

THE VALE OF GLAMORGAN COUNCIL

CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE:
13TH DECEMBER, 2023

REFERENCE FROM CABINET: 16TH NOVEMBER, 2023

“C154 REFRESH OF MEDIUM TERM FINANCIAL PLAN 2024/25 TO 2028/29 (EL/PR) (SCRUTINY – ALL) –

The Leader presented the report, the purpose of which was to refresh spend and funding assumptions and update Cabinet on the next steps for approving the Medium Term Financial Plan and setting the 2024/25 Budget in March 2024.

The Leader referred to the Council having to meet its statutory requirement to deliver a balanced budget but take decisions to protect services for the most vulnerable residents in the Vale of Glamorgan. The report provided a refresh of the financial forecast set out in the financial strategy approved by Cabinet in July and an update on setting a balanced budget for 2024/25.

Members had commented previously that figures had changed markedly over a six-month period last year, and the same was the case this year. As such, the position was under constant review, with regular reports taken to both Cabinet and Scrutiny to ensure transparency and ensure all Members fully understood the financial situation and future strategy of the Council.

Inflation had reduced, however that did not mean prices had reduced, simply that they had increased at a slower rate, which continued to affect the Council at a time of low growth.

Work was continuing and the Council would be kept informed on how the cost pressures were being reviewed and managed to identify savings and efficiencies and to balance the overall budget. Through all the challenges, the Council remained committed to delivering the objectives in the corporate plan as well as protecting services that support the more vulnerable members of the community.

Councillor Wilson referred to the graphs on Pages 6 to 8 of the report which showed that inflation had severely affected the Council and the residents of the Vale of Glamorgan, but that the Council had to absorb to protect its communities and services at the same time as trying to deliver its capital projects.

The Leader said the Council had found new ways of delivering its services, such as Big Fresh, to effectively support the residents of the Vale of Glamorgan for services that other providers would be unlikely to maintain but that the Council had a responsibility to continue to provide.

Councillor Williams stressed the importance of working with partners, other Local Authorities and Health Boards to ensure the provision of services as each potential change within one had an impact on the others.

The Leader also stressed the importance of having the voices of all 54 elected Members as part of the ongoing budget discussions at Scrutiny well before the final discussion at Full Council in March 2024.

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 revised budget gap of £10.573M of 2024/25 and £37.667M across the medium term be noted.
- (2) T H A T the underlying pressures in 2024/25 of £38.525M and Budget Gap of £30.248M before management action be noted.
- (3) T H A T the work already undertaken to manage and mitigate the unprecedented inflationary and demand pressures being experienced be noted.
- (4) T H A T the ongoing work to identify savings and transformational opportunities to be brought forward in the Budget or Consultation report in January be noted.
- (5) T H A T the ongoing work to lobby Welsh Government be noted.
- (6) T H A T the report be referred to the Council's Scrutiny Committees to review the work mitigating the cost pressures and for comments to be referred to Cabinet.

Reasons for decisions

- (1) To make Cabinet aware of the financial challenge facing the Council in 2024/25.
- (2) To make Cabinet aware of the risk that will be inherent in budget setting for 2024/25.
- (3) To provide transparency on those cost pressures which Council will not be able to accommodate in the 2024/25 Budget.
- (4) To confirm the approach to balancing the budget and give assurance that the work was underway.
- (5) To continue to make the case for a fair settlement.

(6) To ensure an open and transparent approach to financial management in line with the approved Financial Strategy.”

Attached as Appendix – Report to Cabinet: 16th November, 2023

Meeting of:	Cabinet
Date of Meeting:	Thursday, 16 November 2023
Relevant Scrutiny Committee:	All Scrutiny Committees
Report Title:	Refresh of Medium Term Financial Plan 2024/24 to 2028/29
Purpose of Report:	To refresh spend and funding assumptions and update Cabinet on the next steps for approving the Medium Term Financial Plan and setting the 2024/25 Budget in March 2024
Report Owner:	Executive Leader and Cabinet Member Performance and Resources
Responsible Officer:	S151 Officer/Head of Finance
Elected Member and Officer Consultation:	This report is to be referred to the Council's Corporate Performance and Resources Scrutiny Committee. This report does not require individual Ward Member consultation
Policy Framework:	This is a matter for Executive decision by Cabinet. The budget in March 2023 will be a Council decision.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • This report provides an update on the planning assumptions present in the Financial Strategy approved by Cabinet on 20th July, 2023. • The Council agreed its new Corporate Plan – 'Working Together for a Brighter Future' in 2020 and is developing the 2023/24 Annual Development Plan alongside work on the 2023/24 Budget. Across the autumn work will commence on the development of the new Corporate Strategy and this too will align with the work on the budget. • The Financial Strategy will focus on ensuring that the Council's resources will be targeted to delivering the Council's objectives and at these challenging times ensuring services to the most vulnerable are maintained. • The UK economy is struggling with high inflation and interest rates and low growth which does not auger well for the public finances. • There is a significant funding gap in 2024/25 and across the medium term, and the challenges appear even greater than when Council was setting its budget for 2023/24. The pressures set out in the Financial Strategy in July have intensified across the first quarter and into the second half of 2023/24 as set out in the reports to Cabinet in September and also on the agenda of this 	

meeting. There have been unprecedented increases in demand for Adults and Children's social care provision.

- The report sets out underlying pressures of £38.525M before management action, a revised sum of £20.767M and an overall gap of £10.573M for 2024/25. Setting the budget depends on maximising revenue, containing cost and ultimately constructing a deliverable savings programme. Given the magnitude of the financial challenge work has already commenced on managing and mitigating cost pressures and this report focuses on the total following these initial actions.
- The key cost drivers are inflation (both pay and price) and demand for social care across both the Adults and Children and Young People sectors as well as increasing demand for Additional Learning needs provision and the need for Homelessness accommodation.
- There was a two year settlement announced in March 2023 with an indicative Aggregate External Finance (AEF) increase of 3.0% for 2024/25 and signalling of growth of only 1% per annum thereafter. There is a very strong Indication currently that there should be no expectation of any improvement in the indicative settlement for 2024/25. The Settlement is expected to be announced on 20th December following a very late UK Government Budget announcement on 22nd November, 2023.
- Council Tax is assumed to increase by 4.9% but this is purely for planning purposes at this stage and will be subject to a policy decision later in the process.
- Services are currently working up savings proposals against the agreed framework in the Financial Strategy which is also restated in this report. These will be subject to internal challenge in mid/late November and there will be active public participation on these proposals when they have been suitably developed.
- In parallel with work on the savings proposals for the coming financial year, officers will be developing the next iteration of the Council's transformational change programme, Reshaping. Again, this report restates the framework for developing the programme and its interaction with the 'business as usual' or tactical savings proposals as a blend of approaches will be required.
- A Budget will be published for consultation with the public, business and scrutiny in January and final proposals will come forward to Cabinet in late February 2024 to Council for final approval in March 2024 before the statutory deadline on 11th March, 2024.

Recommendations

1. Cabinet is recommended to note the revised budget gap of £10.573M of 2024/25 and £37.667M across the medium term.
2. Cabinet is recommended to note the underlying pressures in 2024/25 of £38.525M and Budget Gap of £30.248M before management action.
3. Cabinet is recommended to note the work already undertaken to manage and mitigate the unprecedented inflationary and demand pressures being experienced.
4. Cabinet to note the ongoing work to identify savings and transformational opportunities to be brought forward in the Budget or Consultation report in January.
5. Cabinet is recommended to note the ongoing work to lobby Welsh Government
6. Cabinet is recommended to refer this report to the Council's Scrutiny Committees to review the work mitigating the cost pressures and for comments to be referred back to Cabinet.

Reasons for Recommendations

1. To make Cabinet aware of the financial challenge facing the Council in 2024/25.
2. To make Cabinet aware of the risk that will be inherent in budget setting for 2024/25.
3. To provide transparency on those cost pressures which Council will not be able to accommodate in the 2024/25 Budget.
4. To confirm the approach to balancing the budget and give assurance that the work is underway.
5. To continue to make the case for a fair settlement.
6. To ensure an open and transparent approach to financial management in line with the approved Financial Strategy.

1. Background

1.1 Corporate Plan/Objectives

- 1.2 The Council agreed its current five year Corporate Plan – 'Working Together for a Brighter Future' in 2020.
- 1.3 In line with the duties under the Well-being of Future Generations Act the Council is committed to looking much more to the long term and will work hard to leave a sustainable legacy for future generations. There will be a focus on taking preventative actions and to involve residents in the actions that are taken, while listening to ideas, views and concerns. The Council will continue to work in partnership, recognising the benefits this brings and the importance of joining up services around peoples' needs.

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

[Corporate Plan \(valeofglamorgan.gov.uk\)](http://valeofglamorgan.gov.uk)

1.5 The four well-being objectives are:

- i. To work with and for our communities
- ii. To support learning, employment and sustainable economic growth
- iii. To support people at home and in their community
- iv. To respect, enhance and enjoy our environment

1.6 The Corporate Plan is supported by the Annual Delivery Plan and work is underway to develop the 2024/25 Annual Delivery Plan and on the new Corporate Plan for 2025-2030. This is being informed by the emerging findings from the Annual Self Assessment that will be considered by Cabinet in after the recess and which will be the subject of consultation this autumn.

1.7 The current Annual Delivery Plan sets out a series of three critical challenges for the organisation. These challenges are:

- Cost of Living Crisis: supporting our residents, local organisations and business in the face of rising costs in particular around energy, food and housing.
- Project Zero: responding to the climate and nature emergencies and delivering the commitments in our Climate Challenge Plan.
- Organisational Resilience: ensuring that we can continue to adapt and provide our services despite the financial pressures and workforce challenges that we and many of our partner organisations face.

1.8 Whilst it is recognised these challenges will evolve and change, they provide useful strategic context for the development of the Council's budget in parallel with the Annual Delivery Plan for the coming financial year.

1.9 A series of other corporate strategies are associated with the success of the Financial Strategy. These include the People Strategy setting out the way in which the workforce will be supported and developed, Corporate Asset Management Strategy setting out the direction and use of the Council's assets and a Digital Strategy to set a course for the use of digital technology as a key enabler of Council operations. Cabinet will note these reports have been refreshed and presented for approval in recent months.

1.10 **Financial Strategy**

1.11 Cabinet approved the Financial Strategy 2024/25 at its meeting on 20 July.

1.12 The Strategy set out how the Council will use its limited resources to deliver its objectives, the size of the financial challenges it was experiencing at the time

across the medium and the strategies which is to pursue to ensure a balanced budget for 2024/25.

1.13 The key principles of the Financial Strategy are summarised here but can be found in fully in 2.9 to 2.22 of the July report:

[Financial Strategy 2024/25](#)

- i. **Delivering the Corporate Plan** - aligning resources to Council objectives
- ii. **Focus on Supporting the Most Vulnerable** – these are continuing challenging times with the cost of living crisis impacting on many residents. More important than ever within financial restraints to target resources at those services supporting the most vulnerable.
- iii. **Sustainable Finances** – finances need to be sustainable over the medium term.
- iv. **Appropriate Level of Reserves** – reserves need to be at an appropriate level and aligned with the Council’s key risks.
- v. **Generating Local Tax Revenue** – key controllable revenue stream subject to a policy decision.
- vi. **Fees & Charges** – the Council should look to recover all costs in its approach to fees and charges other than where it consciously offers concessions.
- vii. **Collective Responsibility to Manage the Finances** - a key element of excellent track record in managing its finances is the collective ownership of the finances throughout the Council.
- viii. **Accessible and Transparent Finances** - the best decisions are based on having the best information available and the Council will strive to continue to present its finances in a way that makes them accessible and readily understandable.
- ix. **Deliver Best Value** – the Council must utilise its finite resources as efficiently as possible.

2. Key Issues for Consideration

2.1 Overall Economic Position and Prospects for Local Government

2.2 The economic position provides a very important backdrop to the Council’s budget setting and has become more challenging as the 2023/24 financial year has progressed.

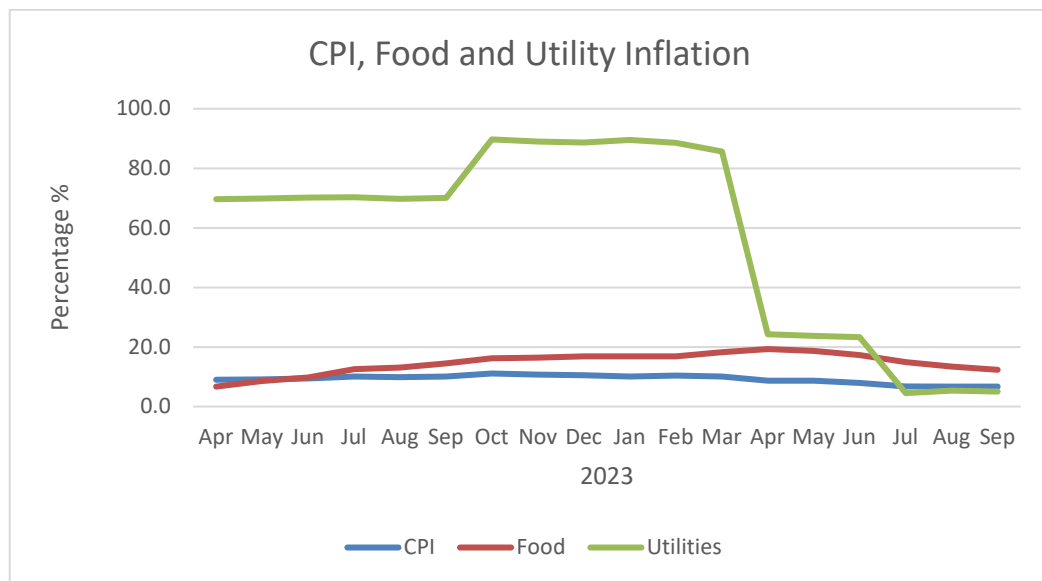
2.3 Inflation has persisted in the UK economy far longer and at a higher level than anticipated. The headline rate peaked at 10.7% in November 2022 and has taken some considerable time to ease back and in September 2023 was still 6.7% and somewhat higher than forecast. The headline numbers do mask, of course, some of the stark movements in key components of the index and certainly those which have impacted more greatly on the lower paid in the economy. Year on year increase in fuel costs have been highly dramatic as a consequence of the

war in Ukraine and had peaked at 89.5% last autumn, they started to ease back in April of this year and are currently at 5.0%. Food inflation has remained high throughout the period, peaking at 18.7% in April of this year and still persisting at 12.3%

2.4 Chart 1a – Consumer Price Index April 2022 to September 2023



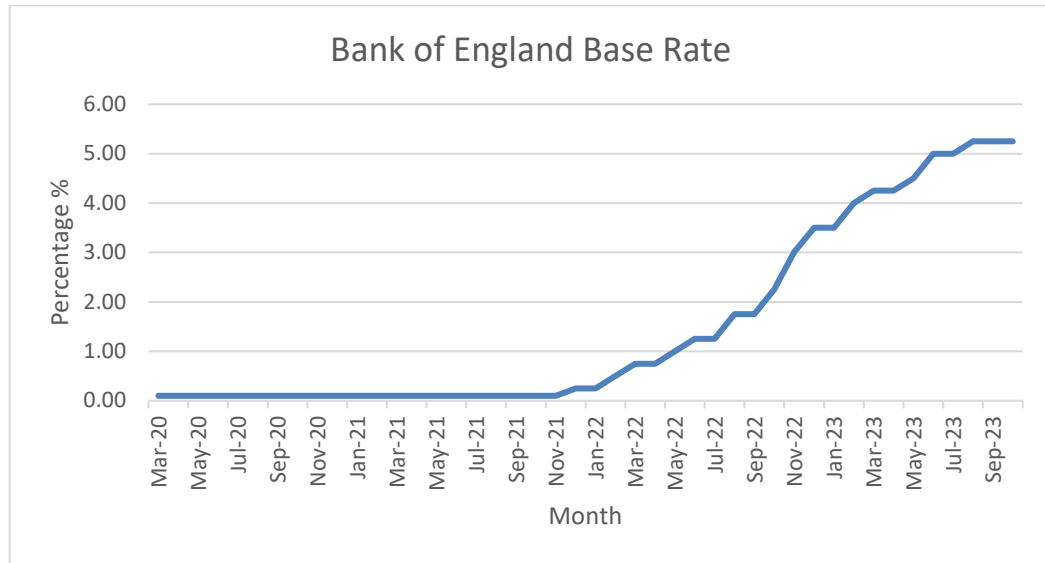
2.5 Chart 1b – Food and Utility Price Increases.



2.6 The UK Government has little room to manoeuvre in attempting to control inflation, which to a great extent has been imported. The Government has long since put this in the hands of the Bank of England and at these times it is being seen as a relatively blunt instrument with the Bank having belatedly started increasing rates in December 2021. There had been a much more aggressive approach from that point on with a further eleven increases across the period February 2022 to May 2023. There was then a significant hike in June given disappointing May inflation number, stalled at 8.7% and a further 0.25% rise in

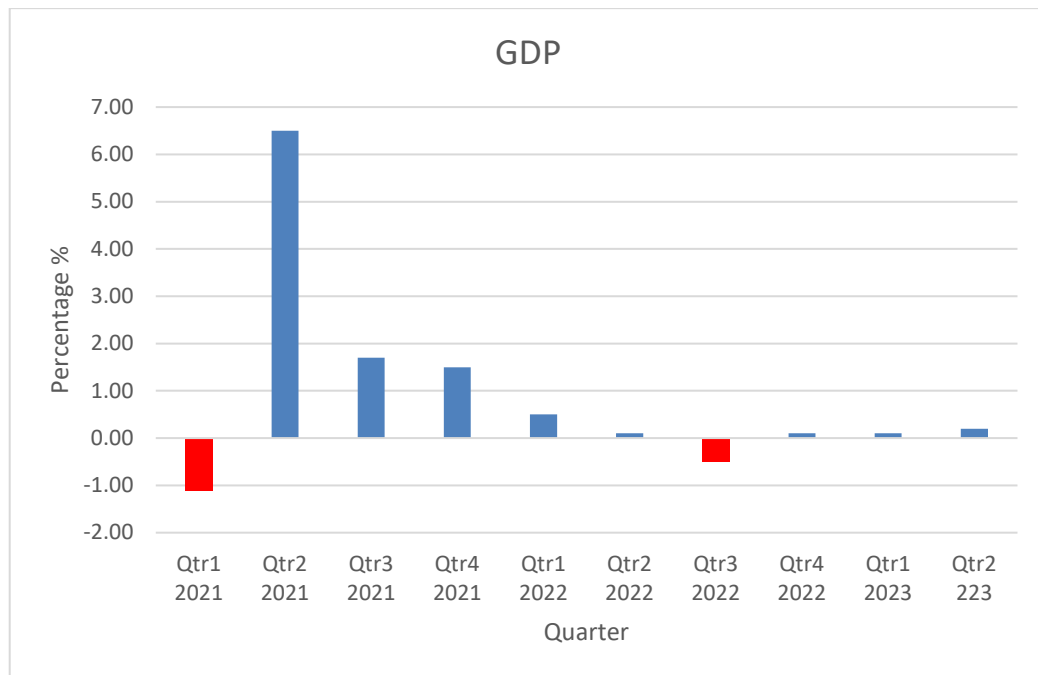
August as the Bank of England demonstrates its resolve in this matter. The last two months, however, have seen the rate being held at 5.25%

2.7 Chart 2 – Bank of England Base Rate



2.8 Against this backdrop the economic prospects for the UK remain poor and the forecasts for growth in the economy over the near and medium term are not good and with the continued increases in the Bank of England Interest Rate continue to fuel discussion about recession. The latest GDP figures for the UK for the second quarter of 2023 were released on 11 August which although only 0.2% were a positive surprise. There has been some upside for the Treasury with increased revenues due to frozen tax thresholds and rising pay awards. Overall, however, this is worrying for the public sector with concern about the options available to the Chancellor when the UK Government's budget is presented in the autumn (this is to be on 23 November which is very late) and also impacts on the Welsh Government and the publication of its settlement for local government. That is planned for 20 December but is a very tight turnaround.

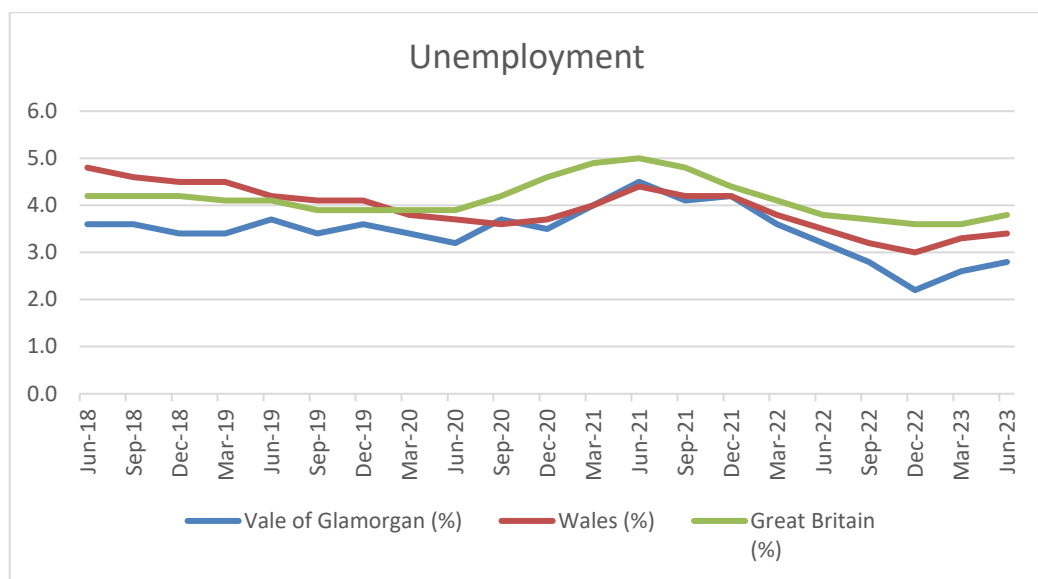
2.9 Chart 3 GDP



2.10 How does it feel in the Vale of Glamorgan?

2.11 The national UK position naturally impacts locally. The number of unemployed people in the UK is measured by the Labour Force Survey (LFS), data for local authorities is modelled based on the Survey sample. In the last two quarters, the percentage of population estimated to be unemployed in the Vale of Glamorgan has grown by 0.6 percentage points. This growth in the Vale of Glamorgan is reflective of a growth in unemployment in Wales and Great Britain. In the year ending June 2023 it was estimated that 2.8%, 1,700 of working age people were unemployed up from 2.2%, 1,400 working-age people in December 2022.

2.12 Unemployment – December 2018 to June 2023



* Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks

2.13 Since March 2022 there has been a steady increase in the number of people in receipt of Universal Credit (UC). In July 2023 there were 10,595 people in receipt of UC of whom 4,117 were in employment being 6.7% of those in employment in the Vale. There is anecdotal evidence of more people in lower-paid and part-time work despite the generally positive picture on employment. Evidence on the cost of living crisis has shown that those in lower paid employment have been most impacted by higher rates of inflation and increases in living costs.

2.14 The housing market in the Vale of Glamorgan has remained buoyant to 31 March 2023 with the average price of a property at £280K, 7.71% greater than the £259K a year earlier. The comparator for Wales is £200K, a 6.52% increase on the year. There are early indications of a slowing in the housing market with the average price paid data for the Vale of Glamorgan falling in the last quarter from a record high of £283,000 in December 2022, this may reflect the market reacting to growing mortgage costs as a result of increases in the Bank of England’s base interest rate.

2.15 Data published by the Real Estate Company Zoopla has shown that average private rental prices in the Vale of Glamorgan have grown by 10% between 2022 and 2023, with average private rental prices now estimated to be £934 a month, up from £849 in 2022 and £757 in 2021.

2.16 **Refresh of Medium Term Financial Plan**

2.17 The Financial Strategy approved by Cabinet in July had a simple roll forward of the costs and funding set out in the Council’s approved budget in March. At the time there was a funding gap of £6.430M for 2024/25 with the assumptions to be reviewed across the summer.

2.18 As has been reported to Cabinet in September in the Quarter One Revenue Monitoring and more lately on this agenda in the Quarter Two Revenue Monitoring there has been an unprecedented increase in demand for social care provision both for Children’s and Adults’. The Gap before any management action or mitigation is £30.248M of which only a small element, £4.535M is in respect of genuine investment in services. Table 1a also assumes a 3% increase in AEF and a 3.9% increase in Council Tax in line with the July Financial Strategy.

2.19 Table 1a – Updated Medium Term Financial Plan with no Mitigation.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£K	£K	£K	£K	£K
Additional Funding					
Government Grant	6,084	2,089	2,110	2,131	2,152
Council Tax	3,789	3,937	4,090	4,250	4,416
Reversal of 2022/23 use of reserves	-496	0	0	0	0

Use of smoothing Reserves	-1,100	-1,700	-500	-445	0
Total Additional Funding	8,277	4,326	5,700	5,936	6,568
Investment	4,535	1,262	1,000	0	0
Demography	5,890	2,635	2,543	2,543	2,543
Inflation Pay	7,817	3,341	3,408	3,476	3,545
Inflation Non Pay	8,878	5,110	5,075	5,075	5,075
Capital Financing	80	190	224	187	0
Other Pressures	11,325	881	637	252	623
Total Pressures	38,525	13,419	12,887	11,533	11,786
Overall Gap	30,248	9,093	7,187	5,597	5,218

2.20 In needing to balance the budget for 2024/25 there are three key areas of focus – improving funding in terms of both lobbying for increased Government Grant and generation of Council Tax revenue; cutting costs and delivering savings. In the face of such a high gap work has already been undertaken on the cost pressures, the detail of which will follow below but needless to say there has been a need to target resources at front line services focussed on the most vulnerable in the community but recognising that the unprecedented inflationary pressures need to be contained and that any expanded provision has to be delivered more efficiently. Table 1b sets out the latest managed position. Even with this initial work there is still a gap of £10.573M. There were £933K of savings in the existing MTFP for 2024/25 which are in the process of being validated which would narrow the gap and also an assessment underway of Council Tax collection rates and recovery and also of borrowing cost and investment income too which will also ease the overall pressure. These measures have the potential to reduce the gap to £7.640M. There is further detail in respect of the £20.767M cost pressures in Appendix A and an analysis of the management down from the initial £38.525M in Appendix B.

2.21 Table 1b – Updated Medium Term Financial Plan with Initial Management Actions.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£K	£K	£K	£K	£K
Additional Funding					

Government Grant	6,084	2,089	2,110	2,131	2,152
Council Tax	4,761	3,937	4,090	4,250	4,416
Reversal of 2022/23 use of reserves	-496	0	0	0	0
Use of smoothing Reserves	-155	-1,700	-500	-445	0
Total Additional Funding	10,194	4,326	5,700	5,936	6,568
Investment	255	1,262	1,000	0	0
Demography	5,165	2,635	2,543	2,543	2,543
Inflation Pay	4,834	5,110	5,075	5,075	5,075
Inflation Non Pay	5,104	3,341	3,408	3,476	3,545
Capital Financing	0	190	224	187	0
Other Pressures	5,409	881	637	252	623
Total Pressures	20,767	13,419	12,887	11,533	11,786
Overall Gap	10,573	9,093	7,187	5,597	5,218

2.22 Funding

2.23 Welsh Government Grant

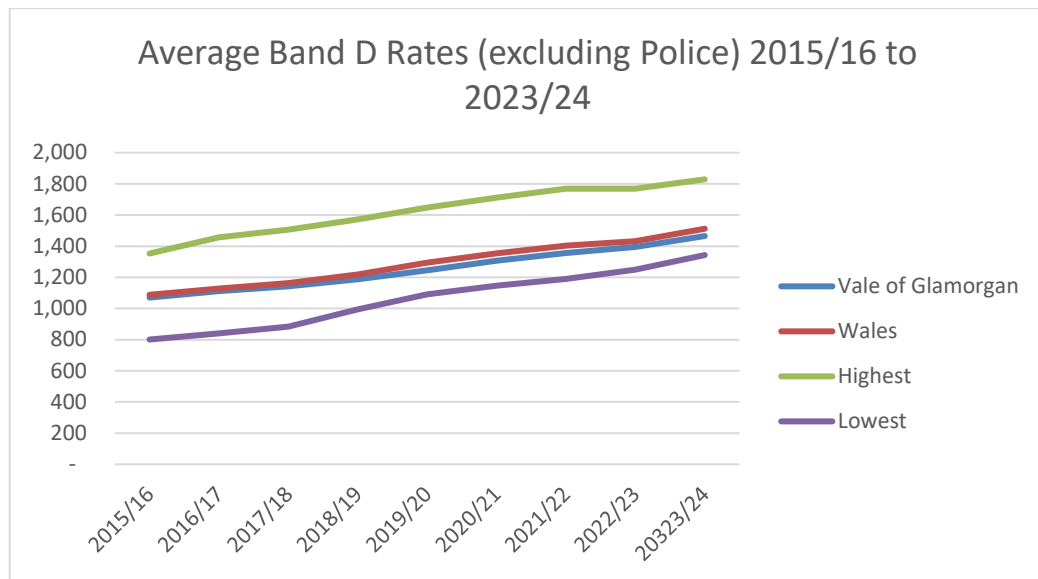
2.24 The indicative Aggregate External Finance (AEF) for 2023/24 and 2024/25 were announced as part of the 2023/24 settlement on 5th March 2023. At the all-Wales level there was a £403.374M (7.9%) increase in AEF and for the Vale of Glamorgan an additional £16.609M (8.9%). The Vale did better than the Welsh average due to changes in relative population albeit its actual population for formula purposes was marginally down. There was not a Vale of Glamorgan specific settlement for 2024/25 but the overall funding for Wales is to increase by 3% and there is an expectation of a 1% increase per annum in future years. The 2024/25 increase is marginally better than 2.4% had been announced as part of the previously announced three year settlement and this is due to the Barnett consequentials flowing through from the UK Government settlement for 2024/25.

2.25 Welsh Government uses Standard Spending Assessments (SSA) to share out the available funding across 22 local authorities as part of the settlement. There are

68 different indicators that are utilised such as client based (population and pupil numbers), deprivation and sparsity feeding into Indicator Based Assessments for service blocks. Population is a key driver with the majority of the funding distributed as part of this factor on the basis of general population or a relevant specific population, for instance 81.5% of the Primary and Nursery element of the Education IBA is through pupils in those settings. Reflecting the significant amount of development in the Vale of Glamorgan in recent years, the Council has seen significant (in comparison with others) increases in funding as a result of the increased share of the population (not dependent on an absolute population increase as declining population in other Councils has an impact). If this continues for 2024/25 then the Council may benefit from additional funding over and above the 3.0% indication (on the 2022/23 allocation) of £5.597M although additional factors such as pupil numbers and benefit claimants may also affect the sum awarded.

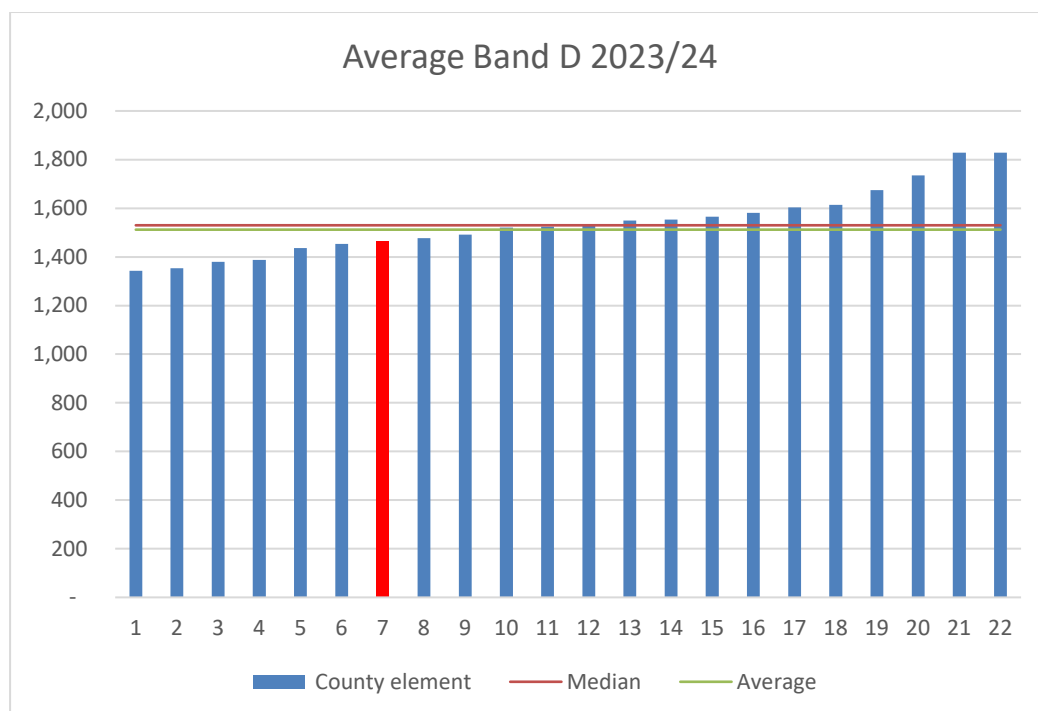
- 2.26** As part of the Welsh Government SSA calculation an assessment is made of how much each Council would raise at a standard level. The amount of Revenue Support Grant (RSG) to be paid to a Council is based on the SSA's estimate of costs of the standard services less the estimated income from a standard council tax level.
- 2.27** There is currently an expectation of inflation only increases in future settlements and for planning purposes this is currently assumed to be 3% per annum.
- 2.28** In light of the economic position above and the in year budget reductions in year it is considered highly unlikely that Welsh Government may deliver any more than in the published Settlement and the last minute improved settlements of recent years cannot be relied on.
- 2.29 Council Tax**
- 2.30** As part of the budget scenarios set out in the Final Strategy there was an increase in Council Tax of 3.9% across all years of the Plan. This increase has been used for illustrative increase purposes only as this increase will be subject to further review and consultation. However, in the latest modelling a 4.9% increase is currently assumed for 2024/25 and 3.9% for future years. Further, there is a reassessment of collection rates underway and whilst not currently included in the numbers does have the potential to generate an additional £1M for the base budget which would reduce the funding gap facing the Council illustrated above.
- 2.31** As the Council Tax equates to approximately 31% of the Council's overall budget there is a significant gearing effect on any increase. A 1% increase in Council budget would require a Council Tax increase of over 3%. Chart 5 below sets out Council Tax increases across Wales since 2015/16 and there's a general trend upwards across all Councils over this period.

2.32 Chart 5 – Band D Council Tax



2.33 Chart 6 below sets out the Average Band D rates across Wales for 2023/24. The median for Wales is £1,530 falling at the mid point between authorities 10 and 11. The Vale of Glamorgan remains below the median at £1,465 but has moved one place to the left compared to 2022/23, so moving further below the median. This to some extent demonstrates the desire to strike a balance between balancing the budget and protecting residents through a reasonable increase in the Council Tax in 2023/24.

Chart 6 – Council Tax Levels 2023/24



2.34 The Council Tax increase for 2024/25 will be an important factor in balancing the 2024/25 budget, every 1% is £0.971M.

2.35 Reserves

2.36 £496K of Council Fund reserves was used to support the budget in 2023/24 and this is reversed out in 2024/25.

2.37 Part of the strategy in 2023/24 was to use earmarked reserves, established through the reserves review, to smooth out transient and one off costs. There is a planned use of £2.645M of these earmarked reserves as part of the 2024/25 budget which consists of £100K contribution from the Cost of Living reserve to support additional pressures around Free School Meals, £400K from the Energy reserve to support additional energy pressures in schools and a further £700K is planned to be utilised from the Energy reserve for corporate energy pressures. Additionally, £1.445M is being contributed from the Housing Strategy and Homelessness reserve to support homelessness pressures due to the fall out of Welsh Government grant whilst the Rapid Housing strategy and other policies to address the increase in homelessness and housing need are implemented. The support for the Homelessness pressures is tapered down over the remaining years of the plan. Including the support in 2024/25 total support from the Homelessness Reserve is £3.035M.

2.38 Pressures

Investment

2.39 There are two key areas of Investment pressure during the period of the Plan. Firstly, to establish a resource base for children at Primary age with anxiety and autism and additional Autism satellite provision at secondary level. Secondly, the need to further develop Welsh Immersion provision. These are included at a lower level than sought by the service and it has not been possible to accommodate investment in Corporate Service provision to improve to support the rest of the organisation or to provide funding for the tapering down of the Regional Integration Fund supporting joint social care and health work. Also of significance is a need to revise the pay structure to improve recruitment and retention but this cannot be accommodated at this time.

2.40 Demography

2.41 There is demographic growth in both Learning & Skills and Social Services. In Education there is a small growth in the number of mainstreams pupils but the real financial pressure is being driven by the increase in the number of pupils with additional learning needs. It may not be possible to accommodate the additional funding for the mainstream growth and similarly the unit of resource for the Special School will need to be reappraised. £1M is currently set aside to meet this growth.

2.42 2023/24 has seen significant growth in the numbers of children look after and the number of adults accessing Social Services provision alongside an increase in the complexity of the provision required. Just right sizing the budget will cost in excess of £4.015M.

2.43 Inflation - Pay

2.44 Pay inflation is a major pressure for the Council with pay awards for 2024/25 for both teaching and local government officers likely to be in the order of 5% at a time when Welsh Government Grant is only anticipated to increase by general grant by 3%. £5.104MM is currently identified but won't meet the full cost which will need to be absorbed by schools and services.

2.45 Inflation - Non Pay

2.46 There is £5.854M of non pay inflation which is predominantly for increased provider fees for Children's and Adults' Social Care, many of these providers experiencing similar inflationary pressures to the Council, especially in respect of pay. There will doubtless be a significant amount of negotiation with providers as they seek to cover 100% of their additional costs.

2.47 This is offset in part by a £0.750M reduction of the energy costs built into the budget in 2023/24. This is an area that will need further review across the remainder of the budget setting process given the volatility of prices.

2.48 Capital Financing

2.49 The capital financing costs of the borrowing required to fund the Sustainable Schools for Learning programme are relatively minimal at £80K for 2024/25, however the costs of this borrowing are not currently included in the funding scenario and additional savings would be required to offset these costs.

2.50 Other Pressures

2.51 Other Pressures amount to £5.409M and impacts across all services. They are set out line by line in Appendix A but those of greatest significance are: Homelessness Provision £1.445M (which is supported by earmarked reserves whilst the Reduction Strategy takes shape), additional capacity of £1.730M to manage the increased numbers Children Looked After and £0.1.037M building in additional capacity in Adult Social Care including providing additional funding for council run residential homes.

2.52 Approach to Delivering a balanced 2024/25 and sustainable medium term budget.

2.53 There are three key elements to bringing forward a balanced 2024/25 budget and sustainable medium term financial plan –

- i. Maximising funding
- ii. Managing cost
- iii. Bringing forward savings and generating additional income from fees and charges

2.54 Maximising Funding

2.55 The Council will continue work to lobby Welsh Government throughout the entire budget setting programme to drive the best possible financial settlement for the Vale of Glamorgan. This will include direct engagement with Welsh Government and also indirect through bodies such as the Welsh Local

Government Association WLGA. The Council will also push for a timely Settlement to try and move away from the position where plans are based on a stated level of settlement of Welsh Government only to see a significant improvement at the eleventh hour but is mindful that the UK Budget is not being announced until 22nd November. Alongside this will be the consideration of the appropriate uplift the Council Tax; this will be an important element of consideration given the high inflationary pressures being faced, still at 6.7%, with potential for a 3% increase in Grant.

2.56 Managing Cost

2.57 The initial review of the £17M of cost pressures coming through in 2024/25 was completed across the summer and work has taken place in the early autumn with a view to mitigating downwards. As set out above continued rising prices and unprecedented levels of demand for social care have meant that the underlying level of pressures is £38.525M. It is mitigated downwards at present but this does create risk in delivering services to budget in the new year. This is an ongoing piece of work.

2.58 Running alongside the review of cost pressures was a high level piece of work to compare the Council's costs with those of its 'nearest neighbours' based on a selection of metrics to enable comparability. This provide additional context in the budget setting process and not intended to be directive in targeting cost reduction. By its very nature, external comparison is very dependent on the quality of data, so this output is informative rather than definitive. The high level comparison will be used alongside comparative data held by services and can potentially help identify more effective or efficient practice in other organisations. This work also supports the ambition in the Financial Strategy to demonstrate best value in our operations. Given the low level of funding received by the Council it is not surprising that it is typically also low spending.

2.59 Savings Framework

2.60 This section is carried though from the July report being the key next step in 2024/25 budget setting. Cabinet will note that in the 2023/24 budget, there were £933k of savings for 2024/25. Work to validate these will be undertaken in the coming weeks.

2.61 There was a key focus on delivering savings and generating additional income in the 2023/24 budget setting round due to the significant financial challenge that had emerged across the summer and early autumn in 2022. This resulted in a move away from transformation and the Reshaping Services Programme that had run from 2015 to 2019 (and to an extent the later Reshaping 2021 Programme). For 2024/25 there is an opportunity to consider rebalancing and refocussing on reshaping and transforming services to both improve service delivery and balance the budget at the same time as addressing the need for tactical savings to ensure the 2024/25 budget is balanced.

2.62 The Strategic Leadership Team has begun work to redefine the approach to transformation and the next iteration of a Reshaping Programme. In later years of Reshaping there was a deliberate move away from savings driven schemes to

explore workstreams that sought to tackle issues impacting the way the Council operates and the needs of the community.

2.63 However, given the economic environment, the next iteration of the Reshaping Programme will need to reflect societal, organisational and financial drivers.

2.64 The following table (Table 2 – Tactical and Transformational Savings) shows the interrelation between the tactical savings framework and the emerging themes of the transformation programme. The tactical savings would achieve ‘business as usual’ savings that will vitally contribute towards the balancing of the 2024/25 budget, whilst the transformational themes take a longer-term focus on changing the way in which the organisation works in order to address the societal, organisational and financial issues in coming years.

Tactical Savings Framework	Transformational Themes
Demand Management & Early Intervention	Target operating model
Generating Income	Strengthening communities
Service Review & Redesign	Service transformation
Wider Community	Digital innovation
Digital Strategy	Economic growth
Corporate Asset Management	
Workforce	
Contract Review/Procurement	

Tactical Savings

Demand Management/Invest in Early Intervention

2.65 One of the major cost drivers for the Council is the demographic growth in social care services – both for adults and children. The savings strategy will need to explore how these costs can be mitigated and part of the approach will be to explore investment in early intervention and preventative services to reduce future costs.

Generating Income

2.66 The Council currently generated £19.4M through sales, fees and charges annually, some of which are at statutorily set levels and some such as Inter authority recoupment income that are in decline. The Council will need to review income raised from current activity and explore whether other revenue generating opportunities exist.

Service Review and Redesign

2.67 Whilst not at initial 2023/24 levels, the Council is still faced with a significant financial challenge and it remains that the Council will need to consider whether it can continue to offer the full range of services provided to the community and at the same level. Consideration will also need to be given to the structure and

combination of services to leverage the most value from resource that is committed.

Use of the Wider Community to Deliver Services

- 2.68** The Council worked well with the voluntary and third sector during the pandemic and recently in response to the cost of living crisis and should look to explore options to work more closely on the delivery of services and indeed whether there are services that they could actually fully take on.

Digital Strategy

- 2.69** ICT has been a great driver of change and has the potential to deliver savings in a number of ways. The Council has invested in its ICT systems such as Oracle and Microsoft and these and others have the potential to deliver operational savings. The Council has an extensive range of applications in place and the Digital Strategy which came to Cabinet for approval to consult upon in July 2023 will seek to rationalise these to reduce possible duplication and hence cost as well as identifying where digital can transform services.

Corporate Asset Management Plan

- 2.70** Work is underway on this Plan and there is a real opportunity to be more radical in the way in which the Council delivers services from its physical estate. The Council has demonstrated how effective it was able to operate during the Covid-19 lockdown and hybrid and home working as well as having environmental benefits do mean there is less pressure on corporate office accommodation.

Workforce Review

- 2.71** £196M is budgeted to be spent on employee costs in 2023/24 including agency arrangements. The organisation has experienced increased demand in some areas as a result of the impact of the Covid Pandemic, demographic trends, the Cost of Living crisis and other economic factors. The organisation is also transforming to reflect key priorities, statutory change and the need to digitalise and match the asset base to the changing needs of the Council. As service levels adapt to these factors, there is a need to consider the range of skills and capacity across different service areas. The Council will also need to consider the pressures on the current pay structure and overall employee offer as the organisation and its neighbouring authorities respond to continuing recruitment shortages in some key areas across services.

Contract Review/Procurement

- 2.72** Approximately £180M was spent with third party suppliers in 2022/23 and there is undoubtedly opportunity to deliver savings through procurement. Some of the potential savings will take time to deliver due to timing of contract renewal and in order to afford time to improve the quality of data held and to put in place a comprehensive Contract Register to enable planning for procurement to be undertaken effectively with appropriate forward planning. This will enable the best decisions to be made on reprocurring, change of scope, in or outsourcing etc. The Council has entered into a shared service arrangements with Cardiff,

Monmouthshire and Torfaen and one of the early deliverables is the comprehensive contract register and forward plan.

2.73 Transformation Themes

- 2.74** The Council has set aside resources to support this process as part of its reserves review as part of the 2023/24 budget setting, this is primarily the Reshaping Risk and Investment Reserve which was £2.523M as at 31 March 2023.

Target Operating Model

- 2.75** The way in which the Council operates in the future will need to be different from that of today, reflecting the different services, expectations and means of interacting both internally and externally. A review of the Strategic Leadership Team was undertaken in 2021/22 and developments are being made across Directorates in response. There is an opportunity to consider the operating model that is required to provide services in the future. This will enable the Council to fully understand the way in which it operates and develop a Target Operating Model to best deliver its objectives. Such a model will require design principles such as tiers of management and spans of control notwithstanding the diverse nature of the services the Council delivers.

Strengthening Communities

- 2.76** The Council has strong relationships with a range of third sector and community organisations, and this has strengthened in recent years. Work is underway in to reflect on the learning from the pandemic and cost of living crisis and articulate a vision for how the organisation can work to support communities in partnership with other organisations, including town and community councils in new ways. This will complement the work underway across different parts of the Vale of Glamorgan to reimagine how services can be provided, and communities strengthened, for example, the Public Services Board work on tackling deprivation and the Llantwit Major Food project. Place making will be a key part of this work. This theme is a strong one within the Council's Project Zero Challenge Plan which seeks to contribute to a zero carbon Wales by 2050 in addition to the Council's target to be net zero by 2030.

Service Transformation

- 2.77** This theme will consider the way that services (either individually or in combination) will be delivered in the future. This will include consideration of how demand and expectations of citizens can be effectively managed and responded to, how services are provided (and via which model) and embrace a desire to collaboratively design services with citizens, communities and partners.

Digital Innovation

- 2.78** Whilst digital innovations have the opportunity to deliver tactical financial savings, there is also a longer-term opportunity to deliver transformational change to deliver service improvements and cost savings via the Council's Digital Strategy. The Council is currently consulting on the Digital Strategy and commencing the recruitment of a Head of Digital Services to work across the organisation to harness the strategy's ambitions.

Economic Growth

- 2.79** The Council is committed to developing sustainable communities across the Vale of Glamorgan. Leveraging the placemaking work referenced above and combined with regeneration funds, such as the Shared Prosperity Fund and the Council's Non Treasury Investment Fund, has the potential to bring in additional investment to the area, to maximise the Council's potential to contribute to economic growth, create skills for the future and support the Council's procurement strategy.
- 2.80** These transformation themes will require associated enabling activity in addition to the financial considerations. This will be supported by teams across the Corporate Resources Directorate to ensure there is appropriate HR & Organisational Development, Communications, Legal, Estates, Finance, Policy and programme management activity to deliver and ensure success.
- 2.81** Officers have been starting to develop proposals against this framework across the late summer and autumn and is now the key area of attention.

Community Engagement & Participation

- 2.82** This is very much an area that will receive greater attention on in the preparation of proposals for the 2024/25 budget.
- 2.83** The Council undertakes continuous engagement with the community across a wide range of issues and the intelligence from this work will be factored into the budget deliberations. Of specific importance is the engagement work undertaken on the Annual Self Assessment and underway on the Annual Delivery Plan. An exercise to gather the feedback from a representative sample of residents via a public opinion style survey is underway to help inform and shape the budget and Council strategies. This exercise is being delivered with Data Cymru and in collaboration with the Council's Equalities Consultative Forum, Public Participation Practitioner's Network and the network of Elected Member Champions. Initial headline results have been included in the Annual Self-Assessment Report previously reported to Cabinet and Council, with a detailed analysis being prepared for Members' consideration in due course.
- 2.84** There also needs to be an opportunity for the community to give their views on the detailed budget, especially the savings proposals. These will come forward in January and there will be both public and internal consultation in terms of work with the scrutiny committees. The approach to public consultation is under review but ideally will include a mix of face to face and online engagement across the Vale of Glamorgan with the community in general and with specific interest groups to understand the impact of proposals and will be undertaken in line with the Council's Participate Programme in delivering the Public Participation Strategy.
- 2.85** The area for improvement is participation with the community as savings proposals are formulated not just consulting on their views in the January report. Also, it is essential that there are Equality Impact Assessments in place for all savings proposals when the report is published for consultation and that there is

an opportunity for the feedback received from consultation to be reflected in final proposals and the accompanying Equality Impact Assessments.

2.86 Reserves

2.87 The size of the financial challenge faced by the Council continues to be considerable and setting a balanced budget for 2024/25 and more importantly delivering it will be extremely challenging. The Council has managed its finances very well historically and has robust finances and reserves in place as evidenced by the report from Audit Wales in 2021, mentioned earlier in this report. A follow up review is to be undertaken by Audit Wales as part of their published Programme for 2023/24.

2.88 In 2023/24 the Council undertook a thorough review of its reserves to ensure that they fully aligned with the risks that the Council faces and the commitments it has made. The Council had been operating in an environment of historically low interest rates and stable prices. This position had dramatically changed, and these new risks are now covered by the Council’s reserves.

2.89 Whilst perhaps not at the same scale of the exercise in 2023/24 risks and commitments do change and a further review of reserves is featuring in the 2024/25 process. Of concern has been the run down of Schools and Social Services Reserves during 2023/24.

2.90 Possible Scenarios/Sensitivity Analysis

2.91 The Council’s spend is sensitive to a number of factors including changes in Government grant, Council Tax and pay awards in particular.

2.92 The following Table sets out the impact of a 1% movement in these areas of income and spend.

2.93 Table 3 Sensitivity Analysis

Area of income spend	2023/24 Budget £K	1% Movement £K
AEF	-202,792	-2,028
Council Tax	- 91,303	-913
Teachers Pay	82,948	829
Non Teaching Pay	106,011	1,060
Borrowing	9,801	98

2.94 Next Steps

2.95 It is recommended that Cabinet refer this report to all of the Council’s Scrutiny Committees with those Committees being requested to review the financial Strategy, funding and costs assumptions in the MTFP refresh and the approach set out in this report to setting the 2024/25 budget with any comments of the Committees to go back to Cabinet.

- 2.96** Officers are working up savings proposals and this work will continue across the autumn/early winter. No specific savings targets are being set but officers are aware of the financial context of the overall gap that must be bridged sustainably to deliver a balanced budget. This will be subjected to an internal challenge process in November before proposals are brought back to Cabinet in early January.
- 2.97** Officers will also continue to review and prioritise the cost pressures as part of the programme of work to balance the budget. This work has been part of the two stage internal challenge process, there was been initial review and there will be further work in late November.
- 2.98** In addition to the engagement activity highlighted above, the Council has commenced work to develop the Annual Delivery Plan across the autumn with public consultation planned between December and January and this will provide some further insight as to the Council’s priorities and therefore resource allocation.
- 2.99** The Council operates a number of shared service arrangements with neighbouring councils. Officers have started to engage with partners to ensure plans are consistent and fully aligned.
- 2.100** Due to the timing of the Settlement, it will be very difficult to have definitive plans in place across the autumn to share with the Schools Budget Forum. It will be necessary to present them with a range of scenarios and possible options to enable their financial planning to be undertaken. This is scheduled for late November.
- 2.101** There will be some level of uncertainty until the Welsh Government Settlement is announced on 20th December following the UK Budget announcement on 23rd November. However, it is essential that every opportunity is taken to deliver the budget as well as approving it and a report will come forward to Cabinet in January not only to take forward public consultation but also to agree early savings to be implemented where feasible. The consultation on the budget will include Trade Unions and Public Services Board (PSB) partners.
- 2.102** As set out in the Consultation section above, the timetable will only allow for a relatively short public consultation. Officers are reviewing the arrangements to ensure that this time can be used as effectively as possible and to utilise the findings from a range of engagement and consultation activity to inform the development process throughout.

2.103 Timetable

Date	Body	Activity
23 November 2023	UK Government	Budget Statement
Late November 2023	Budget Working Group	(2) Initial savings for discussion

13 November 2023	Corporate Performances & Resources Scrutiny	Review Financial Strategy and MTFP Refresh, including outline transformation programme
14 December 2023	Cabinet	Council Tax Base
20 December 2023	Welsh Government	Settlement
10 January 2024	Homes & Safer Communities Scrutiny	HRA Business Plan and Rent Setting
11 January 2024	Cabinet	HRA Business Plan and Rent Setting
15 January 2024	Special Council	HRA Business Plan and Rent Setting
18 January 2024	Cabinet	Budget for consultation
19 January 2024	Community & Partners, including Trade Unions and Public Service Board	Consultation on budget proposals
January 2024	Scrutiny	Review estimates and savings proposals
29 February 2024	Cabinet	Draft Budget
6 March 2024	Council	Agree Budget

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

- 3.1** The delivery of the Council's Corporate Plan and well-being objectives is significantly influenced by the available finance to deliver services. This report provides the context in which the Council will be operating in the immediate and medium term.
- 3.2** This report provides an immediate and medium-term projection of the Council's financial position, however the decisions to be taken on the Financial Strategy in the coming months will be influenced by the need to think about the longer-term implications of decisions, including the continued lobbying of Welsh Government for genuine multi-year financial settlements to enable better forecasting and projection of budgets. This is a key driver for the redefining of the Reshaping Programme to ensure a balance of tactical financial decisions and longer-term transformation.

- 3.3** The approach to setting a balanced budget described in the body of this report includes reference to collaboration and the value of this approach has been well evidenced in recent years, most notably in the response to the pandemic, where the pooling of resources (whether financial, capacity or expertise) has resulted in improved outcomes and better value for money. Additionally, the inclusion of the strengthening communities transformation theme indicates the value placed on collaboration and recognition of the integrated nature of the Council’s work within the wider public and third sectors.
- 3.4** The report sets out proposals for consulting widely on the Council’s budget, demonstrating the importance being placed on involving people in decision making and this will be further strengthened through the use of insight gained through engaging on the Council’s Annual Self-Assessment and in the production of the Annual Delivery Plan for 2024-25 as well the public opinion exercise. In understanding the views of others through this process, decisions will be taken in an integrated way – both internally and externally.

4. Climate Change and Nature Implications

- 4.1** There are no implications arising directly from this report, with climate change being one of the areas that could be the focus of resources.

5. Resources and Legal Considerations

Financial

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

Employment

- 5.2** There is a significant budget gap at this stage of the budget setting process and given that salaries and wages are a major element of the Council’s overall spend there is likely to be an employment impact when savings proposals come forward in January. There is also a specific theme in the savings and framework to explore organisational design and within the transformation themes on target operating model and service transformation.
- 5.3** Where any potential employment impacts arise, the Council will follow its existing policies and procedures and ensure that there is full engagement with staff and the Trades Unions.

Legal (Including Equalities)

- 5.4** The Council is required under statute to fix its council tax for the financial year 2024/25 by March 2024 and to do so will have to agree a balanced revenue budget by the same date.
- 5.5** The Financial Strategy and process for approving the 2024/25 Budget and MTFP at Council in March 2024 is aligned to the Council’s agreed Corporate Plan –

‘Working Together for a Brighter Future’ 2020 and the 2024/25 Annual Development Plan which is currently being developed.

- 5.6** The budget proposals as set out in the report has due regard to the requirements of the Council’s Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of specific proposals and strategies set out in the report will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

6. Background Papers

[Financial Strategy 2024/25](#) - Cabinet 20 July 2023

Cost Pressures

Appendix A

Revised Summary Cost Pressures	Description	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Category of Growth	
		£000's	£000's	£000's	£000's	£000's		
Directorate: Learning and Skills								
Delegated Schools								
Schools	Demographic increase in Mainstream schools	0	392	300	300	300	Demographic	
Schools	Demographic increase in pupils requiring placement in special school Ysgol Y Deri	998	1,241	1,241	1,241	1,241	Demographic	
Schools	Additional Secondary Autism Satellite Provision	124	0	0	0	0	Investment	
Schools	Expansion Hafan Primary Resource base (Complex social and emotional mental health needs)	116	0	0	0	0	Pressure	
Schools	Horizon Secondary resource base (Complex social and emotional mental health needs)	150	0	0	0	0	Pressure	
Schools	Primary Welsh Immersion Unit	64	0	0	0	0	Investment	
Schools	Gwaun Y Nant Resource base -(Autism and anxiety in the primary sector).	183	162	0	0	0	Pressure	
Schools	Additional learning needs in mainstream schools	0	0	0	0	0	Pressure	
Schools	Holton primary school resource base- (Autism and anxiety in the primary sector)	68	162	0	0	0	Investment	
Schools	Schools Pay Awards 24-25	3,500	2,272	2,317	2,363	2,411	Inflationary - Pay	
Schools	Increased FSM Budget Step Down	0	-100	-100	0	0	Pressure	
Total Delegated Schools		5,202	4,129	3,758	3,904	3,952		
Central Learning and Skills								
Learning and Skills	Complex Needs Placements (Out of County or in an independent provision)	0	140	140	0	0	Pressure	
Learning and Skills	Restructuring of the complex needs team	0	0	0	0	0	Pressure	Utilise Reserves
Learning and Skills	Reduction in Out of County Income	0	137	183	130	105	Pressure	
Learning and Skills	Youth Participation team	0	0	0	0	0	Pressure	
Learning and Skills	Performance Officer	0	0	0	0	0	Pressure	
Learning and Skills	Welsh in Education Officer	0	0	0	0	0	Pressure	
Learning and Skills	Expansion of ICT and Data staffing team	0	0	0	0	0	Pressure	
Learning and Skills	Penarth Pavilion Staffing - Pavilion manger	0	0	0	0	0	Pressure	
Learning and Skills	Revenue impact of additional borrowing Sustainable Communities for Learning SRG	0	140	115	187	0	Capital Financing	
Learning and Skills	Revenue impact of additional borrowing Sustainable Communities for Learning Cowbridge	0	50	109	0	0	Capital Financing	
Total Central Learning and Skills		0	467	547	317	105		
Total Learning and Skills		5,202	4,596	4,305	4,221	4,057		

Directorate: Social Services							
Children Services							
Children Services	Allowances Social Care Officer and Responsible	30	30	0	0	0	Pressure
Children Services	demand	552	86	0	0	0	Pressure
Children Services	Legal Costs	200	0	0	0	0	Pressure
Children Services	Conveyance Children in Social Care Placements	188	0	0	0	0	Pressure
Children Services	Provider Fees (7.5%)	490	300	300	300	300	Inflationary
Children Services	Budget Programme	760	0	0	0	0	Pressure
Children Services	External Placements (Demographic)	915	200	200	200	200	Demographic
Total Children Services		3,134	616	500	500	500	
Resource Management and Safeguarding							
Adult Services	Provider Fees	3,000	4,500	4,500	4,500	4,500	Inflationary
Adult Services	Step In Provider Fees	2,000	0	0	0	0	Inflationary
Adult Services	Budget Programme	258					Pressure
Adult Services	Demographic Pressures	3,100	650	650	650	650	Demographic
Resource Management and Safeguarding	Regional Integration Fund Tapering	0	1,000	1,000	0	0	Investment
Resource Management and Safeguarding	Staffing costs Care Home Staff	104	0	0	0	0	Pressure
Resource Management and Safeguarding	Supplies, Services and Premises	0	0	0	0	0	Pressure
Resource Management and Safeguarding	Budget Programme	408	0	0	0	0	Pressure
Resource Management and Safeguarding	Agency/ Vacancy cover and Night Post Residential Homes Staff	267	0	0	0	0	Pressure
Total Adult Services		9,137	6,150	6,150	5,150	5,150	
Total Social Services		12,271	6,766	6,650	5,650	5,650	
Neighbourhood Services and Transport							
Environment and Housing	Waste Contract Contractual Inflation	0	75	75	75	75	Inflationary
Environment and Housing	Cost of B&B Homelessness Accommodation	1,445	-500	-500	-445	0	Pressure
Environment and Housing	Highway Repairs	0	500	500	500	500	Pressure
Environment and Housing	Asset Maintenance - Additional funding to ensure that NS&T assets are proerly maintained.	0	50	50	50	0	Pressure
Total Environment and Housing		1,445	125	125	180	575	
Environment and Housing - Schools Transport							
Environment and Housing	School Transport - Inflationary increase for School Transport reflecting rising fuel costs and shortage of drivers and providers in the market.	0	200	200	200	200	Inflationary

Environment and Housing	ALN transport - The cost of transport for the Demographic increase pupils Ysgol y Deri, the majority of pupils need to be transported by Taxi to the provision.	152	152	152	152	152	Demographic	
	Total Environment and Housing - Schools Transport	152	352	352	352	352		
Place								
Place - Project Management Unit	Additional Project Management Resources	0	0	0	0	0	Pressure	Utilise Reserves
		0	0	0	0	0		
	Total Place	0	0	0	0	0		
Directorate: Corporate Resources								
Corporate Resources	Contract Inflation on Various ICT Contracts	0	35	0	0	0	Inflationary	
Corporate Resources	Senior Lawyer (Public Matters)	0	61	0	0	0	Pressure	
Corporate Resources	Coroner Shared Service Contribution Increase	0	25	25	0	0	Pressure	
Corporate Resources	Joint Coroner Service Overspend	80	0	0	0	0	Pressure	
Corporate Resources	Microsoft Licences	86	0	0	0	0	Pressure	
Corporate Resources	Exchequer Financial System	0	100	0	0	0	Investment	
Corporate Resources	Network management & Security licence	0	115	0	0	0	Pressure	
Corporate Resources	Internal Audit Shared Service (IASS) Pay Award	33	16	16	17	18	Pressure	
Corporate Resources	Legal Services - Trainee Solicitor.	0	35	0	0	0	Pressure	
Corporate Resources	Legal Services (Community Services Team)	0	29	0	0	0	Pressure	
Corporate Resources	Registars	0	0	51	0	0	Pressure	
	Total Corporate Resources	199	416	92	17	18		
Policy								
Policy	Members Remuneration - Independent Remuneration Panel for Wales Draft Annual Report	94	0	0	0	0	Inflationary	
Policy	Fire Levy	0	0	0	0	0	Inflationary	
Policy	Council Tax Reduction Scheme	500	0	0	0	0	Pressure	
Policy	City Deal - Revenue Costs Associated with Prudential Borrowing for the Council's Contribution	50	95	272	0	0	Pressure	
	Total Policy	644	95	272	0	0		
Corporate								
Corporate	Pay Award Non Schools Resources	518	346	352	359	367	Inflationary - Pay	
Corporate	Pay Award Non Schools General Fund Housing	34	23	23	23	24	Inflationary - Pay	

Corporate	Pay Award Non Schools Social Services	316	211	215	219	224	Inflationary - Pay
Corporate	Pay Award Non Schools Place	122	81	83	84	86	Inflationary - Pay
Corporate	Pay Award Non Schools Neighbourhood Services	494	330	336	343	350	Inflationary - Pay
Corporate	Pay Award Non Schools Central Learning and Skills	120	80	82	83	85	Inflationary - Pay
Corporate	Energy Step Down	-750	0	0	0	0	Inflationary
	Total Policy	854	1,069	1,091	1,112	1,135	

	Total Cost Pressures	20,767	13,419	12,887	11,533	11,786	
--	-----------------------------	---------------	---------------	---------------	---------------	---------------	--

	Demographic	Pressure	Investment	Inflationary	Capital Financing	Total
Schools	998	449	255	0	0	1,702
Central Learning and Skills	0	0	0	0	0	-
Social Services	4,015	2,767	0	5,490	0	12,271
Environment and Housing	0	1,445	0	0	0	1,445
Environment and Housing - School Transport	152	0	0	0	0	152
Place	0	0	0	0	0	-
Corporate Resources	0	199	0	0	0	199
Policy	0	550	0	94	0	644
Corporate	0	0	0	-750	0	-750
Total	5,165	5,409	255	4,834	0	15,663

	2024/25 Adjusted	2025/26	2026/27	2027/28	2028/29	Total
Investment	255	1,262	1,000	0	0	2,262
Demographic	5,165	2,635	2,543	2,543	2,543	10,264
Pressure	5,409	881	637	252	623	2,393
Inflationary - Pay	5,104	3,341	3,408	3,476	3,545	13,769
Inflationary	4,834	5,110	5,075	5,075	5,075	20,335
Capital Financing	0	190	224	187	0	601
Total	20,767	13,419	12,887	11,533	11,786	49,624

Cost Pressure Review

Appendix B

	Schools			Learning & Skills			Social Serves			Environment & Housing		
	Adjusted £000s	Raw £000s	Difference £000s	Adjusted £000s	Raw £000s	Difference £000s	Adjusted £000s	Raw £000s	Difference £000s	Adjusted £000s	Raw £000s	Difference £000s
<u>Investments</u>												
Autism	124	165	-41			0			0			0
Welsh Immersion	64	85	-21			0			0			0
RIF			0			0	0	1,053	-1,053			0
Pay Structure			0			0			0			0
	188	250	-62	0	0	0	0	1,053	-1,053	0	0	0
<u>Demography</u>												
Mainstream	0	392	-392			0			0			0
Special Demography	998	1,331	-333			0			0			0
External Children's Placements			0			0	915	915	0			0
Adults			0			0	3,100	3,100	0			0
	998	1,723	-725	0	0	0	4,015	4,015	0	0	0	0
<u>Pay Inflation</u>												
School Teachers Pay Award	3,500	5,679	-2,179			0			0			0
Local Government Pay			0	120	160	-40	316	421	-105	528	704	-176
	3,500	5,679	-2,179	120	160	-40	316	421	-105	528	704	-176
<u>Non Pay inflation</u>												
Children's Provider Fees			0			0	490	548	-58			0
Adults Provider Fees			0			0	3,000	6,659	-3,659			0
Step In Provider Fees			0			0	2,000	2,000	0			0
Corporate energy			0			0			0			0
	0	0	0	0	0	0	5,490	9,207	-3,717	0	0	0
<u>Pressures & Capital Financing</u>												
Schools Energy	0	1,200	-1,200			0			0			0
Resource Bases	516	688	-172			0			0			0
ALN Needs in schools	0	400	-400			0			0			0
Learning & Skills			0	0	1,260	-1,260			0			0
Children's pressures			0			0	1,730	2,172	-442			0
Adults			0			0	1,037	1,212	-175			0
Environment & Housing - Homelessness and Transport pressures			0			0			0	1,597	3,371	-1,774
Place			0			0			0			0
Corporate Resources			0			0			0			0
Policy			0			0			0			0
	516	2,288	-1,772	0	1,260	-1,260	2,767	3,384	-617	1,597	3,371	-1,774
	5,202	9,940	-4,738	120	1,420	-1,300	12,588	18,080	-5,492	2,125	4,075	-1,950

	Place			Corporate Resources			Policy			Total		
	Adjusted £000s	Raw £000s	Difference £000s	Adjusted £000s	Raw £000s	Difference £000s	Adjusted £000s	Raw £000s	Difference £000s	Adjusted £000s	Raw £000s	Difference £000s
<u>Investments</u>												
Autism			0			0			0	124	165	-41
Welsh Immersion			0			0			0	64	85	-21
RIF			0			0			0	0	1,053	-1,053
Pay Structure			0	0		0	0	3,000	-3,000	0	3,000	-3,000
	0	0	0	0	0	0	0	3,000	-3,000	188	4,303	-4,115
<u>Demography</u>												
Mainstream			0			0			0	0	392	-392
Special Demography			0			0			0	998	1,331	-333
External Children's Placements			0			0			0	915	915	0
Adults			0			0			0	3,100	3,100	0
	0	0	0	0	0	0	0	0	0	5,013	5,738	-725
<u>Pay Inflation</u>												
School Teachers Pay Award			0			0			0	3,500	5,679	-2,179
Local Government Pay	122	162	-40	518	691	-173			0	1,604	2,138	-534
	122	162	-40	518	691	-173	0	0	0	5,104	7,817	-2,713
<u>Non Pay inflation</u>												
Children's Provider Fees			0			0			0	490	548	-58
Adults Provider Fees			0			0			0	3,000	6,659	-3,659
Step In Provider Fees			0			0			0	2,000	2,000	0
Corporate energy			0			0	-750	-750	0	-750	-750	0
	0	0	0	0	0	0	-750	-750	0	4,740	8,457	-3,717
<u>Pressures & Capital Financing</u>												
Schools Energy			0			0			0	0	1,200	-1,200
Resource Bases			0			0			0	516	688	-172
ALN Needs in schools			0			0			0	0	400	-400
Learning & Skills			0			0			0	0	1,260	-1,260
Children's pressures			0			0			0	1,730	2,172	-442
Adults			0			0			0	1,037	1,212	-175
Environment & Housing - Homelessness and Transport pressures			0			0			0	1,597	3,371	-1,774
Place	0	374	-374			0			0	0	374	-374
Corporate Resources			0	199	889	-690			0	199	889	-690
Policy			0			0	644	644	0	644	644	0
	0	374	-374	199	889	-690	644	644	0	5,723	12,210	-6,487
	122	536	-414	717	1,580	-863	-106	2,894	-3,000	20,768	38,525	-17,757