Agenda Item No: 10

Meeting of:	**Cabinet**
Date of Meeting:	**Thursday, 23 July 2026**
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Item which the Chair has decided is urgent (Part I) **(If yes, why)**	Not applicable
Urgent Decision Procedure Used (15.14 of the Constitution) **(If yes, why)**	Not applicable
Item Type	Part I
Report Title:	Financial Strategy 2027/28 to 2031/32
Portfolio Holder:	Executive Leader and Cabinet Member for Performance and Resources
Strategic Leadership Team:	Director of Corporate Resources
Lead Officer:	Head of Finance/S151 Officer

1.0 What is this report about?

1.1 The key purpose of the report is to set the strategy for development of the Council's 2027/28 Budget and 2027/28 to 2031/32 Medium Term Financial Plan.

1.2 The report restates the Medium Term Financial Plan's assumptions approved by Council in March 2026 and sets out new and emerging financial issues and sets out the Financial Strategy and process for approving the 2027/28 Budget and MTFP at Council in March 2027.

1.3 The new Corporate Plan, Vale 2030, was developed in 2024/25 and approved at Council in March 2025 for the five-year period to 2030. This continues to be the key driver for the allocation of resources across the medium term.

1.4 The Financial Strategy will focus on ensuring that the Council's resources will be targeted to delivering the Council's objectives and at these challenging times ensuring services for the most vulnerable are maintained.

1.5 The Council delivers good value for money through low net expenditure per head of population and low local taxation, Council Tax being the sixth lowest of the twenty two Welsh Councils. It is the second lowest funded by Welsh Government of the Welsh

Councils. Schools and Social Care account for an ever-growing proportion of the Council's resources and in 2026/27 account for 70% of net expenditure.

1.6 The economic environment continues to be challenging with some level of uncertainty - flat growth, inflation in excess of Government Treasury targets and the prospect of an increase in interest rates in the near term reversing the 0.25% reduction back in December 2025.

1.7 There is a significant funding gap in 2027/28 and across the medium term. There was a three year Spending Review from the UK Government in 2025 but the follow up from the Welsh Government didn't materialise due to negotiations in the Senedd on the 2026/27 Welsh Government Budget and the upcoming Senedd election in May 2026. There is, therefore, not a robust means by which to forecast Welsh Government grant and this is also complicated by the establishment of the minority Plaid Cymru Welsh Government and the natural absence of their detailed plans so soon after the election. Nevertheless, from what is known of the UK Spending Plans and work undertaken by the Cardiff University Fiscal Unit assumptions have been made on the 2027/28 and future settlements.

1.8 The gap for 2027/28 is currently forecast at £9.987M. There are forecast cost pressures of £16.777M but likely funding of only an additional £6.790M coming through from Welsh Government grant and Council Tax as currently modelled.

1.9 The key cost driver continues to be inflation with £12.554M of pressure coming through on pay awards, care and transport. It is not easy to forecast inflation given the continued global uncertainty most recently as a result of the US and Isreal action in the middle east from early in the current calendar year as well as the ongoing conflict in the Ukraine. On top of this are the continued demographic pressures coming through with a growing number of pupils with Additional Learning Needs and an aging population.

1.10 Council Tax is assumed to increase by 3.9% but this is purely for planning purposes at this stage and will be subject to a policy decision later in the process.

1.11 Resources Scrutiny Committee is being requested to review the Financial Strategy and funding and cost assumptions and for their comments to be fed back to Cabinet.

1.12 Officers will be reviewing the cost pressures and existing savings commitments across the summer to inform the Council's planning and to feed into work by WLGA on modelling pressures across Welsh counties to support the joint lobbying of Welsh Government for a settlement that meets the needs being experienced by the local government sector.

1.13 Services will be bringing Reshaping proposals forward in late September 2026 against an agreed framework as described in this report (the full prospectus is attached at Appendix A) along with an expectation that these will need to be supplemented by tactical savings. These will be subject to internal challenge across September and October 2026.

1.14 At the outset of 2026/27 financial planning, there had been a proposed significant change to previous years; there was to be active public participation on proposals earlier in the process. This wasn't possible due to the challenges on the settlement set out above. However, this remains the preferred direction of travel and a Budget for Consultation is scheduled to be published in November which allows for an extended period of consultation and will enable more assurance on the delivery of the efficiencies and savings.

1.15 A balanced budget for approval will be presented to Council in March 2027.

2.0 What are the Recommendations?

	Recommendations – What and How?	Reason for Recommendation – Why?
2.1	Cabinet is recommended to note the challenging financial position faced by the Council with a funding gap of £9.987 in 2027/28 and £42.451M across the medium term.	There continue to be significant financial pressures impacting on the 2027/28 Budget and Medium Term Financial Plan 2027/28 to 2031/32 and it is essential to inform Cabinet of the magnitude of the challenge and for work to commence as early as possible on establishing a balanced budget and sustainable financial position in the medium term.
2.2	Cabinet is recommended to lobby Welsh Government for an appropriate settlement in the face of the continued inflationary pressures on schools and social care provision and authorise Council Officers to do the same through appropriate networks.	The challenges cannot be overstated at this time and many of the cost pressures cannot be fully mitigated. A significantly better settlement than is currently forecast would be essential if there are not to be reductions in service provision
2.3	Cabinet is recommended to note the accelerated budget setting timetable.	Early decision making will enable extended consultation and improve deliverability of savings and reshaping proposals
2.4	Cabinet is recommended to request officers to review the cost pressures and savings commitments across the summer.	There are a number of strategies to balancing the budget other than attracting more funding and delivering savings. Costs need to be managed too.
2.5	Cabinet is recommended to request officers develop proposals against the redefined transformation programme, the Reshaping Programme, to complement the Financial Strategy and contribute to the medium term financial sustainability of the Council.	To enable the medium term financial sustainability of the Council to be strengthened by a new iteration of the Reshaping Programme.
2.6	Cabinet is recommended to refer this report to the Council's Resources Scrutiny Committee to review the Financial Strategy and assumptions made on costs and funding in the Medium Term Financial Plan refresh and for any recommendations to be referred back to Cabinet for consideration.	The Council is open to clear and transparent financial reporting and an appropriate level of challenge to the management of its finances. A key element of the challenge process is through the Council's scrutiny function.
2.7	Cabinet is recommended to note that a further report on the Council's budget be presented to Cabinet in due course as outlined in this report.	Given the financial challenges, clear and regular reporting is essential.

3.0 What is the background to this report?

3.1 2027/28 Budget Setting

3.2 The Council approved its 2026/27 Budget and Council Tax charge at its meeting on 9th March 2026. Budget setting over the past two years in particular had been relatively less challenging with the final Settlement from Welsh Government being 4.3% after the implementation of a funding floor, albeit the Council wasn't reliant on this floor. It had been an uncertain lead up in the autumn with the initial Provisional Settlement being only 2.5% across Wales with the Vale of Glamorgan being protected by a 2.3% floor.

3.3 The Council has, in relative terms, a modest £2.772m savings programme to deliver albeit at the same time as managing a significant level of pressures which again could not be accommodated. On a positive front there had been some preventative provision agreed in the budget including investment in the youth Services and £2m growth in school budget given the risk of growing deficits. There was also continued challenge in setting Council Tax with an increase of 6.5% during the continued economic pressures. Nevertheless, the Council element of Council Tax remains one of the lowest in Wales, ranking 6th lowest of the 22 Authorities.

3.4 Of concern is the continued short term nature of settlements at a time when it is more important than ever to be able to plan for the medium term. There had been a three year UK settlement following the Spending Review by the UK's Chancellor of the Exchequer in June 2025 but for a number of reasons including Senedd budget negotiations and the forthcoming Senedd elections this didn't translate to a three settlement in Wales.

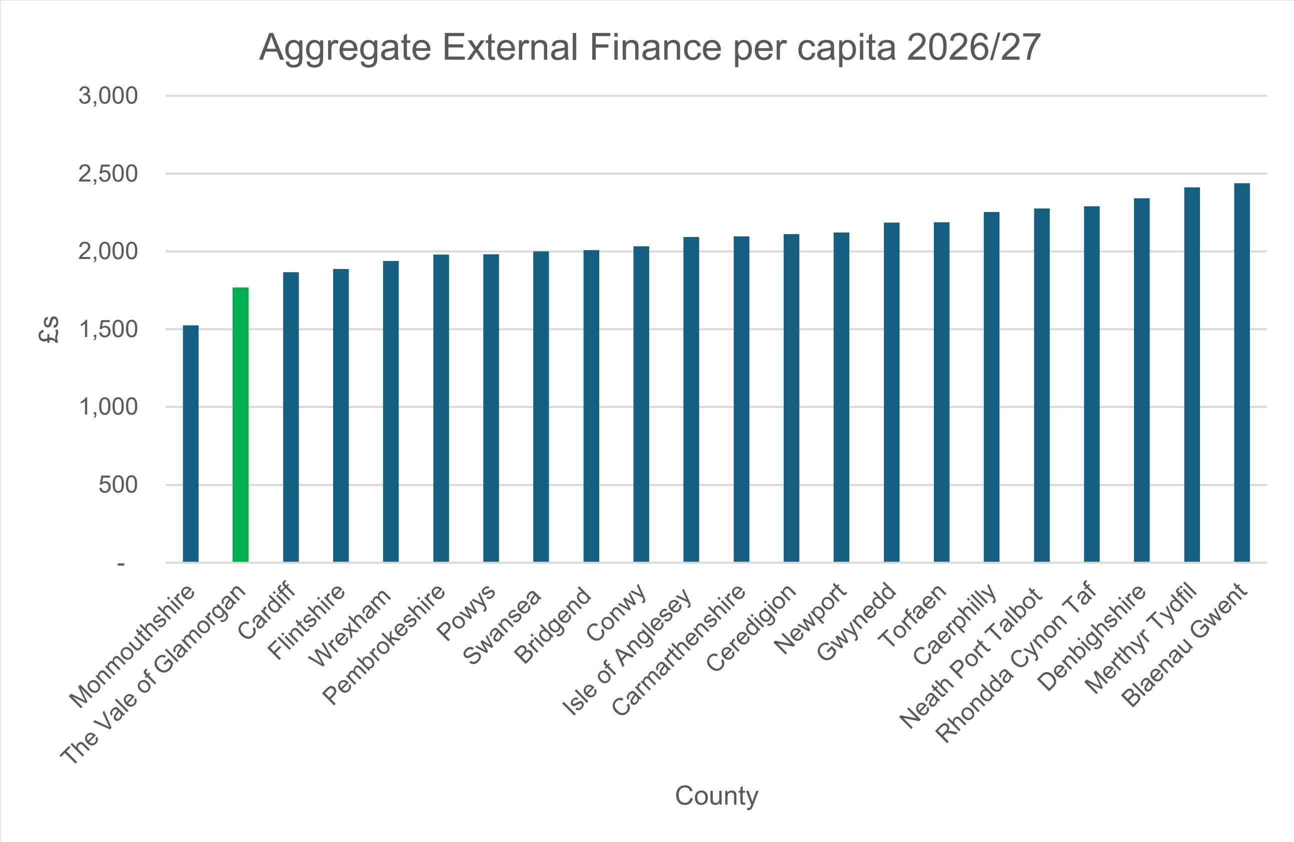
3.5 The £2.772M savings programme is the smallest since 2022/23 and does give the Council opportunity to regroup and put itself in the best position to further develop its medium term financial plan alongside its Reshaping Programme.

3.6 Financial Overview

3.7 The Vale of Glamorgan is a relatively low spending Council with low levels of Welsh Government Grant and Council Tax.

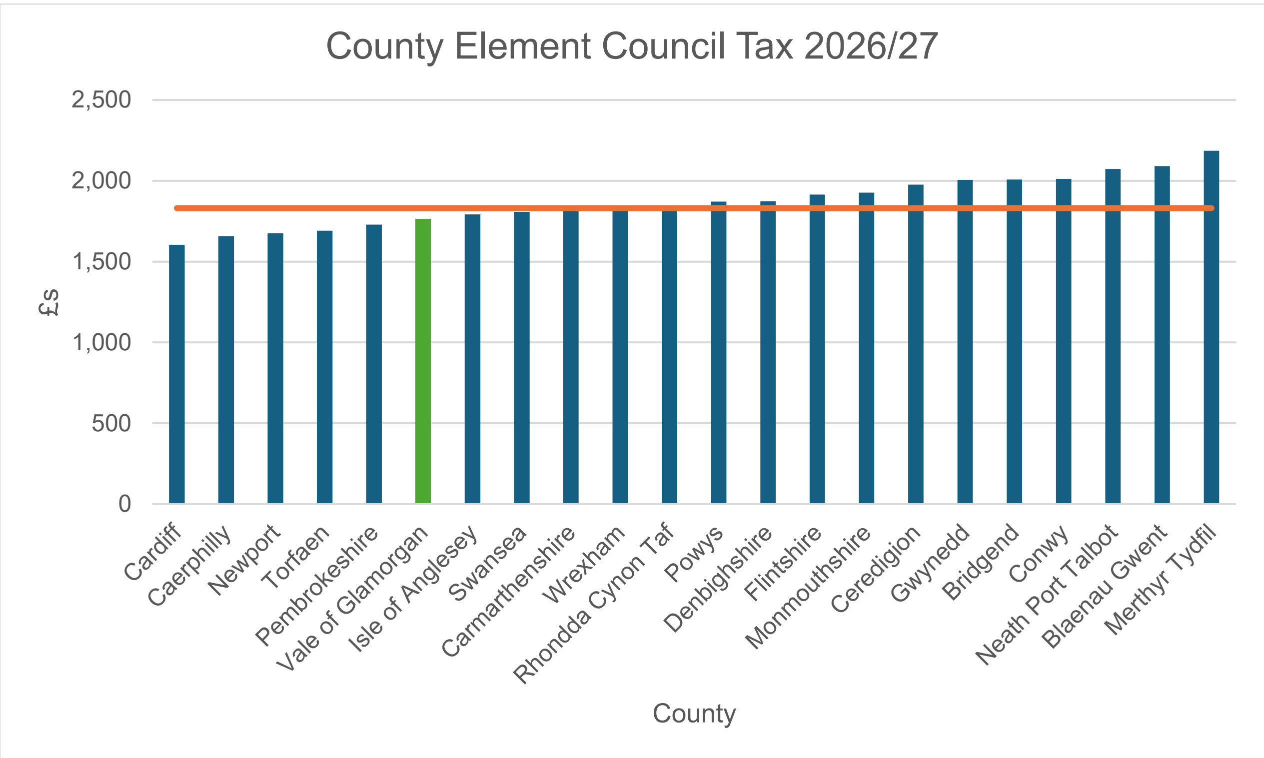
3.8 The Vale of Glamorgan had the second lowest level of grant from Welsh Government of the 22 Welsh counties for 2026/27. The low level of funding exists in place against all of the service blocks feeding into the overall grant and the Council has had to spend above these notional levels to ensure an appropriate level of resource is available to deliver services, especially in the schools sector.

3.9 Chart 1 – Aggregate External Finance Per Capita



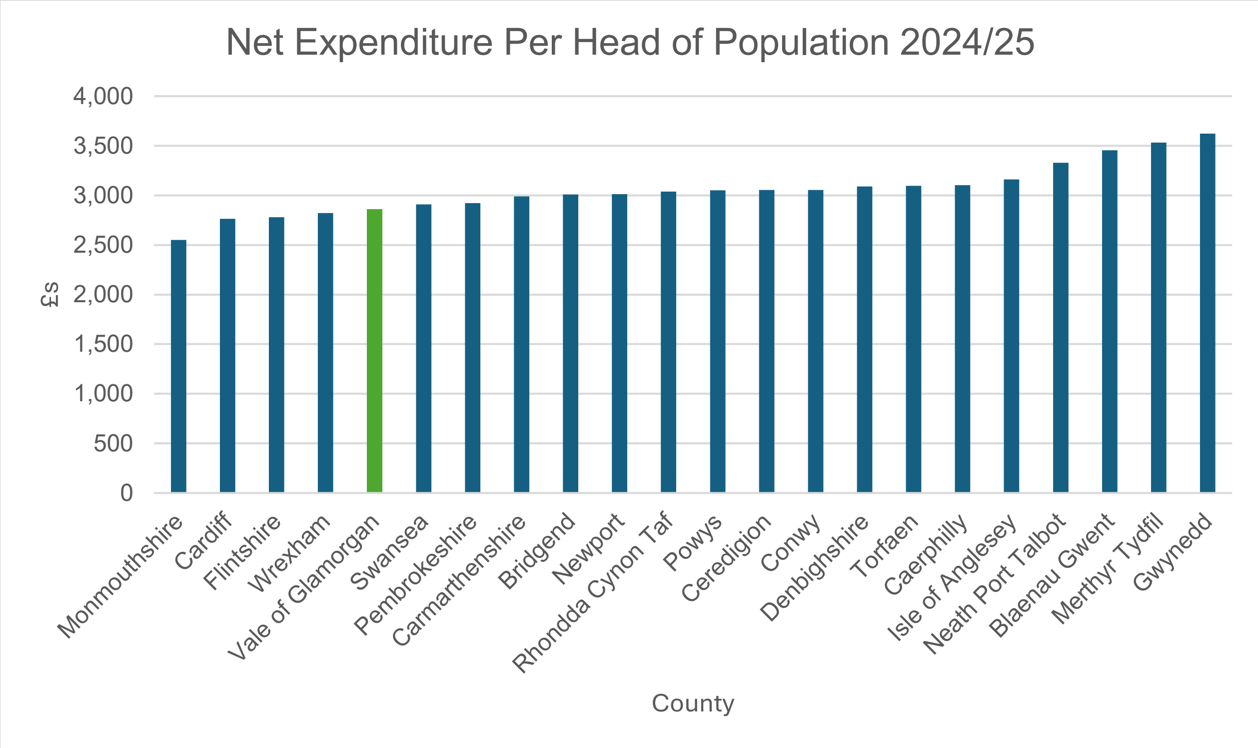
3.10 The Vale of Glamorgan continues to be one of the lower taxing Welsh counties and for 2026/27 remains the sixth lowest taxing of the 22 Welsh counties. The overall ranking is unchanged from 2025/26 and at £1,763 is 3.7% below the county average of £1,831 for a Band property. There continues to be a wide range of rates charged across Wales, Cardiff at the low end £1,604 and Merthyr Tydfill at the top end £2,186. Pembrokeshire had been the outlier at the low end but has had a clear strategy to increase its revenue over recent years and is now at £1,728, marginally behind the Vale of Glamorgan.

3.11 Chart 2 – Council Tax Rates



3.12 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 is provided 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.

3.13 Chart 3 – Net Expenditure per head of Population



3.14 The Council regularly undertakes detailed benchmarking to support its financial planning and the high level summary data is included below with service spend typically low or very low in an all Wales context.

3.15 Table 1 – Benchmarking 2024/25

Service	Unit	Wales Max	Wales Min	Vale of Glamorgan	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

3.16 Education is an exception, being high in the Wales context. At the more detailed level mainstream primary and secondary are both Very Low but Special Very High which drives the overall rating. There has been some redistribution of resources as part of the 2026/27 budget setting but that is not reflected here nor when the 2025/26 data is released in the early autumn.

3.17 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 70% of the Council's spend in 2026/27, marginally down from the previous year albeit modelling of the current budget proposals below indicates that this proportion will grow 2027/28 and across the medium term. There is little flexibility in much of the Council's spend with, for example, the Council Tax Reduction Scheme of £12.999M being a national scheme (albeit far from fully funded, nationally) and the Fire Levy of £9.025M being a levy set by South Wales Fire and Rescue Service.

3.18 Table 2– Net Expenditure 2026/27

Service	Description	Net Spend 2026/27	% of Base Budget
		£000	%
Schools	Delegated spend for primary, secondary and Special schools including Additional Learning Needs Provision	133,155	37.5
Social Care	Support services for vulnerable Adults and Children and Young People in our Community.	115,269	32.4
Learning and Skills	Central support for schools, libraries, arts and cultural provision.	19,154	5.4
Corporate Services	HR and Payroll; Finance including Council Tax, Rates and Benefits; Legal and Democratic Services; and also ICT and Office Accommodation costs total £5M.	16,886	4.8
Council Tax Reduction Scheme	Statutory scheme supporting those on the lowest incomes.	12,999	3.7
Waste and Recycling	The cost of Waste and Recycling Services	10,339	2.9
Fire and Other Levies	Payment of the levy to South Wales Fire & Rescue Service	9,025	2.5
Borrowing Costs	Capital financing costs and investment income	8,301	2.3
School Transport	Transporting Children and Young People to Mainstream and Special sector schools	7,315	2.1
Highways	The cost of Highways and Engineering including Flood, Drainage and road maintenance	5,982	1.7
Other Neighbourhood Services	Leisure, Parks, Street Cleansing	3,706	1.0
Regeneration and Planning	Includes management of the Planning function including development of the LDP, Regeneration, Country Parks and Tourism services.	3,161	0.9

Policy	Including Contingency and transfer to reserves	2,792	0.8
Transport	Including Supported Bus Services	1,760	0.5
General Fund Housing	Community Safety and Homelessness provision	1,947	0.5
Democratic Costs	Democratic Costs	1,878	0.5
Regulatory Services	Food safety, animal welfare	1,634	0.5
Total		355,303	100.0

4.0 <u>What issues are there to be considered?</u>

4.1 <u>Corporate Plan Objectives</u>

4.2 The Council agreed its current new five year Corporate Plan – 'Vale 2030' in March 2025.

4.3 In line with the duties under the Well-being of Future Generations Act the Council is committed to looking much more to the long term and will work hard to leave a sustainable legacy for future generations. Vale 2030 sets out a focus on taking preventative actions and to involve residents in the actions that are taken, while listening to ideas, views and concerns. Vale 2030 has further strengthened the vital importance of working in partnership to deliver the intended outcomes for residents and making the best use of public sector resources to do so. This recognises the benefits that partnership working brings and the importance of joining up services around peoples' needs.

4.4 The Council's five well-being objectives are set out in the Corporate Plan and complement one another to collectively contribute towards the seven national well-being goals. The Plan sets out the reasons for choosing these objectives and how they will be achieved.

<u>Vale 2030</u>

4.5 The five well-being objectives are:

i. Creating great places to live, work and visit;

ii. Respecting and celebrating the environment;

iii. Giving everyone a good start in life;

iv. Supporting and protecting those who need us; and

v. Being the best Council we can be.

4.6 Key to the delivery of the Corporate Plan within the constraints of the Financial Strategy is the Council's Reshaping Programme. Vale 2030 articulates what the Council would like to achieve, with Reshaping being the transformation programme which shows how the organisation will change and work to achieve this. A series of other corporate strategies are associated with the success of the Financial Strategy. These include the People Strategy setting out the way in which the workforce will be supported and developed, Corporate Asset Management Strategy setting out the direction and use of the Council's assets and a Digital Strategy to set a course for the use of digital technology as a key enabler of Council operations.

4.7 **<u>Financial Strategy</u>**

4.8 The Financial Strategy is broadly in keeping with the Strategy adopted over the past three years, it has been gradually evolving rather than being significantly overhauled annually.

4.9 **Delivering the Corporate Plan**

4.10 The overriding objective of the Financial Strategy is to ensure that resources are aligned to corporate objectives. The development of the Council's budget will take place with the new Wellbeing Objectives being a source of continuous focus.

4.11 **Focus on Supporting the Most Vulnerable**

4.12 The Council continues to operate in challenging times with the cost of living crisis broadly driven by the war in Ukraine in March 2022 still having an impact on many residents with the high levels of inflation which persisted through 2023/24. The UK and Welsh Government led schemes are fully wound down but the Council continues to support partners and community organisations to enable access to information and services, and signposting residents to additional support through various channels of communication. A key component of the Financial Strategy will be to ensure, as far as possible within the financial constraints impacting on the Authority, that services providing support to the most vulnerable will be provided with sufficient resource to continue to operate as effectively as possible.

4.13 **Sustainable Finances**

4.14 It is not enough to limit attention to setting the 2026/27 budget. The Council's finances need to be managed to ensure they are sustainable over the medium term and beyond. A balanced budget will be brought forward for 2026/27 but as part of the budget setting process there will also be a focus on the shape of the Council over the medium term. One-off measures will need to be part of a budget strategy, but they need to be recognised as such, and the necessary adjustments made to the base in future years.

4.15 The underlying estimates need to be robust, and all cost pressures need to be recognised and be part of the budget. This includes consideration of historical under and overspends and unrealisable savings which need to be addressed. New savings proposals need to be realistic, deliverable and subject to open and clear scrutiny.

4.16 **Appropriate Level of Reserves**

4.17 Covid-19, the conflicts in Ukraine and Gaza, the change in political administration in the USA as well as the cost of living crisis serve as strong reminders of the uncertain world the Council is currently operating in, and whilst easing inflation had not having been considered as major a risk for many years. The overall level of reserves and how they are earmarked need to be continuously reviewed. This is both to protect against unexpected costs and enable investment in services to ensure they operate as efficiently as possible in the future. It is not just about having sufficient overall reserves but ensuring that as well as covering known commitments, both revenue and capital, that they reflect the risks which the Council faces. The risks around interest rates and inflation have been addressed through the comprehensive reviews of the reserves in 2023/24 to 2025/26 but the reserves will be subject to further review as part of 2026/27 budget setting.

4.18 **Generating Local Tax Revenue**

4.19 At the heart of the Financial Strategy is the Council Tax Policy. Council Tax is a key controllable revenue stream for the Council, and this policy will be developed during the budget setting process.

4.20 **Fees and Charges**

4.21 The Council should look to recover all costs in its approach to fees and charges other than where it consciously offers concessions. There are a number of fees and charges which are statutory in nature and set by Government and for these the Council should ensure that the chargeable work is undertaken as efficiently as possible. A thorough review was undertaken in 2023/24 which now needs to be built on, and this will continue to be a key feature of annual budget setting.

4.22 **Collective Responsibility to Manage the Finances**

4.23 The Council has continued its excellent track record in managing its finances well as was evidenced in the Audit Wales Financial Sustainability Report, published in October 2021. There was a follow up report in 2024 with actions in place to strengthen financial sustainability and create a clear link between budgets and performance. A key element of this success is the collective ownership of the finances throughout the Council. The development of the Council's Financial Strategy has been led by the Corporate Resources Directorate, but has been informed, and will be delivered by, the Council's Strategic Leadership Team and all budget holders.

4.24 Day to day management is through the Oracle Fusion system and appropriate training on the system is on offer to all officers, senior managers and leaders. CIPFA's Financial Management Code came into force in 2022, and self and independent assessment will be undertaken against the criteria set out in the Code.

4.25 **Accessible and Transparent Finances**

4.26 The best decisions are based on having the best information available and the Council will strive to continue to present its finances in a way that makes them accessible and readily understandable. This is especially the case with the presentation of the use of grants and reserves.

4.27 In its Annual Self-Assessment report, it is concluded that more needs to be done in respect of public participation, including on the budget, both through early engagement when savings proposals are being formulated and also in the publication of Equality Impact Assessments which are required to be in place alongside savings proposals when the Council consults on its budget.

4.28 **Deliver Best Value**

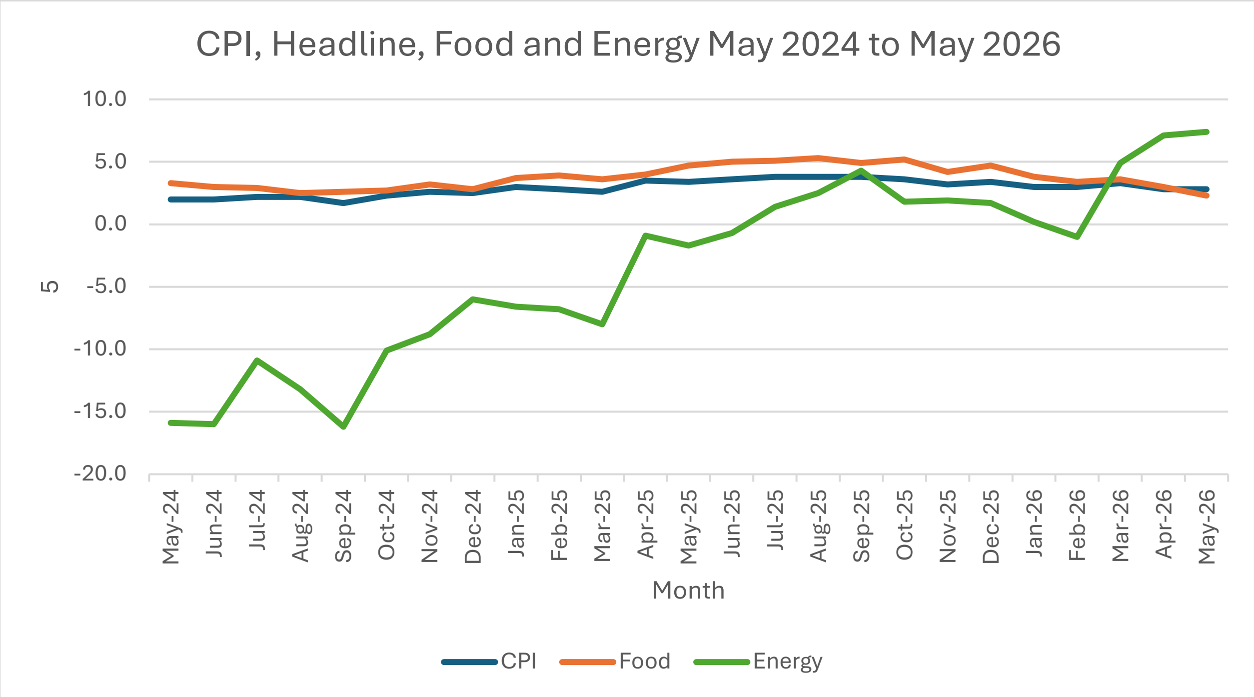
4.29 Resources are certainly finite, and the Council must utilise them as efficiently as possible. There are tools and processes in place to ensure this is the case and it is important they and strictly adhered to. Of note are the Contract Procedures and Financial Procedures set out in the Constitution. It is equally important that the Council continually compares itself with its peers and benchmarks services for both performance and costs and seeks out best practice in service delivery.

4.30 **Overall economic position and prospects for local government**

4.31 The overall economic environment for the UK continues to be one that faces many challenges and much uncertainty which is a very similar picture to that put forward in last year's Strategy.

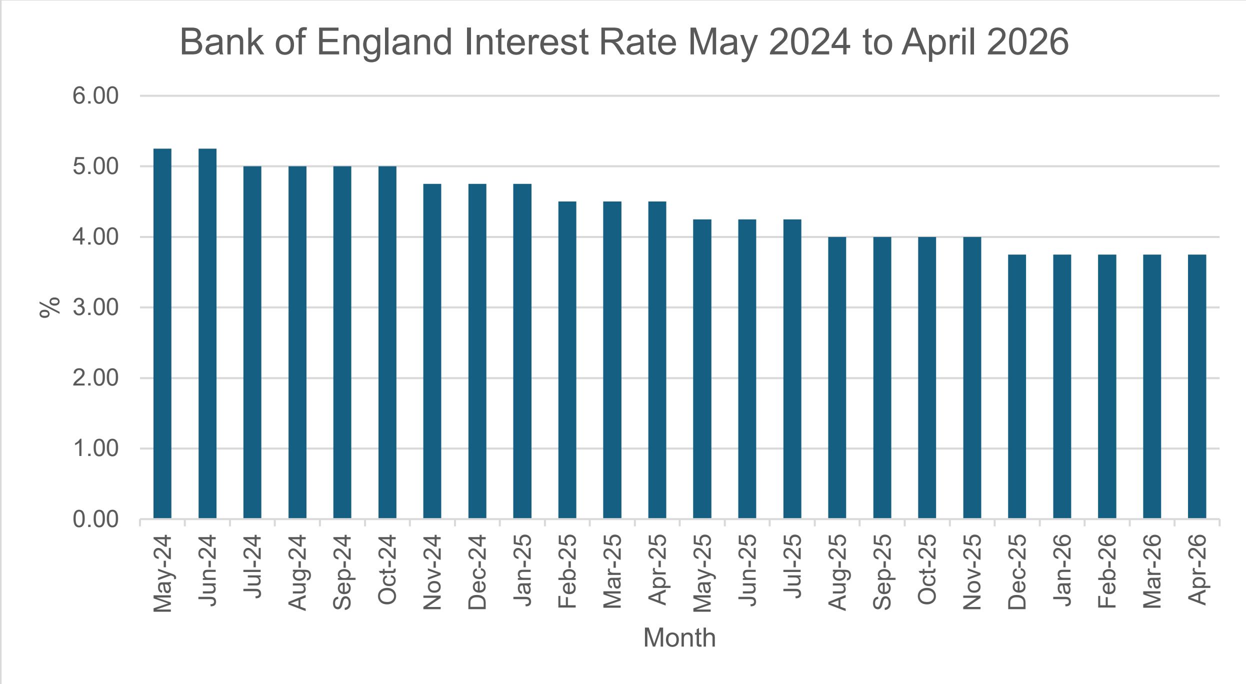
4.32 This uncertainty continues to be very evident in the latest CPI figures. The overall level of CPI has despite expectations remained at 2.8% for a successive month. April had been the lowest monthly increase in over a year but is still well in excess of the Government's target for the UK Treasury. The US/Israeli action in Iran sparks almost daily speculation about the impact on inflation both in terms of the impact of oil price but also the impact on trade with the effective closure of the Strait of Hormuz. Expectation is still that inflation could rise to 4% across the summer and whether the agreement signed by Iran and the USA on 15th June holds will play a key role in that. In the underlying data it is not surprising to see the spike in energy, up 7.1% in April and a further 7.0% in May. Food inflation has been a constant concern too driving a continuing cost of living squeeze and positively for May food at 2.4% is at last below the headline rate an improvement on the circa 5.0% month on month last summer.

4.33 Chart 3 Inflation



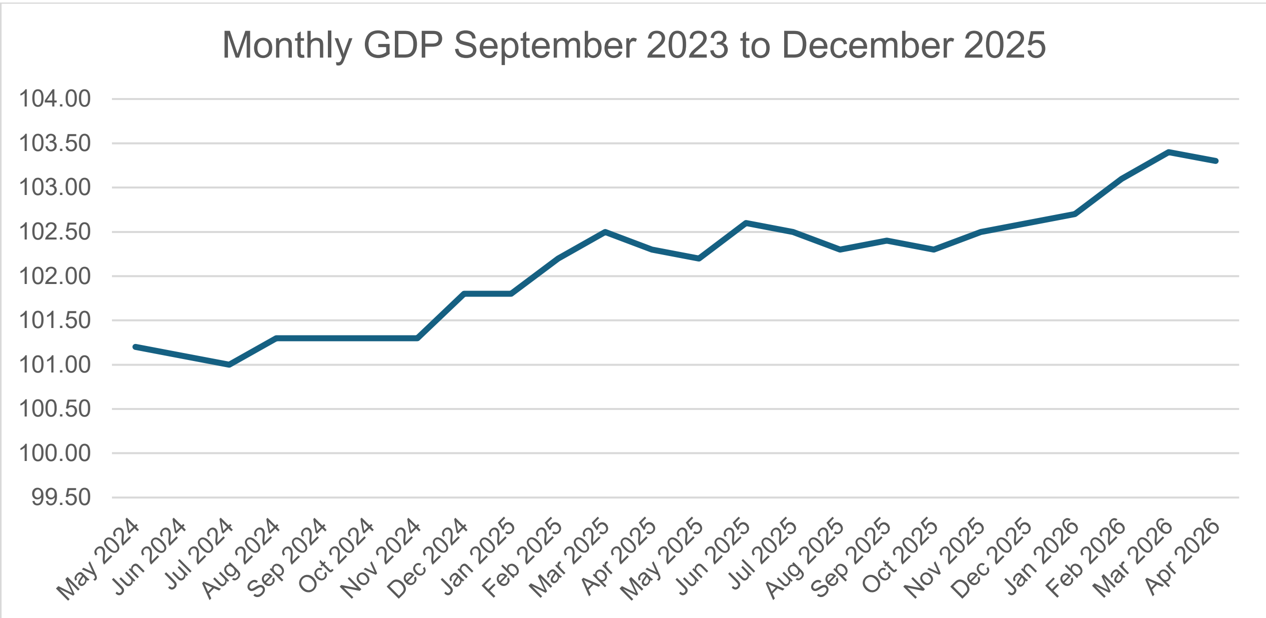
4.34 The prolonged above target inflation has made life difficult for the Monetary Policy Committee with its key objective to deliver the UK Government's 2.00% target. The Committee reduced the rate down 3.75%; CPI was 3.20% at the time and there was an expectation for it to fall in the near term with subdued economic growth and slack in the labour market. Global events have put paid to further reductions and the talk at the meeting on 30th April was centred on the impact of the middle east conflict and that inflation in March at 3.30% was above their expectations. It is not unreasonable to expect an increase to 4.00% in the near future.

4.35 Chart 4 Base Rate



4.36 The UK economy continues to perform poorly with growth only up 0.1% in April 2026. Indeed, with September 2023 being the index base of 100.0, there has been growth of only 2.2% over the past two years. The new UK Labour Government had made economic growth a priority but without commenting directly on their policy initiatives it is clear global economic shocks are doubtlessly playing their part. A strong UK economy is a very important ingredient for investment in public sector services.

4.37 Chart 5 GDP



4.38 **<u>Summary of funding announcements across 2025 and 2026</u>**

4.39 It is not straightforward to develop a clear view of resources for Welsh counties at this time given the very recent election of a minority Paid Cymru administration in the Senedd in May 2026. At this time, this section of the report will provide a reprise of funding announcements made by the UK and Welsh Government over the past twelve months to provide some insight into likely funding levels for 2027/28 and beyond.

4.40 It was hoped that whilst the numbers might be challenging that the UK Spending Review June 2026 would at least provide some stability across the three year review period

2026/27 to 2028/29. There is a full account in the 2026/27 Financial Strategy at paragraph 2.32 onwards.

Financial Strategy 2026-27

4.41 It was the first spending review since 2021 and as well as day to day spending set out key investment plans for new infrastructure on hospitals, schools and military equipment. The headlines were:

i. NHS saw significant investment in England up 3% per annum on average allowing for inflation.

ii. Spending on Education 0.4% real terms average over three years.

iii. Reduction on home office spend

iv. Defence up by 0.7% taking it to 2.5% of GDP.

v. Real terms reduction to MHCLG but a reduction on Council Tax constraints in England.

4.42 Consequently, the Welsh Block Grant for day to day spending will rise by 1.3% per annum on average in real terms over the three years but as ever very much front loaded. This presents a challenge to the Welsh Government in how this would be allocated the public sector and especially the balance between Health and Local Government.

4.43 There was a very brief announcement by Welsh Finance Secretary shortly after on 1st July 2025 where it was made clear that there would be a single year settlement in Wales for 2026/27 only. This was on the basis that the incumbent Welsh administration indicated they did not want to be making commitments ahead of the Senedd elections.

4.44 There was initially less positive news to follow with the publication of the draft Welsh Budget on 9th October. The full upside of the June Spending review was not to be distributed with the prospect of a 2.5% roll over budget, near identical settlement for local government and health. This was due to the need for negotiation with other Senedd groups to agree budget early in the new calendar year and some level of headroom was important. The Council level figures were published in the Provisional Settlement announcement on 24th November with the Vale of Glamorgan protected by a 2.3% floor.

4.45 Not surprisingly, there was significant lobbying by all Council Leaders for a full settlement and a revised Provisional Settlement was published on 4th December 2026. A further £112.8M had been identified enabling an overall increase of 4.5% with a 4% floor. The Vale of Glamorgan's settlement was at the floor level of 4% but without the need for any protection.

4.46 In between the two Welsh Provisional settlement announcements the UK Chancellor had also set out UK Budget on 26th November 2025. There had been a wide range of measures covering day to day and infrastructure spending, but key was the introduction of transitional relief for the new business rate lists which provided consequentials for Wales and will have eased some of the pressure on the Welsh Government in coming forward with its improved Provisional Settlement.

4.47 There is a different system for funding schools in England and over recent years there has been a growing crisis with the Councils building up very significant deficits supporting children and young people with Special Educational Needs and Disabilities (SEND) In February 2026 the UK Government announced that it would pay of the £5bn of deficits which had accrued to 31st March 2026. This will give rise for Barnett consequentials for the devolved governments and was covered further in the Chancellor's Spring Statement.

4.48 The UK Chancellor made a Spring Budget Statement on 3rd March 2026. This was though low key and an update on her economic plans with on new major tax or spending measures. The Consequential for the Welsh Government following the SEND write off is £540M revenue and £15M Capital. There has been further detail on this provided by WLGA although there is also some further clarification required. But at this stage there is £322M in 2026/27 which is non-recurring and £197M on a recurring basis from 2028/29. There is an expectation of further one off support of SEND in England being required so the prospect of further consequentials.

4.49 Plaid Cymru announced its Supplementary Welsh Government Budget on 24th June 2026 with £294M of spending plans for 2026/27. For local government the Supplementary Budget proposals include £40m to tackle the maintenance back log in schools and £15M (£10M capital and £5Mrevenue) for secondary school canteens for the expansion of free school meals, £55m (£10M capital and £45M revenue) for Childcare, one of the key election pledges to both meet existing demand and to expanding care to more two year olds, £2M to pilot the Cynnal child payment (revenue), £5m capital for the Community Facilities Programme, £20M capital for social housing and £10m for Enterprise, connectivity and Energy of which £38 is to continue the £1 bus fare pilot for young people and £2M for a new north-south bus service.

4.50 The largest single cash injection is £100M revenue for Health which the Government have allocated to bring down waiting times. There is also £25M capital for surgical and diagnostic hubs and £20M capital for the maintenance backlog.

4.51 After these changes there is still £247m day to day spending remaining to be allocated.

4.52 **<u>How does it feel in the Vale of Glamorgan</u>**

4.53 **Let's Talk – Life in the Vale**

4.54 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 a wide ranging piece of engagement work with residents two years ago and this was undertaken again in 2025.

4.55 The Let's Talk About Life in the Vale exercise, which ran from 8th September to 12th November 2025 and received 2,507 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.

4.56 The response to the survey has been recently reported to Cabinet, the link to the full 25th June report is below.

[08 - Responding to the Let's Talk About Life in the Vale Survey]

4.57 The survey results show that residents consider the Vale of Glamorgan to be a good place to live. 64.09% of respondents are either very satisfied or very satisfied with their local area as a place to live. 83.34% of respondents would recommend the Vale of Glamorgan as a place to live.

4.58 More than half of respondents strongly or slightly agree with the following statements:

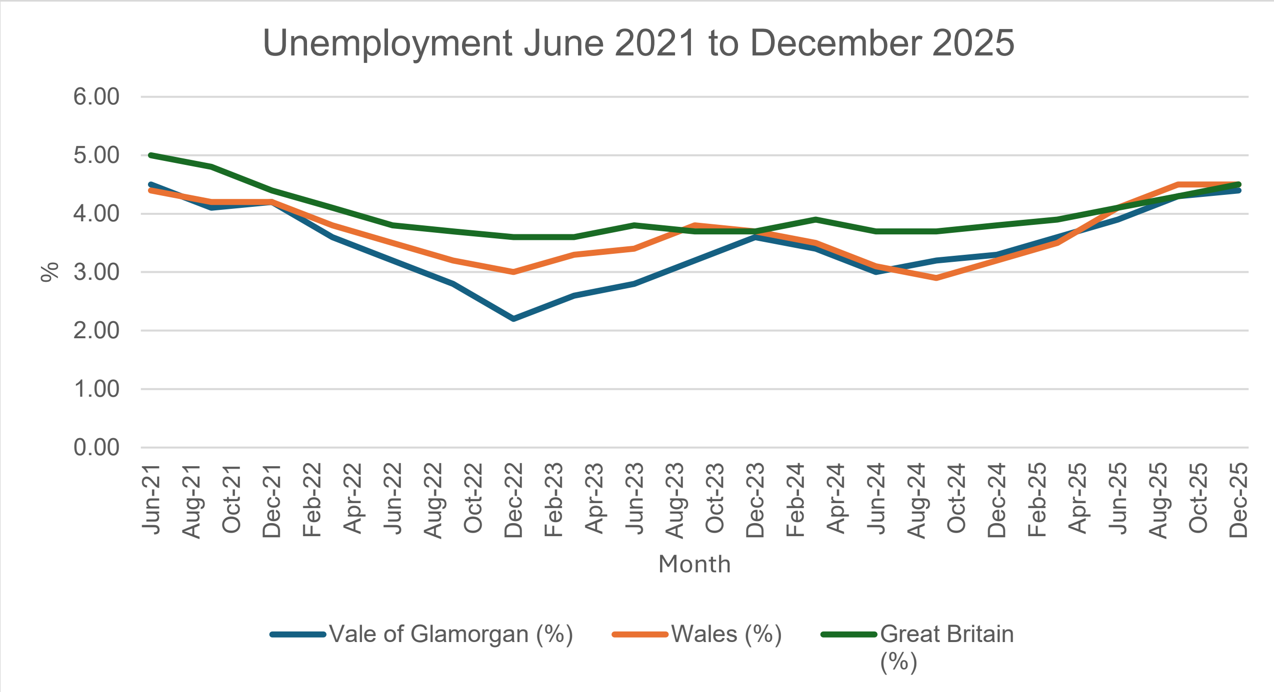
- People in their local area get on well and help each other (71.17%).
- People in their local area pull together to improve their local area (51.55%).
- They feel part of their local area (60.22%).
- The air quality in their local area is good (53.3%).
- There are enough green spaces in their local area (69.35%).

4.59 The survey results show that the priorities set out in Vale 2030 still align with the concerns of residents. Since the 2023 survey and creation of the new corporate plan there has been an increase in the percentage of respondents who are very or fairly concerned about the cost of living crisis from 2023 (77.95%) to 2025 (82.65%).

4.60 **Employment, Benefits and Housing**

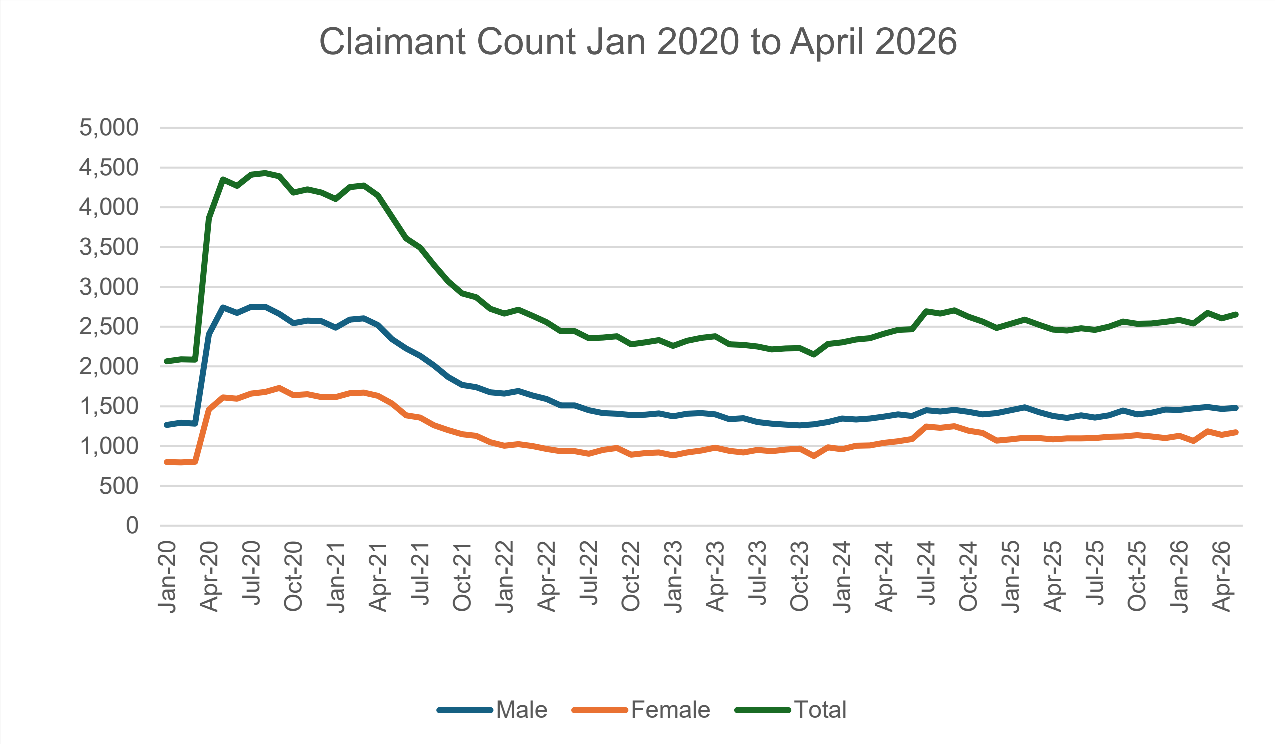
4.61 Unemployment has been tracking upwards over the past two years and is approaching levels last experienced during the pandemic. The trajectory is very similar across the UK, Wales and Vale of Glamorgan and not entirely surprising considering the economic data above. This naturally puts greater pressure on Council services.

4.62 Chart 6 Unemployment



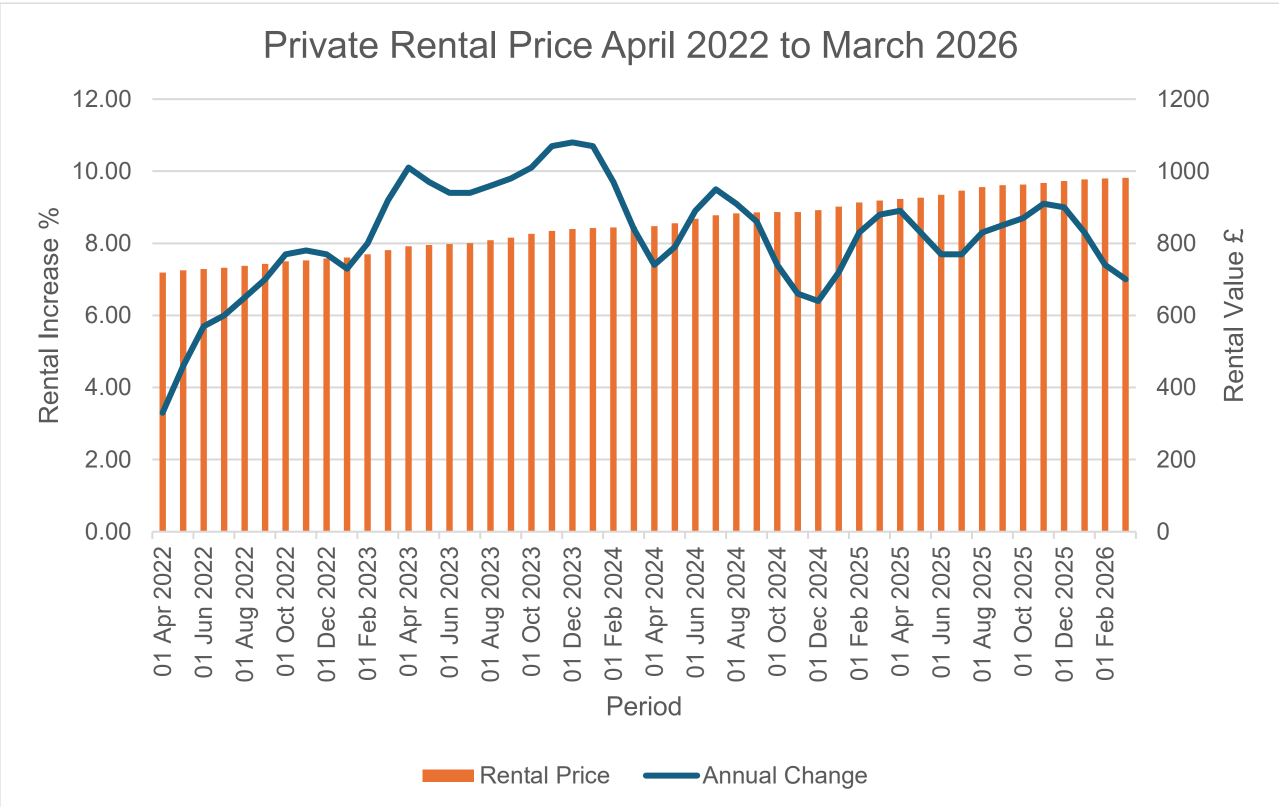
4.63 The number of claimant appears relatively flat in the chart below but is nevertheless up 7.7% over the past twelve months and this is consistent with the stagnant economic growth and rising unemployment and also the financial pressure experienced by the Council's Council Tax Reduction Scheme which has required a budgetary uplift of £1m in 2025/26 and a further £0.5M in 2026/27. A slightly longer timeline has been included back to the pandemic highlighting the huge volatility and uncertainty at that time.

4.64 Chart 7 Claimant Count



4.65 Private rental housing costs continue to rise at well in excess of inflation but at a slower rate than the peak in 2023/24. Year on year to March 2026 they are up 7.0% and by far outstripping the 4.3% increase in social rents by the Council and Registered Social Landlords and the prevailing inflation rate of 3.8% at the time. They are up by 36.5% since April 2022 as set out below, that is just across four years. It is also worth noting that the Vale of Glamorgan has the third highest average private rental costs in Wales (after Cardiff and Monmouthshire).

4.66 Chart 8 Private Rental Prices



4.67 The Council publishes a bi-monthly economic update report which covers a wide range of data which can be found at for those interested in the wider picture.

https://sway.cloud.microsoft/42O9mKln3kJHNPOp?ref=Link

4.68 **Refresh of the Medium Term Financial Plan**

4.69 The following table rolls forward the five year plan approved by Council in March. There has been a high level review of the assumptions given the persistent inflationary pressures in the economy at the current time with a more comprehensive review being undertaken over the summer and early autumn to be reported through to Cabinet in November. The narrative below does, therefore, assess the risks with current assumptions and highlight some potential areas where there may be movement. Consequently, the gap has opened up across the medium term compared to the position presented at Council in March 2026.

4.70 Table 3 – Overall MTFP Summary

	2027/28	2028/29	2029/30	2030/31	2031/32
	£000	£000	£000	£000	£000
Additional Funding					
Grant Settlement	2,346	2,369	2,393	2,417	2,441
Council Tax	4,444	4,618	4,798	4,985	5,179
Total Additional Funding	**6,790**	**6,987**	**7,191**	**7,402**	**7,620**
Investment	2,275	87	460	0	0
Demography	195	2,357	1,290	1,230	1,230
Inflation Pay	7,349	7,496	7,646	7,799	7,955
Inflation Non Pay	5,205	5,105	5,105	5,105	5,105
Capital Financing	375	225	160	196	64
Other Pressures	1,378	1,623	925	276	225
Total Pressures	**16,777**	**16,893**	**15,586**	**14,606**	**14,579**
Overall Gap	**9,987**	**9,907**	**8,395**	**7,204**	**6,958**

4.71 **Review of Funding Assumptions**

4.72 **Welsh Government Grant**

4.73 There was only a single year settlement for 2026/27 so there is no definitive information on funding levels for any years in the refreshed Medium Term Financial Plan. The March 2026 Council Budget report made a notional assumption of grant increases of 1% in each of the forward years. Each 1% is in the order of £2.4M so a key component of financial planning. The initial analysis from the Spending Review suggests real terms growth in 2026/27 only with future settlements below the rate of inflation. Nevertheless, the Welsh Government will ultimately determine how the consequentials are allocated and may not simply replicate a UK Government approach. There is no better information at this time and this will be under continuous review.

4.74 **Council Tax**

4.75 There is a planning assumption of 3.9% across the plan period, this ultimately being a decision for Council. There is currently no allowance for property growth and the ongoing impact of impact on the introduction of the second homes premium from 1st April 2024 and the ongoing impact of the empty properties' premium introduced in April 2023 will need to be evaluated further, the current assumptions having been relatively prudent. Of course, both sets of numbers will ease back if the desired effect of bringing more properties into use is successful. Also, the Collection Rate is subject to further review too; it is currently at 97.1% which is above the current performance level albeit it continuing to improve. The under performance to date has been mitigated by over performance on historical arrears.

4.76 **Reserves**

4.77 There is no planned run down of the Council’s General Fund balance and the use of smoothing reserves, a feature of previous reports, has now unwound.

4.78 The Council’s overall strategy for reserves is unchanged with reserves held to cover identified risks, capital commitments and provide for investment in services to support the reshaping programme. There is a continuous review of reserves but a more formal consideration during closure of accounts and budget setting which will continue.

4.79 **Pressures**

4.80 **Investment**

4.81 There is typically little investment built into the forward years of the Medium Term Financial Plan at this time. There is modest growth of £65k in 2027/28 which is for the full year impact for apprenticeships in Environment and Housing which initially took place in 2026/27. However, of more significance is growth in Schools funding of £2.210m which is covered in the Demography section below.

4.82 **Demography**

4.83 It is anticipated that there will continue to be growth in Children’s placements as well as the increases in Adult Social Care with the aging population and adults with complex care needs living longer. There is continued growth in ALN and places at Ysgol Y Deri along with the associated school transport costs but a more changeable picture with mainstream pupil numbers. These were initially forecast to grow in 2027/28 but fall back in future years but current projections are showing decline form 2027/28. This is reflected in the updated costings but there is no desire to reduce the overall quantum available to schools at this time and an equal and opposite adjustment has been made in Investment above.

4.84 **Inflation Pay**

4.85 Price inflation had been included at 2.5% for 2027/28 before increase to 3% per annum across the remainder of the Plan. This is possibly on the light side with the inflationary pressures persisting in the economy and as set out above expectations of inflation being in line with the Government’s 2% target moving out into the future, certainly beyond the next 18 months or so. Therefore, there are revised assumptions of 3% for 2026/27across the life of the Plan.

4.86 **Inflation Prices**

4.87 There are likely to be significant non pay inflationary pressures too across the medium term. Most notable are those across Children’s and Adult Social Care provider fees which were in the order of £4.9M per annum across the Plan in March as well as the inflationary pressures in waste and school transport services too giving a total of £5.105M. An element of these costs is driven by pay awards, especially the Real Living Wage in the Care sector so similar to above on pay the assumptions are revised and the pressure has been increased for 2027/28 only to £5.205M in total, £5.105M in future years.

4.88 **Capital Financing**

4.89 There are insufficient capital resources to meet all of the costs on the Sustainable Communities for Learning Programme and borrowing is necessary to take forward the St Richard Gwyn and Ysgol Iolo schemes requiring total growth in financing budgets of £277K over the next three years. Additionally, there are borrowing commitments against the Cardiff Capital Region programme of works. There is currently forecast to be a £440K increase in provision by the end of the plan but the CCR numbers are prone to some movement.

4.90 **Other**

4.91 Finally, there are some general pressures on property and highways assets.

4.92 **<u>Approach to Delivering a Balanced Budget</u>**

4.93 There will be three key elements to bringing forward a balanced 2027/28 budget and sustainable medium term financial plan, which is similar to recent years with a continued direction of travel to have a greater focus on transformation and reshaping in line with the work initially outlined to the report to Cabinet in January 2024.

i. Maximising funding
ii. Managing cost
iii. Bringing forward savings and generating additional fee and charges with a focus on transformation through the Reshaping Programme

4.94 **Maximising funding**

4.95 Government grant and Council Tax are the key funding streams. The Council continues to lobby for a fair settlement and for example had successfully lobbied the Welsh Government to fully release the £231M held back on 24th November 2025 Provisional Settlement, £113M of this subsequently being directed to local government. Lobbying on multi-year settlements and a fair settlement for the Vale of Glamorgan, especially for Education funding continues.

4.96 **Managing cost**

4.97 It will not be possible to accommodate all pressures coming forward from services into the budget. There is an ongoing review process starting at the point these are initially collated towards the end of the summer and there is further scrutiny through the Budget Working groups. This process continues right up to the approval of the draft budget which for complete context is presented alongside third quarter revenue and capital monitoring to ensure decisions are taken with the most up to date information being available.

4.98 **Reshaping and savings**

4.99 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. The programme is under continuous review and the latest version of the Prospectus is attached at Appendix A.

4.100 <u>Reshaping Programme Update</u>

4.101 The framework contains five interrelated themes:

i. Target Operating Model
ii. Service Transformation
iii. Strengthening Communities

iv. Digital Innovation

v. Economic Resilience

4.102 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.

4.103 **Target Operating Model**

4.104 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.

4.105 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, customer experience, procurement, 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, and Corporate Asset Management Strategy. This theme is both about 'what' we do and also 'how' we do it.

4.106 **Service Transformation**

4.107 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.

4.108 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.

4.109 **Strengthening Communities**

4.110 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.

4.111 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.

4.112 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).

4.113 **Digital Innovation**

4.114 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.

4.115 **Economic Resilience**

4.116 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.

4.117 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.

4.118 Proposals

4.119 The Council's overall budget gap of £6.584M in 2026/27 was eased by the positive position on the Pension Fund revaluation which took £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, which were detailed in March Budget report and are summarised in the tables below. Both sets of proposals have full year impacts extending into years one and two of the rolled forward Medium Term Financial Plan.

4.120 Table 4a – Reshaping and Savings Proposals

	2026/27	2027/28	2028/29
	£000	£000	£000
Reshaping	2,043	656	305
Savings	729	160	173
Total Reshaping and Savings Proposals	**2,772**	**816**	**478**

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

4.122 Reshaping savings for the current year and proposals for future years 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.

4.123 Table 4b – 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**

4.124 Savings

4.125 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.

4.126 Table 4c - Savings

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

4.127 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.

4.128 **Medium Term Financial Plan**

4.129 Work proceeded last autumn, 2025 to develop initiatives against the Reshaping framework to address gaps across the Medium Term to ensure Financial Resilience. This is summarised by directorate in Table 5 below but in greater detail with further description and a read across to the relevant stream or streams of the framework in Appendix B.

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

4.131 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. There are some changes following the review post Council; the initial shortfall has opened up with the updated cost assumption above and there have also been some amendments to the Procurement lines due to potential double count with service transformation.

4.132 Table 5 – 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**	**9,987**	**9,907**	**8,395**	**7,204**	**38,265**
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 and 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 (Housing Led)	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 and 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 and 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
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 including gateway on Consultancy and Comms spend	0	100	100	100	100	400
Top 40 Suppliers	0	100	100	100	100	400
Mid Value Spend with Multiple Transactions	0	100	100	100	100	400
Low Value Spend	0	100	100	100	100	400

Rebate for Purchase Card Expenditure	0	10	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**	**6,809**	**6,177**	**5,740**	**5,311**	**24,037**
Gap	**0**	**2,362**	**3,252**	**2,655**	**1,893**	**10,161**

4.133 **Process and Timetable for Setting the 2027/28 Budget and 2027/28 to 2031/32 Medium Term Financial Plan**

4.134 Process

4.135 Key decisions on the budget have been taken relatively late over the past three years, partly due to late UK Budget announcements and consequently Welsh Government Provisional Grant Settlements. This has a number of downsides but most notably puts pressure on the delivery of transformation initiatives and savings in full and only allows a relatively short window for consultation.

4.136 The Council will be feeding into work undertaken by the WLGA to aid lobbying Welsh Government as well as refreshing the cost pressure assumptions in the existing Medium Term Financial Plan. For 2026/27 the Welsh Government's own Spending Review had been expected to follow the UK Government's Three Year Spending Review announced on 11th June 2025 which had necessitated the annual refresh work of the cost pressures and other assumptions in the MTFP to be brought forward. However, for 207/28 the approach is to revert to the timings in previous years and this work will commence shortly and be fed back via the Welsh Treasures and WLGA at the end of August giving the Council a revised Budget gap at the very start of September.

4.137 Officers have already started work on their Reshaping proposals and savings as appropriate against the framework set out in paragraphs 4.131 onwards in the form of scoping documents to inform this Strategy. These will be reviewed across the summer and early autumn; being worked through at a high level in the first round of Budget Working Groups in September and in full detail in the follow up Round Two in October.

4.138 There is then a period of less certainty with no clear dates at this time for the UK Chancellor's Autumn Budget, the outcome of any potential Welsh Government Spending Review or indeed the Welsh Government Provisional Grant Settlement.

4.139 It is proposed that the Council brings forward its Budget for Consultation to November 2026 which would rely on an earlier internal forecast of Council Tax receipts. Bringing the date forward has a number of benefits. Firstly, public consultation has been constrained by the tight turn round historically from publishing a Budget for Consultation in mid-January and then the Draft Budget to Cabinet late February for Full Council approval in early March. The November publication would enable an extended consultation of six to eight weeks to run into the new year. Secondly, the Council has been finalising its efficiencies, savings and fees and charges very late and this does have a detrimental impact on the 100% delivery of all three. Fees and Charges will all increase in line with the Financial Strategy with exceptions and new charges covered in the Budget for Consultation. The increase will be linked to a September index, not necessarily CPI though as this doesn't reflect the drivers for cost pressures across the Council, wage growth being a key factor.

4.140 The Council will continue its positive approach in 2025/26 followed up in 2026/27 with all Equality Impact Assessments to be published alongside the Consultation. As well as input from Scrutiny and other interest groups, the decision making will be informed by the Life in the Vale work referenced earlier in the report.

4.141 The draft Budget will be presented to Cabinet mid-February alongside the Capital Investment Strategy and Capital Investment Programme and Treasury Strategy along with the 3rd quarter financial monitoring reports for 2026/27. It is important that the final budget proposals are supported by the most up to date financial information for the current financial year. Council will then be recommended to approve the Budget and set Council Tax at its meeting on 22nd February 2027; this is two to three weeks earlier than in recent years where there has been unnecessary risk with the approval of the budget and Council Tax so close to the statutory deadline of 11th March.

4.142 <u>Risks</u>

4.143 The Council's finances are prominent in the Council's Corporate Risk register.

4.144 The following paragraph is lifted directly from the summary section of the Quarter 4 2025/26 Corporate risk report to Governance and Audit Committee and Cabinet in June 2026:

4.145 "CR1 Financial Resources – Overall, there is no change in direction at this point. The 2026/27 Settlement from Welsh Government was very much better than expected but it remains a one-year Settlement only, with future prospects unclear. Schools' deficits remain the greatest concern and pose significant long-term challenges and there has been significant engagement with those seven schools, considered outliers with deficits which will take a number of years to address. The Council's outturn for 2026/27 is not available yet but early indications are that it is broadly in line with the forecast at Q3. Within this the schools' deficit position is in line with the assumptions made when Council approved the 2026/27 [corrected date from risk report] Budget and the further underwriting of deficits with Council reserves were sound. The overall forecast remains static. There is uncertainty with the specific Welsh Government Settlements for the next three years but some framing at this stage with the Chancellor's June 2025 Spending Review. The current planning assumptions are prudent in light of this announcement.

4.146 Schools and Social Care continue to provide the greatest risks to the Council's finances. School budgets are under pressure across Wales with the total level of reserves down a further £53M (82%) in 2025/26 following on from the £48M reduction the previous year. The Council continues to lobby for changes to the Welsh Government funding formula with its shortcoming for the allocation of resources for schools. However, there can be no reliance on the prospect of any change and extensive work is being undertaken with the Vale of Glamorgan's schools to bring them to a position to operate within the available resources, the Council in recent years passporting providing £2m of real terms growth.

4.147 The Social Services budget was increased by £10.2M (10.8%) but still experienced a significant overspend in year requiring a £3.0M unplanned drawdown from reserves. The Council has sought to right size the budget for 2026/27 but it remains a risk given the volatility, especially in Children's Social Care, and pressures from an ageing population. There is a Directorate Reshaping Programme in place chaired by the Director with Member and S151 Officer input and the Director and team are actively engaged in the wider Reshaping programme.

4.148 Not specifically covered in the summary but a component of the overall Financial Resources risk assessment is the delivery of savings. There has been a challenging savings programme over the past three years up at £8.771M in 2025/26. This year on year challenge is becoming more difficult to deliver and there was some tail off in 2024/25. For 2025/26 the Savings Tracker and monitoring were in place very early in the financial year and for 2026/27 earlier decision making was intended to enable more certain delivery from 1st April 2026. The earlier decision making did not materialise, but the savings programme is a more modest £2.772M for2026/27 as a consequence of strong growth in the pension fund and a better than expected Welsh Government Settlement. The Reshaping Prospectus was approved in autumn 2024 and was a key driver a number of the initiatives in the 2025/26 budget and those set out above for 2026/27 and across the medium term. The governance around the programme is now well established head up by a monthly officer/Member board chaired by the Chief Executive.

4.149 **Key Dates**

4.150 The table below sets out the key dates for Budget setting for 2027/28

Date	Group	Activity
June 2026	Welsh Government	Supplementary budget announcement
August 2026	Officers	Review of pressures to feed into MTFP and Welsh Government Spending Review
September 2026	Budget Working Group (1)	Review of service spend pressures and emerging reshaping and transformation proposals
October 2026	Budget Working Group (2)	Focus on Reshaping and savings proposals
October 2026	UK Government	Budget Statement
November 2026	Welsh Government	Provisional Welsh Settlement
November 2026	Cabinet	Budget for Consultation
November 2026 to January 2027	Scrutiny	Review of planning assumptions and budget proposals
November 2026 to January 2027	Residents, Trades Unions, Interest Groups	Consultation on budget proposals
December 2026	Cabinet	Council Tax Base, Council Tax Reduction Scheme, Precept dates and premiums
January 2026	Scrutiny, Cabinet and Council	HRA Business Plan and Rent Setting
February 2027	Welsh Government	Final Grant Settlement
February 2027	Cabinet	Draft Budget and MTFP
February 2027	Full Council	Approves Budget and Council Tax

5.0 How has evidence been used to inform the report, including the views of others?

5.1 There is continuous review of the Council’s finances which are reported through to Cabinet in Budget and Medium Term Financial Planning updates and quarterly monitoring of revenue, and capital budget and treasury forecasts.

5.2 The budget is a key driver to the delivery of Vale 2030 supported by the Reshaping Programme. There is continuous referencing to the Vale 2030 to assure the resources are being effectively allocated and reshaping is very much integrated into financial planning as evidenced by its inclusion in this report.

6.0 What are the next steps if the recommendations are approved?

6.1 The next steps are set out in the timetable in paragraph 4.150 above.

7.0 How does this report support Vale 2030 and Reshaping?

7.1 The Council's Financial Strategy is continually reviewed alongside Vale 2030 and Reshaping, it is the principal means by which resources are directed to meeting the Council's corporate objectives.

8.0 How does this demonstrate the Five Ways of Working?

8.1 The Council has a well-established approach to the **Long term** a financial strategy which considers a five year time horizon and seeks not only to model pressures but also transformation and savings to ensure financial sustainability.

8.2 **Prevention** has taken a more central approach in the 2026/27 budget, both revenue and capital and modelling is being undertaken to better understand how it is built into the Council's overall approach. For 2026/27 a number of additional resources were built into Social Care to mitigate potential medium term pressures and importantly there was growth into the Council's Youth Service which will yield numerous benefits.

8.3 Vale 2030 sets out the Council's ambitions form 2025 through to 20230 and there has been demonstrable **Integration** in its developing with the Reshaping Programme and Medium Term Financial Plan. Proposals being developed take into account the impact on other partners, notably in education and social services.

8.4 The Council works well with its partners and this **Collaboration** also plays a part in the join delivery of services, most notably Shared Regulatory Service, Adoption Service and Regional Internal Audit Service.

8.5 The Council consults and engages with diverse communities and stakeholders ensuring their **Involvement** in the Council's financial planning and decision making. This is in its broadest sense and will have commenced with the formulation of Vale 2030.

Resources

9.0 Finance

9.1 There are no direct financial implications arising from this report but a robust medium term financial strategy is essential to achieving value for money and financial sustainability.

10.0 Workforce

10.1 Where any potential employment impacts arise, the Council will follow its existing policies and procedures and ensure that there is full engagement with staff and the Trades Unions.

11.0 Legal and Equalities

11.1 No Equalities Impact Assessment has been completed at this time. 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. These will come forward alongside the Budget for Consultation in November.

11.2 The Council is required under statute to fix its Council Tax for the financial year 2027/28 by 11th March 2027 and to do so will have to agree a balanced revenue budget by the same date.

11.3 The Financial Strategy and process for approving the 2027/28 Budget and MTFP at Council in March 2027 will be aligned to the Council's agreed Corporate Plan 2025 and the development of the 2027/28 Directorate Plans.

12.0 Key Contacts

12.1 Primary officers to contact with any comments and/or queries on the report:

Lead Officer: Matt Bowmer Head of Finance/S151 Officer	Democratic Services Officer Matt Swindell Cabinet and Committee Services Officer. mlswindell@valeofglamorgan.gov.uk

Appendices

Appendix A – Reshaping Prospectus

Appendix B – MTFP Reshaping Programme

Background Documents

Draft Budget report and Supplemental report to Council

Draft Budget and MTFP

Budget and MTFP Supplemental Report

Reshaping Prospectus 2026-2027

The 2026 prospectus for change: the Reshaping Programme

Never has there been a more important and challenging time to work in public service

The medium-term financial environment for public sector organisations is at its most challenging in living memory. This prospectus builds on the refresh to the Reshaping Programme in 2024 when Vale 2030 was being developed. Since publishing our new Corporate Plan we have set out a bold set of longer-term aspirations for the Vale – the people who live, work and visit here as well as the places which make up our vibrant and diverse communities.

Delivering public services at a time of increasing demand and diminishing resources requires fundamental and transformational change in how we work. Reshaping is our transformation programme. This prospectus sets out how we will approach this opportunity and the things we will do to deliver it. This work will continue to create the organisation we need to be for our residents and colleagues by 2030 and will involve every colleague and department, importantly including our schools.

As an organisation we have a strong track record of change and the latest work on Reshaping has begun to deliver. However, we cannot be complacent in our endeavours. Whilst change may be hard, it is the right thing to do and together we can successfully deliver it. Reshaping will not be static and will evolve over time in response to new opportunities and challenges. The framework here will, however, guide us in the coming years as we work together to achieve strong communities with a bright future.

VALE OF GLAMORGAN
RESHAPING
PROGRAMME

From vision to delivery

1. Vision

Strong communities with a bright future.

2. Strategy

Our Wellbeing Objectives and the values of the Council set out in Vale 2030.

3. Strategic Outcomes Framework

How we will know if we are achieving.

4. Design Principles

How we will approach change and take decisions together.

5. Transformation Strategy

Bringing our five transformation themes to life.

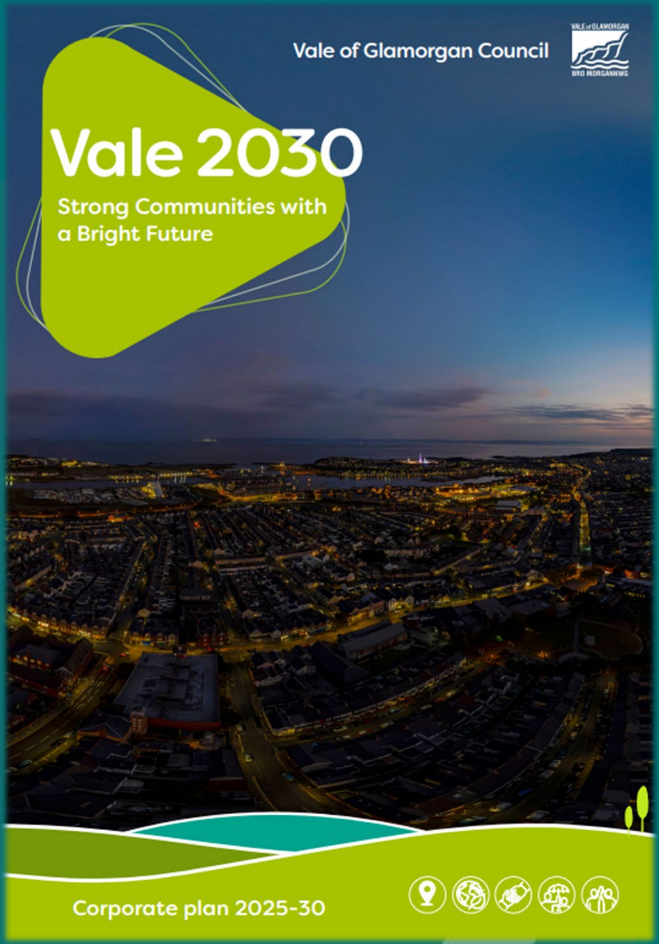
6. Delivery

The portfolio: key areas of focus and how we measure impact and benefits.

1. Our vision

2. Our strategy: Vale 2030

- Creating great places to live, work and visit
- Respecting and celebrating the environment
- Giving everyone a good start in life
- Supporting and protecting those who need us
- Being the best Council we can be



Our missions to: Tackle climate & nature emergencies, poverty & inequalities

3. Our strategic outcomes framework

How we will know if the strategy is delivering

- We will be progressing the Reshaping agenda alongside the delivery of Vale 2030, our Corporate Plan.
    - Vale 2030 – what we want to achieve
    - The Reshaping Programme – how we'll work to deliver it

- We are giving focus to how the strategic outcomes of the organisation link more closely with the Medium-Term Financial Plan in a period of significant financial restraint.
- The Reshaping Programme uses a set of criteria to initially identify and then track progress against different projects.

3. Our strategic outcomes framework

The Reshaping Programme is about becoming the organisation we need to be by 2030 for our residents and colleagues. This is at a time of significant financial strain, increasing demand and the need to change in response.

Project Entry & Monitoring Criteria

Projects meet one or more of these entry criteria:

- **Financial Savings**: A minimum saving of 10% of the controllable base budget.
- **Cost Avoidance & Prevention**: A minimum of 10% notional preventative cost savings in the medium-term.
- **Service Development:** A project which contributes to creating the conditions to deliver other Reshaping work.

Projects also demonstrate how they deliver the five ways of working:

- **Long-term:** Strategic in nature, being aligned with the Council's Medium Term Financial Strategy in delivering significant savings and/or generating income to sustain services in the long-term.
- **Prevention:** Manages demand & focuses on taking preventative action that results in future cost avoidance.
- **Integration:** Recognises the contribution to Wales' Wellbeing Goals, the Council's wellbeing objectives and those of our partners.
- **Involvement:** Creates the culture, capacity and resilience we need as an organisation and increases the opportunity for community participation and power.
- **Collaboration:** Demonstrating how working with others will lead to improved project outcomes for ourselves and our partners.

4. Design principles

Developed by SLT, to guide its work and approach to transformation.

Our SLT

- As a Leadership Team we will ensure our focus is on long-term strategic issues and the financial viability of the Council.

Our people

- We will make sure that we have the right people in the right place and that projects are aligned to priority outcomes to ensure we have capacity to deliver what's required.
- We will foster a culture where staff feel empowered to solve problems and are responsible and accountable.
- We will visibly role model the behaviours we expect from staff and be open and honest in our communications.

Our focus

- We will always ask 'how is what we are doing benefiting our residents?'.
- We will work to be the best we can be, from our 'basic' enabling services through to transformation.
- We will constantly think 'outcome not process'.

Our approach

- We will reflect on and acknowledge the wide range of services we provide, from schools to social care, highways to planning etc.
- We will challenge the norm, be rigorous about what we will stop and check our thinking on previous decisions.
- We will be agile in testing ideas, learning from them and then reusing them more widely, including sharing best practice.
- We will maintain pace and keep monitoring progress to ensure we deliver within the financial constraints we have.
- We will develop a modern digital offering that enhances our service both internally and to our residents.
- We will take a proportionate approach to governance and risk.

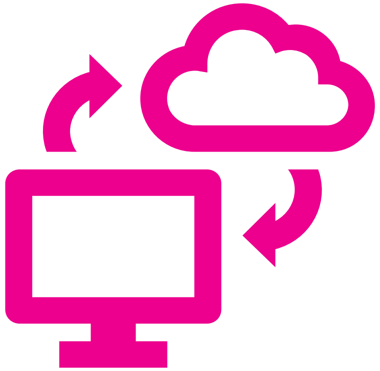
Our messages

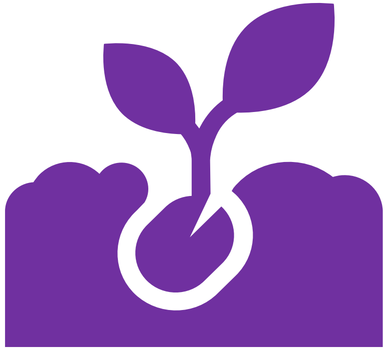
- We will be honest in recognising and communicating how we take decisions, spend public money and that we will not be resourced to deliver everything in the same way in future.

5. Transformation Strategy

Our five themes of transformation together shape the work that will enable us to deliver our vision and strategy, by applying the design principles to deliver strategic and project outcomes:

- Target Operating Model
- Service Transformation
- Digital
- Strengthening Communities
- Economic Resilience




6. Delivery

Transformation theme

- Workstream
  - Prioritisation principles
  - Projects
  - Delivery & governance

How we make this work in practice

- For each of the transformation themes, the programme portfolio is built up of a range of workstreams.
- For each workstream, principles have been used to assist in the identification and prioritisation of projects, driven by data, Vale 2030 commitments (including the Annual Statement) and opportunities to seize in the coming year.
- The delivery & governance arrangements for each workstream are then described.

Target Operating Model

How we work as an organisation

The target operating model is how we will design ourselves and operate in the future to deliver our wellbeing objectives and financial sustainability.

People

Assets

Income

Customer

Ways of Working

Procurement

Target Operating Model: People

Prioritisation Principles

- Communicating the ask around Reshaping & Vale 2030.
- Oversight of the corporate workforce risk.
- Ensuring all colleagues are involved & enthused about the contribution they make.
- Maximising the potential to support the diversity networks.

Focus in 2026

- Staff engagement
- Working smarter

Programme Sponsor: Tracy Dickinson
Programme Manager: Gemma Williams

Target Operating Model: Assets

Prioritisation Principles

- Reducing pressures on revenue and capital budgets.
- Retaining the right asset in the right place where required.
- Decarbonisation potential.
- Reducing operating costs from income, disposal, decarbonisation and/or different ways of operating.
- Potential to work in partnership for assets to exist in different ways, e.g. community asset transfer.
- Community impact and links with Let’s Talk results.

Programme Sponsor: Rob Thomas
Programme Manager: Lorna Cross

Focus in 2026

- Holm View
- Colcot Campus
- Kymin, Belle Vue, Community Assets
- Civic Offices & Dock Office
- Thompson Street

Target Operating Model: Income

Prioritisation Principles

- Full cost recovery, or conscious subsidisation.
- Maximising income.
- Sustaining key services that otherwise are unviable.
- Use of data and benchmarking.
- Ensuring timely collection of income and debt recovery.
- Maximising sponsorship and partnership working.
- Customer focus.
- Community impact and links with Let's Talk results.

Programme Sponsor: Matt Bowmer
Programme Manager: Rachel Protheroe

Focus in 2026

- Coastal Regeneration & Commercial Opportunities
- Barry Island Memorials
- Open Space Income Generation Opportunities
- Planning Fee Income
- Telecare Expansion & fee review
- Shared Regulatory Services Income
- Registrars Income
- HR Income - Shared Cost AVCs
- Neighbourhood Services Inflationary Income Increase
- Tree External Works
- Roundabout Advertising
- Council Tax Collection Rate
- Assumed Inflationary Rise
- New Income Streams/ Methods
- Car Parking Fees

Target Operating Model: Customer

Prioritisation Principles

- Delivering against the Brilliant Basics.
- Customer focus and satisfaction.
- Community impact and links with Let’s Talk results.

Focus in 2026

- Contact OneVale
- Channel Shift
- No Wrong Door
- Hub Model
- Brilliant Basics and Top 10 Customer Journeys
- Complaints
- Customer Journey

Programme Sponsor: Nickki Johns
Programme Manager: Tony Curliss

Target Operating Model: Ways of Working

Prioritisation Principles

- Rooted in the Design Principles.
- Making timely strategic decisions.
- Directing resources and priorities.
- Setting the tone and direction for the programme.

Focus in 2026

- Scrutiny
- Elections
- Budget Management
- Sprints
- Internal Communications
- External Communications
- Project Management
- Interim Roles
- Organisation Design
- Participation & Engagement
- Data & Insight

Programme Sponsor: Rob Thomas
Programme Manager: Tom Bowring

Target Operating Model: Procurement

Prioritisation Principles

- Value for Money.
- Delivering social value.
- Ensuring compliance with new legislation.
- Corporate approach to procurement.

Focus in 2026

- Traffic Management Procurement
- Teaching Materials Contract
- Household Goods Contract
- Redirect Spend Internally
- Top 40 Suppliers
- Mid Value Multiple Transactions
- Low Value Spend
- P-Card Rebate

Programme Sponsor: Matt Bowmer
Programme Manager: Emily Woodley

Service Transformation

How our individual services and collections of services work in the future

Directorate Specific Programmes:

- Social Services
- Learning & Skills
- Schools
- Environment & Housing
- Corporate Resources
- Place
- Cross-cutting

Programme Sponsor: Rob Thomas

Programme Managers: Directors

How we Transform Services

- How to deliver Brilliant Basics.
- Is it a statutory or discretionary service?
- Current performance and satisfaction standards.
- Current and future changes, risks & opportunities.
- Links with other service areas (and partners).
- Alternative service delivery models (collaboration, outsourcing, joint ventures, Third Sector, Social Enterprise, arms-length trading, for example).
- How to consider prevention.
- Potential for digital transformation.
- Community power potential, including third sector and social enterprise.
- Impact of stopping or reducing delivery.
- Potential 'quick wins' or efficiency measures.
- Income generation opportunities.

Service Transformation: Directorate Focus in 2026

Social Services

- SS Demand Management
- Releasing Time to Care
- Complex Cases Review
- Reablement "intake" model of care & implementing Strengths-based Practice
- Residential Accommodation for children
- Pre Birth Pathway
- Independent Fostering Agency placements for children
- Microenterprises

Learning & Skills

- ALN Demand Management
- ALN Transport Policy
- Enabling Pupils with ALN to remain in their local schools
- Preventative Youth Services
- Special School Model Review

Schools

- Community Schools
- School Financial Planning & Deficits

Service Transformation: Directorate Focus in 2026

Environment & Housing

- Waste Strategy HWRC, Fleet Parking and Commercialisation
- Fleet Strategy
- Street Scene
- Rural Public Transport
- Council Housing Schemes
- Shared Regulatory Services Operations

Place

- Country Park Operations

Corporate Resources

- Welsh Language Translation
- Records Management Unit
- Decarbonisation Targets
- Debt Recovery
- Corporate Landlord

Cross-Cutting

- Reduce Long-Term Agency Spend
- Reduce Absence
- Alternative Delivery Models

Digital

How we empower transformation through digital

Prioritisation Principles

- Consistency with Digital Strategy themes
- Achievability
- Extent to which projects support other transformation workstreams and savings

Focus in 2026

- Automation
- Digital Investment
- Replacement of WCISS

Programme Sponsor: Nickki Johns
Programme Manager: Tony Curliss

Strengthening Communities

How we work with our communities to deliver differently with and for them

Prioritisation Principles

- Data and insight guides focus
- Tackling deprivation is a priority, but not exclusively
- Empowering communities to be more resilient and self-reliant
- Devolving services and decision making

Focus in 2026

- North-East Barry – Total Place Approach
- Eagleswell
- Vale 2030: Poverty Focus

Programme Sponsor: Tom Bowring
Programme Manager: Helen Moses

Economic Resilience

How we make places, regenerate and provide opportunity

Prioritisation Principles

- Data and insight guides focus
- Tackling deprivation is a priority, but not exclusively
- Empowering communities to be more resilient and self-reliant
- Devolving services and decision making

Focus in 2026

- RDLP
- Barry Making Waves – Mole, Dock Office & Water Sports Centre
- Western Gateway
- Wilko Re-use
- Place Plans x 4
- Barry Plan for Neighbourhoods

Programme Sponsor: Marcus Goldsworthy
Programme Manager: Phil Chappell

6. Delivery: Governance & Resources

Cabinet

- Overarching ownership and decision making for the Reshaping Programme.

SLT & Cabinet

- Form the Reshaping Programme Board to maintain operational oversight of the Programme's Delivery.

Programme Boards & Project Teams

- Responsible for the delivery of specific programmes, workstreams and projects, reporting to the Reshaping Programme Board.

Scrutiny

- Overall Programme progress is scrutinised by the Joint Performance Committee, with individual programme, workstream and project scrutiny by relevant scrutiny committees as appropriate.

Partners

- Regular updates will be given to the PSB as the Programme develops, with partners invited to join workstreams on specific projects/areas of activity.

Resources

- Reserves have been established to support the delivery of the Reshaping Programme and associated workstreams. Corporate coordination and project support resource from the Transformation Team supports project delivery.

Target Operating Model

	People	Assets	Income	Customer	Ways of Working	Procurement
Delivery Board/ Team(s)	• People Board • Staff Networks	• Assets Board • Eich Lle Project Team	• Income Board	• Customer Board	• SLT • Information Governance Board • Elections Project Team • Participation Network • Editorials	• Insight Board
Programme Sponsor / Manager	Tracy Dickinson Gemma Williams	Rob Thomas Lorna Cross	Matt Bowmer Rachel Protheroe	Nickki Johns Tony Curliss	Rob Thomas Tom Bowring	Matt Bowmer Emily Woodley

Other themes

	Service Transformation	Digital	Strengthening Communities	Economic Resilience
Delivery Board/ Team(s)	• Social Services • Learning & Skills • Environment & Housing • Place • Corporate Resources DMTs	• Digital Board • WCCIS Project Team	• Virtual Poverty Network • Your Place Steering Group	• Major Capital Programme Board (RT to chair) • Vale Place Board (and town boards) • Barry Partnership
Programme Sponsor / Manager	Rob Thomas Directors	Nickki Johns Tony Curliss	Tom Bowring Helen Moses	Marcus Goldsworthy Phil Chappell

Initiative	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	Risk of Delivery	Risk of Resident Impact	Reputational Risk	TOM - Proc	TOM - Income	TOM - Assets	TOM - WOW	Service Trans	Digital	Strengt h Comms	Ec Resil
Shortfall	**2,772**	**9,987**	**9,907**	**8,395**	**7,204**	**38,265**											
Identified to date																	
TOM - Procurement	50	0	0	0	0	50	n/a	n/a	n/a								
Service Transformation	1,557	0	0	0	0	1,557	n/a	n/a	n/a								
Transport policy		231				231	Amber	Amber	Amber								
Challenging the culture with regards to ALN- reduction in funding Ysgol y Deri		277	350			627	Amber	Amber	Amber								
Challenging the culture with regards to ALN increased costs mainstream		-111	-140			-251	Amber	Amber	Amber								
Special school model review		71				71	Amber	Amber	Amber								
Welsh Language Translation (further)		25	25			50	Amber	Green	Green								
Relinquish RMU*		23				23	Amber	Green	Green								
TOM - Income	436	0	0	0	0	436											
Coastal Regeneration & Commercial Opportunities		50				50	Amber	Green	Green								
New Memorials (Barry Island bricks)		10	20			30	Red	Green	Green								
Open Space Income Generation Opportunities		20	0			20	Red	Green	Green								
Roundabout Advertising		50	50			100	Amber	Green	Green								
Fleet Hire (Internal employees/private use)		10				10	Amber	Green	Green								
Tactical	729	160	173	0	0	1,062											
Street Lighting Decarb Fall out of Salix Borrowing Costs		160	173				Amber	Green	Green								
Total	**2,772**	**816**	**478**	**0**	**0**	**4,067**											
Other Reshaping Targets																	
Learning & Skills																	
Additional Learning Needs		346	98	40	241	724	Amber	Amber	Amber	Y		Y	Y	Y	Y	Y	
Establish Contract for Teaching Materials		50				50	Red	Green	Green	Y							
Expand Community Libraries			0	50	50	100	Amber	Amber	Amber					Y		Y	
Social Services																	
Social Services demand management		2,680	2,035	1,521	1,463	7,698	Red	Red	Amber	Y	Y	Y	Y	Y	Y	Y	Y
Establish Contract for White Goods (Housing led)		25	0	0	0	25	Amber	Green	Green	Y							
Environment & Housing										Y	Y	Y	Y	Y	Y		
Waste Strategy HWRC and Commercialisation		200	200	200	200	800	Red	Green	Green				Y	Y		Y	
Investment in Pot Hole Emerging Practice		0	0	0	200	200	Amber	Green	Green					Y		Y	
Fleet Strategy		30	30	30	10	100	Amber	Green	Green								
Locality Model						0	n/a	n/a	n/a								
Place																	
Corporate Resources																	

Initiative	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	Risk of Delivery	Risk of Resident Impact	Reputational Risk	TOM - Proc	TOM - Income	TOM - Assets	TOM - WOW	Service Trans	Digital	Strength Comms	Ec Resil
Decarbonisation Further Targets		40	227	400	400	1,067	Amber	Green	Green					Y		Y	
Council & Cross-Cutting																	
Increase Ctax Collection Rate 1%		363	363	363		1,089	Amber	Green	Green		Y				Y		
School Transport		0	150	190	190	530	Amber	Amber	Amber								
Assumed Inflationary Increase Income		300	300	300	300	1,200	Amber	Amber	Amber								
Reduce Long Term Agency Admin Spend		50	50			100	Amber	Green	Green								
Reduce Absence by x%						0											
To be identified & allocated																	
Customer Journey		100	50	50	50	250	Amber	Amber	Amber				Y	Y	Y		
TOM - Income Identification of further income streams and additional payment methods		50	50	50	50	200	Amber	Amber	Amber	Y			Y	Y	Y		
Target Operating Model design		20	100	100		220	Amber	Green	Green				Y				
Shared Services			200	200	100	500	Amber	Green	Green				Y	Y			
Automation of some manual tasks		100	50	50		200	Amber	Green	Green				Y	Y	Y		
Other Digital Investment		100	50	50	50	250	Amber	Amber	Amber						Y		
Redirect x% of spend internally incl gateway on Consultancy and Comms spend		100	100	100	100	400	Amber	Green	Green	Y							
Top 40 Suppliers		100	100	100	100	400	Amber	Green	Green	Y							
Mid Value Spend with Multiple Transactions		100	100	100	100	400	Amber	Green	Green	Y							
Low Value Spend		100	100	100	100	400	Amber	Green	Green	Y							
Rebate for Purchase Card Expenditure		10	10	10	10	40	Amber	Green	Green	Y							
Financing													Y				
Manage Down Cost Pressures		1,569	1,440	1,361	1,223	5,593	Amber	Amber	Amber				Y				
Reverse out Discretionary Budgets e.g. Contingency and Reserves		375	375	375	375	1,500	Amber	Amber	Amber				Y				
Total Targets	**0**	**6,809**	**6,177**	**5,740**	**5,311**	**24,037**											
Gap Shortfall/(Surplus)	**0**	**2,362**	**3,252**	**2,655**	**1,893**	**10,161**											