years.

He then shared the proposed Council Tax increase being modelled on 5.5%, with proposals also considering 6.5%, with both rates meaning that the Vale of Glamorgan would still be the 6th lowest Council Tax in Wales for Band D properties, and that due to the current situation, further details were included surrounding the schools’ budget as a high profile area, identifying how the Council had fully funded the pay award, invested £1m towards historic pressures, and was investing in a number of schemes such as Additional Learning Needs (ALN) Mainstream support

(£510k), Welsh Medium ALN Resource Base at Ysgol Bro Morgannwg (£216k) and developing specialist resource bases in schools in Sy Cyres and Cowbridge (£193k).

The Head of Finance closed by providing an overview of the reserves position, with estimated balances until 2031 based on current budget strategy, seeing a gradual reduction of usable reserves on a year-by-year basis, and a deficit position across Schools' reserves which would have a detrimental effect on the wider Council's financial sustainability.

Councillor Dr. Johnson thanked staff for their work in producing the budget and recognised that the overall financial situation had improved in recent months, largely due to Plaid Cymru's support of Welsh Government's budget in increasing funding for local government. He recognised that there were fewer cuts to services proposed than previous years and the positive impact that this would have for residents. He then reflected that based upon the pension fund and increased income; he was unsure around the proposed Council Tax increase which was above inflation. He questioned if the additional million for Schools would be enough as their debts were substantial, and queried if the funding being provided for Social Care was sufficient, particularly when looking at right-sizing. He then sought to understand if enough was being done to support Vale 2030's ambitions surrounding decarbonisation and the nature emergency, and to further understand the rationale behind the secondary proposal of what an additional 1% Council Tax increase could unlock, as there was reference to areas such as parks, youth services and rural buses, but there was not sufficient detail to enable a fully considered decision.

The Head of Finance responded that there had been fewer cuts in the savings programme, with the last 4 years seeing £8m per year, and that a more modest programme would allow concentration and focus to maximise delivery. He responded that the £1m for schools would help as there were some schools which were only in minor deficits which would be helped by this additional funding, and reflected that there was volatility within Social Care based upon a number of factors which drove overspends, but that the Directorate had robust arrangements in place to try and manage this, including a Budget Board. He further shared that whilst not prevalent within the revenue budget, there were several schemes in the Capital Programme being proposed to support decarbonisation.

The Leader responded that when looking at the budget, there were three areas of concern which an additional 1% Council Tax increase would address. These included youth services, with a focus on prevention, which were felt to be needed by young people, particularly in deprived communities alongside rural bus services, with some of the county's rural areas being at the top of deprivation scales due to connectivity. She indicated that there needed to be consideration of what was good enough and what the community needed and also explained that parks were another potential area in seeking Green Flag status as local residents were passionate and valued these spaces. She shared that further information surrounding these proposals would be shared ahead of the Full Council meeting to approve the budget, reflecting that it was only be a 31p per week for Band D residents, and that alongside Plaid Cymru counterparts, Council Leaders of all political persuasions needed to be thanked for their role in lobbying Welsh Government ahead of potential uncertainty following the Senedd elections in May.

Councillor Franks questioned how robust the budget was, reflecting on what he felt to be the current failure in funding schools. He indicated that a recent ESTYN national report shared the potential risks of schools not having adequate funding to deliver the curriculum and sought to understand how the proposed budget would address these challenges. He also reflected that the highways budget felt inadequate, and that roads were falling to bits, with low grade repairs leading to longer term costs.

The Chief Executive responded that these issues were inter-related, and that difficult choices needed to be made to balance the budget and that Audit Wales would be looking at the robustness of the overall budget. He shared that there needed to be a look at all 53 schools across the County, but only a minority were causing serious concern, where recovery plans were difficult, and that whilst he would like to spend more on schools and highways, the Council needed to ensure that its budget was managed accordingly.

Councillor Franks further sought to understand what had happened in the proposed meeting between schools and the Council following the issuing of legal notices, as the meetings were cancelled short notice and a small press release issued.

The Chief Executive responded that the work had not stopped, meetings were underway with seven schools, and that they had been constructive to date in trying to find a path forward. He indicated that these meetings were just starting and that there would be regular dialogue to continue working on recovery plans in partnership to overcome the financial challenges.

Councillor Ewan Goodjohn highlighted that the additional investment in Social Care and Education was approximately £25m, approximately 7% of the revenue budget, and that this was positive following years of Council Tax increases alongside service reductions. He reflected that Youth Services had a positive impact on the community, providing a benefit to young people, particularly those who were not in education, employment or training, saved lives and helped in building the wider community, and that the service was particularly needed in the most deprived areas, such as his local ward in Cadoxton.

RECOMMENDED – T H A T the comments of the Committee be referred to Cabinet for consideration ahead of final consideration at Full Council.

Reason for recommendation

To ensure that Cabinet consider comments ahead of any further budget considerations.”