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| Meeting of: | Environment and Regeneration Scrutiny Committee |
| Date of Meeting: | Tuesday, 17 December 2019 |
| Relevant Scrutiny Committee: | Environment and Regeneration |
| Report Title: | Initial Revenue Budget Proposals 2020/21 and Revised Budget 2019/20 |
| Purpose of Report: | To inform Scrutiny Committee of the amended revenue budget for 2019/20 and to submit for consultation the initial revenue budget proposals for 2020/21. |
| Report Owner: | Report of the Director of Environment and Housing |
| Responsible Officer: | Carys Lord, Head of Finance / Section 151 Officer |
| Elected Member and Officer Consultation: | The Corporate Management Team has been consulted on this report. The initial budget proposals will be the subject of consultation with Scrutiny Committees. The Trade Unions and Schools Forum will also be consulted. |
| Policy Framework: | This report is for Executive decision by the Cabinet |
| Executive Summary: | <ul style="list-style-type: none"> • The 2019/20 budget has been amended for internal transfers and technical adjustments. The overall total budget for the Committee is now £28.523m. • The Council is required under statute to fix the level of council tax for 2020/21 by 11th March 2020 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 in mid-December with the final settlement being received in February 2020. Even though this crucial information has not been received, the budget setting and consultation process has to commence in order to meet statutory deadlines. |

Recommendations

It is recommended that:

1. The amended revenue budget for 2019/20 as set out in Appendix 1 be noted.
2. The Initial Revenue Budget Proposals for 2020/21 be considered and any recommendations, including those related to cost pressures and savings, be passed to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

Reasons for Recommendations

1. To note changes to the 2019/20 budget
2. In order that Cabinet can consider the comments of Scrutiny Committees and other consultees before making a final proposal on the budget.

1. Background

- 1.1 The Council's budget is determined largely by the Revenue Support Grant (RSG) settlement set by the Welsh Government (WG). The provisional RSG settlement is expected to be received from WG in December 2019, with the final settlement due to be received in February 2020.
- 1.2 The Council is required under statute to fix the level of council tax for 2020/21 by 11th March 2020 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 RSG settlement is notified to the Council.

2. Key Issues for Consideration

Revised Budget 2019/20

- 2.1 Appendix 1 to this report sets out the amended budget for 2019/20, together with the necessary adjustments to be made to the original budget.
- 2.2 Asset Rents, International Accounting Standard (IAS) 19, Transfers and Recharges
- These adjustments have no overall effect on the net budget of the Council.
These are accounting adjustments largely outside the control of services. They

reflect charges for the use of capital assets, changes to inter-service recharges and transfers and pensions adjustments to comply with accounting standards.

2.3 The following table compares the amended budget with the projected outturn for 2019/20. Services are anticipating drawing down from reserves this year with the main areas outlined in the following table.

| Directorate/Service | 2019/20 | 2019/20 | 2019/20 | Variance |
|---|--------------------------|-------------------------|----------------------------|--|
| | Original Budget £'000 | Amended Budget £'000 | Projected Outturn £'000 | (+) Favourable (-) Adverse £'000 |
| Environment and Housing | | | | |
| Neighbourhood & Transport Services | 25,442 | 25,538 | 27,058 | -1,520 |
| Unplanned use of reserves to fund overspend | 0 | 0 | (1,520) | +1,520 |
| Building Services | 0 | 0 | 0 | 0 |
| Regeneration | 2,057 | 2,022 | 2,022 | 0 |
| Development Management | 967 | 963 | 963 | 0 |
| Total | 28,466 | 28,523 | 28,523 | 0 |

2.4 Neighbourhood Services & Transport - This service is currently projected to have an adverse variance of £1.520m against the 2019/20 budget. The savings target for 2019/20 is £932k. Plans for saving this amount are underway and being continually monitored however several of the proposed savings have a long lead in time therefore it is currently projected that £470k of the savings target will not be achieved in 2019/20. This savings shortfall is included within the £1.520m adverse variance. Currently, there is a proposed unplanned transfer of £1.520m from reserves to cover this potential shortfall, with efforts continuing to identify further savings. The reserve has been funded by the setting aside of £2m from a one off surplus in the Policy Budget.

2.5 Within the Waste Collection Service it is anticipated that there will be an adverse variance of around £650k. There is still pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of waste. Cowbridge is currently being used as a temporary transfer station for elements of recycling material with the aim of reducing this downtime however additional resource is still being utilised. There is also pressure on the budget due to the high price currently being paid to treat our co-mingled recycling. The price has increased steadily over the last couple of years since China banned elements of recycling such as plastic into the country. This has been compounded by a high % of dry recycling collected since May 2019 being rejected by the new contractor. The rejected material has had to be sent for more expensive treatment or landfill which has cost an additional £150k from May to August

2019. Changes have been made to the collection process with the aim of ensuring the correct containers are placed on the kerbside for dry recycling therefore it is anticipated that considerably less recycling will be rejected going forward. The current service changes to enable a source separated recycling collection service are likely to require further resource in the initial period of service change however it is anticipated that this will reduce the costs currently being spent on treating recycling in the long term due to the reduced cost of treating the recycling. The rollout is being phased across the Vale from Autumn 2019 therefore the full benefit will not be achieved in 2019/20.

- 2.6** There is also currently a pressure of around £100k on the staffing budget at Barry Island. Due to the popularity of the resort additional resources have been utilised to maintain the expected cleanliness standards of the beach and promenade.
- 2.7** In addition there is a projected adverse variance against the street lighting energy budget. Although efforts have been made over previous years to turn a high % of street lighting to LED there have been significant increases to the cost of energy. The cost has increased by 13% in 2018/19 and now a further 9.5% in 2019/20. There is therefore a projected adverse variance of £150k against this budget.
- 2.8** The Neighbourhood and Housing Directorate is being requested to look at ways of mitigating the projected overspend.
- 2.9** Regeneration - This budget covers the Countryside, Economic Development and Tourism & Events functions. Although the forecast is again shown as a balanced budget at year-end, there remains concern over the long-established income targets for car parking charges and commercial opportunities within the Countryside Division, as these historic savings targets will be difficult to achieve this year if charges are not implemented. Efforts will once again be made to achieve a balanced budget at year-end, but the situation will be closely monitored.
- 2.10** Development Management - Fee income remains on track to achieve its target as a number of major applications have been received to date. Staff changes and short term vacancies whilst the recruitment process takes place has resulted in an under spend on staff costs. In addition, the Division is also continuing to pursue the use of Planning Performance Agreements and some consultancy work along with other streams of income generation such as pre-planning application advice to help support the regulatory process, in line with 2019/20 savings targets.

Savings 2019/20

- 2.11** As part of the Final Revenue Budget Proposals for 2019/20, a savings target of £1.076 was set for this Committee. Attached at Appendix 2 is a statement

detailing the projected progress against savings targets for 2019/20. It is currently projected that there will be a shortfall against the savings target of £470k.

- 2.12** Each savings target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
- 2.13** Neighbourhood and Transport Services - There is a savings target this year of £932k however, it is currently anticipated that £462k will be achieved leaving a shortfall of £470k to be identified. Work is continuing to identify schemes to close this gap. Any shortfall in 2019/20 will be offset by an amount set aside in the Neighbourhood Services reserve.
- 2.14** Further updates on progress against the savings targets will be provided to members during the year.

Budget Strategy 2020/21

- 2.15** Cabinet approved the Budget Strategy for 2020/21 on the 15th July 2019, min no.C37.
- 2.16** The Budget Strategy for 2020/21 outlines that in order to establish a baseline, services should prepare initial revenue budgets based on the cost of providing the current level of service and approved policy decisions and including the existing savings target.
- 2.17** Increases to budgets approved during the course of a financial year can restrict the freedom the Council has to allocate its resources to priorities during the following budget cycle when it is aware of all the competing demands. Consequently:
- Supplementary estimates will only increase the base budget if Council has given specific approval to this effect. Increases met by virement within a year will not be treated as committed growth.
 - Directors should find the cost of increments and staff changes from their base budget unless the relevant specific approval has been given for additional funding.
 - The effect of replacing grant from outside bodies that has discontinued will not be treated as committed growth. In addition, before any project or initiative that is to be met either wholly or partly by way of grant may proceed, the exit strategy must be approved.
 - Certain items of unavoidable committed growth will continue and these include the effect of interest changes and the financing cost of the capital programme, increases

in taxes, increases in levies and precepts charged by outside bodies and changes to housing benefits net expenditure.

- Services will be expected to achieve savings already approved by Cabinet as part of the 2019/20 final budget proposals and Directors are asked to continue work on achieving their Reshaping Services savings targets.
- It is envisaged that the costs of service development will need to be met from within the respective directorates.

2.18 Having regard to the above, it is therefore proposed in respect of the 2020/21 Budget Process that Directors be instructed to prepare initial revenue budgets in accordance with a timetable agreed by the Head of Finance. Preparation should be on the following basis:

- Capital charges, central accommodation costs and central support costs to be estimated centrally.
- Services to prepare baseline budgets on current service levels as set out in the 2019/20 Final Revenue Budget report.
- Budgets to be broken down subjectively and objectively in as much detail as deemed appropriate by the Head of Finance.
- Budget reports to include revised estimates for 2019/20.
- Full account to be taken of the revenue costs, other than debt charges, of new capital schemes coming into use.
- Minimum savings targets to be met initially as detailed in the 2019/20 Final Revenue Budget report. Any savings made directly by services over and above individual service targets to count towards future saving targets or to meet unavoidable service cost pressures.
- Directors will continue to draw up Service Plans that set out the aims and objectives for the service and any possible future developments and efficiencies.
- As stated previously, it is expected that the revenue costs of service development will need to be met from within the respective services (in particular, from the savings made). As such, no revenue bids are initially to be made. However, services may still be asked to identify and prioritise any burgeoning revenue cost pressures for consideration.

Medium Term Financial Plan

2.19 The Medium Term Financial Plan (MTFP) 2019/20 to 2022/23 was presented to Cabinet on 7th October 2019 min no.C103. It considered the impact of different WG settlement scenarios and different increases in Council Tax.

2.20 The latest Plan factored in a managed level of cost pressures and pay awards at the same level as in 2019/20.

- 2.21** It modelled a council tax increase of 4.9%, being the increase agreed for 2019/20 and the possibility of increasing the level to the Welsh average which would be a possible increase of 10.4% in 2020/21, followed by a 6.2% increase in the next two consecutive years.
- 2.22** It also considered a scenario where the settlement from WG was a 1% reduction for the years 2020/21, 2021/22 and 2022/23 and also a cash neutral settlement.
- 2.23** The outcome of these scenarios was that if there is a cash neutral or 1% reduction in the settlement from Welsh Government and if there is a 4.9% increase in council tax for each year of this Plan, there remains between £10.470m and £14.986m of savings to be identified for the 3 years of the Plan. If the council tax was 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 £3.747m and £8.263m of savings to be identified for the 3 years of the Plan. This is after already planning for £748k of savings (excluding schools) for the same period.

Provisional Settlement 2020/21

- 2.24** The Council's provisional settlement has not yet been announced by WG. In previous years, the provisional RSG settlement was received from WG during October with the final settlement being received in December. The provisional settlement is expected this year in mid-December with the final settlement being received in February 2020.
- 2.25** 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 final settlement.
- 2.26** The late timescale for 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.

2020/21 Initial Budget Proposals

- 2.27** As part of these initial proposals, it has been necessary to revisit the 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 Appendix 3. These are not shown in any order of priority. Since the production of the MTFP the impact of additional pressures has been reviewed and are now included in the appendix. This has resulted in an increased level of cost pressures which will need to be assessed by the Budget Working Group as part of the final proposals.

- 2.28** There is still uncertainty regarding some of the assumptions made regarding pay costs. Pay awards for 2020/21 have not been agreed and have been included in these projections as a 2% increase.
- 2.29** The Council's employer pension contributions are reviewed every 3 years and are currently being reassessed to commence from 1st April 2020. The final budget proposals will be amended accordingly when further clarification is received from the actuaries.
- 2.30** Details of the proposed areas for savings for 2020/21 to 2021/22 are attached at Appendix 4. The savings do not include the cost of any potential redundancies. Further work is ongoing to identify future projects that will realise savings for the Council via the Reshaping Service process.
- 2.31** A summary of the base budget for this Committee for 2020/21 is attached at Appendix 5. This has been derived by adjusting the 2019/20 budget for items such as pay inflation and unavoidable growth, but does not include identified cost pressures or savings. These are shown as a note to the table and are further detailed in Appendix 3 and 4 respectively. 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 figure relates to pay awards for 2020/21.
- 2.32** Once the base budget for 2020/21 has been established, it must then be compared to the funding available to identify the extent of any shortfall.
- 2.33** Although the Council has not received its provisional settlement it has considered a number of scenarios as part of its MTFP which will now be updated in the context of the revised cost pressures submitted by service departments.
- 2.34** In scenario 1 with a cash neutral or flat settlement, which would provide the same funding to the Council as in 2019/20 and a projected AEF of £152.07m and Council Tax reflecting a 4.9% increase and standing at £77.655m, total available funding would be £229.725m. When compared to a base budget of £230.148m, this would result in a funding shortfall for 2020/21 of £0.423m.
- 2.35** If all identified cost pressures were funded, this would increase the shortfall to £10.481m. If all proposed savings were achieved, the shortfall would be reduced to £8.968m.

- 2.36** If the Council tax assumptions are further revised to take the Band D Council tax in line with the Welsh Average, which reflects a 10.4% increase, the shortfall would be £4.896m.

| Scenario 1 Projected Budget Shortfall Cash Neutral Settlement from WG | 2020/21 |
|--|-----------------|
| Funding Available | £000 |
| Provisional AEF | 152,070 |
| Council Tax (incl 4.9% Increase) | 77,655 |
| Projected Funding Available | 229,725 |
| | |
| Base Budget | 231,148 |
| Use of Reserves | (1,000) |
| Total Base Budget | 230,148 |
| | |
| Projected Shortfall Against Base Budget | (423) |
| | |
| Assume all Cost Pressures Funded | (10,058) |
| | |
| Projected Shortfall with Cost Pressures Funded | (10,481) |
| | |
| Assume all Savings Achieved (including Schools) | 1,513 |
| | |
| Projected Shortfall | (8,968) |
| | |
| Increase Council Tax to Welsh Average (increase to 10.4%) | 4,072 |
| | |
| Projected Shortfall | (4,896) |

- 2.37** In scenario 2 with a 1 % reduction in WG funding settlement and a projected AEF of £150.549m and Council Tax reflecting a 4.9% increase and standing at £77.655m, total available funding would be £228.204m. When compared to a base budget of £230.148m, this would result in a funding shortfall for 2020/21 of £1.944m.
- 2.38** If all identified cost pressures were funded, this would increase the shortfall to £12.002m. If all proposed savings were achieved, the shortfall would be reduced to £10.489m.
- 2.39** If the Council tax assumptions are further revised to take the Band D Council tax in line with the Welsh Average which reflects a 10.4% increase, the shortfall would be £6.417m.

| Scenario 2 Projected Budget Shortfall 1% Reduction in WG Settlement | 2020/21 |
|--|-----------------|
| | £000 |
| Funding Available | |
| Provisional AEF | 150,549 |
| Council Tax (4.9% Increase) | 77,655 |
| Projected Funding Available | 228,204 |
| | |
| Base Budget | 231,148 |
| Use of Reserves | (1,000) |
| Total Base Budget | 230,148 |
| | |
| Projected Shortfall Against Base Budget | (1,944) |
| | |
| Assume all Cost Pressures Funded | (10,058) |
| | |
| Projected Shortfall with Cost Pressures Funded | (12,002) |
| | |
| Assume all Savings Achieved (including Schools) | 1,513 |
| | |
| Projected Shortfall | (10,489) |
| | |
| Increase Council Tax to Welsh Average (increase to 10.4%) | 4,072 |
| | |
| Projected Shortfall | (6,417) |

- 2.40** A 1% increase in Council Tax at the 2019/20 Council Tax base equates to £740k. 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 population 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.
- 2.41** The shortfall above is also based on the assumption that the savings target of £1.513m set for 2020/21 will be achieved in full. While all services are working towards achieving their 2020/21 targets, not all savings will be achieved in full for 2019/20. The potential for re-profiling savings will need to be assessed when setting the budget for 2020/21.
- 2.42** Further work will be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2020/21. This will include a review of the use of reserves, a review around an increase in council tax, a review of all cost pressures, possible changes to the approved saving targets, a review of the inflation assumptions and the current financial strategies.

- 2.43** 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.

Next Steps

- 2.44** The next stage is for the estimates 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 19th December 2020.
- 2.45** The BWG will hold a series of meetings in November and December 2019 with the relevant Cabinet Members and officers to consider the budget proposals and they will submit their recommendations so that the 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. The final proposals to Cabinet will include a review of the financial strategies required to achieve a balanced budget, which is sustainable in future years. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 3rd February 2020 and that Cabinet's final budget proposals will be considered by Council at a meeting to be held 24th February 2020 to enable the Council Tax to be set by 11th March 2020.

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-being outcomes as detailed in the Corporate 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** Based on the assumption that all cost pressures will be funded in full, the estimated funding shortfall for 2020/21 will be £8.968m assuming a cash neutral settlement from WG and a 4.9% increase in Council Tax. If Council Tax is further increased in line with the Welsh average to shortfall for 2020/21 will be £4.896m.
- 4.2** If the settlement from WG reflects a 1% reduction in AEF, with all cost pressures being funded in full and the Council proceed with a 4.9% increase in Council Tax the estimated funding shortfall will be £10.489m. If Council Tax is further increased in line with the Welsh average to shortfall for 2020/21 will be £6.417m
- 4.3** WG has not issued details regarding the level of funding post 2020/21, however, it is anticipated that there will be further reductions in funding for Local Government going forward. It is therefore important that Directors achieve approved savings and look to mitigate further cost pressures through alternative means of service delivery and collaborative ventures.
- 4.4** 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.
- 4.5** The Council has always taken a prudent approach with regard 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 the Capital Programme,. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment. Sums have also been set aside to assist in budget management, e.g. Early Retirement Fund.

- 4.6** The Council Fund Reserve as at 31st March 2020 is projected to stand at £15.636m. There is also a £1m approved use of this reserve in 2020/21. This contribution will be further considered by the BWG when setting the 2020/21 budget, however, use of this reserve to balance the revenue budget will result in a higher level of savings being required in future years. The Section 151 Officer currently believes that the minimum balance on the Council Fund Reserve should be no less than £7m. This is considered sufficient to cover unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial and several instances can occur in a year. 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 this is around £11m. However, in view of the prudent approach the Council takes with regard to specific reserves, £7m is considered a reasonable minimum.
- 4.7** The Council presently benefits from a reasonable level of reserves, however, they are not inexhaustible and have taken years of careful financial management to develop to their current level. As part of the usual Budget process, an examination of the level of reserves is undertaken to ascertain their adequacy and strategy for use. A view to their level (i.e. whether the amount held in the fund is sufficient to requirements) and purpose (i.e. whether the need to hold the fund is still relevant) has been taken. The requirement for each specific reserve has also been considered in light of the Council's priorities and at this stage of the budget process no transfers between reserves are proposed.
- 4.8** Appendix 6 sets out the Committee's actual reserves as at 31st March 2019 and shows the estimated reserves balance for each year up to 31st March 2023.
- 4.9** 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. The use of all reserves will be reviewed further, by the BWG, as part of the final budget setting process.

Employment

- 4.10** 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)

- 4.11** The Council is required under statute to fix its council tax by 11th March 2020 and in order to do so will have to agree a balanced revenue budget by the same date.

- 4.12** 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** Medium Term Financial Plan 2019/20 to 2022/23
- 5.2** Budget Strategy 2020/21

AMENDED BUDGET 2019/20

APPENDIX 1

| | 2019/20 ORIGINAL AMENDED BUDGET | ASSET RENTS, IAS19, TRANSFERS & RECHARGES | 2019/20 AMENDED BUDGET |
|--------------------------------------|--|--|---------------------------------------|
| | £,000 | £,000 | £,000 |
| Neighbourhood and Transport Services | 25,442 | 96 | 25,538 |
| Building Services | 0 | 0 | 0 |
| Regeneration | 2,057 | (35) | 2,022 |
| Development Management | 967 | (4) | 963 |
| COMMITTEE TOTAL 2019/20 | 28,466 | 57 | 28,523 |

| Title of Saving | Description of Saving | Total Saving £000 | Projected Saving £000 | RAG Status | Update Comments, Issues & Actions | Relevant Scrutiny Committee | Project Manager |
|---|--|----------------------|--------------------------|------------|---|-----------------------------|-----------------|
| ENVIRONMENT AND HOUSING | | | | | | | |
| Neighbourhood Services and Transport | | | | | | | |
| Internal Waste | Review of arrangements for the internal disposal of residual waste | 50 | 50 | Green | Saving to be split across all directorates within the Council | Environment & Regeneration | Emma Reed |
| Passenger Transport | Review of service provision | 36 | 36 | Green | The £36k is anticipated to be met from underspend on public transport due to better links with commercial services and operators. Dynamic purchasing has been recently implemented and it is unsure whether this will result in any savings because the demand for school transport services is increasing. | Environment & Regeneration | Emma Reed |
| Reshaping Services | Grass Cutting contract | 120 | 120 | Green | Service outsourced | Environment & Regeneration | Emma Reed |
| Reshaping Services | Concession income | 50 | 5 | Red | Delayed due to need for permissions for Romilly Park, Barry Island, South Lodge | Environment & Regeneration | Emma Reed |
| Reshaping Services | Bus Shelter Sponsorship | 25 | 10 | Red | Agreement advanced with Clear Channel for this income although implementation delayed until Autumn 2019. | Environment & Regeneration | Emma Reed |
| Reshaping Services | NS Management review | 70 | 70 | Green | Staff savings of £60k. Further 10k required to involve further review of Neighbourhood Services Management | Environment & Regeneration | Emma Reed |
| Reshaping Services | Toilet strategy | 45 | 5 | Red | Cabinet approved on 29/7/19. Toilets at Thompson Street and Court Road closed due to repairs needed and inappropriate use | Environment & Regeneration | Emma Reed |
| Reshaping Services | School Crossing Patrol | 40 | 40 | Green | Budget reduced to match current workforce | Environment & Regeneration | Emma Reed |
| Reshaping Services | Traffic Management standards | 40 | 0 | Red | Traffic Management Standards to be reviewed | Environment & Regeneration | Emma Reed |
| Reshaping Services | Post 16 transport | 150 | 0 | Red | Cabinet report due later this year. Anticipated implementation in 2021/22. | Environment & Regeneration | Emma Reed |
| Reshaping Services | Review Drainage Service | 28 | 0 | Red | Reduction in staffing budget delayed until 20/21. | Environment & Regeneration | Emma Reed |
| Reshaping Services | Single Use Sports facilities | 32 | 16 | Red | Bowling Clubs due to transfer 1st October 2019 | Health Living & Social Care | Emma Reed |
| Business Support | Review of service provision | 50 | 50 | Green | Staff reorganisation and reception area being closed at Court Road. | Environment & Regeneration | Emma Reed |
| Community Buildings | Review of service provision | 19 | 19 | Green | This has been met by the reduction of hours of posts within the Healthy Living area. | Environment & Regeneration | Emma Reed |
| Digital Employee - Hybrid Mail | Savings from reduced postage due to hybrid mail | 1 | 1 | Green | Achieved | Environment & Regeneration | Emma Reed |
| Third Party Spend | Savings from external procurement | 176 | 40 | Red | Reduction of agency and vehicle within Highways. | Environment & Regeneration | Emma Reed |
| Total Neighbourhood Services and Transport | | 932 | 462 | Red | 50% | | |

Regeneration

| Title of Saving | Description of Saving | Total Saving | Projected Saving | RAG Status | Update Comments, Issues & Actions | Relevant Scrutiny Committee | Project Manager |
|-------------------------------------|---|--------------|------------------|--------------|---|-----------------------------|--------------------|
| Third Party Spend | Savings from external procurement | 25 | 25 | Green | Saving will be achieved but through a general budget review | Environment & Regeneration | Marcus Goldsworthy |
| Digital Employee - Hybrid Mail | Savings from reduced postage due to hybrid mail | 1 | 1 | Green | Savings allocated and budgets reduced accordingly | Environment & Regeneration | Marcus Goldsworthy |
| Fees and Charges | Inflationary uplift across appropriate fees and charges | 3 | 3 | Green | Anticipating full achievement | Environment & Regeneration | Marcus Goldsworthy |
| Total Regeneration | | 29 | 29 | Green | 100% | | |
| Development Management | | | | | | | |
| Planning Income | Income from various initiatives in Planning department | 44 | 44 | Green | Anticipating full achievement | Environment & Regeneration | Marcus Goldsworthy |
| General Efficiencies | General budget review | 60 | 60 | Green | Savings allocated and budgets reduced accordingly | Environment & Regeneration | Marcus Goldsworthy |
| Third Party Spend | Savings from external procurement | 11 | 11 | Green | Savings allocated and budgets reduced accordingly | Environment & Regeneration | Marcus Goldsworthy |
| Total Development Management | | 115 | 115 | Green | 100% | | |
| TOTAL | | 1,076 | 606 | Red | 56% | | |

| | |
|------------------|------------|
| Shortfall | 470 |
|------------------|------------|

Green = on target to achieve in full
Amber = forecast within 20% of target
Red = forecast less than 80% of target

| No. | Service | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|-----|---------|------------------|------------------|------------------|
|-----|---------|------------------|------------------|------------------|

| Directorate: Environment and Housing | | | | |
|---|---|--------------|----------|----------|
| | Neighbourhood and Transport Services | | | |
| N1 | Waste - Cost of refuse collection for new housing developments - The continual increase in new housing developments within the Vale of Glamorgan has led to increased waste collection and disposal cost. | 400 | 0 | 0 |
| N2 | Highways - Maintain Highway and footway Network - Due to the reduction in the level of resurfacing anticipated on the carriageway and footway for 2020/21 onwards it is anticipated that the amount of patching required will increase. | 350 | 0 | 0 |
| N3 | Street Lighting Energy Costs - Even though energy usage has decreased due to installation of LED lanterns overall costs are going up as a result of the increase in energy costs. | 200 | 0 | 0 |
| N4 | Increase in software maintenance fees due to new asset management software - The current asset management software is due to be upgraded to increase the number of services for which data is held. This will in turn increase the number of users and therefore the annual software licence fee. Services such as tree inspections, playground inspections and drainage/gully inspections will be added to the database to ensure that the authority has improved asset management information. | 60 | 0 | 0 |
| N5 | Highways Structures - Periodic Inspections - There is currently a backlog of inspections. | 100 | 0 | 0 |
| N6 | Waste - Maintenance of new facilities located on the Eastern Shelter, Barry Island - Maintenance of toilets and water feature at the Eastern Shelter, Barry Island. | 50 | 0 | 0 |
| | Total for Neighbourhood and Transport Service | 1,160 | 0 | 0 |

| | | | | |
|---|--|--------------|----------|----------|
| TOTAL ENVIRONMENT AND HOUSING SERVICES | | 1,160 | 0 | 0 |
|---|--|--------------|----------|----------|

| Directorate: Managing Director & Resources | | | | |
|---|--|-----------|----------|----------|
| | Regeneration | | | |
| R5 | Regeneration (Economic Development Team including Stronger Communities) - The three year pilot for this team ends in March 2020 and has been considered beneficial. The team during the pilot has been funded from reserves . | 73 | 0 | 0 |
| | Total for Regeneration | 73 | 0 | 0 |
| TOTAL MANAGING DIRECTOR AND RESOURCES | | 73 | 0 | 0 |

| | | | | |
|------------------------|--|--------------|----------|----------|
| COMMITTEE TOTAL | | 1,233 | 0 | 0 |
|------------------------|--|--------------|----------|----------|

| Service | Title & Description | 2020/21 | 2021/22 |
|---|---|------------|-----------|
| ENVIRONMENT AND HOUSING | | | |
| Neighbourhood Services and Transport | | | |
| Traffic Surveys | Review of number of ad hoc, non-statutory traffic surveys | 10 | 10 |
| Passenger Transport | Review of service provision | 144 | 0 |
| Total Neighbourhood Services and Transport | | 154 | 10 |
| Development Management | | | |
| Planning Income | Income from various initiatives in Planning department | 7 | 0 |
| Gen Efficiencies and Advertising | General budget review | 8 | 0 |
| Total Development Management | | 15 | 0 |
| COMMITTEE TOTAL | | 169 | 10 |

BASE BUDGET 2020/21**APPENDIX 5**

| | Original Budget 2019/20 £'000 | Asset Rents/ IAS 19 £'000 | Original Budget 2019/20 £'000 | Rechgs/ Transfs £'000 | Budget Adjustment £'000 | Pay Inflation £'000 | Committed Growth £'000 | Base Estimate 2020/21 £'000 |
|--------------------------------------|--|--|--|--------------------------------------|--|------------------------------------|---------------------------------------|--|
| Neighbourhood and Transport Services | 25,442 | (3,452) | 21,990 | 113 | 0 | 188 | 0 | 22,291 |
| Building Services | 0 | 46 | 46 | (17) | 0 | 17 | 0 | 46 |
| Regeneration | 2,057 | (24) | 2,033 | (118) | 0 | 34 | 0 | 1,949 |
| Development Management | 967 | (7) | 960 | 22 | 0 | 34 | 0 | 1,016 |
| COMMITTEE TOTAL | 28,466 | (3,437) | 25,029 | 0 | 0 | 273 | 0 | 25,302 |

| Savings Applied £'000 | Cost Pressures £'000 |
|--------------------------------------|-------------------------------------|
| 154 | 1,160 |
| 0 | 0 |
| 15 | 73 |
| 0 | 0 |
| 169 | 1,233 |

ANALYSIS OF RESERVES**APPENDIX 6**

| Name | Bal | In | Out | Est | Comments | Est | Est | Est | |
|----------------------------------|---------------|--------------|---------------|--------------|--|--------------|--------------|--------------|--|
| | 31/03/19 | | | Bal | | 31/03/21 | 31/03/22 | 31/03/23 | |
| | £000 | £000 | £000 | £000 | | £000 | £000 | £000 | |
| Environment and Housing | | | | | | | | | |
| Neighbourhood Services | 4,586 | 2,000 | -4,121 | 2,465 | To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives. £2m has been transferred in during 2019/20 to cover pressures currently being experienced in Waste Services | 1,534 | 1,216 | 897 | |
| Waste Transfer Station | 1,500 | 0 | 0 | 1,500 | Establishment of a Waste Transfer Station. | 750 | 0 | 0 | |
| Bad Weather | 110 | 0 | -110 | 0 | To fund necessary works during periods of severe weather conditions. | 0 | 0 | 0 | |
| Building Services Improvement | 276 | 0 | -124 | 152 | Monies set aside for improvements to the Building Services department. | 82 | 22 | 0 | |
| Regeneration and Planning | | | | | | | | | |
| Local Development Plan | 304 | 30 | 0 | 334 | Set aside for costs relating to the production of the Local Development Plan. | 284 | 234 | 184 | |
| Regeneration & Planning | 754 | 0 | -251 | 503 | Monies set aside to cover various commitments within the service. | 336 | 234 | 131 | |
| Planning Fees | 100 | 0 | 0 | 100 | To provide for reduction in planning fees income. | 100 | 100 | 100 | |
| Building Control | 246 | 0 | -50 | 196 | Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account. | 146 | 96 | 66 | |
| Donations | 29 | 0 | 0 | 29 | Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast. | 29 | 29 | 29 | |
| Capital | | | | | | | | | |
| Coastal Works | 537 | 0 | -142 | 395 | 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. | 285 | 175 | 65 | |
| Regeneration Fund | 304 | 0 | -258 | 46 | To fund various regeneration schemes in the Vale, including committed capital schemes. | 46 | 46 | 46 | |
| Repairs and Renewals Vehicle | 2,944 | 900 | -3,454 | 390 | 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 | |
| TOTAL SPECIFIC RESERVES | 11,690 | 2,930 | -8,510 | 6,110 | | 3,592 | 2,152 | 1,518 | |