

Budget Briefing Corporate Performance and Resources



- Revenue Budget for Consultation
- Capital Strategy Budget Proposals
- Fees and Charges
- Revenue Monitoring
- Capital Monitoring

Revenue Budget for Consultation

Provisional Settlement - All Wales

- Local Government Settlement
- There has been a positive settlement for Wales as a result of the Barnett consequential. £227M of the £644M has been directed to local government which means the AEF increase for 2023/24 is 7.9%, a significant increase on the 3.5% anticipated.
- Overall SSA has increased by 6.2% across Wales and the key components School Services by 5.0% and Social Services 6.7%. The Schools Service increase takes into account the cost of the 2023/24 pay award but not the shortfall in the 2022/23 awards. The Social Services figure is higher due to the payment of the Real Living Wage to the care sector being factored in.
- The Vale of Glamorgan's AEF will increase by 8.9% £16.6M which is a £10M improvement on the £6.5M 3.5% anticipated in the Financial Strategy in October.
- The overall Vale SSA increase is 6.4% and the increases for Schools Service and Social Services 5.1% and 7.0% respectively.

Vale of Glamorgan Position

- At 8.9% AEF =£16.604m and 4.9% Council Tax = £4.284m, Total increased funding £20.888m or 7.66%
- £30.67m of pressures on a base budget of £273m is approx. 11%
- The Council has worked as a SLT to revise cost pressures down across Directorates
- Pay and Energy pressures total £15m across the Council.
- Significant Pressures around Residential/Domiciliary care providers and inability to commission care requiring significant growth to address as well as commitment to meet Real Living Wage.
- Homelessness continued pressure also pressures around placement of Ukrainian refugees.
- Continued growth in demand for special school places at Ysgol Y Deri for which additional funding £1M is included also funding for support in Mainstream settings, resource bases, additional provision required as part of Centre for Learning and Wellbeing and pupils requiring Social and Emotional support.
- School Transport – very few providers and shortage of drivers, increased need and inflationary pressures. £1m additional funding.

Updated Funding Gap

	2023/24 £K	2024/25 £K	2025/26 £K	2026/27 £K	2027/28 £K
Additional Funding					
Government Grant	16,604	5,597	6,244	6,306	6,369
Council Tax	5,311	3,829	3,978	4,134	4,295
Reversal of 2022/23 use of reserves	-500	-500	0	0	0
Use of smoothing Reserves	3,200	1,500	0	0	0
Total Additional Funding	24,615	10,426	10,222	10,440	10,664
Investment	1,010	1,518	1,763	1,301	282
Demography	1,150	2,493	2,493	2,493	2,493
Inflation	23,455	10,939	7,265	8,688	8,800
Other Pressures	5,055	(113)	166	637	0
Total Pressures	30,670	14,837	11,687	13,119	11,575
Overall Gap	6,055	4,411	1,465	2,679	911

Scrutiny Specific Cost Pressures

Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
	£000's	£000's	£000's	£000's	
Service Capacity Building	120	0	0	0	Investment
Fournet Telephony Contract (inflation)	40	0	0	0	Inflationary
Contract Inflation on Various ICT Contracts	25	31	35	0	Inflationary
iDev Licence support costs	35	0	0	0	Pressure
Communications IT licences	40	0	0	0	Pressure
CRM System - Licence for You Gov Granicus System	30	0	0	0	Pressure
Oracle External Support	125	0	0	0	Pressure
Senior Lawyer (Private Matters)	60	0	0	0	Pressure
Assistant Information Governance Officer	30	0	0	0	Pressure
Senior Lawyer (Public Matters)	0	0	61	0	Pressure
Coroner Shared Service Contribution Increase	40	25	25	25	Pressure
Exchequer Financial System	20	0	0	0	Pressure
Microsoft Licences	100	86	0	0	Pressure
Cloud based licence - delivery of cloud data management	0	66	0	0	Pressure
Network management & Security licence	0	0	115	0	Pressure
Land Charges Income Shortfall	25	0	0	0	Pressure
Total Corporate Resources	690	208	236	25	

Scrutiny Specific Cost Pressures

Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
	£000's	£000's	£000's	£000's	
Members Remuneration - Independent Remuneration Panel for Wales Draft Annual Report - February 2023	50	0	0	0	Inflationary
Fire Levy	549	0	0	0	Inflationary
Welsh Translation - Increased costs associated with Corporate Welsh Translation have led to budget overspend in recent years	120	0	0	0	Pressure
City Deal - Revenue Costs Associated with Prudential Borrowing for the Council's Contribution	0	50	95	272	Pressure
Total Policy	719	50	95	272	

Savings Proposals

- The October Report set out a framework was put in place to facilitate the identification of savings proposals across ten themes
- Demand Management/Invest in Early Intervention
- Generating Income
- Service Review
- Invest to Save (omitted from the October report) Use of the Wider Community to Deliver Services
- Digital Strategy
- Corporate Asset Management Plan
- Workforce Review
- Contract Review/Procurement
- Community Engagement & Participation

Savings proposals were developed at service level and reviewed by SLT and Budget Working Groups

Scrutiny Specific Savings Proposals

Service	Description of Saving Proposal	Saving Category	Value					Total
			£'000	£'000	£'000	£'000	£'000	
			2023/24	2024/25	2025/26	2026/27	2027/28	
Directorate Corporate Resources								
Democratic	Mayor's Budget Adjustment	Service Review	4					4
Democratic	Democratic Budget Adjustment	Service Review	1					1
Democratic	Registrars Budget Adjustment	Service Review	1					1
Legal Services	Budget Adjustment	Service Review	17					17
Perf and Business Transformation	Budget Adjustment	Service Review	9					9
Property	Budget Adjustment	Service Review	17					17
Human Resources	Budget Adjustment	Service Review	9					9
Finance	Budget Adjustment	Service Review	20					20
ICT	Budget Adjustment	Service Review	13					13
Democratic	Registrars' Income	Generating Income	30					30
ICT	O2 Mobile Phone Contract	Contract/Procurement Review	55					55
ICT	Managed Print Service	Contract/Procurement Review	-	70				70

Scrutiny Specific Savings Proposals

Service	Description of Saving Proposal	Saving Category	Value					
			£'000	£'000	£'000	£'000	£'000	£'000
			2023/24	2024/25	2025/26	2026/27	2027/28	Total
Directorate Corporate Resources								
ICT	Annual RSA Support Costs - Reduce number of users	Contract/Procurement Review	22					22
Perf and Business Transformation	Review C1V Office Accommodation	Corporate Asset Strategy	50					50
Property	Review Docks Office Site	Corporate Asset Strategy	200	100				300
Property	Remove Vacant Posts	Workforce Review	43					43
Human Resources	Shared Cost AVCs	Generating Income	25					25
Finance	e-Billing in Revenues	Digital Strategy	7					7
Finance	Hybrid Mail - Housing Benefits	Digital Strategy	20					20
Internal Audit	Vale proportion of Vacant Post	Workforce Review	15					15
Internal Audit	Vale proportion of miscellaneous savings from budget	Service Review	2					2
Internal Audit	Counter fraud budget reduction	Service Review	22					22
Subtotal Directorate Corporate Resources			582	170	-	-	-	752

Scrutiny Specific Savings Proposals

Service	Description of Saving Proposal	Saving	Value					
		Category	£'000	£'000	£'000	£'000	£'000	£'000
			2023/24	2024/25	2025/26	2026/27	2027/28	Total
Policy								
Democratic	Mayor's hospitality budget and twinning savings	Service Review	40					40
Capital Financing	Appropriation of Debt to HRA - Savings against borrowing costs	Service Review	25					25
Capital Financing	Temporary Capital Financing Headroom	Service Review	1,000	- 500				500
Subtotal Policy			1,065	- 500	-	-	-	565

- There are proposals for some small scale service review, the majority of proposals will cut vacant posts however the full impact will be dependent on outcome of the reviews undertaken by service areas in the period to March
- In addition to the savings shown unrealised historic savings have been identified within the Corporate Resources Directorate.

Reserves Proposals

- Total Reserves excluding Schools £114m and projected to reduce to £83m by 31st March 23.
- Fewer Reserves but greater alignment to key risks of the Council.
- More formal approach to approving the specific use of reserves.
- Aligned with detail on use of reserves in monitoring.
- Identified corporate for specific risk reserves for instance Pay Pressures, Energy Pressures, Corporate Landlord, General Investment and Digital Strategy this includes centralising Directorate specific funds relating to these areas.
- SLT have fully reviewed Reserve proposals to consider the implication on committed expenditure and internal processes.
- Reserves have been used to smooth the impact of homelessness and energy costs stepped down over two years. The reserves will also be used to support the step in approach to Social Services cost pressures.

Budget Timetable

- Cabinet 19th January 2023
- Public Consultation 20th January 2023-15th February 2023
- Scrutiny Consultation February 2023
- Final Proposals Cabinet 27th February 2023
- Final Settlement 1st March 2023
- Final Proposals Council 6th March 2023

Discussion and Questions

- Members Questions
- Recommendations

Capital Strategy

Capital Strategy – Provisional Settlement

- On 14th December 2022, the Welsh Government (WG) announced the provisional 2023/24 General Capital Funding (GCF) settlement for 2023/24.
- The amount awarded to the Council is £6.997m, being made up of £3.545m grant and £3.452m of supported borrowing.
- This is an increase of £1.168m from the 2022/23 general capital funding of £5.829m (2021/22 General Capital Funding was £6.867m)
- WG have also been advised that £20 million capital across Wales in each year is being provided to enable authorities to respond to the joint priority of decarbonisation. The Council is awaiting further information from WG in relation to this to understand what it means for us as a Council.
- WG have confirmed that the general capital funding will remain at the same level for 2024/25. No further projections beyond this point have been given.
- The table below represents the capital funding from the WG assumed as part of the 5 year programme:-

WG Funding	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Supported Borrowing General Fund	3,452	3,452	3,451	3,451	3,451
General Capital Grant	3,545	3,545	2,378	2,378	2,378
TOTAL	6,997	6,997	5,829	5,829	5,829

5 Year Capital Programme

The total value of capital schemes over the next 5 years is £265m and this is summarised in the table below. This includes £40m for the Band B Sustainable Communities for Learning Programme and £167m for the Housing Improvement Programme.

Directorate	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Learning and Skills	33,190	7,471	1,000	2,750	3,435
Social Services	618	1,067	725	100	100
Environment and Housing	57,662	45,790	37,517	26,006	24,294
Place	3,977	1,691	1,605	1,605	1,605
Corporate Resources	980	766	1,419	1,919	1,819
City Deal	1,949	1,835	2,594	0	0
Total	98,376	58,620	44,860	32,380	31,253

Capital Programme Funding

Funding	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
General Capital Grant	3,545	3,545	2,378	2,378	2,378
General Fund (GF) Reserves/Revenue	14,140	930	900	900	800
HRA Revenue/Reserves	17,187	7,104	6,715	6,802	7,628
Capital Receipts	6,408	368	280	155	155
Grants	27,651	9,715	4,762	4,773	4,773
S106	5,736	1,006	600	2,350	3,035
Total	74,667	22,668	15,635	17,358	18,769
Borrowing Requirement					
Supported Borrowing	3,452	3,452	3,451	3,451	3,451
Unsupported Borrowing GF	3,064	5,178	2,594	0	0
Unsupported Borrowing HRA	17,193	27,322	23,180	11,571	9,033
Total Borrowing Requirement	23,709	35,952	29,225	15,022	12,484
Total Capital Programme	98,376	58,620	44,860	32,380	31,253

Capital Programme New Schemes 2023/24

As the provisional capital settlement from Welsh Government has now been received, it is proposed that new schemes are now included in the capital programme. The schemes are detailed in the appendix but for 2023/24 include:-

- An additional £700k for resurfacing.
- £500k for bridge structures.
- £250k for Social Services invest to save schemes.
- £230k for drainage repairs and underpinning works to Cartref Porthceri Residential Home.
- £275k for the safeguarding and security of external School boundaries.
- £415k Ysgol Bro Morgannwg cladding works.
- £290k for health and safety priority items identified in School condition surveys.
- £85k match funding for the Empty Homes Scheme Grant.
- £500k for decarbonisation schemes.

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Fees and Charges

Fees and Charges

- Consolidated Fees and Charges report includes fees across Neighbourhood Services, Resources, Place, Learning and Skills and Social Services.
- The majority of the proposed fees and charges reflect an increase of between 5% and 11% which has been rounded in some cases to the nearest 5p or 10p. Some fees and charges have increased higher than this percentage; remained the same; or decreased to reflect the take up of services and the cost of delivery and rationale for doing so is outlined in the body of this report.
- Some key links to the Budget Report – savings from additional income in Registrars (Corporate Resources) , Neighbourhood Services and Learning and Skills – cost recovery ACL and Libraries are all referenced in the savings listings.

Resources Fees and Charges

- The Charges set out in the report relate to Registrars, Legal Services, Land Charges, Property and Human Resources.
- The majority of charges have been increased by 11% for 2023/24.
- The Registrars fees reflect an amended charging structure.
- It is proposed that a flat fee of £500 is introduced for the registrar's fee regarding wedding ceremonies and civil partnerships within approved venues. Whilst this would result in the Sunday and bank holiday related fee decreasing by 2%, it would also result in a 15% increase of the Monday to Thursday related fee; 7.5% increase of the Friday related fee; and 7.5% increase of Saturdays fee.
- It is also being recommended that delegated power to set fees for statutory (marriage and civil partnership) and non-statutory (namings, vow renewals etc.) two financial years in advance be granted to the Operational Manager (Democratic Services) as the Proper Officer for the Council's Registration Service, in liaison with the Director of Corporate Resources and the Cabinet Member for Performance and Resources. This is proposed due to a registrar customer commonly booking a ceremony 2 to 3 years in advance.

Fees and Charges

Next Steps

- Scrutiny Committee Consultation currently being undertaken
- Comments to Corporate Performance and Resources
- Final Proposals to Cabinet on 27th February 2023

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Revenue Monitoring

Revenue Monitoring

- The report includes the revised budget for transfers – changes very limited. Transfers for Insurance and ICT Licences. Virement from Policy to Resources for Project Zero and Budget Transfers within Place to reflect some restructuring.
- There is generally a reduced need from services of a contribution from the Policy underspend to offset additional pay costs and this is due to one off underspends in service areas such as vacant posts/social services deferred income adjustment.
- Efficiencies in Policy and Resources have been addressed in the main from Vacant posts and an unutilised Carbon Allowances budget and have been addressed as part of the 2023/24 budget proposals.

Revenue Monitoring

- Policy Underspend
 - £2m capital financing – continuing to internally borrow.
 - £250k CTRS reduction scheme take up
 - £500k investment income.
 - After use for Pay award and Oracle £1.487m available for School transport and additional Oracle costs
- Use of reserves
 - Planned drawdown from reserves as part of budget
 - Significant planned use of reserves for Capital £25m – this could be impacted by grant displacement or slippage.
 - Some planned use of reserves for Social Services budget programme Sustainable Communities for Learning schemes.
 - Unplanned use Oracle, HGV Drivers, Parkwood contribution, Building Services.

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Capital Monitoring

Capital Monitoring – At 30th November 2022

Approved Programme at final proposals £'000	Slippage Approved 21/22 to 22/23 £'000	Directorate	Additions £'000	Slippage Approved 2022/23 £'000	Approved Programme 2022/23 £'000	Slippage Requests In this report £'000	Other movement In this report £'000	Revised Programme 2022/23 £'000
20,381	3,314	Learning & Skills	13,876	(6,077)	31,494	(1,183)	39	30,350
180	725	Social Services	179	0	1,084	(15)	0	1,069
57,715	5,898	Environment & Housing	10,822	(25,043)	49,392	(780)	0	48,612
5,801	1,049	Place	877	(2,406)	5,321	(391)	62	4,992
856	509	Corporate Resources	1,200	0	2,565	0	104	2,669
273	0	City Deal	284	0	557	0	0	557
85,206	11,495	TOTAL	27,238	(33,526)	90,413	(2,369)	205	88,249

Capital Monitoring Recommendations – changes to 2022/23 and future years

Capital Programme

The report requests to make a number of amendments to the current capital programme, some of the larger requests are highlighted below:

Carry forward into the 2023/24 Capital Programme:

- Free School Meals – Carry forward £993k. Work will be undertaken in the following financial year, due to the time required to procure the new demountable kitchen and dining facilities which have a significant lead time associated with them. Funding will be displaced and placed in a specific reserve at year end.
- Business Service Centre 2 - Carry forward £300k. The procurement of the scheme has been delayed due to the need to receive the results of the Sustainable Drainage Survey prior to tendering

Additions & Increases & Movements in the 2023/24 Capital Programme:

- Barry Leisure Centre Boiler –Vire £70K to the Leisure Centre Works budget in the 2022/23 Capital Programme.
- Building Stronger Communities Grant - New play Area at Caerleon Road, Dinas Powys – Increase this scheme in the 2022/23 Capital Programme with a budget of £72k, to be funded from a contribution from S106

Progress on Significant Capital Schemes

Detailed below are paragraphs highlighting progress on significant capital schemes this financial year.

- **Housing Improvement Programme – New Builds** - During 2022/23 there will be 138 new Council homes under construction including single persons, older persons and family housing, on sites at the former Colcot Health Clinic, Barry (12 units); Hayeswood Road, Barry (53 units); Clos Holm View Phase 2, Barry (31 units); Coldbrook Road East, Barry (20 units); St Cyres Road, Penarth (14 units) and Maes y Ffynnon, Bonvilston (8 units).
- **Sustainable Communities for Learning Programme**- Considerable progress has been made to date, five schools within the Band B Programme are now operational. Cowbridge Primary School and the Centre for Learning and Wellbeing (known as Derw Newydd) are both under construction and progressing well with both projects on track. Barry Waterfront Primary School is also under construction with works starting on the scheme in January 2022. It is anticipated the outline planning proposal for Ysgol Y Deri will be determined by February 2023 and St Nicholas CiW Primary School has received planning consent to redevelop the school to provide 126 primary school places and 24 part-time nursery places and the scheme started on site on 7th November 2022.
- **Waste Transfer Station & Reuse Shop** - Phase 1 is mainly complete and Phase 2 is underway with majority of the scheduled works on target or finished. The Waste Transfer construction contractor is due to hand the site over to the Council in February 2023 and the site is expecting to start receiving recycling and waste from March 2023. Construction of the reuse shop and all the utility connections is now complete and the service area is expected to start diverting reusable and saleable goods to the reuse shop and be operational by Spring 2023.

Discussion and Questions

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- Recommendations

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Thank you

