

THE VALE OF GLAMORGAN COUNCIL

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

REFERENCE FROM CABINET: 22ND NOVEMBER, 2021

“C736 INITIAL REVENUE BUDGET PROPOSALS 2022/23 AND MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2024/25 (EL/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) -

The purpose of the report was to obtain Cabinet’s approval to commence consultation on the initial revenue budget proposals for 2022/23 and for the approval of the Medium Term Financial Plan 2021/22 to 2024/25.

The report also included the Medium Term Financial Plan 2021/22 to 2024/25 which linked the Council’s strategic planning process with the budget process and ensured consistency between them. It was a mechanism that attempted to match future predicted resources and expenditure, identify potential shortfalls and provide the financial framework for the next 3 years.

COVID-19 continued to impact the Council both operationally and financially. Funding had been received from Welsh Government to help support not only the additional expenditure incurred due to the pandemic but also the loss of income; however, this support had started to reduce and was not expected to continue into 2022/23. There continues to be uncertainty and therefore, it is difficult to provide predications for the coming year and beyond.

The Council's provisional settlement had not yet been announced by Welsh Government and was expected this year on 21st December 2021 with the final settlement due to be published on 1st March 2022. Even though this crucial information had not been received, the budget setting and consultation process had to commence in order to meet statutory deadlines.

The Council is required, under statute, to fix the level of Council Tax for 2022/23 by 11th March 2022 and in order to do so, would have to agree a balanced revenue budget by that date.

Due to the considerable uncertainty and the financial pressures on government, the Plan has been based on four different scenarios with regards to funding from Welsh Government for the coming three financial years - a cash neutral settlement, a 1% reduction each year for the period of this Plan, a 1% increase each year and a scenario where the settlement for 2022/23 is at the same level as the 2021/22 settlement (4.42%).

Within the draft estimate the following had been assumed: no allowance has been made for price inflation due to this normally being taken up by departmental budgets;

however, since this report was completed, inflation rates had increased, and this assumption would need to be reconsidered prior to finalisation of the budget.

The cost of staff pay awards had been fully funded; the pay awards for the current year were yet to be agreed, therefore assumptions had been included for these within the report. Also, National Insurance increases have been accounted for within the report. These costs would come to £4.497m. All non-pay cost pressures totalling £22.467m were fully funded within the report itself. There were no projected savings for the coming financial year.

The scenarios that have been modelled relating to Council Tax were at the latest reported CPI rate which was 3.2% each year (now 4.2%), a 3.9% increase each year in line with the increase in 2021/22 and increasing the level to the Welsh average which would be 7.05% in 2022/23 and an increase thereafter of 3.58% to maintain the average, assuming the same increase as the Welsh average for 2021/22.

The Leader stated the above assumptions would be reviewed and challenged as part of the final budget process.

It was agreed to change the proposed timetable and to have additional meetings around the budget and the late settlement announcement, with a report detailing updated initial budget proposals informed by the settlement taken to Cabinet on 14th February and Corporate Performance and Resources Scrutiny Committee on 17th February 2022. The Final budget proposals would then be reported to Cabinet on 28th February with that Cabinet's final budget proposals considered by Council at a meeting to be held 7th March 2022 to enable the Council Tax to be set by 11th March 2022.

There were also substantial cost pressures, totalling £22.467m.

The Deputy Leader explained that it was good to have the challenges laid out, as detailed within the report, and this would require serious discussions with other Elected Members within Scrutiny and elsewhere on achieving a balanced budget. Inflation rises and increased fuel costs would affect Council services such as waste management vehicles and transporting children to school or to take people to day centres, coupled with a cut in Universal Credit for Vale residents and increased National Insurance. Cost pressures could impact some of the most vulnerable people, such as vulnerable children within education, but the Council's vision of 'Strong Communities with a Bright Future' still needed to be delivered despite these pressures.

The Cabinet Member for Neighbourhood Services and Transport added that the Council faced a number of known and as yet unknown challenges for the future around finances, which would not be easy to predict.

The Cabinet Member for Social Care and Health looked forward to a constructive debate on this matter with Councillors and emphasised the need for continued Welsh Government funding for Social Care as its budget could not be in deficit but needed to be balanced, unlike the NHS, and in order to avoid placing a greater financial

burden on local residents through Council Tax. Such costs pressures were also seen in other authorities.

The Leader had regular discussions with Welsh Government Ministers in relation to budgetary pressures, particular around social services, and other services such as waste management were only able to take a small amount from the Council's financial 'pot'. Various grants, etc. provided by Welsh Government were often too short term, with more long-term support required instead. The Council faced at present one of the worst case scenarios around cost pressures and this required serious consideration and discussion by Councillors within the Vale of Glamorgan Council.

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED -

- (1) T H A T the initial revenue budget proposals for 2022/23 be approved for consultation with the relevant Scrutiny Committees and other consultees.
- (2) T H A T the recommendations of Scrutiny Committees be passed to Corporate Performance and Resources Scrutiny Committee, as the lead Scrutiny Committee, in order for their views to be forwarded to Cabinet.
- (3) T H A T the contents of the draft Medium Term Financial Plan for 2021/22 to 2024/25 be considered and endorsed.
- (4) T H A T the Medium Term Financial Plan be referred to Corporate Performance and Resources Scrutiny Committee for consideration with any comments made by that Committee being taken into account by Cabinet as part of the final budget proposals for 2022/23.
- (5) T H A T delegated authority be granted to the Executive Leader and Cabinet Member for Performance and Resources, together with the Managing Director and Head of Finance / Section 151 Officer to review and agree the timetable for the completion and approval of the final budgets for 2022/23.

Reasons for decisions

- (1) In order to gain the views of Scrutiny Committees and other consultees.
- (2) In order that Cabinet be informed of the recommendations of Scrutiny Committees before making a final proposal on the budget.
- (3) To facilitate the integration of medium term financial planning into the corporate planning and budget process.

(4) To consider comments of Corporate Performance and Resources Scrutiny Committee.

(5) To ensure final decisions regarding the budgets for 2022/23 are made in a timely manner.”

Attached as Appendix – Report to Cabinet: 22nd November, 2021

Meeting of:	Cabinet
Date of Meeting:	Monday, 22 November 2021
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Initial Revenue Budget Proposals 2022/23 and Medium Term Financial Plan 2021/22 to 2024/25
Purpose of Report:	To gain Cabinet's approval to commence consultation on the initial revenue budget proposals for 2022/23 and for the approval of the Medium Term Financial Plan 2021/22 to 2024/25.
Report Owner:	Report of the Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Carys Lord, Head of Finance / Section 151 Officer
Elected Member and Officer Consultation:	Corporate Management Team
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget and so does not need to be referred to Council at the proposal stage. However, the final 2022/23 budget will require the approval of full Council.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The Council is required under statute to fix the level of council tax for 2022/23 by 11th March 2022 and in order to do so, will have to agree a balanced revenue budget by that date. • The Council's provisional settlement has not yet been announced by Welsh Government and is expected this year on 21st December 2021 with the final settlement due to be published on 1st March 2022. Even though this crucial information has not been received, the budget setting and consultation process has to commence in order to meet statutory deadlines. • The report also includes the Medium Term Financial Plan 2021/22 to 2024/25 which links the Council's strategic planning process with the budget process and ensures consistency between them. It is a mechanism that attempts to match future predicted resources and expenditure, identify potential shortfalls and provide the financial framework for the next 3 years. 	

Recommendations

It is recommended that:

1. The initial revenue budget proposals for 2022/23 be approved for consultation with the relevant Scrutiny Committees and other consultees.
2. The recommendations of Scrutiny Committees are passed to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee in order for their views to be forwarded to Cabinet.
3. Cabinet consider and endorse the contents of the draft Medium Term Financial Plan for 2021/22 to 2024/25.
4. The Medium Term Financial Plan is referred to Corporate Performance and Resources Scrutiny Committee for consideration with any comments made by that Committee being taken into account by Cabinet as part of the final budget proposals for 2022/23.
5. Delegated authority is granted to the Executive Leader and Cabinet Member for Performance and Resources, together with the Managing Director and Head of Finance / Section 151 Officer to review and agree the timetable for the completion and approval of the final budgets for 2022/23.

Reasons for Recommendations

1. In order to gain the views of Scrutiny Committees and other consultees.
2. In order that Cabinet be informed of the recommendations of Scrutiny Committees before making a final proposal on the budget.
3. To facilitate the integration of medium term financial planning into the corporate planning and budget process.
4. To consider comments of Corporate Performance and Resources Scrutiny Committee.
5. To ensure final decisions regarding the budgets for 2022/23 are made in a timely manner

1. Background

- 1.1 The Council's budget is determined largely by the settlement provided by the Welsh Government (WG). The Council's provisional settlement has not yet been announced by WG. In previous years, the provisional settlement was received during October with the final settlement being received in December. The provisional settlement is expected this year on 21st December 2021 with the final settlement due to be received on 1st March 2022.

- 1.2** The Council is required under statute to fix the level of council tax for 2022/23 by 11th March 2022 and in order to do so, will have to agree a balanced revenue budget by the same date. To be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work on quantifying the resource requirements of individual services needs to be carried out before the settlement is notified to the Council.
- 1.3** Producing the Medium Term Financial Plan alongside the Initial Budget Proposals report, sets the context for the budget setting process and links the Council's strategic planning process with the budget process ensuring consistency between them. The Plan is a mechanism that attempts to match future predicted resources and expenditure, identify potential shortfalls and provides the financial framework for the next 3 years. It is not however the budget setting process that allocates detailed budgets for services. Its purpose is to inform members and to suggest a way of dealing with the future financial pressures facing the Council which also provides perspective when agreeing the budget for the coming year.
- 1.4** The 2021/22 Revenue Monitoring Report which is on the same agenda as this report, sets out a projected underspend against the Policy budget of £4M. Of this underspend, £2M relates to an underspend against Capital Financing as the Council continues to maximise the use of internal borrowing, a further £2M underspend is reported against Council Tax collection. Given the high cost pressures and uncertainty about the WG settlement for 2022/23 it is proposed that this underspend is placed in the Council Fund reserve for use as part of the Council's Budget Strategy.
- 1.5** The Medium Term Financial Plan, therefore, attempts to:
- Identify the main financial implications resulting from the increased pressure falling upon Council services, including pay inflation, legislative and demographic changes;
 - Estimate the financial resources that will be available to the Council to meet these demands; and
 - Match the predicted expenditure and resources and provide a framework to develop a financial strategy towards achieving a balanced budget for the next 3 financial years.

2. Key Issues for Consideration

Medium Term Financial Plan

- 2.1** The Medium Term Financial Plan for 2021/22 to 2024/25 is attached at Appendix 1.

- 2.2** There are a number of factors both internal and external that impact on the Council's financial position going forward. This year the country has continued to be impacted by the ongoing COVID-19 pandemic. This has meant additional challenges for the Council both operationally and financially as a result of incurring additional expenditure but also from a loss of income. The Council continues to provide services in a different way, a large number of staff continue to work from home as much as possible and the Council continues to provide some additional services. Funding has been received from WG to help support not only the additional expenditure incurred due to the pandemic but also the loss of income however this support has started to reduce and is not expected to continue into 2022/23. There continues to be uncertainty and therefore, it is difficult to provide predications for the coming year and beyond. The cost pressures set out in Appendix 2 to the plan are significant at £22.467m from services together with another £4.497m for pay and NI costs. The causes of this significant increase are a mix of increased service need as a result of the impact of the Covid Pandemic, risk associated with grant fallout and also due to demographic trends such as an aging population and an increasing number of pupils with complex and additional needs
- 2.3** The Council is also seeing the impact of inflationary pressures as CPI in August was reported at 3.2%. This increase is currently expected to be transitory by many market commentators due to the projected temporary nature of issues associated with reopening effects, energy prices and the supply chain. Taking this into account it is currently proposed that no standard price inflation will be allocated although specific cost pressures in respect of contractual inflation have been submitted. What must be considered, however, is that there could be longer term drivers such as the change in patterns of consumer consumption and tightening of the labour market so this approach will need to be kept under review.
- 2.4** Due to the considerable uncertainty and the financial pressures on government, the Plan has been based on three different scenarios with regards to funding from Welsh Government for the coming three financial years - a cash neutral settlement, a 1% reduction each year for the period of this Plan and a 1% increase each year. It may be the case that grant funding is provided going forward targeting specific service areas or initiatives. As the Council has seen positive settlements in the past year that in part reflects the increasing population of the County, a fourth scenario has been included that considers a scenario where the settlement for 2022/23 is at the same level as the 2021/22 settlement (4.42%).
- 2.5** As part of the development of the Plan departments were asked to identify cost pressures facing services in order to build up a complete and up to date picture of the financial position of the Council. An updated list is shown in the Plan at Appendix 2. Of these pressures it is estimated that £4.3 million is associated with demographic pressures around increasing population, aging population and increase in complexity and occurrence of Additional Learning Needs. In addition

to this, £4.3m relates to risk around potential Grant Fallout and of this sum, £2.2m relates to changes relating to the funding received from the Integrated Care Fund and £2m relates to grant ceasing for accommodation for homelessness. Given the high number of cost pressures shown it is clear that not all these demands will be able to be met, therefore the Budget Working Group will need to review and challenge the level of these additional demands. The Council will also need to embark on a significant savings programme to address the gap between any additional funding and the remaining cost pressures. The cost pressures are grouped by Directorate and are not shown in any order of priority.

- 2.6** There is still uncertainty regarding some of the assumptions made regarding pay costs. A pay award for Teachers has been agreed at 1.75% from September 2021. A pay award for non teaching staff for 2021/22 has not yet been agreed and has been included in these projections at 1.75% which is the most recent offer made which has recently been rejected by Unions. Pay awards are uncertain for 2022/23, however, these have been built into these estimates at 2%. The pay estimates also reflect an increase in National Insurance contributions of 1.25% as part of the new Health and Social Care Tax. WG have confirmed that they will be providing additional funding to contribute towards the Teachers pay award which comes into effect from September 2021 via a grant and also further funding for the 6th form element.
- 2.7** There are currently no approved savings for 2022/23 or 2023/24 however given the high levels of costs pressures shown in this report it is likely that savings will be required to reflect the changing approach to delivery of services and emerging pressures due to changing priorities, demographic pressures and potential options for alternative delivery models.
- 2.8** For the purposes of the Plan, options for the level of council tax have been highlighted. With the current level of cost pressures facing the Council and without a corresponding increase in funding from the Welsh Government, it is predicted that in order to balance the budget an increase in council tax of at least a similar level to 2021/22 will be required.
- 2.9** The scenarios that have been modelled relating to Council Tax are at the latest reported CPI rate which is 3.2% each year, a 3.9% increase each year in line with the increase in 2021/22 and increasing the level to the Welsh average which would be 7.05% in 2022/23 and an increase thereafter of 3.58% to maintain the average, assuming the same increase as the Welsh average for 2021/22.
- 2.10** The following table shows the shortfall in funding for each of these scenarios.

Shortfall in Funding	2022/23 £000	2023/24 £000	2024/25 £000	3 Year Total £000
Cash Neutral Settlement				
Notional Council Tax Increase 3.2%	24,297	7,061	7,318	38,676
Notional Council Tax Increase 3.9%	23,714	6,436	6,649	36,799
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	21,089	6,619	6,850	34,558
1% Reduction in Settlement				
Notional Council Tax Increase 3.2%	25,980	8,727	8,968	43,675
Notional Council Tax Increase 3.9%	25,397	8,102	8,299	41,798
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	22,772	8,285	8,500	39,557
1% Increase in Settlement				
Notional Council Tax Increase 3.2%	22,614	5,361	5,601	33,576
Notional Council Tax Increase of 3.9%	22,031	4,736	4,932	31,699
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	19,406	4,919	5,133	29,458
4.42% Increase in Settlement				
Notional Council Tax Increase 3.2%	16,858	5,303	5,543	27,704
Notional Council Tax Increase of 3.9%	16,275	4,678	4,874	25,827
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	13,650	4,861	5,075	23,586

2.11 A 1% increase in Council Tax at the 2021/22 Council Tax base equates to £833k. The level of increase in Council Tax will need to be carefully considered in parallel with the other options available to the Council in order to reduce the funding gap and to consider the impact on the residents of the Vale. As the number of households in the Vale of Glamorgan has increased from the previous year there may also be additional funding from the change in the Council Tax base.

2.12 As part of the 2021/22 budget process the Council Tax Collection rate was reduced due to the impact of COVID 19 pandemic on the economy. Current collection rates have not recovered significantly therefor it is considered prudent

not to increase the collection rate back up for 2022/23 however this will be kept under review for 2023/24.

2022/23 Initial Budget Proposals

- 2.13** Cabinet approved the Budget Strategy for 2022/23 on the 19th July 2021, min no.C632 which outlined the timetable, methodology and the principles to be used in producing the base budget for 2022/23.
- 2.14** Given the timescales set out in the Budget Strategy this means a significant amount of the preparation for the budget will need to be completed prior to receiving the provisional settlement.
- 2.15** The late timescale for receiving the settlement also delays the notifications that the Council receives regarding continuation of grant funding. In line with the Budget Strategy, the withdrawal or reduction in grant funding should not give rise to committed growth within the budget. The service area should give consideration to the exit strategy that has been put in place in respect of the funding stream.
- 2.16** A summary of the overall base budget for 2022/23 is attached at Appendix 3 and is the basis for the production of the Medium Term Financial Plan. This has been derived by adjusting the 2021/22 budget for items such as pay inflation and committed growth but does not include identified cost pressures or savings. These are shown as a note to the table and are detailed in the Medium Term Financial Plan. Adjustments shown include the following :
- Asset Rents, International Accounting Standard (IAS) 19 - Relates to accounting items outside the control of services. They reflect charges to services for the use of capital assets and adjustments in respect of pensions to comply with accounting standards.
 - Recharges/Transfers - Relates to changes in inter-service and inter Directorate recharges
 - Pay Inflation - This makes provision for pay awards in 2022/23.
 - Committed Growth - This relates to any other changes in the use of the Council Fund Reserve and any other items of growth which have already been agreed by Council and to which the Council is contractually committed.
- 2.17** In view of the deficit highlighted in the Medium Term Financial Plan, further work needs to be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2022/23. This will include the following: -
- Consideration of the results of the consultation process;
 - A review of the use of reserves to fund the deficit in the short term;

- A review of the level of individual reserves and potential reclassification;
- A review of the increase in council tax;
- A review of all cost pressures;
- Possible identification of new savings targets; and
- Consideration of the inflation assumptions.

Next Steps

- 2.18** The next stage is for the outline of the financial position for 2022/23 to be submitted to Scrutiny Committees for consultation. Committees are asked to review the level of cost pressures with a view to suggesting ways in which these could be managed downwards and/or mitigated and to consider proposals for savings. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider both the Initial Revenue Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committee must be made no later than the 22nd December 2021.
- 2.19** The BWG will hold a series of meetings in November and December 2021 with the relevant Cabinet Members and officers to consider the budget proposals and they will submit their recommendations so that Cabinet may make its final budget proposal. Before making its recommendation, the BWG will consider the comments made by Scrutiny, together with the results of consultation. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 14th February 2022 and that Cabinet’s final budget proposals will be considered by Council at a meeting to be held 7th March 2022 to enable the Council Tax to be set by 11th March 2022.
- 2.20** Due to the late announcement of the final settlement it is proposed that the above timeline is changed to and a report detailing updated initial budget proposals informed by the settlement is taken to Cabinet on 14th February and Corporate Performance and Resources Scrutiny Committee on 17th February 2022. The Final budget proposals would then be reported to Cabinet on 28th February with that Cabinet’s final budget proposals will be considered by Council at a meeting to be held 7th March 2022 to enable the Council Tax to be set by 11th March 2022. This proposed amended timetable will ensure decisions regarding the budgets for 2022/23 can be fully informed by the funding levels available.

Budget Consultation with Stakeholders

- 2.21** To ensure that the budget set for 2022/23 continues to address the priorities of Vale residents and the Council’s service users, the budget setting process will take into account the results of a consultation exercise. The consultation exercise

will be a six week exercise run between end of November and beginning of January. There will be a video on the Council's website explaining the Council's current financial position and a short questionnaire to capture the views of local residents and other stakeholders. The consultation exercise will seek to demonstrate the linkages between the Council's revenue and capital expenditure and the annual delivery plan, It will highlight the extent of cost pressures and capital bids and try to gauge the where the priorities of residents and service users lie. The questionnaire will seek to gauge public opinion in respect of Council Tax rises in the context of the challenging financial pressures we are reporting.

- 2.22** The BWG will consider the results of the budget engagement process in determining priorities for future savings and service delivery and the possible increase in Council Tax.

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

- 3.1** The BWG will ensure that budget proposals consider the requirements of the Well-being of Future Generations Act and the Council's 4 well-objectives as detailed in the Corporate Plan. These are discussed as part of the Medium Term Financial Plan.

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

o Looking to the long term - The budget proposals are a means of planning for the future and take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.

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

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

o Working in a collaborative way – The budget proposals recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future.

o Understanding the root cause of issues and preventing them – The budget process is proactive and allows an understanding of the financial position so that issues can be tackled at the source.

4. Resources and Legal Considerations

Financial

- 4.1** Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.
- 4.2** The Medium Term Financial Plan looks at the current level and projected level of reserves. Appendix 4 sets out the Authority's actual reserves as at 31st March 2021 and shows the estimated reserves balance for each year up to 31st March 2027.
- 4.3** In the context of the considerable gap in funding across the period of the plan and the uncertainties regarding future funding the Council has set aside the projected £4m underspend in 2021/22 in the Council Fund to support the budget strategy and give the Council some time to implement an achievable and sustainable savings programme to address the shortfall, whilst for the purposes of the plan this balance is being shown as unused it is likely it will need to be utilised as part of the budget strategy.
- 4.4** The Council is forecasting the use of general and specific reserves, excluding HRA and schools, totalling around £22m in 2021/22 and a further approximately £9m in the period to 31st March 2025, which represents approximately 36% of the balance of reserves as at 31st March 2021.
- 4.5** The Council is planning to use a considerable amount of its specific reserves over the coming years, however, as reserves are a non-recurring means of funding they can only be used as part of a specific financial strategy. There is no approved use of the Council Fund for 2022/23, however, with the potential projected deficit in funding a further use of the reserve cannot be ruled out. The use of all reserves will be reviewed further, by the BWG, as part of the final budget setting process.

Employment

- 4.6** Not all the savings required to meet the shortfall in funding will result in a reduction in staffing. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies. The trade unions will be consulted on the details of any possible redundancies once known. Staffing implications relating to budget pressures within schools will need to be considered by individual governing bodies.

Legal (Including Equalities)

- 4.7** The Council is required under statute to fix its council tax by 11th March 2022 and in order to do so will have to agree a balanced revenue budget by the same date.
- 4.8** These initial budget proposals have due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of individual strategies for achieving savings will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

5. Background Papers

5.1 Budget Strategy 2022/23

Appendix 1

Vale of Glamorgan Council

Medium Term Financial Plan 2021/22 to 2024/25

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1. INTRODUCTION AND CONTEXT

Introduction

- 1.1. The purpose of the Medium Term Financial Plan is to link the Council's strategic planning process with the budget process and to ensure consistency between them. It is a mechanism that attempts to match future predicted resources and expenditure, identify potential shortfalls and provide the financial framework for the next 3 years.
- 1.2. Delivery of the Council's priorities is reliant on having robust corporate governance arrangements. These arrangements are set out in the strategic planning framework. The framework describes how strategies, plans and processes work together and how they are monitored and scrutinised. Financial planning is one of the elements of this integrated approach to corporate planning.
- 1.3. CIPFA guidance requires authorities to produce a Capital Investment Strategy which brings together information from the Asset Management Plan and the Treasury Management Strategy. This Strategy should cover the longer term and should cover at least the next 10 years and as a result, this Medium Term Financial Plan (MTFP) will only deal with the Council's revenue position.

Internal Context

- 1.4. The Council has set out its vision for 2020 – 2025 in its new Corporate Plan, which illustrates how the Council's vision of Strong Communities with a Bright Future will be delivered over a 5 year period. This plan reflects how different activities will deliver a wide range of outcomes through 4 Well-being Objectives, which are :-
 - To work with and for our communities;
 - To support learning, employment and sustainable economic growth;
 - To support people at home and in their community; and
 - To respect, enhance and enjoy our environment.
- 1.5. In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow. The Medium Term Financial Plan reflects this approach to working and this is demonstrated throughout the Plan. The 5 ways of working are :-
 - Looking to the long term - The Plan is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
 - Taking an integrated approach - The Plan highlights and encourages ways of working which respect and understand the impact the Council's actions have on those of our partners and between service areas within the Council.
 - Involving the population in decisions – The Plan recommends that engagement with residents, customers and partners takes place as part of the budget setting process, in addition to the engagement that takes place at a service specific level.

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- Working in a collaborative way – The Plan recognises that, in certain cases, more can be achieved and better services can be provided by working in collaboration and it recommends this as a way of working in the future.
- Understanding the root cause of issues and preventing them – The Plan is proactive and allows an understanding of the financial position so that issues can be tackled at source.

1.6. A key element of ensuring the ways of working are embedded is through integrated planning actions contained in the Corporate Plan and delivered via the Council's Insight Board. This brings together all corporate business planning activity as a whole in order to monitor delivery and identify linkages.

External Context

1.7. There are a number of external factors that impact on the Council's financial position going forward. The results of the Westminster Government's 2010 Comprehensive Spending Review heralded a marked reduction in the level of funding to be provided by the Welsh Government (WG) to Councils. As a consequence, services have had to find savings of around £59.6 million in the past 12 years, although savings targets have been considerably lower in the last two budgetary cycles.

1.8. This year the country has continued to experience the impact of the ongoing COVID-19 pandemic. Whilst various industries have continued to open up and certain regulations have been relaxed following the vaccine rollout as the year has progressed, the Council has continued to deliver some services differently, and has continued to incur some additional expenditure and encounter loss of income. This has meant additional challenges for the Council both operationally and financially as a result of incurring additional expenditure but also from a loss of income. Across the country there is some evidence that the consumer's patterns of consumption have been changed permanently to some extent as a result of the challenges presented by the pandemic such as a shift to more digital consumption and the Council continues to respond to these changes. In line with WG guidance the Council continues to ask office based staff to work from home wherever possible and to support its front line staff in the challenges of delivering customer facing services in the context of the pandemic. The economic impact of Covid and Britain's exit from the European Union in January 2021 has also presented challenges for the delivery of services across the Council in terms of inflationary pressures such as shortage of materials, labour shortages and utilities costs and other factors such as the impact of rising poverty and the reduction in Central Government support through schemes such as Furlough. Taking this into account as well as the huge impact on both the community and individual's physical and emotional wellbeing, the Council has observed increased demand for services across the Council. There is huge uncertainty as to how the picture will develop over the coming winter months in the context of rising case rates in the Vale of Glamorgan and therefore, it is even more difficult than usual to provide predictions for the coming year and beyond.

1.9. The Westminster Government are currently undertaking a spending review, the three year review will set the UK government department's resource and capital budgets for 2022-23 to 2024-25 and the devolved administration's block grants for the same period. The results of the review were announced on 27th October 2021.

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- 1.10. The spending review was announced on the same day the UK Government set out its plans for tackling Health and Social care through a rise in National Insurance as part of a new Health and Social care tax. From April 2022 there will be an increase of 1.25% on employee and employer national insurance contributions. This is in effect a 2.5% increase in the tax rate on employer earnings and will also be extended to those in work over pension age. The devolved nature of Health and Social Care means that a share of the increase will be received by the devolved administrations. It is expected that a large proportion of this funding will be targeted at Health. The cost of this additional tax to the Council is estimated to be £1.033m in 2022/23, of this cost £630k would be in schools. This pressure is reflected in the pay awards included in this Plan.
- 1.11. From March 2020, WG has provided financial support to cover additional expenditure incurred via the Local Authority Emergency Hardship Grant. WG is also providing support to cover the loss of income. WG has also provided grants to businesses and individuals which have been distributed on their behalf by the Council. With such a large amount of financial support being provided by WG as a result of the pandemic it is uncertain what the impact will be on future settlements for the Council.
- 1.12. The announcement of the provisional funding settlement for Local Government from WG for 2022/23 is due later than usual this year and will be received on 21st December 2021, with the final settlement due to be published on 1st March 2022. The outcome of the settlement for the coming year will be addressed as part of the Final Revenue Budget Proposals for 2022/23.
- 1.13. In this financial environment and to meet the requirements of the Well-being of Future Generations Act, it is critical that the Council continues to plan for the future and embrace changes in the way it operates and provides services. It plans to achieve this by building on current knowledge and experience and by building strong relationships with all its partners, customers, local communities and other service providers and to utilise their knowledge and experience.
- 1.14. The Council's Coronavirus Recovery Strategy was reported to Cabinet on 21st September 2020 (Min. 334). The report structured the response around three main phases; response, transition and recovery. A series of recovery themes were identified and were aligned with the Council's Well-being Objectives drawn from the Corporate Plan 2020-25. The report identified the recovery phase as an opportunity unlike any other to fundamentally think about the way in which the Council operates and to transform.

2. REVENUE POSITION

Sources of Funding

- 2.1. Each year, the Council is required under statute to fix the level of council tax by 11th March for the succeeding financial year and, in order to do so, will have to agree a balanced revenue budget by the same date.
- 2.2. The Council's annual revenue budget is determined largely by the Welsh Government. Standard Spending Assessments (SSA) are notional calculations of what each Council needs to spend to provide a standard level of service. These assessments are an important part of the formula for distributing the Revenue Support Grant to local authorities and are calculated to take account of the differing costs of providing services in each authority area because of their different demographic, physical, economic and social characteristics.
- 2.3. The Revenue Support Grant (RSG) together with the Council's share of the National Non Domestic Rate (NNDR) Pool constitutes the Aggregate External Finance (AEF) and are un-hypothecated amounts paid by WG in general support of the services provided by local authorities, therefore these sums are not earmarked for particular services and it is for the Council to determine its own service priorities. The funding is supplemented by specific and special hypothecated grants which are provided by WG to support specific services and developments. For 2021/22, the Council's share of RSG and NNDR was £124.398m and £43.918m respectively, giving a total AEF of £168.316m. This funds 67% of the Council's net revenue budget in 2021/22.
- 2.4. In recent years WG has encouraged collaborative working and has made additional funding available in the form of the Integrated Care Fund (ICF). This fund is being used to build effective working practices across health, social services and housing, to take forward schemes which demonstrate an effectiveness across community and acute environments and linking out-of-hospital care and social care to strengthen the resilience of the unscheduled care system. The partners in the ICF collaboration are Cardiff and Vale University Health Board, Cardiff Council and the Vale of Glamorgan Council. The Council is also the host authority for three collaborative services; the Shared Regulatory Service, the Regional Internal Audit Shared Service and the Vale, Valleys and Cardiff Regional Adoption Service.
- 2.5. The Council can generate income from fees and charges. Through the Reshaping Services Programme the Council is continuing to review areas where charges can be made for services, in order to contribute towards its savings targets.
- 2.6. The Council is also exploring a Non Treasury Investment Strategy as a mechanism to respond to the economic and climate challenges posed by the current economic issues such as rising unemployment and the emerging climate emergency, creating opportunities for regeneration and developing green infrastructure.
- 2.7. The Council also holds reserves. Reserves are a way of setting aside funds from budgets in order to provide security against future risks and to allocate funding for future priorities. The Council holds reserves for a range of purposes which can be used to fund either revenue or capital expenditure and can be general or for specific purposes. The Housing Revenue Account Reserve is ring-fenced and will be used to fund improvements to the Council's housing stock.

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- 2.8. When determining its Budget Requirement, the Council must, therefore, consider carefully its spending plans in the light of not only its AEF but also, grant income generally, income from fees and charges and any contributions from reserves, as any remaining balance will have to be met via the council tax. This is the main source of local taxation available to local authorities and is levied on households within the Vale of Glamorgan by the Council as the billing authority. At £83m for 2021/22 (excluding town and community council precepts), the council tax contributes a relatively small proportion of the Council's overall funding at 33% of the budget. As the whole of any difference between the Council's net budget and its external funding falls on the council tax, even marginal changes in spending can have a significant impact on council tax levels.
- 2.9. Based upon both the 2021/22 budget and council tax position, a 1% increase in net Council expenditure would equate to around £2.52m. In comparison a 1% increase in council tax would raise circa £833k and as a consequence an increase in expenditure of 1% is equivalent to just over a 3% increase in council tax.

Predicting Resources

- 2.10. WG has not yet confirmed the potential change in the level of funding it will provide for 2022/23 onwards. Thus, there is considerable uncertainty as to the future level of funding and this situation does not provide any comfort as to the level of resources that the Council will eventually receive going forward. As previously stated, this is an exceptional period due to the ongoing COVID-19 pandemic. It is difficult to predict the level of the WG settlement not only as a result of the additional financial pressures it has had to face as a result of the pandemic but also there are many other factors, including the level of protection provided by WG to various services. Possible decisions by WG to hypothecate (earmark) higher percentage sums to individual services (e.g. Education or Social Services) would have a major impact upon the ability of the Council to resource its other local priorities.
- 2.11. For 2021/22, when taking into account the adjustments for transfers, the effective increase in AEF for the Council from the previous year was £7.119m (4.42%). The increase for 2020/21 after adjusting for transfers was also 4.29% which equated to £6.626m settlement. Having taken into account the need to address funding shortfalls and waiting lists in the NHS, it is not anticipated that WG will be able to provide additional funding at this level for the coming year.
- 2.12. There is also uncertainty surrounding the economic climate following the end of the transition period following the UK's exit from the European Union.
- 2.13. It is therefore felt that a prudent approach should be taken and this Plan is modelled on a cash neutral settlement, a reduction of 1% per annum and an increase of 1% per annum. It must be emphasised that these are predictions and any deviation from this could have a further significant financial impact as each 1% reduction in WG funding costs the Council approximately £1.7m. A 1% reduction in each of the 3 years of this Plan would see a decrease in cash terms of around £5m. A further position has been modelled this year which is based on the level of the settlement received in 2021/22 for the first year of this Plan.
- 2.14. Similarly, many Council activities are dependent upon grant funding to maintain existing service delivery levels. Aside from the general uncertainty as to whether

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certain grants will continue in future years or be absorbed into the RSG, there continues to be a real possibility of a significant reduction in the quantum available for distribution. It has been assumed in preparing this Plan that specific grants will either continue or that any decrease will be offset where possible by a corresponding curtailment in the initiatives funded. There are some grants where potential fallout is included as a cost pressure within the plan, most significantly for the Council, the potential changes to the Integrated Care Fund (ICF) poses a risk of over £2.2m in the Social Services budget and is reflected in the cost pressures in Appendix 2.

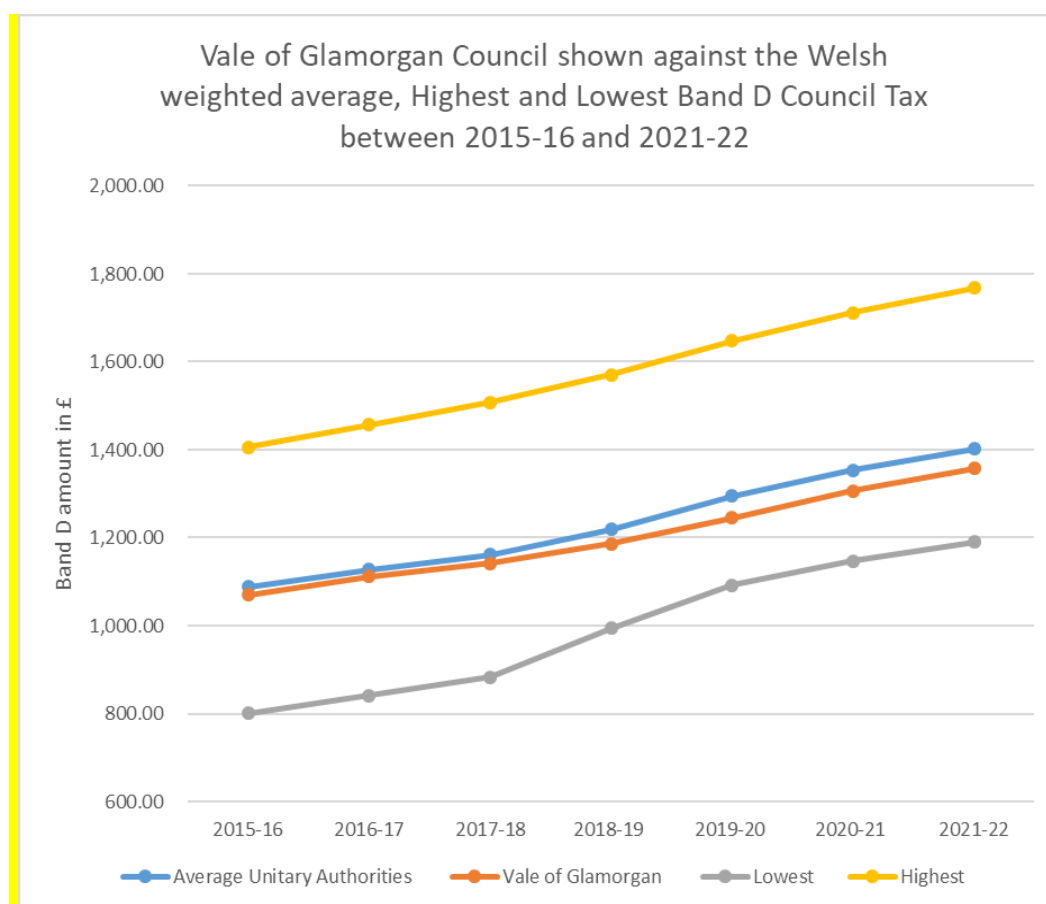
- 2.15. In order to calculate any real terms percentage change in funding, it is necessary to adjust for the inflationary elements contained within the Council's existing base budget i.e. pay awards as set out in Appendix 3.
- 2.16. There has been increased pressure on pay budgets in recent years. The National Living Wage (NLW) was introduced in April 2016 at £7.20 per hour for workers over the age of 25. The current rate for 2021/22 is £8.91 per hour for workers aged over the age of 23 as a first step towards expanding the application of the wage to workers aged over 21, with an increase announced from April 2022 taking the rate to £9.50 per hour. The level of the pay award for 2021/22 and 2022/23 is currently unknown and these projections have modelled 1.75% for 2021/22 and 2% in 2022/23 and 2023/24. The eventual outcome of any agreement will be reflected in future projections.
- 2.17. The pay award for Teachers of 1.75% across all pay scales and allowances which took effect from 1st September 2021, has recently been agreed. WG have confirmed that they will be providing additional funding to contribute towards this increase via a grant. In line with non teaching staff, 2% has been estimated for the Teacher's Pay Award from September 2022. The teaching estimates also reflect the introduction of the 1.25% Health and Social Care tax from April 2022.
- 2.18. The Consumer Prices Index (CPI) sat at 3.2% in August 2021. This is not expected to be a permanent increase in CPI which is why the Monetary Policy Committee have not yet taken action to counter the increase in excess of the Government's 2% targets. It is considered that with the current projected shortfall in funding, provision cannot be provided for non pay inflation. Not all contracts the Council enters into will have a requirement to be increased year on year by inflation. It is therefore proposed that in line with the approach taken as part of the budget setting process in recent years any non pay inflation required will be funded by services from within existing budgets. Given the high level of current inflation if there are specific inflationary pressures such as in respect of residential care or supported bus travel these have been included in the analysis in the form of cost pressures.
- 2.19. Although no final decision will be made on the increase in the level of council tax until the 2022/23 budget is set in March 2022, for the purposes of this Plan, options for the level of council tax have been highlighted. With the current level of cost pressures facing the Council and without a corresponding increase in funding from WG anticipated, it is predicted that in order to balance the budget an increase in council tax of at least a similar level to 2021/22 will be required. A 1% rise in council tax would have the potential to generate approximately £833k per annum.
- 2.20. When comparing the Council's 2021/22 Band D council tax with that of the other Welsh local authorities, the Vale of Glamorgan has the 7th (out of 22) lowest Band D charge in Wales at £1,357.02 which is 3.36% (£45.49) below the Welsh weighted average. In 2019/20 the Council was 6th lowest and 3.8% (£49.16) below the

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average. The Vale's Band D council tax increased by 3.9% in 2020/21 while the Welsh weighted average increased by 3.74%.

2.21. Average Band D council tax in Wales has increased by 29% since 2015/16 (£314.59) while the Vale of Glamorgan's council tax has increased by 27% (£287.46) for the same period. The Vale of Glamorgan in 2015/16 had a Band D set at £1,069.56 which was £18.36 below the weighted Welsh average. The highest Band D Council Tax in 2015/16 was set at £1,406.29 and the lowest Band D Council Tax was set at £801.04. In 2015/16 the Council had the 10th lowest Band D charge in Wales.

2.22. The graph below shows that the increases in council tax set by the Vale of Glamorgan since 2015/16 has generally been below the increase in the Welsh average, although the increase in Council Tax was slightly above the Welsh average in 2020/21 and the gap between the Vale and the Welsh average reduced slightly. The trend of the highest and lowest Band D authorities has also been shown for comparison.



2.23. This Plan therefore highlights the impact of increasing the council tax to a projected Welsh average level for 2022/23 as one of the scenarios, based on the assumption that there will be a similar increase in the 2021/22 Welsh average as the actual increase in 2022/23 i.e. 3.58%. This would equate to an increase of 7.05%. Thereafter it is assumed that in order to maintain the Welsh average, an increase of 3.58% is required for the remainder of the Plan.

2.24. In England the pressures around Social Care funding have seen the introduction of a hypothecated social care precept as part of Council Tax rates which was introduced in 2016 and allows up to 3% ringfenced increases in addition to general Council Tax increases. In 2021 the average English Council Tax including the Adult Social Care

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precept and excluding Parish Council precepts was £1,864, an increase of 4.43% from 2020/21 with an average of £1,785.

Predicting Expenditure

2.25. As part of the forward planning process, it is necessary to make predictions of expenditure to 2024/25.

2.26. The Corporate Plan will both inform and be informed by the budget decision-making process and sets out the activities to be undertaken to ensure the best possible outlook for the Council's citizens and communities. The Corporate Plan was updated for 2020. In developing the actions contained in the Corporate Plan, consideration has been given to the ability to fund each commitment. Actions, will in the main, be funded from within existing budgets or where possible through the use of external grant funding or working with external partners. However, the budget setting process and this Plan needs to be developed in parallel with the Well-being Objectives and will look to align sources of funding to the Council's commitments. The Well-being Objectives are outlined below, with some examples of how they will be delivered from a range of funding sources and illustrations of innovative working with partners.

- **To work with and for our communities** - The Council will develop its strong culture of good customer service aligned to the Council's values of being ambitious, open, together and proud and support the development and well-being of its staff and recognise their contribution to the work of the Council
- **To support learning, employment and sustainable economic growth** - The Council will provide access to quality early years, nursery and education provision and it will provide support for those with additional learning needs. It will work as part of the Cardiff Capital Region to progress strategic planning and transport initiatives and promote sustainable economic growth and employment. It will also support economic growth through regeneration, improved infrastructure and will support town centres, tourism and industry.
- **To support people at home and in their community** - The Council will encourage and support people of all ages to have active and healthy lifestyles to improve and maintain their physical and mental well-being. It will promote leisure, art and cultural activities which meet a diverse range of needs. It will work in partnership to provide more seamless health and social care services and provide care and support to children and families in need which reflects their individual strengths and circumstances and provide person-centred care and support to adults in need.
- **To respect, enhance and enjoy our environment** - The Council will provide effective waste management services and work with its residents, partners and business to minimise waste and its impact on the environment and also work with the community and partners to ensure the local environment is clean, attractive and well managed.

Matching Predicted Resources and Expenditure

2.27. As part of the 2021/22 budget setting process it was predicted that there would be a shortfall in funding of £5.666m in 2022/23 and £4.269m in 2023/24 if the Council Tax was increased by 3.9%, which was the value of the increase in 2021/22. This was after the approval of savings of £500k for all services in 2021/22, with no saving target

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included for Schools. Currently there are no approved savings for 2022/23 or later years however, given the extremely high level of cost pressures submitted it will be necessary to implement a savings programme that reflects the Council's changing priorities and new methods of delivering services.

- 2.28. The following tables provide a summary of the predicted shortfall in funding to 2024/25, taking into account the options for the projected change in resources available and a list of cost pressures and currently identified savings. It also includes the assumption that Schools' cost pressures will be funded in full, in line with the previous year. Funding from WG has been modelled based on a cash neutral settlement, a 1% reduction per annum and a 1% increase per annum. Given the increases in WG funding in excess of 4% in the past two years a fourth scenario assuming an increase of 4.42% in 2022/23 dropping to 1% in 2023/24 and 2024/25 has also been included in the scenario modelling. The increase in council tax is also shown at, 3.2% to reflect recent levels of inflation, the same level as in 2020/21 of 3.9% and also an estimate to reach and maintain the welsh average.

Matching Predicted Resources to Expenditure 2022/23 to 2024/25

Net Pressures	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Pay Inflation – Schools	2,685	2,096	2,138	6,919
Cost Pressures - Schools	3,479	2,360	1,668	7,507
Less Savings To be Achieved by Schools	-	-	-	-
Net Pressures – Schools	6,164	4,456	3,806	14,426
Pay Inflation – Other Services	1,812	1,436	1,465	4,713
Cost Pressures – Other Services	18,988	3,921	4,887	27,796
Less Savings Identified	-	-	-	-
Net Pressures– Other Services	20,800	5,357	6,352	32,509
Total Net Pressures	26,964	9,813	10,158	46,935

Cash Neutral Settlement	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Change in AEF of 0%	-	-	-	-
Notional Council Tax Increase 3.2%	(2,667)	(2,752)	(2,840)	(8,259)
Potential Revenue Shortfall	24,297	7,061	7,318	38,676
Notional Council Tax Increase 3.9%	(3,250)	(3,377)	(3,509)	(10,136)
Potential Revenue Shortfall	23,714	6,436	6,649	36,799
Notional Council Tax Increase to Welsh Average (7.05% 2021/22 & 3.58% thereafter)	(5,875)	(3,194)	(3,308)	(12,377)
Potential Revenue Shortfall	21,089	6,619	6,850	34,558

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1% Reduction in Settlement	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Reduction in AEF of 1%	1,683	1,666	1,650	4,999
Notional Council Tax Increase 3.2%	(2,667)	(2,752)	(2,840)	(8,259)
Potential Revenue Shortfall	25,980	8,727	8,968	43,675
Notional Council Tax Increase 3.9%	(3,250)	(3,377)	(3,509)	(10,136)
Potential Revenue Shortfall	25,397	8,102	8,299	41,798
Notional Council Tax Increase to Welsh Average (7.05% 21/22 & 3.58% thereafter)	(5,875)	(3,194)	(3,308)	(12,377)
Potential Revenue Shortfall	22,772	8,285	8,500	39,557

1% Increase in Settlement	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Increase in AEF of 1%	(1,683)	(1,700)	(1,717)	(5,100)
Notional Council Tax Increase 3.2%	(2,667)	(2,752)	(2,840)	(8,259)
Potential Revenue Shortfall	22,614	5,361	5,601	33,576
Notional Council Tax Increase 3.9%	(3,250)	(3,377)	(3,509)	(10,136)
Potential Revenue Shortfall	22,031	4,736	4,932	31,699
Notional Council Tax Increase to Welsh Average (7.05% 21/22 & 3.58% thereafter)	(5,875)	(3,194)	(3,308)	(12,377)
Potential Revenue Shortfall	19,406	4,919	5,133	29,458

4.42% Increase in Settlement (at the same level as 2021/22 increase)	2022/23	2023/24	2024/25	Total for 3 Years
	£'000	£'000	£'000	£'000
Increase in AEF of 4.42% then 1% each year	(7,439)	(1,758)	(1,775)	(10,972)
Notional Council Tax Increase 3.2%	(2,667)	(2,752)	(2,840)	(8,259)
Potential Revenue Shortfall	16,858	5,303	5,543	27,704
Notional Council Tax Increase 3.9%	(3,250)	(3,377)	(3,509)	(10,136)
Potential Revenue Shortfall	16,275	4,678	4,874	25,827
Notional Council Tax Increase to Welsh Average (7.05% 21/22 & 3.58% thereafter)	(5,875)	(3,194)	(3,308)	(12,377)
Potential Revenue Shortfall	13,650	4,861	5,075	23,586

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- 2.29. The matching exercise indicates that if there is a cash neutral or 1% reduction in the settlement from WG and if there is a 3.9% increase in council tax for each year of this plan, there remains between £36.799m and £41.798m of savings to be identified for the 3 years of the Plan. If the council tax is to be increased to and maintained at the Welsh average, with a cash neutral or 1% reduction in the settlement from WG, there remains between £34.558m and £39.557m of savings to be identified for the 3 years of the Plan. If the WG settlement increases by 1% across the period, then there remains a shortfall of between £31.699m at 3.9% Council Tax and £29.458m at Welsh Average Council Tax.
- 2.30. For the 2021/22 budget the Council received a 4.42% increase in the AEF (RSG and NNDR) allocated to the Council. If the Council received a similar increase for 2022/23 this would be an increase of £7.439m, it is assumed that increases would then be reduced to no more than 1% due to the likely impact of financing the additional expenditure for Covid. In this scenario if the Council Tax increase was 3.9% the shortfall would be £25.827m and if the Council Tax was increased to the Welsh average the shortfall would be £23.586m across the three year period. This scenario demonstrates the scale of the cost pressures in this plan even under positive scenario the Council would need to find significant savings across the three year period if all cost pressures are to be fully funded.
- 2.31. As part of the previous MTFP the Council considered a reduction in the Council's collection rate to reflect significantly reduced actual levels of Council Tax income and this was subsequently introduced for the 2021/22 budget. Whilst collection rates have improved during 2021/22 it is not currently thought sufficient to prudently increase the Council Tax collection rate for the 2022/23 budget. There is expected to be an underspend due to over collection of Council Tax however, this is largely associated with an increase in the number of properties required to pay Council Tax since the Council tax base was set in December 2020. This increase will be reflected in the increased Council Tax base when it is reported in December 2021. The rate of collection of Council Tax will need to be kept under review for future years.
- 2.32. The WG makes assumptions about levels of Council Tax and collection rates when preparing the Council's settlement each year. In 2021/22 WG set the Standard Spending Assessment (SSA) for the Council at £257.076 million and the Council after increasing the Council tax by 3.9% was able to set a budget at £251.653 million which means there was a £5.7 million difference. This difference arises because the Council sets their Council Tax at a lower level than WG assumes. If the Council was to seek to set the budget at SSA they would need to increase Council Tax by 13.62% which would equate to an increase of £184.85 on a Band D.
- 2.33. The achievement of the required level of savings will be extremely challenging in the context of historical savings already delivered but also in the current situation where managers and staff have been redirecting their priorities to delivering services through different ways of working due to the COVID-19 pandemic. Whilst savings from efficiencies will continue to be pursued, realistically, a substantial proportion of the balance will need to be found through the reshaping of Council services, which in itself will require further time and will require the Council to seek alternative forms of service delivery and consider the long term viability of some functions.
- 2.34. There is still uncertainty as to the reliability of available information upon which future resources have been predicted and the assumptions that have had to be made. It should also be noted that, if anything, cost pressures for years beyond 2024/25 are

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likely to be understated because of the sparsity of information available, the uncertainty around the longer term impact of the Coronavirus pandemic on service demand and the as yet unknown changes in legislation.

- 2.35. Such is the sensitivity of the resource predictions that a 1% change in assumed funding for RSG/NNDR would have a significant effect on these figures, reducing or increasing the predicted available revenue resources at the end of each year by an average of around £1.7m. It should be noted that there is no collective consensus as to the levels of future settlements and inflation trends with even more uncertainty than in the past, therefore, the deficit could increase with the consequent need to find further savings.
- 2.36. The effect of increasing council tax by 1% year-on-year over the period of the Plan raises a little over £2.5 million in total if the collection rate is unchanged.

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3. RESERVES

- 3.1. Reserves are a way of setting aside funds from budgets in order to provide security against future risks and to allocate funding for future priorities. The Council holds reserves for a range of purposes which can be used to fund either revenue or capital expenditure. The Council has always taken a prudent approach with regard to Specific Reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other reserves have been established to fund Council priorities, e.g. Neighbourhood Services and in particular, the Capital Programme, e.g. School Investment Reserve, Building Fund.
- 3.2. The Council's strategy for the level and use of its reserves is reviewed and reported to Cabinet throughout the year via the Initial Budget Proposals report in November, the Final Budget Proposals report in February and the Closure of Accounts report in July. Each report will examine the reserves to ascertain their strategy for use (i.e. whether the need to hold the fund is still relevant) and their level (i.e. whether the amount held in the fund is sufficient for requirements). These reports also include details of any new transfers into reserves and new commitments for their use. Each individual reserve and their intended use is shown, together with the current balance and the projected movement over the coming years.
- 3.3. After several years of real term reductions in funding and with the uncertainty of funding levels into the foreseeable future, there is reducing contingency in the normal operational council budgets and the management and use of reserves will become increasingly important to be able to continue to provide services and to mitigate risks, while still trying to deliver corporate priorities.
- 3.4. The Council Fund reserve is held for general purposes and as at 1st April 2021 had a balance of £11.868m. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale of Glamorgan this is currently about £12m. In view of the uncertainty around future funding streams across the period of the plan and the high levels of cost pressures and significant resulting shortfalls projected the Council proposes to set aside the projected £4m underspend in 2021/22 to help support the budget strategy proposals this will mean the projected Council Fund Reserve balance at 31st March 2022 is £15.868m. Generally in view of the prudent approach the Council takes with regard to Specific Reserves, it is considered that £10m should be the minimum level for this reserve.
- 3.5. In addition, the Council has a range of earmarked reserves where funding has been ringfenced for a specific purpose. As at 1st April 2021 these earmarked reserves totalled £73m excluding Housing Revenue Account and schools balances. Around £28m of these earmarked reserves, some of which are not specifically held for capital, will be used to finance the approved capital programme between 2021/22 and 2026/27. The largest reserve is the School Investment Strategy reserve which stood at £8.564m on 1st April 2021. It will be used as the Council's contribution towards the 21st Century Schools capital investment programme.
- 3.6. The Housing Revenue Account Reserve had a balance of £12m as at 1st April 2021 and is ring-fenced for the development and improvement of the Council's housing assets. The level of this reserve is reviewed on an annual basis as part of the updating of the 30 year Housing Business Plan.

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3.7. The commitments against reserves have been assessed and attached at Appendix 4 is a schedule showing the reserves and the anticipated balances over the period of this MTFP, 31st March 2021 to 31st March 2025. A summary of the position is set out in the following table.

Summary of Estimated Reserves Projected to 2024/25	Bal. 31/3/2021 £'000	Net Movement £'000	Est. Bal. 31/3/2025 £'000
Council Fund	11,868	4,000	15,868
Specific Reserves :			
- Insurance Fund	4,648	0	4,648
- Capital Reserves	35,422	(23,479)	11,943
- Learning and Skills Reserves	3,129	(2,556)	573
- Social Services Reserves	11,294	(1,101)	10,193
- Green Infrastructure and Climate Change Reserves	1,750	0	1,750
- Other Specific Reserves	16,877	(7,621)	9,256
Total Reserves (exc Schools & Housing Revenue Account)	84,988	(30,757)	54,231

3.8. It is projected that there will be a large fall (-36%) in the level of reserves over the period of this Plan as substantial calls on funds are made. It should be noted that whilst a number of reserves are earmarked for specific projects some drawdown reflects the high level of cost pressures and the uncertainty around what level of funding will be available therefore a revised projection will need to be considered once the WG settlement is available. The Council Fund is at a reasonable level and has been increased in recognition that having considered the extremely high levels of cost pressures being reported by service departments across the Council it is likely that some drawdown may be required in the budget proposals to help address the shortfall given the timelag associated with the introduction of new savings programmes. This will need to be considered as part of the budget setting process for 2022/23 once the final settlement figures are received from WG. It is considered that earmarked reserves are adequate to cover future commitments and risks but will need to be carefully monitored in future years.

4. RISKS TO PLANNING

- 4.1. An important factor affecting the Plan is the risks the Council is facing. As part of the Council's integrated planning framework, the Council's Risk Strategy states that effective Risk Management allows the Council to make the most of its opportunities, make the right decisions and achieve its objectives once those decisions are made. The Council's policy is one of embedding risk management in every aspect of the organisation. A knowledge and awareness of risks creates an environment in which continuous improvement can be achieved and where the Council takes informed decisions. Corporate risks need to be taken into account in judgements about the medium to long-term goals and objectives of the Council.
- 4.2. When deciding how to manage risks, officers will consider the possible costs of relevant options, including the option of maintaining the status quo. The cost of managing risk will be allocated from within existing resources or through revenue cost pressures and capital bids as required.
- 4.3. There are risks inherent in medium to long term planning and these are now outlined with possible mitigations.

Resource Risks

- 4.4. In addition to the uncertainty regarding the settlement figure from WG, there is also uncertainty in respect of data changes in the funding formulae and changes to the composition of the formulae themselves. For example, any potential transfer of specific grants into the formula may be at a different level to that which was previously provided via grant.
- 4.5. The pay inflation levels for the coming years included in the Plan may vary, however, it is considered that this has been included at a prudent level.
- 4.6. The continuing uncertainty in the economic climate and the impact of the COVID-19 pandemic and the exit from the European Union could result in a reduction in income e.g. planning fees, licensing fees and rental income from workshops and other business units.
- 4.7. The number of people becoming redundant or receiving a reduced income due to the COVID-19 pandemic will result in an increase in arrears and collection rates for Housing and Council Tax.

Expenditure Risks

- 4.8. WG has indicated that support in the form of the Hardship Grant and the Loss of Income Grant are not expected to continue into 2022/23. WG currently has in the main fully provided support while only disallowing a small proportion of the expenditure claimed against the grant. As this is not currently expected to continue into 2022/23 there will be several areas that will be under financial pressure. The grant has enabled local authorities to secure accommodation to ensure that those without a home can be protected, supported and isolated if necessary. The Council has secured additional emergency temporary accommodation for the Vale's homeless clients during this period by using Ty lolo hostel, bed and breakfast accommodation, leased and shared properties in the private rented sector and have secured rooms in local hotels. There is a cost pressure included for £2.044m which reflects the continuing need to provide temporary accommodation in hotels until

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alternative provision is able to be brought into use. Given the significant level of other pressures within this Plan it is considered that the Council would not have funds to arrange this level of provision without grant funding. WG is also funding, via grant, the lost income from void beds and is paying for a fixed sum per week for each client in both the Council's and private sector care homes which acknowledges an increase in costs to provide this service, however this support is being tapered for the last half of this year. This is vital to ensure that homes are able to operate going forward. It is also providing additional funding for domiciliary care providers. If these providers were not able to continue operating then there would be severe consequences for clients and the Council. There are cost pressures included as part of this plan to address some of the additional costs and risks encountered by providers in these fragile markets.

- 4.9. As part of the 2021/22 budget setting process, it was anticipated that savings of around £10.594m would need to be identified between 2022/23 and 2023/24. The savings targets set for 2020/21 and 2021/22 were the lowest for many years at £247k in 2020/21 and £500k in 2021/22. Understandably in the past two years the priorities for officers have been to deliver services under the difficult circumstances of a pandemic with a focus on recovery. The focus has been taken off reshaping services and identifying new potential savings going forward. This will make the ability to find the additional level of savings highlighted in this Plan, increasingly difficult, particularly as it takes time to fully implement savings as they may include consultation and reorganisations, the challenge may require some temporary funding from reserves to be utilised to temporarily address the shortfall and give services more time to implement challenging savings in their service area in a more sustainable way.
- 4.10. A further implication of the ongoing level of savings is that there will be a reducing base of staff, tasked to deliver services in an increasingly efficient way. This brings with it a significant risk that there may have to be a reduction in the level of service provided.
- 4.11. There are certain services in the Council that are currently under financial pressure and represent specific risks to the Plan.
- **Education** – There has been increased demand from Vale of Glamorgan pupils requiring placements in Ysgol Y Deri and fewer places are being purchased by other authorities, as they themselves seek to reduce their costs. This brings a resultant reduction in income. Also there has been an increase in the number of pupils with significant needs being supported in mainstream settings and resource bases. The council is piloting provision to support pupils with social and emotional difficulties. It is also encountering additional cost pressures associated with the implementation of the ALN reform act, particularly in early years and for post 16 provision. The service is also encountering rising demographic pressures with increasing pupil numbers and increasing numbers of pupils eligible for free school meals.
 - **Social Services** - There are ongoing pressures for the service including the changes in demographics, people are living longer and have more complex needs and the increase in charges from service providers due to the introduction of the National Living Wage. Over the past year there has been increasing pressure on the children's placements budget given the complexities of the children currently being supported and the high cost placements some of these children require to meet their needs. There is concern around the proposed change to the Integrated Care Fund grant with up to £2.2m of Social Services projects at risk.

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- **Neighbourhood Services** –The service is reporting significant pressures in respect of Waste projecting in excess of £1m overspend in 2021/22 due to the increased number of properties due to new developments, the increase in the costs of recycling and disposal and the market for recycled materials changing across the world, the rollout of a source separated service alongside the existing service and downtime impacts the efficiency of the service due to travelling to Cardiff to off load waste.
- **Housing/Council Tax** - The impact of changes to welfare reforms are still becoming apparent.

4.12. There is currently uncertainty over the increases per year following the introduction of the National Living Wage which will be £9.50 per hour from April 2022. Any other changes in legislation over the coming years could also affect the projections in the Plan.

4.13. The uncertainty created by the exit from the European Union also brings risk as contract prices may change due to staffing issues and the terms of trading with European suppliers. Also any legislative changes could affect the procurement of goods and services and also may affect the service provision regulations e.g. waste, environmental issues, which may have an impact on services and assets.

Mitigation of Risks

4.14. A consequence of this level of deficit is that there may need to be a reduction in staff numbers. The Council has set aside funds to cover potential early retirement and redundancy costs. These funds are considered to be sufficient so the risk of meeting severance costs has been mitigated. The Council's Workforce Plans should also help to mitigate the risk by ensuring that it anticipates and plans for the workforce needs of the future in order to meet changing services requirements.

4.15. In the past, the Council has taken a prudent view with regard to unsupported borrowing. It is therefore considered that the Council will be able to maintain the currently approved levels of borrowing which serves to mitigate this risk.

4.16. The Reshaping Programme is a proactive change programme which seeks to mitigate financial risks by fundamentally reviewing services which includes the use of technology to drive change.

4.17. When savings are identified they will need to be closely monitored and scrutinised to ensure they are delivered on target and within the approved timeframe.

4.18. The Council holds a reasonable level of reserves and this funding source could be used on a one off basis or could be used as a support while further plans are developed and implemented.

4.19. The Council continues to implement energy efficiency schemes which helps to reduce energy usage and accelerate decarbonisation and part of Project Zero.

4.20. In mitigating risks, it is necessary to identify both the likelihood and impact on Council services, which result from external pressures and decisions to reduce local government funding. However, the sparsity of information on which to base these decisions and in particularly those impacting on local government funding,

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do not in any way assist the risk management process. As such, it will be necessary to revisit the assumptions made in the light of changing and evolving circumstances as part of the final budget proposals for 2022/23.

5. THE STRATEGY

- 5.1. In considering the position, it should be noted that, the rolling nature of the Medium Term Financial Plan will necessitate it changing and developing as a budgeting and forward planning tool as the factors upon which it is based become clearer and more certain. In particular, predictions of likely future pay inflation funding and annual revenue settlements from WG are still extremely uncertain. The Council's Corporate Plan contains actions aligned to well-being objectives which are to be delivered through a range of funding sources which are also subject to change and therefore could be affected by future reductions in funding. One of the Council's ways of working is to understand the root cause of issues. Through projecting and understanding the financial position of the Council, issues can be identified and the necessary actions required can be taken in a timely manner. Key to ensuring that the financial position is monitored in the context of other corporate planning activities is the establishment of the Insight Board, which has streamlined arrangements and amalgamated existing groups into one Board. A priority of the Insight Board is to review corporate plans and strategies.
- 5.2. As the strategy contained within this Section is based upon projected inflation and cash changes in WG funding of RSG/NNDR (based upon the assumed settlement figures), even a small percentage change could have a significant impact.
- 5.3. Involving the population in decisions is embedded in the way the Council works. To ensure that the budget set for 2022/23 and for future years continues to address the priorities of Vale residents and the Council's service users, the budget setting process will incorporate engagement with a range of stakeholders. This engagement will be facilitated by Council officers and conducted in line with the corporate standards set out in the Vale of Glamorgan Council Public Engagement Framework. To ensure that all stakeholders are able to make a meaningful contribution to the process, they will be provided with sufficient information to enable them to make informed comments. Also the Council will work with the Public Service Board to link their well-being priorities and this will have an impact on the way in which the Council's funding is used and will inform future collaborative arrangements.
- 5.4. There will be a programme of engagement with elected members of the Vale of Glamorgan Council through the scrutiny process. The input of elected members will provide another channel through which residents can have an input into the budget setting process.

Projected Shortfall

- 5.5. Based upon the revised projected funding, this Plan indicates that if there is a cash neutral or 1% reduction in the settlement from Welsh Government and if there is a 3.9% increase in council tax for each year of this plan, there remains between £36.799m and £41.798m of savings to be identified for the 3 years of the Plan. If the council tax is to be increased to and maintained at the Welsh average, with a cash neutral or 1% reduction in the settlement from Welsh Government, there remains between £34.109m and £39.108m of savings to be identified for the 3 years of the Plan. If there is a 1% increase in the settlement savings of between £31.699m and £29.009m would need to be identified. There are no savings currently allocated to the period, however, given the significant shortfalls outlined in the various scenarios a significant and challenging savings programme will be needed, it is important that the allocation of savings is aligned to the Council's Recovery Plan and the priorities

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outlined in the Annual Delivery Plan. If the settlement received from WG is in line with the increase received in 2021/22 then the shortfall would be between £25.827m at 3.9% Council Tax Increase and £25.127m at the Welsh Average Council Tax

- 5.6. It should be noted that in arriving at this range of shortfall, certain assumptions have had to be made and there will inevitably be additional cost pressures arising from 2023/24 onwards which are as yet unknown and no provision has been made for service development. Any targets set will be extremely challenging for services, as they are also required to meet other growth items from existing resources, e.g. staff increments.
- 5.7. With such a high level of savings already allocated over the past years, careful consideration must be given to how additional savings are allocated to service areas, while there are areas of the Council where there are fixed costs that cannot change e.g. debt costs. The following issues will be considered.

Transformational Change

- 5.8. The Council has previously outlined when embarking on the Reshaping Services Programme that the scale of the challenge that now faces the Council means that a "business as usual" approach, however well managed will not be enough. The challenge is therefore to consider alternative delivery models for services across the Council. In November 2014, Cabinet agreed a Reshaping Services strategy and change programme. The aim of the strategy is to reshape the Council to enable it to meet the future needs of citizens of the Vale of Glamorgan within the context of unprecedented financial challenges.
- 5.9. The Coronavirus pandemic has impacted on the Council's activity, including the Reshaping Services Programme. The pandemic has, however, expedited transformational change in many areas. This has included mobilising significant numbers of staff to home working and adapting operational processes. The Council is reflecting on this experience with a view of establishing whether this has resulted in more efficient ways of working which in turn can generate financial savings. The steps being taken to do this are articulated in the Coronavirus Recovery Strategy. This will include consideration of the future direction of the Council's transformational change programme learning from the pandemic and considering the emerging landscape, including the financial resources available.
- 5.10. The transformational change programme has sought to adopt different approaches across the Council. Some of these approaches are described below and will inform the future direction of transformation for the Council.
- 5.11. Services are asked to prioritise the consideration of alternative and collaborative methods of service delivery as opposed to a reduction in service level even though service reduction in the future could now be inevitable. Actions to support such new approaches include collaborative working and such initiatives are already included in the Corporate Plan and support one of the Council's ways of working, namely to work in a collaborative way. Examples of this is the Shared Regulatory Service and the Regional Internal Audit Service. Where possible demand management needs to be considered and service levels need to be reviewed.

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- 5.12. Another way of delivering savings is to take a more commercial approach and where appropriate, charge for services and facilities, and opportunities for charging are being considered. These include extending current service provision and recovering the costs through income. Opportunities relating to advertising, filming and the recoupment of finance charges have been the focus of work to date and it is considered that the potential for income generation should be pursued further however this may be restricted during the COVID 19 pandemic.
- 5.13. Services may also be able to identify additional sources of income from grant funding from Welsh Government and other grant making bodies as well as contributions from partner organisations for the delivery of initiatives. Grant funding is already being used to help achieve the Wellbeing objectives set as part of the Council's Corporate Plan. It is considered that grant funding from a variety of sources should be pursued and that the use of grant is reviewed to ensure that it is efficiently used.
- 5.14. Later this year the Council is proposing to explore adopting a Non Treasury Investment Strategy to build on the opportunities outlined in the Councils Recovery Strategy. Some key opportunities identified as part of the strategy in respect of the theme of business, the economy and infrastructure are set out below:
- Supporting Innovative businesses;
 - Support Economic regeneration;
 - Capital Programme investment – and a Covid review step
 - Focus on green jobs and green infrastructure
- 5.15. It is therefore, important the Council builds on these opportunities by investing to regenerate our spaces, supporting our communities as they adapt and recover and investing in our response to the climate and nature emergency. It is proposed that a Regeneration and Recovery Fund is developed to help support the key recovery priorities to take action to promote a green recovery and re focus the capital programme to support economic growth.
- 5.16. The Council sees ICT and digital technology as a key means of transforming services. The current strategy identifies 4 themes which will enable the Council to achieve its vision. They are Digital Customer Service, Digital Workforce, Digital Place and Digital Collaboration. The Council has made good progress rolling out Microsoft 365 the Council plans to leverage the Power BI module to improve its data management and reporting. A new online recruitment system has also been implemented. A new Digital Customer Experience Platform (DCXP) that will enable customers to access services 24/7. The proposed upgrade to back office systems through a move to the Oracle Fusion platform for Finance, Procurement, HR and Payroll modules are well advanced and will offer further opportunities to support new ways of working and deliver efficiency savings.
- 5.17. Forming part of the Council's accommodation strategy, the Space Project is focussed specifically on the use of key corporate buildings. Since its implementation it has become a key driver for achieving a more efficient use of corporate buildings. This project will continue in order to reduce the running costs of the Council's accommodation and in particular reflect new ways of working adopted during the pandemic. The Council also needs to consider whether it can use its assets to generate further income. As part of the cost pressures included in the Plan, a sum of

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£1 million is included to assist the Council in rationalising its leased property arrangements which could enable the Council to generate revenue savings and align the property estate more closely with its requirements for future service delivery.

Traditional Savings

- 5.18. Given the scale of the shortfalls included in this Plan in addition to undertaking transformational change, the Council will also need to continue to review and assess its expenditure to ensure efficiencies can be achieved through more traditional methods. The Council can drive out savings through the procurement process. It is essential that the Council ensures value for money from the contracts it enters into. It is therefore important that services continue to renegotiate contracts to deliver increased flexibility and efficiency gains and therefore controlling price inflation and maximising the use of collaborative arrangements such as through the National Procurement Service where it is advantageous to do so.
- 5.19. The Council will continue to review all levels of expenditure both staffing and non staffing to ensure that it is spending effectively.

Reserves

- 5.20. Whatever initiatives are put in place to deliver the required savings it may still be necessary to use reserves to support the future delivery of key priority actions, including facilitating the implementation of Reshaping projects. As such, a key part of the Budget Process has and will continue to be the re-examination, redefinition and reclassification of all earmarked reserves in order to ensure a sustainable level of Council Fund reserve is maintained. The reserve will not fall below a level considered to be a reasonable minimum by the Section 151 Officer. This position will be reviewed by the Budget Working Group as part of the future financial strategy from 2022/23. However, it must be emphasised that the use of reserves to fund recurring expenditure can only be considered as part of a specific strategy to achieve a balanced budget in future years. The consequence of such actions will be to increase the level of savings required in future years.

Council Tax

- 5.21. For 2021/22, the total budget of £251.653m, after adjusting for discretionary rate relief of £290k, it is £5.713m below the Council's SSA of £257.076m. The Council's current Band D council tax is 3.24% below the Welsh average. The Council could consider a move towards the Welsh average and this has been modelled as part of this Plan. A 1% rise in council tax would have the potential to generate approximately £883k per annum at the current base. The percentage increase in council tax needs to be considered with a view of reducing the funding shortfall.

Current Service Pressures

- 5.22. The Council needs to continually review its estimation of all existing pressures, especially inflation, key demographic demands and levels of contingency to minimise any unexpected impacts. Currently the major areas of financial pressure for the Council are as follows and further work will need to be conducted by the directorates in assessing the future needs for the services and options for addressing the demand.

- Adults Social Care - Community Care packages

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- Education - Additional Learning Needs
- Neighbourhood Services - Waste Management

6. CONCLUSION AND RECOMMENDATIONS

- 6.1. This Medium Term Financial Plan has illustrated the continued reliance that the Council has to place upon WG for its funding, not only in terms of RSG and NNDR, but also in respect of the special and specific grant funding and subsidy it receives. Given the extremely high levels of cost pressures being expressed by services as a result of the impact of Coronavirus, emerging demographic pressures and also implementation of WG legislation it is now even more difficult to perceive how the amounts forthcoming would be sufficient to match the aspirations of the Council.
- 6.2. The COVID-19 pandemic has made future planning even more difficult due to the uncertainty of future WG settlements, it is hoped that with the forthcoming spending review covering a three year period the Council will be able to get an indication of future funding levels to enable more informed medium term plans to be prepared. Departments have lost the momentum in establishing new savings programmes as in recent years they have been focusing on running their services in new and remote ways. It is therefore important to reflect on these new processes to establish whether they are able to generate future financial savings.
- 6.3. It must be emphasised that addressing the shortfalls and options modelled in this Plan will not be easy to achieve particularly after already having several years of large scale reductions in funding and the distraction of the Covid pandemic, however, it is imperative that they are achieved. The savings for 2022/23 could be between £13.650 million and £25.980 million. While this represents a wide range, consideration has to be given to potential savings that can be delivered next year within a short timeframe, whether any of the cost pressures can be mitigated and the subsequent increase in council tax required.
- 6.4. It will be necessary to ensure that there is a close system of monitoring and scrutiny of the savings to ensure their delivery. Details of individual savings targets and an assessment of their progress is reported to Cabinet and Scrutiny Committee on a quarterly basis.
- 6.5. Looking to the long term is one of the Council's ways of working. The provision by WG of a year by year funding allocation with no firm indication of funding changes in future years does not help the planning process, not only in the long term but even in the short term. A 1% change in the reduction of predicted WG funding equates to around £2.5m and this can significantly alter the level of savings required. The level of savings identified in this Plan is therefore only an indication. Action will need to be taken now as the way in which services will deliver savings in the future, through alternative service delivery, will require a long lead in time in order to be able to assess the best way of delivering the service and also to allow for the consultation process.
- 6.6. In view of the shortfall identified across the 3 years, actions need to be taken to prepare for future reductions in real term funding. It is proposed that once the indicative allocations for the period are received from WG and as part of the budget setting process for 2022/23, the Budget Working Group will consider the options for funding the shortfall as outlined in this Plan and identify further savings targets for future years, while ensuring that the limited resources focus on priorities as outlined in the Corporate Plan. At that stage the assumptions made in this Plan will also need to

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be reviewed for their appropriateness. The options to be considered should at least include the following :-

- Considering the results of the budget engagement process in determining priorities for future savings and service delivery;
- Reviewing the feasibility of any change in the use and the level of the Council Fund Reserve and other reserves as part of the financial strategy;
- A further review of the level of cost pressures with a view to services managing and reducing demand and mitigating pressures;
- Services funding their own residual cost pressures through reviewing their existing budgets and revised/alternative means of service provision;
- Services meeting their own pay inflation through reviewing their staffing structure in line with changes to service delivery and workforce planning requirements;
- Reviewing the priorities for funding statutory and non-statutory services, including establishing minimum levels of services provision;
- Considering the latest position regarding the Council's Reshaping Services programme and identifying further area for savings;
- Reviewing the changes to practice and processes as a result of the COVID-19 pandemic;
- Continue to pursue collaborative working;
- Review the strategic approach for commercial opportunities;
- Continue to implement the Digital Strategy;
- Continuation of the review of Office Accommodation and leased properties to achieve accommodation related efficiencies;
- Consider the increase in Council Tax; and
- Considering the possibility of a reduction in the level of service and determining what services the Council needs to deliver in the future.
- Consider the potential enhancement to service delivery that could be achieved by introducing a Non Treasury Service Investment programme to support Economic Regeneration and Recovery and decarbonisation and Green Infrastructure in the region.

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Directorate: Learning and Skills				
Learning and Skills Incl Schools				
1	Demographic increase in mainstream schools - Demographic increase in mainstream pupils	1,128	1,000	1,000
2	Autism Special Resource Base at Whitmore High School - In order to reduce demand for places at Ysgol Y Deri, a Specialist Resource Base (SRB) has been established which is attached to the mainstream secondary school at Whitmore High School to provide additional support for pupils with ASD ensuring that they can access mainstream secondary education. The SRB opened in September 2021 for a cohort of 10 pupils and it is estimated that numbers will increase to 20 in September 2022.	108	77	0
3	Demographic increase in pupils requiring placement in special school Ysgol Y Deri - Numbers of pupils requiring placement at Ysgol Y Deri is increasing year on year creating pressure on capacity which is exacerbated by a small cohorts of school leavers. At September 2021 there were 342 pupils within Y Deri, it is estimated that there will be 380 pupils in September 2022 and 420 pupils in September 2023.	1,051	1,016	464
4	Additional Learning Needs Support in Mainstream Schools - A large increase has occurred in the number of pupils with ALN, particularly early years pupils presenting with social and emotional behavioural needs. Schools are now accommodating pupils with much higher additional learning needs due to an increasing numbers of pupils with complex needs and capacity issues within Ysgol Y Deri. This has resulted in mainstream schools being asked to meet the needs of more complex children requiring higher levels of support.	500	0	0
6	Early Years Provision - The ALN reform extends the age range of children that local authorities have a duty to support if they have ALN. As a consequence very young children in pre-school settings will now be eligible for additional support.	100	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
7	Reduction in Out Of County income - The ALN and complex needs budget is partly funded through charges to other counties for pupils in placement at Ysgol Y Deri. Due to the demographic increase in Vale pupils requiring specialist placements within Ysgol Y Deri, there is no capacity to offer placements to pupils from other authorities. As a consequence, as pupils previously placed from other local authorities leave Ysgol Y Deri, they are not replaced by other out of county pupils and income reduces year on year.	294	267	204
8	Learning and Wellbeing Class - As a result of Covid, we have seen a significant increase in the number of children and young people suffering with significant social emotional and mental health difficulties and high levels of anxiety which prevents them from attending a mainstream school. From September 2021, a class (Learning & Wellbeing Class) of 8 pupils is being piloted at Ysgol y Deri where the young people are able to access YYD's therapeutic facilities and specialist support.	120	0	0
9	Learning and Wellbeing class revenue costs - to rent a demountable classroom - The specialist Learning and Wellbeing class at Ysgol y Deri will be based in a demountable for which a corresponding capital bid has been submitted.	211	-161	-50
10	Post 16 ALN Provision - The ALN reform extends the age range of young people that local authorities have a duty to support. As a consequence funding is required to employ a 0.5 FTE teacher to support the ALN post 16 provision, this post is shared with Cardiff and currently funded by grant in 2021/22.	35	0	0
11	Health provision - tracheotomy support for mainstream schools - Due to an increase in the number of children who require tracheotomy care and regular suctioning within the school day in mainstream schools, it is essential that school staff involved in providing these interventions have skills to deliver them effectively and safely.	39	0	0
12	Increase in pupils eligible for free school meals - As a result of the Covid pandemic and the WG transitional protection, the number of pupils eligible for free school meals has increased.	359	0	0
13	Penarth Pavilion - Start up funding to bring the building back into community use following the dissolution of Penarth Arts & Crafts Ltd (PACL) and for the venue to generate income to offset its costs.	49	-49	0
14	Secondary transport - Additional 70 seater coach required due to change in catchment area for Cowbridge Comprehensive resulting in increased transport for year 7 pupils from September 2022	32	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
15	ALN transport - Ysgol Y Deri - Increasing pupil numbers at Ysgol Y Deri is resulting in additional transport costs.	137	152	0
16	Primary/Secondary transport - This is an on-going issue with current spend (21/22) of around £165,000 for catchment area problem transport. Forecasting this spend is difficult as we do not know about catchment area problems until parents apply for schools.	165	0	0
17	21st Century Schools - This is the revenue cost of additional borrowing required as part of the 21st Century Schools Band B Programme.	100	100	50
	Total Learning and Skills Incl Schools	4,428	2,402	1,668
	Total Learning and Skills	4,428	2,402	1,668

Directorate: Social Services**Children and Young People's Services**

1	External Placements - This cost pressure relates to the continuing and considerable pressure on the children's external placements budget given the complexities of the children currently being supported and the high cost placements some of these children require. This is further impacted by the COVID-19 pandemic and the significantly higher demand for placements coupled with an associated national shortage. Spend is highest for independent fostering agency placements and residential care. The Division is achieving some success in recruiting new foster carers and is developing its own residential project, but these advances in isolation are not sufficient to address the level and frequency of placement demand.	1,200	1,200	1,200
2	Legal Costs - This recurring cost pressure relates to the increasing number of care proceedings and the complexity of those proceedings, which requires an increased use of Counsel and expert witnesses.	160	0	0
3	Adoption Placements - This cost pressure relates to the increasing numbers of children with a plan for adoption and the increasing costs of adoption agency placements.	200	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
4	Supporting Children in Emotional Distress - This cost pressure relates to the increased numbers of children in emotional distress admitted to hospital because of concerns regarding their mental health. There is a recognised and urgent need to develop a regional multi-agency, accommodation-based support service for children and young people who need to be discharged from hospital but are unable to return to their usual place of residence because the risks are too great and cannot be managed safely in that context.	189	0	0
5	Capacity at VVC - The Councils share (15.3%) of increased capacity costs at the Vale Valleys and Cardiff Regional Adoption Service Joint Committee.	18	0	0
6	One to one support for children subject to care and support plans - This cost pressure is directly linked to the impact of the pandemic on placement availability in fostering and residential care and the need to support children and families differently when supply has exceeded demand. To support creative placement opportunities and to create bridging situations such as supporting single carers and temporarily maintaining family arrangements, we have had to rely heavily on agency staff provision. The service has considered the establishment of support worker posts, but the need to support more than one arrangement in multiple shift patterns would create a demand for multiple full time workers. It is hoped the pressure will reduce as the number of placement / support options increases.	150	50	0
7	Direct Payments - This cost pressure relates to the increasing costs of Direct Payments. In recent years there has been a significant increase in demand due to both an increase in the number of children and young people with eligible diagnosis for CHAD assessment, and the ratio of these with identified assessed needs and a decrease in services available to families 'free at point of access'. Pressure has been significant on this budget for a number of years, always exceeding the budget available.	70	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
8	Case Management Capacity - This cost pressures relates to capacity in Intake Family Support Team. Due to the increased demand at the front door and the ongoing pressure in recruiting and retaining Qualified Social Worker there is a need to increase the number of Social Care Officers across the Team from 6 to 10. Additional SCO posts within the Team will also have a positive long term impact on the Division as a strong source of candidates for the in-house qualification route, helping to address the shortage in Qualified Social Workers.	136	£-	£-
9	Placement Team Capacity - This cost pressure relates to increasing demand on the Placements Team and the need to increase capacity. The request is for 2 additional Social Care Officer posts (non-qualified) which will allow Social Work capacity in areas of regulatory requirements, and 1 Social Worker in the context of increased levels of demand for qualified capacity. The number of placement requests in 2021/22 is projected to have increased by 91% on 2020/21, 192% when compared to 2019/20.	122	0	0
10	Business Support Core Teams - In the last 18 months, demand across Children and Young Persons has increased significantly. Business support capacity has remained static throughout, and despite reviewing patterns of work and streamlining processes where possible, these measures have not given us the level of capacity that is needed to function effectively and an additional Business Support Assistant is required to increase capacity in this service.	26	0	0
11	ICF Funded Projects - This cost pressure reflects the risk associated with the withdrawal of ICF funding against the following projects / posts for provision of services such as Family Group Conferencing, Regional Adolescent Resource Services, Reunification, Integrating Disability Services Project and Joint Approaches to Continuing Care and Assessment.	656	0	0
	Total Childrens Services	2,927	1,250	1,200

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Adult Services				
12	Demographic Pressures - This figure takes into account the forecast for this year with income adjustments, grant funding considered and the impact of the pandemic, the increase is based on previous years increases in budget and correlating 'normal' increases in demand, and anticipated ongoing grant funding.	628	628	628
13	Provider Fees and Quality Assurance - Continuing challenge by providers to increase fees to meet provider costs while the market remains extremely fragile. Numerous historical pressures continue to impact the committed spend for commissioned services, including National Living Wage, Sleep-Ins, HMRC regulations re travel time, auto-enrolment of pensions and now the increased burden of registration costs for domiciliary care workers under Regulation and Inspection of Social Care (RISC) (Wales) Act 2016.	3,500	3,500	3,500
14	Reablement - The Vale Community Resource Service has benefitted from grant funding at the front line over several years, but due to the short term nature of the funding we have not developed the managerial, supervisory and co-ordination elements required to support the team of Reablement support workers, or consider how best to structure the service in regards to cluster/locality models. A recent review has identified unfunded posts that are required to ensure the safe delivery of the current service.	279	0	0
15	Occupational Therapy - There has been a significant increase in the OT workload. This is a direct consequence of people wishing to remain in their own homes and needing long term equipment and adaptations to their homes.	100	0	0
16	Long Term Care Service (LTCS)/Review - The implementation of the Liberty Protection Safeguards means a shift in responsibility from our DoLS service into Case Management, with extra responsibility moving to case management. The bulk of the impact will be in the Review Service, aligned with LTCS, as many cases will be 'in review'. Additional capacity at Social Worker and Social Care officer level would enable this implementation.	80	0	0
17	Integrated Locality Manager - The Vale Alliance will be developed in this year, in order to enable leadership capacity, the integrated role needs to have the support of an integrated Locality manager, shared with the UHB (PCIC) on an ongoing basis .	62	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
18	ICF Funded Projects - This cost pressure reflects the risk associated with the withdrawal of ICF funding at a time when Adult services is showing a growth in demand and complexity of demand against the following projects/provision of services such as Assessment and Case Management, Reablement, Discharge and Learning Disabilities projects.	1,262	212	0
Total Adult Services		5,911	4,340	4,128
Resource Management and Safeguarding				
20	PPE - To continue to operate the corporate PPE team and maintain the current level of PPE, hygiene, and cleaning provision required to support the infection control measures in place to support the Vale of Glamorgan Council Corporate Covid 19 Risk assessment.	330	0	0
21	Performance and Improvement Review - The Performance Team were working to their maximum capacity prior to the pandemic and since then have come under increasing pressure to produce more easily accessible and informative data. A directorate wide review of the way performance and improvement data is presented is required. The Social Services Reshaping Board has highlighted the need to improve key performance areas, develop and embed effective quality assurance processes, and drive updates to WCCIS. Furthermore, a recent inspection report from Care Inspectorate Wales highlighted the need for improved recording and monitoring information.	120	0	0
22	Contracts and Commissioning/Quality Assurance - The work of the Contracts Section has increased significantly in recent years such as additional duties created by the annual procurement processes and essential monitoring of contract and Letters of Understanding with external providers. There are a number of quality assurance issues with providers that require additional scrutiny and contract management to safeguard citizens.	362	0	0
23	Safeguarding and Quality Assurance - Posts were agreed on a 2 year temporary basis to assist with the increase in demand for services (currently overspending), as the functions of the Community Care Finance and Direct Payments Sections are at the point where the workload cannot be managed within existing resources. Funding would allow for the maximisation of income for chargeable services within the Directorate.	246	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
24	Increase resilience around Staff absence in Care Homes- This will enable the Council provided care homes to recruit staff as the service is under significant pressure post pandemic. The issues created by Covid 19 include a need to reduce dependence on agency staff (or maintain consistent agency staff for each home) and also to ensure that the service can cope should staff be absent. This would enable the homes to be fully staffed and meet the needs of residents. It is important to invest in our care homes as a mixed economy of care is key to managing the risk when faced with the fragility of the independent sector.	187	0	0
25	Ty Dyfan Reablement Unit (ICF)- The provision of this service could be impacted by the end of ICF funding. The reablement unit facility not only had very positive outcomes for people but proved extremely cost effective reducing the package of care and support hours required on discharge. For the majority of clients this reduction is sustained when reviewed at 6 months post discharge, the Bay has created savings in the region of £550,000 per annum for the Council.	185	0	0
26	Domiciliary Care (ICF)- Domiciliary Care Costs - Additional resource in the area has enabled a new provider to move into the Western Vale and its critical to continue in order to manage the fragility of the social care market.	114	0	0
Total Resource Management and Safeguarding		1,544	0	0
Total Social Services		10,382	5,590	5,328

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Directorate: Environment and Housing				
Neighbourhood Services				
1	Waste - Pressures due to demographic growth and rollout of source separated recycling. A 10 year business plan is currently being established for the Waste service and it is estimated that there is a shortfall in budget of around £1.15m	1,150	0	0
2	Highways - Maintain Highway and footway Network -Due to the reduction in the level of Resurfacing anticipated on the carriageway and footway for 2022/23 onwards it is anticipated that the amount of patching required will increase significantly.	400	0	0
3	Highways - Reduction in Big Fill budget - Reduction in Big Fill budget planned for 2022/23 will lead to faster deterioration of the highway network and increased levels of insurance claims.	400	0	0
4	Waste - Reduction in grant funding - Sustainable waste management grant is being reduced by approximately 3.5% year on year. The grant for 21/22 is £618k therefore it is estimated the reduction for 22/23 onward is around £22k	22	21	20
5	Coastal Resorts - Due to the upsurge in demand for coastal resorts the resource that is required to maintain standards at these sites has increased significantly. Increased numbers of staff are required to maintain cleanliness at these sites especially during the summer months.	100	0	0
6	Colcot Sports Centre - The School is no longer using the Sports Hall due to new school facilities, therefore loss of contribution to running costs of the building.	47	0	0
7	SUDs - Sustainable Drainage - Insufficient staffing to comply with statutory function under SAB. Additional funding required for staffing.	80	0	0
8	Traffic Operational Budget - Traffic revenue budget cost pressures, to address factors such as disabled bay parking currently waiting list 3 to 4 years, no budget to progress future resident parking controls and insufficient budget to address backlog of minor highway safety improvement schemes.	50	0	0
Total Neighbourhood Services		2,249	21	20

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Transportation				
9	Supported Bus Service - Estimated increase in costs due to the current price increases expected in the transport sector especially with regard the cost of drivers wages and the cost of fuel. It is estimated that costs could increase by as much as 20%.	80	0	0
Total Transportation		80	0	0
General Fund Housing				
1	Provision of B&B accommodation if WG funding ends after 31 March 2022 - If WG grant funding ceases for B&B use post 31 March 2022, it would still be necessary to provide temporary housing for single people at the Tadross, Celtic International and Holiday Inn Express. The figures stated in 22/23 assumes existing occupation levels continue and that the rate of Housing Benefit recovered for tenants remains as in 2020/21. Subsequent years allow for a reduction in requirement by 50% and 75% as alternative accommodation provision is brought on line.	2,044	-1,022	-511
2	Housing - Community Safety - CCTV - The Council has reviewed its CCTV service provision across the Vale and had hoped that the Police and Crime Commissioner would contribute to the on-going revenue funding of the system. To date this has yet to be agreed by the PCC, despite the Vale having committed £350k capital funding to renew the equipment provision. Through the introduction of the Serious Violence Duty and the PROTECT Duty in 2022 it is evident that CCTV will have a positive impact on the the actions required to ensure that the Vale can evidence positive outcomes in keeping the Vale a safe place to live. It is anticipated that an increase in revenue funding, alongside the capital investment, would bring the CCTV system, and the Council's response, into the 21st Century.	88	0	0
3	Housing - Community Safety - Cadoxton House - Review of Cadoxton House use and potential alternative uses.	77	-77	0
4	Housing - Community Safety - The cost pressure equates to a full time permanent member of staff to assist with additional legislation that the Council has to respond to in 2022 (Serious Violence and PROTECT duties).	34	0	0
Total General Fund Housing		2,243	-1,099	-511
Total Environment and Housing		4,572	-1,078	-491

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Directorate: Managing Director & Resources				
Regeneration				
1	Project Management Unit Reorganisation - Reorganise the Project Management Unit, this team will seek to build upon its existing cost recovery, with a view to becoming self-funding in the future. This will also ensure that we minimise leakage to external consultants and ensure that the Council is able to deliver major projects with an in-house team building on internal knowledge and expertise.	160	0	0
2	New Structure External Funding, Community Development and Innovation Team - To fund the evolution of the Creative Rural Communities team into an External Funding, Community Development and Innovation team. The purpose of this team is to support the Council and third party bidding to external funding including UK & other major funding streams. The team will act as a capacity building and engagement team to expand	334	0	0
3	Place Making - Further develop the capacity to support the placemaking work of the Barry Place board project across the Council and all areas of the Vale, with a particular focus on the Welsh Government Transforming Towns initiatives.	46	0	0
4	Local Nature Partnership Coordinator - To make the current grant funded post of Local Nature Partnership Co-ordinator into a permanent position.	0	40	0
Total Regeneration		540	40	0
ICT				
6	ICT Savings Shortfall - ICT were set a savings target of £400k in 2017/18, £200k of this has been achieved and the balance of £200k cannot be achieved without impacting the service delivery and quality of ICT.	200	0	0
7	Ransomware Support Costs - Ransomware is almost certainly the greatest cyber threat to the UK. Due to the disruption it can cause to critical services it is now a national security threat and can be more damaging than state sponsored espionage. ICT had previously raised the risk of ransomware and brought a business	40	0	0
Total ICT		240	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Procurement				
8	Procurement Restructure- The current decentralised system works well however we need to build up the centre to have oversight of procurement function across the authority, in particular we need strategic capacity to support strategic decision making and respond to emerging procurement themes such as the Climate	72	0	0
Total Procurement		72	0	0
Legal and Democratic Services				
9	Electoral Registration Service - This funding is required to create an ongoing Public Awareness Officer post which is currently funded by WG grant.	30	0	0
10	Coroner - Increased contribution will be required towards the cost of the Joint Coroner Service based on annual increases. Includes employee related costs. Increasing annual costs relate mainly to pathologist and health authority fees.	20	0	0
Total Legal and Democratic		50	0	0
Policy & Business Transformation				
11	Policy and Business Transformation Savings Shortfall - The C1V was set a savings target for 2017/18 of £178k. A proportion of the saving (£50k) unfortunately has not been realised. To achieve the saving will require a further reduction in Customer Service Representative headcount (2 fte) detrimentally impacting on service delivery.	50	0	0
12	New CRM System YouGov - The Council has purchased a new digital customer experience platform to replace the existing on-premise Oracle CRM. Customer service technologies have however evolved rapidly in response to changing expectations in relation to service experience. The annual licence costs for the next two financial years (2021/22 & 2022/23) have been funded from the Digital Reshaping reserve.	0	30	0
Total Policy and Business Transformation		50	30	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Human Resources				
13	HR Savings Shortfall - Between 2016/17 & 2020/21 HR have achieved savings of £354k - this represents over 17% of the 2016/17 base budget. A proportion of the overall savings target (£81k) has not been achieved. It was not possible to achieve the additional saving without detrimentally affecting service delivery.	81	0	0
14	Health and Safety - The cost pressure bid is for the creation of a new fulltime Grade 8 Health and Safety Officer, an additional full-time Grade 8 Fire Safety Officer and a fulltime Grade 3 Admin assistant. Providing support to our most vulnerable areas within Waste, Residential Care and Schools. Ensure competent, compliant and timely fire risk assessments for Council buildings are in place additional capacity is required to ensure the Council manages fire safety risks. Admin support is required to support this additional workload and support for our Occupational Health Team. Additional training budget of £5k per annum to cover annual Health & Safety and Fire registration/training.	120	0	0
Total Human Resources		201	0	0
Revenues and Benefits				
15	Capita System Enhancement - Enhancements required to the existing Capita system to support the provision of the service to customers and improve efficiency within Exchequer.	20	0	0
Total Revenues and Benefits		20	0	0
Total Managing Director and Resources		1,173	70	0
Policy				
1	City Deal Borrowing - This is the revenue costs of Prudential Borrowing required as part of the Council's contribution to the schemes included in the Cardiff Capital Region City Deal.	312	297	50
2	Members Expenses - Provision for increased costs for additional 7 Members and increase in members basic allowance	300	0	0
3	Proposed Senior Leadership Team Restructure - Additional Directors (Director of Resources and Director of Place) including on costs subject to the outcome of the consultation process.	280	0	0

COST PRESSURES 2022/23**APPENDIX 2**

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
4	Public Participation and Petition Software - Funding required to support the introduction of a Public Participation Strategy (to include public consultation on plans/ proposals the Council are considering) and also a separate requirement to have the ability as a Council to receive E Petitions from the public.	20	0	0
5	Lease Negotiations - Cost of negotiations as part of a review of leased buildings	1,000	-1,000	0
	Total Policy	1,912	-703	50
	COUNCIL TOTAL	22,467	6,281	6,555

Summary

Learning and Skills	4,428	2,402	1,668
Social Services	10,382	5,590	5,328
Environment and Housing	4,572	-1,078	-491
Managing Director, Policy and Resources	3,085	-633	50
TOTAL	22,467	6,281	6,555

BASE BUDGET 2022/23

APPENDIX 3

	Original Budget 2021/22 £000	Asset Rents/ IAS 19 £000	Base Estimate 2021/22 £'000	Rechgs/ Transfs £'000	Budget Adjustment £'000	Pay Inflation £'000	Committed Growth £'000	Base Estimate 2022/23 £'000	Savings Applied £'000	Cost Pressures £'000
Learning and Skills										
Schools	97,982	-	97,982	0	885	2,685	0	101,552	0	3,479
Strategy, Culture, Community Learning and Resources	8,149	-	8,149	343	18	103	0	8,613	0	583
Additional Learning Needs and Wellbeing	3,079	-	3,079	(0)	8	72	0	3,159	0	366
Standards and Provision	4,379	-	4,379	29	(912)	54	0	3,550	0	0
Directors Office	232	-	232	0	1	7	0	240	0	0
Total Learning & Skills (Excluding Schools)	15,839	-	15,839	372	(885)	236	0	15,562	0	949
Social Services										
Children and Young People	17,700	-	17,700	31	(813)	137	0	17,055	0	2,927
Adult Services	52,742	-	52,742	162	(5,883)	227	0	47,247	0	5,911
Resource Management & Safeguarding	292	-	292	19	6,696	205	0	7,212	0	1,544
Youth Offending Services	707	-	707	(4)	0	20	0	723	0	0
Total Social Services	71,441	-	71,441	208	0	589	0	72,237	0	10,382
Environment and Housing										
Neighbourhood and Transport Services	24,791	-	24,791	78	0	328	0	25,197	0	2,329
Building Services	0	46	46	(37)	0	37	0	46	0	0
Regulatory Services	1,825	-	1,825	250	0	0	0	2,075	0	0
Council Fund Housing	1,420	-	1,420	(47)	0	42	0	1,415	0	2,243
Total Environment and Housing	28,036	46	28,082	244	0	407	0	28,733	0	4,572
Managing Director										
Resources	809	-	809	(793)	0	460	0	476	0	633
Regeneration	1,869	-	1,869	63	36	48	0	2,016	0	540
Development Management	1,209	-	1,209	(20)	(99)	56	0	1,146	0	0
Private Housing	980	-	980	45	63	16	0	1,104	0	0
Total Managing Director	4,867	-	4,867	(705)	0	580	0	4,742	0	1,173
General Policy	33,488	(46)	33,442	(119)	0	0	0	33,323	0	1,912
TOTAL	251,653	0	251,653	0	0	4,497	0	256,149	0	22,467

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
<u>Housing Revenue Account</u>	12,000	0	-11,085	915	The fund is ring fenced by statute for use by the Housing Revenue Account (HRA). As well as acting as a working balance for the HRA, it is also used to fund repairs and the capital programme.	923	928	933	937	942
<u>General Reserves</u>										
Council Fund	11,868	4,000	0	15,868	The working balance of the Authority can be used to support Council Fund expenditure or to reduce the Council Tax. The minimum recommended level in the view of the S151 Officer is £10m. The underspend of £4m in 2021/22 has been set aside to support the 2022/23 budget strategy.	15,868	15,868	15,868	15,868	15,868
<u>Specific Reserves</u>										
<u>Learning and Skills</u>										
Schools Rationalisation and Improvements	1,167	0	0	1,167	This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities including the transition of Barry Secondary schools.	639	0	0	0	0
Education Pressures	452	0	-106	346	To fund pressures faced by Learning and Skills.	0	0	0	0	0
School Deferred Pensions	335	0	-34	301	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years.	301	301	301	301	301
Schools invest to save reserve ER/VR	62	0	0	62	To assist with the cost of redundancies in schools	0	0	0	0	0
Additional Learning Needs	375	0	0	375	To assist in future pressures for ALN services	0	0	0	0	0
Sports Facilities	6	0	0	6	Funding transferred from Pen y Garth Primary School in order to provide a budget to fund ad hoc repairs and maintenance required to sports hall.	0	0	0	0	0
Cultural Reserve	290	0	-42	248	To cover future costs in relation to Arts Central, the Pier Pavilion and Library improvements	0	0	0	0	0

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
Adult Community Learning	118	0	0	118	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded across Wales.	0	0	0	0	0
Community For Work Exit S	67	0	0	67	To pay potential redundancy costs if Welsh Government grants were discontinued.	67	67	67	67	67
Youth Service	52	0	0	52	To assist with the implementation of the Youth Engagement & Provision Framework in schools as well as initial costs in relation to the reshaping of the Youth service and matchfunding for the Inspire to Work ESF project.	0	0	0	0	0
Catering	117	0	0	117	To support any issues relating to the Catering trading company.	117	117	117	117	117
Catering Equipment Renewals	88	0	0	88	Repairs and renewal fund for catering equipment in Schools. Lease income charged to Big Fresh Catering Company is used to top up this reserve	88	88	88	88	88
Social Services										
Legislative Changes	8,227	0	-1,101	7,126	To cover additional burdens on the authority due to changes in legislation eg Social Services and Well-being (Wales) Act 2014 , Deprivation of Liberties Standards and other pressures on the service.	7,126	7,126	7,126	7,126	7,126
Social Services Pressures	1,913	0	0	1,913	To cover short term childrens placements which have a high cost e.g. remand, that cannot be accommodated within the current operational budget.	1,913	1,913	1,913	1,913	1,913
Social Services Developer	350	0	0	350	To cover costs of implementing service development and contingency for premises maintenance	350	350	350	350	350
Grant Exit Strategy	630	0	0	630	To pay potential redundancy costs if Welsh Government grants were discontinued.	630	630	630	630	630
Youth Offending Service	174	0	0	174	To assist with potential reductions in grant funding in future years and to carry out works at YOS building	174	174	174	174	174

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
Environment and Housing										
Neighbourhood Services	3,390	0	-2,997	393	To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives.	0	0	0	0	0
Bad Weather	470	0	-200	270	To fund necessary works during periods of severe weather conditions.	70	0	0	0	0
Building Services Improvement	355	0	-50	305	Monies set aside for improvements to the Building Services department.	255	205	155	105	55
Rural Housing Needs	56	0	0	56	To be used to fund Rural Enabler post.	56	56	56	56	56
Homelessness and Housing	725	0	0	725	This sum will be used to support homelessness prevention work.	725	725	725	725	725
Housing Strategy	10	0	-10	0	This funding will be used to produce the Housing Strategy including facilitating consultation events.	0	0	0	0	0
Supporting People	95	0	0	95	To continue to provide housing support.	95	95	95	95	95
Community Safety	5	0	-5	0	To fund community safety initiatives.	0	0	0	0	0
Regulatory Improvements	298	0	-110	188	Monies set aside for Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	138	138	138	138	138
Managing Director and Resources										
Regeneration and Planning										
Private Sector Housing	224	0	-35	189	To fund initiatives for Private Sector Housing, including an Occupational Therapist within the DFG team.	154	104	53	0	0
Local Development Plan	368	0	-40	328	Set aside for costs relating to the production of the Local Development Plan.	178	78	78	78	78
Regeneration Fund	465	0	-180	285	To fund various regeneration schemes in the Vale.	245	205	205	205	205
Holton Road Surplus	23	10	0	33	Ringfenced sum for Holton Road regeneration.	33	33	33	33	33

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
Regeneration & Planning	996	125	-388	733	Monies set aside to cover various commitments within the service.	456	351	351	346	346
Planning Fees	100	0	0	100	To provide for reduction in planning fees income.	100	100	100	100	100
Building Control	212	0	-50	162	Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account.	112	72	42	22	22
Donations	37	0	0	37	Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast.	37	37	37	37	37
Cwm Ciddy	16	0	-3	13	Ringfenced funds for Porthkerry	10	7	4	0	0
Resources										
Welfare Reforms	1,021	0	-50	971	To fund pressures on the Authority resulting from changes to the Welfare Benefit System. This reserve could be used to finance any Department for Work and Pensions projects.	921	871	821	771	721
Financial IT System	13	0	-13	0	To fund the costs of implementing the new Income Management system.	0	0	0	0	0
Internal Audit	142	0	0	142	To provide training and support development of Internal Audit staff.	142	142	142	142	142
Shared Internal Audit Service	399	120	0	519	Balance held on behalf of the partners for the shared audit service.	519	519	519	519	519
Legal	415	0	-100	315	To provide in house legal capacity on major projects, fund increased in house capacity which assists with income generation.	175	65	0	0	0
Trainee Appointments	601	0	-12	589	To fund the appointment of trainees and interns to support services and the Reshaping Service programme.	559	528	496	464	431
Legal Claims	1,920	0	0	1,920	To fund future legal cases and judicial reviews.	1,920	1,920	1,920	1,920	1,920
Child Burial	52	7	0	59	Ring fenced grant funding received from Welsh Government.	64	69	49	29	9

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
Human Resources	141	0	-70	71	To fund transitional costs associated with the move to the new HR operating model/HR service centre, for spend to save projects i.e. reduce recruitment spend, reduce sickness absence etc and for a part time temporary post for work associated with the 16-24 agenda.	0	0	0	0	0
Performance and Development	377	0	-65	312	To fund the purchase of hardware, software and equipment and to fund the appointment of trainees and interns to support the service.	222	152	82	12	0
Democratic & Freedom of Information	112	0	0	112	To be used to fund IT and other equipment required to support department.	102	92	82	72	62
Corporate										
Election Expenses	452	42	0	494	Set aside for the Council and other elections costs.	273	300	327	354	381
Corporate Governance	338	0	0	338	This reserve has been set aside in respect of local government governance and development issues e.g. collaboration, mergers. The fund is also a useful contingency provision for improvements required urgently e.g. as a result of an inspection report.	338	338	338	338	338
Early Retirement/Redundancy	973	0	0	973	Used to finance the cost of early retirement and redundancy as a result of restructuring, budget savings and the Reshaping Service Programme.	973	973	973	973	973
Events	180	0	0	180	To provide funds to promote the Vale of Glamorgan particularly in respect of tourism and economic development.	180	180	180	180	180
Insurance Fund	4,648	0	0	4,648	To fund potential future claims on the Authority based upon historical evidence. This is reviewed annually. No prediction for future use has been included at present and claims can have a long lead time.	4,648	4,648	4,648	4,648	4,648
Green Infrastructure and Climate Change Reserve	1,250	0	0	1,250	This reserve has been set up to provide funds for Environmental Initiatives across the Vale of Glamorgan.	1,250	1,250	1,250	1,250	1,250
Project Zero	500	0	0	500	To be used to implement Project Zero	500	500	500	500	500

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
Reshaping Services	517	0	-100	417	To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services programme.	302	182	182	182	182
Digital Reshaping	220	0	0	220	Invest to save funding to support the implementation of new digital ways of working and to update current systems.	220	220	220	220	220
Interpretation Services for Asylum Seekers	98	0	0	98	To provide support and interpretation services for asylum seekers.	98	98	98	98	98
Stronger Communities Fund	206	0	-206	0	To enable community groups, the voluntary sector and town and community councils to apply for revenue and capital funding that promotes initiatives within the Vale of Glamorgan consistent with the Council's vision of "Strong communities with a bright future".	0	0	0	0	0
Wellbeing and Leisure	350	0	-100	250	To fund Wellbeing and Leisure initiatives	250	250	250	250	250
Socio Economic Mapping and Recovery	500	0	0	500	To implement Socio Economic Mapping and Recovery	500	500	500	500	500
Mayors Foundation	5	0	0	5	Ringfenced funding to be issued as grants.	5	5	5	5	5
Capital						0	0	0	0	0
City Deal	1,898	0	0	1,898	To be used to contribute towards the City Deal which will generate significant economic growth and to improve transport and other infrastructure within the Cardiff Capital Region.	1,898	1,898	1,898	1,898	1,898
Energy Management Fund	225	222	-115	332	Energy saving schemes initially funded from this reserve and transfers in relate to the repayments to the fund from services once savings are achieved and income from renewable energy sources. Some additional commitments likely against this reserve that are not yet reflected in the figures.	450	562	671	773	871
Coastal Works	607	0	-282	325	To assist in funding the ongoing liabilities that will arise following the coastal developments in the Vale, maintaining the impact of the significant investment made.	215	215	215	215	215
Waste Transfer Station	1,498	0	-1,498	0	Establishment of a Waste Transfer Station.	0	0	0	0	0

ANALYSIS OF RESERVES**Appendix 4**

Name	Est Bal 01/04/21 £000	In £000	Out £000	Est Bal 31/03/22 £000	Comments	Est Bal 31/03/23 £000	Est Bal 31/03/24 £000	Est Bal 31/03/25 £000	Est Bal 31/03/26 £000	Est Bal 31/03/27 £000
ICT Fund	3,980	70	-2,025	2,025	Set aside to meet the costs of replacement and renewal of computer hardware and software, telecommunication systems and infrastructure. Transfers in include the repayment back into the fund from schools and other services relating to IT loans.	1,533	1,543	1,543	1,343	1,143
Capital Scheme Commitments	3,075	0	-3,037	38	Set aside for capital schemes to be undertaken.	0	0	0	0	0
School Investment Strategy	8,564	43	-7,994	613	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	225	0	0	0	0
WG Schools Capital Grant	2,312	0	-2,312	0	Used to carry forward displaced existing capital funding as a result of receiving WG grant and to be spent on capital expenditure in schools.	0	0	0	0	0
Capital Economic Regeneration Fund	456	0	-69	387	To finance capital economic regeneration schemes.	387	387	387	387	387
Commercial Opportunities and Invest to Save Fund	2,354	1	-120	2,235	This fund is to be used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate. £2.2M balance of this reserve earmarked to support the Non Treasury Service Investment Regenerate and Recover Strategy.	2,239	2,247	2,255	2,263	2,273
Council Building Fund	5,889	0	-2,103	3,786	The fund is available in respect of repairs and maintenance of Council Buildings.	2,464	2,464	2,464	2,464	2,464
Repairs and Renewals Vehicle	1,744	800	-1,400	1,144	This fund is primarily for the replacement of plant and vehicles. Vehicles are purchased from the fund and the transfer in represents the equivalent "rental" amount reimbursing the fund.	0	0	0	0	0
Carbon Vehicles Reserve	215	0	0	215	New reserve for electric pool cars established with a transfer from the Repairs and Renewals Vehicle Fund	215	215	215	215	215
Gypsy Traveller Social Services Buildings	1,052 500	0 0	0 -10	1,052 490	To support the provision of a Gypsy/Traveller site. To fund the update of Social Services premises to meet the future demands of the service.	1,052 490	1,052 490	1,052 490	1,052 490	1,052 490

ANALYSIS OF RESERVES**Appendix 4**

Name	Est	In	Out	Est	Comments	Est	Est	Est	Est	Est
	Bal			Bal		Bal	Bal	Bal	Bal	Bal
	01/04/21			31/03/22		31/03/23	31/03/24	31/03/25	31/03/26	31/03/27
	£000	£000	£000	£000		£000	£000	£000	£000	£000
ICF Capital	300	0	-300	0	Funding received from Health in 2020/21 to be utilised during 2021/22	0	0	0	0	0
Telecare	753	0	0	753	Replacement fund for Telecare equipment and other service costs.	753	753	753	753	753
TOTAL SPECIFIC RESERVES (excl HRA)	73,120	1,440	-27,332	47,228		40,151	38,600	38,363	37,986	37,746