

THE VALE OF GLAMORGAN COUNCIL

LEARNING AND CULTURE SCRUTINY COMMITTEE: 10<sup>TH</sup> NOVEMBER, 2022

REFERENCE FROM CABINET: 6<sup>TH</sup> OCTOBER, 2022

**“C92 FINANCIAL STRATEGY 2023/24 AND MEDIUM TERM FINANCIAL PLAN REFRESH (EL/PR) (SCRUTINY – ALL) –**

The purpose of the report was to review the financial pressures over the medium term and put in place a strategy for delivering the 2023/24 budget and sustainable finances over the medium term.

The report refreshed the Medium Term Financial Plan assumptions approved by Cabinet in November 2021 and set out the Financial Strategy and process for approving the 2023/24 Budget and MTFP at Council in March 2023.

The Council agreed its new Corporate Plan – ‘Working Together for a Brighter Future’ in 2020 and was currently developing the 2023/24 Annual Development Plan which will align with the work on the budget.

The Financial Strategy would focus on ensuring that the Council’s resources would be targeted to delivering the Council’s objectives and at these challenging times ensuring services to the most vulnerable were maintained.

There was a significant funding gap in 2023/24 and across the medium term. The gap for 2023/24 was forecast at £28.190m. There were forecast cost pressures of £38.108m but likely funding of only an additional £9.918m coming through from Welsh Government grant and Council Tax.

The key cost driver was inflation with £21.659m of pressure coming through on pay awards, energy costs, care and transport contracts. On top of this were the continued demographic pressures coming through with a growing number of pupils with Additional Learning Needs and an aging population.

There was a three year settlement announced in March 2022 and indicative Aggregate External Finance (AEF) increases of 3.5% and 2.4% for 2023/24 and 2024/25 respectively. Indications currently suggested that there should be no expectation of an improved settlement for 2023/24. The settlement was not expected to be announced until late December.

Council Tax was assumed to increase by 3.9% but this was only for planning purposes and would be subject to a policy decision later in the process.

Scrutiny Committees were being requested to review the Financial Strategy and funding and cost assumptions and to report any views back to Cabinet.

Officers would be reviewing the cost pressures across the autumn. There was an investment component to the pressures which represented a desire to continue to deliver improved services across a range of areas. This clearly remained a choice for the organisation but, in contrast, the inflationary and demographic pressures would be largely unavoidable.

Services would be bringing savings proposals forward across October and November against an agreed framework as described in the report. These would be subject to internal challenge in mid/late November.

A budget for consultation would come forward in January 2023 which would also include some savings for early agreement given the financial challenges which the Council was facing.

A balanced budget for approval would be presented to Council in March 2023.

Councillor Williams recognised the issues faced by the Authority and asked that Scrutiny Committees when considering information to be proactive through the budget setting process for the Council to take balanced and considered budgetary decisions at full Council in March 2023.

Councillor Sivagnanam said that the Authority had managed to maintain and deliver services throughout austerity to support the residents of the Vale of Glamorgan but acknowledged the current financial climate as an ongoing challenge that needed to be constructively managed.

The Leader said that Local Authority Leaders had had a clear line of communication with Welsh Government since the pandemic and that more frequent budgetary meetings with Welsh Government and associated partners were taking place currently.

This was a matter for Executive and Full Council decision.

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

RESOLVED –

(1) T H A T the challenging financial position faced by the Council with a funding gap of £28.190m in 2023/24 and £49.830m across the medium term be noted.

(2) T H A T Cabinet lobby Welsh Government for an appropriate settlement in the face of the unprecedented inflationary pressures being experienced and to authorise Council Officers to do the same through appropriate networks.

(3) T H A T officers be requested to review the cost pressures and bring back savings proposals to address the budget gap in order for the Council to be in a position to set a balanced budget in March 2023.

(4) T H A T the report and appendices be referred to all of the Council's Scrutiny Committees and for Committees to review the Financial Strategy and assumptions made on costs and funding in the Medium Term Financial Plan refresh and for comments to be referred back to Cabinet for consideration.

(5) T H A T it be noted that a further report on the Council's budget be presented to Cabinet in due course as outlined in the report.

#### Reasons for decisions

(1) Having regard to the contents of the report and discussions at the meeting.

(2) The challenges could not be overstated at this time and many could not be mitigated, the best possible settlement would be essential if there were not to be reductions in service provision.

(3) There were a number of strategies to balancing the budget other than attracting more funding and delivering savings and this would include managing ongoing costs.

(4) The Council was open to clear and transparent financial reporting and an appropriate level of challenge to the management of its finances. A key element of the challenge process was through the Council's scrutiny function.

(5) Budget setting was a lengthy process and it was important to bring regular updates back to Members."

Attached as Appendix – Report to Cabinet: 6<sup>th</sup> October, 2022

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 06 October 2022</b>
Relevant Scrutiny Committee:	All Scrutiny Committees
Report Title:	Financial Strategy 2023/24 and Medium Term Financial Plan Refresh
Purpose of Report:	To review the financial pressures over the medium term and put in place a strategy for delivering the 2023/24 budget and sustainable finances over the medium term
Report Owner:	Report of the Executive Leader and Cabinet Member for 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 scrutiny committees and further details of planned consultation are included in the body of the report. 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"> <li>• The report refreshes the Medium Term Financial Plan assumptions approved by Cabinet in November 2021 and sets out the Financial Strategy and process for approving the 2023/24 Budget and MTFP at Council in March 2023.</li> <li>• The Council agreed its new Corporate Plan – 'Working Together for a Brighter Future' in 2020 and is currently developing the 2023/24 Annual Development Plan which will align with the work on the budget.</li> <li>• 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.</li> <li>• There is a significant funding gap in 2023/24 and across the medium term. The gap for 2023/24 is forecast at £28.190M. There are forecast cost pressures of £38.108M but likely funding of only an additional £9.918M coming through from Welsh Government grant and Council Tax.</li> <li>• The key cost driver is inflation with £21.659M of pressure coming through on pay awards, energy costs, care and transport contracts. On top of this are the continued demographic</li> </ul>	

pressures coming through with a growing number of pupils with Additional Learning Needs and an aging population.

- There was a three year settlement announced in March 2022 and indicative Aggregate External Finance (AEF) increases of 3.5% and 2.4% for 2023/24 and 2024/25 respectively. Indications currently suggest that there should be no expectation of an improved settlement for 2023/24. The Settlement is not expected to be announced until late December.
- Council Tax is assumed to increase by 3.9% but this is only for planning purposes and will be subject to a policy decision later in the process.
- Scrutiny Committees are being requested to review the Financial Strategy and funding and cost assumptions and to report any views back to Cabinet.
- Officers will be reviewing the cost pressures across the autumn. There is an investment component to the pressures which represents a desire to continue to deliver improved services across a range of areas. This clearly remains a choice for the organisation but, in contrast, the inflationary and demographic pressures will be largely unavoidable.
- Services will be bringing savings proposals forward across October and November against an agreed framework as described in this report. These will be subject to internal challenge in mid/late November.
- A budget for consultation will come forward in January 2023 which will also include some savings for early agreement given the financial challenges which the Council is facing.
- A balanced budget for approval will be presented to Council in March 2023.

## **Recommendations**

- 1.** It is recommended that Cabinet notes the challenging financial position faced by the Council with a funding gap of £28.190M in 2023/24 and £49.830M across the medium term.
- 2.** Cabinet is recommended to lobby Welsh Government for an appropriate settlement in the face of the unprecedented inflationary pressures being experienced and to authorise Council Officers to do the same through appropriate networks.
- 3.** Cabinet is recommended to request officers to review the cost pressures and bring back savings proposals to address the budget gap in order for the Council to be in a position to set a balanced budget in March 2023.
- 4.** Cabinet is recommended to refer this report and appendices to all of the Council's Scrutiny Committees and for Committees to review the Financial Strategy and assumptions made on costs and funding in the Medium Term Financial Plan refresh and for comments to be referred back to Cabinet for consideration.
- 5.** Cabinet is recommended to note that a further report on the Council's budget be presented to Cabinet in due course as outlined in this report.

## **Reasons for Recommendations**

- 1.** There are unprecedented cost pressures and the Medium Term Financial Plan is refreshed as early as possible to inform Cabinet of the magnitude of the challenge.
- 2.** The challenges cannot be overstated at this time and many cannot be mitigated, the best possible settlement will be essential if there are not to be reductions in service provision.
- 3.** There are a number of strategies to balancing the budget other than attracting more funding and delivering savings and this will include managing on-going costs.
- 4.** The Council is open to clear and transparent financial reporting and an appropriate level of challenge to the management of its finances. A key element of the challenge process is through the Council's scrutiny function.
- 5.** Budget setting is a lengthy process and it is important to bring regular updates back to members.

## **1. Background**

- 1.1** Council agreed the 2022/23 Budget in March 2022 and its Medium Term Financial Plan (MTFP) back in November 2021.
- 1.2** The Council has received favourable settlements from Welsh Government in recent years which has enabled cost pressures to be accommodated with minimal savings programmes.

- 1.3 The world has changed considerably since last autumn when the MTFP was last reviewed and there are clearly pressures abounding which it is very unlikely that an improved Welsh Government settlement would fully or even partially address.
- 1.4 This report is coming forward later than is normal practice due to the timing of the local government elections and establishment of the new administration. However, it does effectively take in the full refresh of the medium term assumptions previously picked up in a November report as well as setting out the financial strategy and the Council's approach to setting the budget for 2023/24.
- 1.5 The latest budget monitoring is also on this Cabinet agenda and sets out the in year pressures driven predominantly by the cost of living crisis. The headline is a broadly balanced position due to underspends on capital financing but there has been some drawdown against service earmarked reserves. The Council will need to be considering in year actions to preserve its reserves in the face of the significant pressures it will be facing in 2023/24.

## 2. Key Issues for Consideration

### Corporate Plan/Objectives

- 2.1 The Council agreed its current five year Corporate Plan – 'Working Together for a Brighter Future' in 2020.
- 2.2 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.
- 2.3 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)
- 2.4 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
- 2.5 The Corporate Plan is supported by the Annual Delivery Plan and work is currently underway to develop the 2023/24 Annual Delivery Plan. This is being informed by the emerging findings from the Annual Self-Assessment as

considered by Cabinet in September 2022 and which is currently being consulted upon.

[Draft Annual Self-Assessment Report, September 2022](#)

- 2.6 The current Annual Delivery Plan sets out a series of six over-arching themes which the Council is placing particular emphasis on. These themes are:
- Project Zero: Tackling climate change and responding to the nature emergency.
  - Community Capacity: Working with and listening to communities to shape Council activities.
  - Hardship: Meeting the needs of those experiencing for example financial difficulties, housing need or access to suitable employment.
  - Care and Support: Meeting the needs of more vulnerable residents.
  - Transformation: Using technology, assets and people to be more innovative and change how the Council works.
  - Infrastructure: Investing in schools and housing and ensuring the right infrastructure to support economic, social, environmental and cultural well-being.
- 2.7 Whilst it is recognised these themes 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.
- 2.8 A series of other corporate strategies are in development that will be influenced by, and are influencing, 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.

**Financial Strategy**

**Delivering the Corporate Plan**

- 2.9 The overriding objective of the Financial Strategy is to ensure that resources are aligned to corporate objectives. Over the medium term the framework is Working Together for a Brighter Future with a 2023/24 focus on the annual delivery plan.

**Focus on Supporting the Most Vulnerable**

- 2.10 The Council is operating in particularly challenging times and the cost of living crisis is having a significant impact on many residents. The Council is naturally delivering a number of initiatives to provide support including delivery of financial support through the Welsh Government's £150 and discretionary schemes, supporting partners and community organisations to enable access to information and services, and signposting residents to additional support through various channels of communication. A key component of the Financial Strategy will be to ensure, as far as possible within the financial constraints impacting on the Authority, that services providing support to the most



vulnerable will be provided with sufficient resource to continue to operate as effectively as possible.

### **Sustainable Finances**

- 2.11 It is not enough to limit attention to setting the 2023/24 budget. The Council's finances need to be managed to ensure they are sustainable over the medium term and beyond. A balanced budget will be brought forward for 2023/24 but as part of the budget setting process there will also be a focus on the shape of the Council over the medium term. One off measures will need to be part of a budget strategy but they need to be recognised as such and the necessary adjustments made to the base in future years.
- 2.12 The underlying estimates need to be robust, and all cost pressures need to be recognised and be part of the budget. This includes consideration of historical under and overspends and unrealisable savings which need to be addressed. New savings proposals need to be realistic, deliverable and subject to open and clear scrutiny.

### **Appropriate Level of Reserves**

- 2.13 Covid-19, the war in Ukraine and the cost of living crisis serve well to illustrate the uncertain world the Council is currently operating in. The overall level of reserves and how they are earmarked need to be continuously reviewed. This is both to protect against unexpected costs and enable investment in services to ensure they operate as efficiently as possible in the future. It is not just about having sufficient overall reserves but ensuring that as well as covering known commitments, both revenue and capital, that they reflect the risks which the Council faces. At this time there are new risks around interest rates and inflation which will not have featured significantly more recently.

### **Generating Local Tax Revenue**

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

### **Fees & Charges**

- 2.15 Council should look to recover all costs in its approach to fees and charges other than where it consciously offers concessions. There are a number of fees and charges which are statutory in nature and set by Government and for these the Council should ensure that the chargeable work is undertaken as efficiently as possible.

### **Collective Responsibility to Manage the Finances**

- 2.16 The Council has an excellent track record in managing its finances well as was evidenced in the Audit Wales Financial Sustainability Report, published in October 2021. A key element of this success is the collective ownership of the finances throughout the Council. The development of the Council's Financial Strategy has been led by the Corporate Resources Directorate, but has been informed, and will be delivered by, the Council's Strategic Leadership Team and all budget holders.

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

#### **Access and Transparent Finances**

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

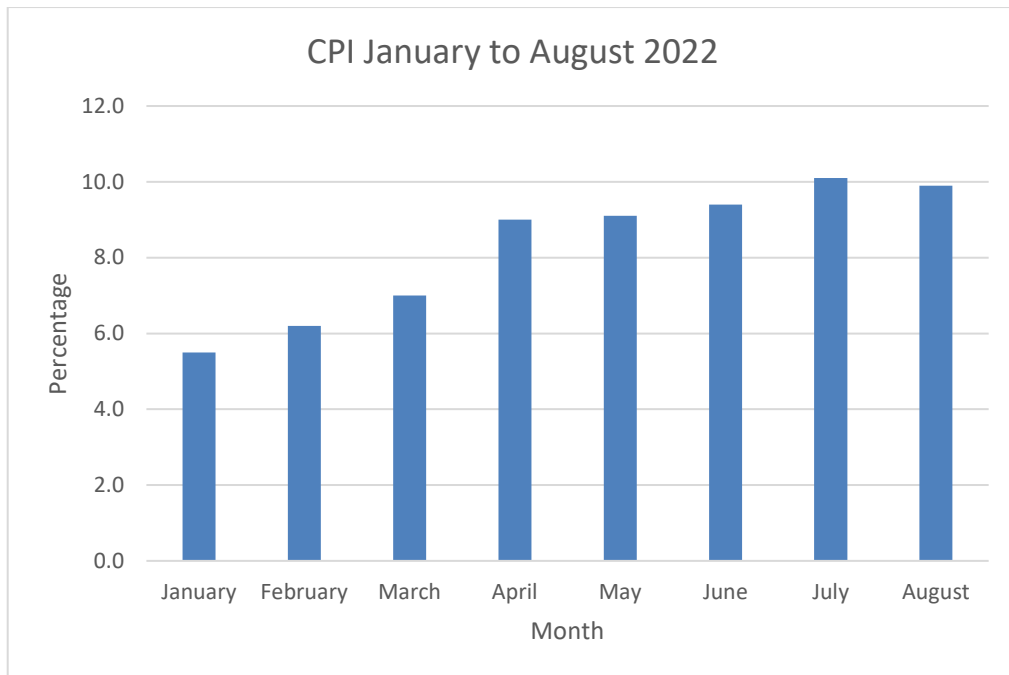
#### **Deliver Best Value**

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

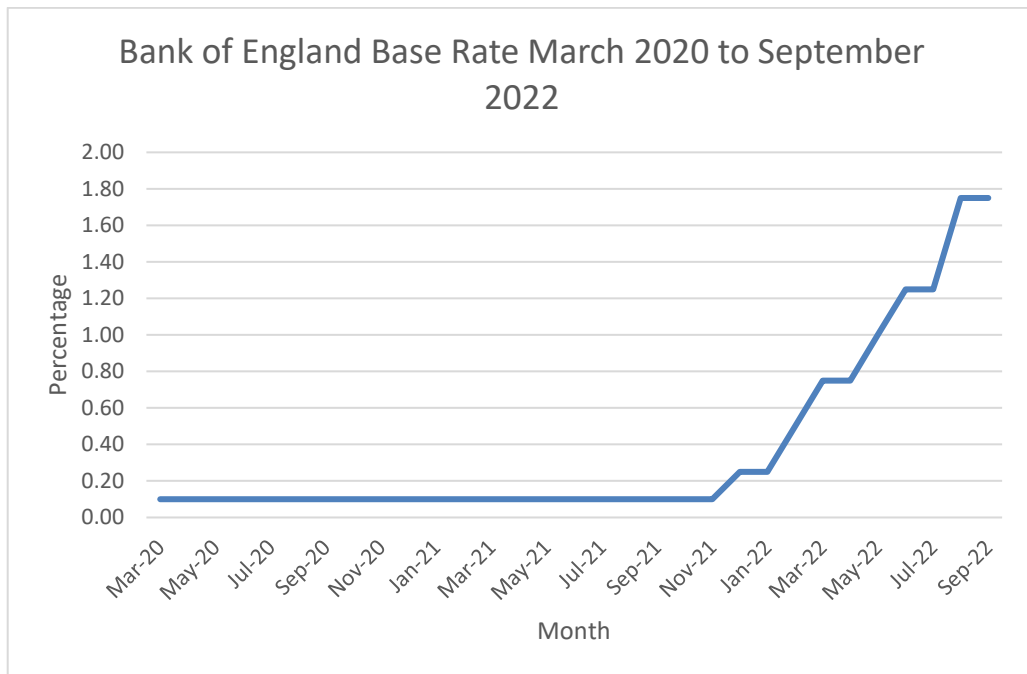
#### **Overall Economic Position and Prospects for Local Government**

- 2.20 The UK economy is unrecognisable from just twelve months ago. There had been over a decade of sustained historically low interest rates and low price volatility. Following the 2009 banking crisis the Bank of England's base rate was held at 0.50% for a considerable number of years dropping to 0.10% in March 2020 in response to the Covid-19 pandemic. During 2021 there were growing concerns of inflation in the UK economy being in excess of the Bank's target of 2% and the Monetary Policy Committee (MPC) started to indicate that it would intervene if necessary by increasing interest rates, in part to send out the right signal to financial markets. The MPC did, however, largely hold off due to worries about the strength of the UK economy and faltering growth in GDP.

2022 has seen a dramatic change as a direct consequence of the Russian invasion of Ukraine. Soaring gas and petrol prices having driven inflation throughout the entire economy. Far from tailing off as had been largely anticipated last autumn it has peaked as high as 10.1% in July before easing very slightly in August due to some reduction in fuel prices. However, it is still forecast to reach 13% by the end of the year, as shown in Chart 1 CPI 2023 below.



The MPC has repeatedly intervened during 2022 to stave off the inflationary pressures with five increases in interest rates from February onwards despite the inflation being primarily externally driven. There is the prospect of at least one further rise before the end of the year, as shown in Chart 2 Bank of England Base Rate below.



- 2.21 This turbulence is also impacting on growth in the UK economy, GDP fell by 0.1% in Quarter 2 of 2022 with an expectation of moving into recession later this year and into 2023.
- 2.22 The inflation has given rise to a considerable cost of living crisis with fuel bills in particular rising to unaffordable levels. UK Government intervened at the start of

September with a new energy guarantee which will hold average household bills to no more than £2,500 for the next two years in the run up to the next General Election. The policy which is £1,000 lower than the fuel cap that it supersedes could reduce inflation by 5% but will still potentially leave 6.7 million homes across the UK finding themselves in fuel poverty.

- 2.23 Welsh authorities received a three year settlement of Aggregate External Finance (AEF) from Welsh Government in March of this year with the indicative increases for 2023/24 and 2024/25 being 3.5% and 2.4% respectively. The prospects of a better settlement at the current time are poor. There had already been pressure on Government borrowing costs with the rise in interest rates over recent months and the intervention in the energy markets which have been estimated to cost approximately £150Bn. However, the Chancellor's 'Fiscal Event' on 22<sup>nd</sup> September has created turmoil in markets and the rate increases to date will be seen as minimal with those now likely to follow in the forthcoming months. The Chancellor has introduced a number of significant tax cuts – reversal of the NI increase of 1.25% to pay for social care, removal of the 45p rate for high earners and the reduction of basic rate to 19%, all funded through additional borrowing with the talk of more cuts to come in an attempt to reenergise the economy. This is in total conflict with the Bank of England's strategy to address inflation and significant increases in interest rates up to as much as 6% in the new year are seeming inevitable.
- 2.24 This does not bode well when considered alongside the refresh of the Medium Term Financial Plan below, the likelihood of additional funds for local government is very slim. It is hoped that there will be more clarity when the Chancellor presents his Medium Term Fiscal Plan on 23 November.

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

- 2.25 There has been a significant change in the financial challenges facing the Council over the medium term since the Council approved its 2022/23 Budget in March 2022 and the Medium Term Financial Plan back in November 2021. At that time there were forecast financial gaps of £8.509M in 2023/24 and £7.224M in 2024/25. The impact of the higher and more persistent inflation being experienced is driving employee and utility costs in particular and the general impact cost of living crisis will limit the extent to which Welsh Government will be able to do any better than the indicative increases of 3.5% and 2.4% set out for 2023/24 and 2024/25 when the 2022/23 settlement was announced.
- 2.26 There has been a thorough review of all cost pressures across the summer and currently there are gaps in funding of £28.190M in 2023/24 and £9.620M in 2024/25 and a total of £49.830M across the medium term. From informal discussions this a position matched across all local authorities in Wales. The consensus is that it will be extremely challenging to deliver a balanced budget without additional Government support. These pressures will be under continuous review and are summarised in the following table and detailed in full in Appendix 1.

	2023/24	2024/25	2025/26	2026/27	2027/28
	£K	£K	£K	£K	£K
Additional Funding					
Government Grant	6,510	4,621	3,943	4,022	4,102
Council Tax	3,408	3,507	3,577	3,648	3,722
<b>Total Additional Funding</b>	<b>9,918</b>	<b>8,128</b>	<b>7,520</b>	<b>7,671</b>	<b>7,824</b>
Investment	6,595	650	227	(227)	(227)
Demography	2,418	2,471	2,471	2,471	2,471
Inflation	21,659	12,656	8,498	8,610	8,483
Pressures	7,436	1,971	918	670	670
<b>Total Pressures</b>	<b>38,108</b>	<b>17,748</b>	<b>12,114</b>	<b>11,524</b>	<b>11,397</b>
<b>Overall Gap</b>	<b>28,190</b>	<b>9,620</b>	<b>4,594</b>	<b>3,853</b>	<b>3,573</b>

## Funding

### **Welsh Government Grant**

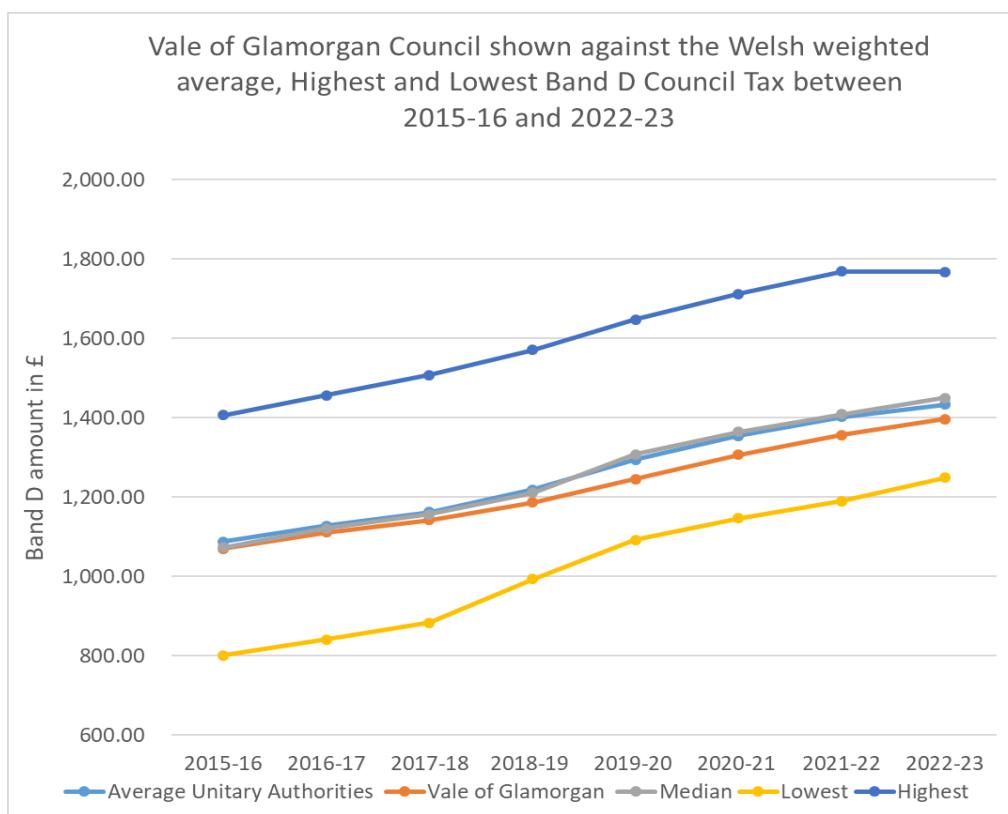
- 2.27 The indicative Aggregate External Finance (AEF) for 2023/24 and 2024/25 was announced as part of the 2022/23 settlement on 1<sup>st</sup> March 2022. The figures are based on the indicative Wales-level core revenue funding allocations equating to an uplift for 2023/24 of £177M (3.5%) and £128m (2.4%). These figures are indicative and dependent on estimates of Non Domestic Rate (NDR) income and the funding provided to Wales by the UK Government through the 2021 comprehensive spending review.
- 2.28 The UK Government presented an Emergency Budget (albeit termed a Fiscal Event) on 23 September, primarily in response to the cost of living crisis. In keeping with recent practice an autumn budget is anticipated but the timing is not confirmed at present, although it is likely to be mid November. The Welsh Government Settlement for 2023/24 however is expected to be announced in late December.
- 2.29 Welsh Government uses Standard Spending Assessments (SSA) to share out the available funding across 22 local authorities, there are 68 different indicators that are utilised such as client based (population and pupil numbers), deprivation and sparsity. Population is a key driver and over 28% of the funding is distributed as part of this calculation on the basis of population. 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, if this continues for 2023/24 then the Council may benefit from additional funding over and above the 3.5% indication of approximately £288k although additional factors such as pupil numbers and benefit claimants may also affect the sum awarded.

2.30 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.

2.31 As part of the budget scenarios set out in the final budget proposals the Council utilised an estimate of increase in Council Tax of 3.9%. This increase has been used as an illustrative increase in the scenarios that have been utilised as part of the scenarios in the Medium Term Financial Planning however this increase will be subject to further review and consultation. As the Council Tax equates to approximately 32% of the Council's overall budget there is a significant gearing effect on any increase so a 1% increase in Council budget would require a Council Tax increase of over 3%.

The Vale of Glamorgan's Band D Council Tax for 2022/23 was £1396.35 and is £37.07 below the Welsh mean and £53.00 below the median for Welsh Counties as illustrated in Chart 3 Band D Council Tax Comparison below.



2.32 The distribution of Welsh Local Authority Council Tax level has some notable outliers and therefore it is more helpful to consider the median level of Welsh Council Tax. An increase to Welsh Median Council Tax assuming the overall Median increase is in line with the 2022/23 increase would require an increase of

6.82% which would generate approximately £5.96M, an additional £2.5M. It is unlikely that this increase could be progressed in one year however a move towards setting Council Tax at Welsh Median could be considered over the period of this plan.

- 2.33 As part of setting the Council Tax Base each year the Council must consider the collection rate. The Collection rate was reduced to 97.1% in 2021/22 and whilst some recovery was demonstrated in 2021/22 this was not to pre pandemic levels, the actual collection rate in 2021/22 was 96.2%. The collection rate assumed for 2022/23 was set at 97.1% as agreed at Cabinet on 6<sup>th</sup> December 2021 (Min C757) in the context on ongoing uncertainty it is not expected that this rate will be increased for the 2023/24 budget. If a further reduction is required in the context of the current cost of living crisis and continuing economic uncertainty then this will be a further cost pressure on the Council Budget for 2023/24.

#### **Pressures**

- 2.34 Pressures of £38.108M have currently been identified. The pressures in the March Council MTFP have been reviewed and rolled forward a year and categorised across four broad headings: Investment, Inflation, Demography and Pressures.

#### **Investment**

- 2.35 As part of the review process senior officers have identified areas where services need to be strengthened and improved. These are predominantly low value requests and typically for additional staff to build capacity where required, with the aspiration to deliver more and to that more efficiently for the benefit of residents and communities. The exception is a review of staffing pay grades which is seeking to address two major issues; firstly, is the erosion of differentials in the low pay bands with the continued implementation of the Real Living Wage; and second, is the need to respond to the challenging recruitment market and the difficulty in appointing to many posts across the Council at a time when there are ever increasing demands for essential services from the community.
- 2.36 Clearly, in the context of the budget gap it is going to be very difficult to take forward investment pressures in delivering a balanced budget for 2023/24 and across the medium term. The consequence may be that many of the investment pressures have to remain unfunded.

#### **Inflation**

- 2.37 This is a major component of the overall pressures with the UK experiencing unprecedented growth in prices in recent times, at levels not experienced since the early 1980s. Late last calendar year there had been some expectation of inflation exceeding the bank of England's 2% target and running in the order of 6% in early 2023 before easing back in the spring and summer. The war in Ukraine has had a significant impact and inflation peaked at 10.1% in July before slightly dipping to 9.9% in August. The Bank of England are still forecasting that it will continue to grow to as much as 13% later in the year.

- 2.38 The greatest impact of inflation on the Council's budget is on pay and utility costs. The Council allowed 3% for pay awards in its 2022/23 budget but the current employer offer of a flat £1,925 per employee is equivalent to 6% and as well as putting pressure on the 2023/23 budget will also require a base correction in 2023/24. There is a similar position with the Teachers' pay award where 3% was provided and the actual offer is 5%. At present there is an assumption of 3% for 2023/24 pay awards across all employees. This is a very difficult area to forecast and will be reassessed at regular stages across the budget setting process, it is worth noting that every 1% is equivalent to £1.500M.
- 2.39 Energy prices rises are a major concern as gas and petrol supplies have been significantly impacted by the war in Ukraine. The Council has been partly protected in 2022/23 having forward purchased its gas and electricity and has only incurred £0.300M of pressure as the utility companies have adjusted their standing charges. However the rising prices will impact in 2023/24 and the overall pressure is likely to be in excess of £3.070M, there's potentially a 78% increase in electricity costs and 141% for gas.
- 2.40 There are also inflationary pressures on external social care placements, payments to care providers including the requirement for care workers to be paid the real living wage and also the waste and leisure contracts. Care Provider payments could increase by as much as 11 to 12% as they too grapple with higher wage and utilities costs.

### **Demography**

- 2.41 Through the 2021 Census, the Vale of Glamorgan population was estimated at 131,800. This is an increase of 4.3% on the 2011 Census and a higher percentage growth of population than for the whole of Wales at 1.4%. Between 2011 and 2021 there has been an increase of 24.9% in people aged 65 and over, this compares to an increase of 17.7% for the whole of Wales. The Vale of Glamorgan has also seen an increase of 4.3% in children aged under 15 years, this contrasts to a decrease in 1% for the whole of Wales. The Vale of Glamorgan has seen a 1.5% decrease in people aged 15 to 64 years, this compares to a decrease in 2.5% for the whole of Wales. The 2018 based national population projections for Wales forecast that population growth in the Vale of Glamorgan will continue. Between 2019 to 2039, principal population projections suggest that the Vale of Glamorgan's population will grow by 3.9%, 5,501 people. There is notable growth projected for the population aged 65-84 and 85 and over.
- 2.42 Demography is current forecast to cost £2.418M. There are two significant areas of demography – the increasing number of pupils in the Vale of Glamorgan's schools and the aging population requiring the Council's support. For schools there is £0.500M per annum required to support the growth in the mainstream population but there also continues to be an increase in the number of pupils with Additional Learning Needs. Additional provision for ALN is being developed and £1.179M is currently identified to meet this requirement in 2023/24 and similar in future years.
- 2.43 There is continued growth in the older population in the Vale of Glamorgan. The Council's Corporate Plan highlighted that the 2018 based National Population



Projections indicated that by 2039, 11% of the Vale of Glamorgan's population may be aged 80 and over. Modelling by the service has indicated that an additional £0.628M will be required to meet this demand in 2023/24. A similar sum has been included for all future years, but these figures will be reviewed and updated on an annual basis.

### **Pressures**

- 2.44 The Council is also experiencing a range of other pressures which are currently forecast to be £7.436M.
- 2.45 In Learning and Skills these are being experienced in increased take up of free school meals, complex needs placements and taking the one off use of the Additional Needs Fund (which supports children and young people with Additional needs within a mainstream setting) from the base budget.
- 2.46 There are a number of pressures in Environment and Housing, the greatest of which is in respect of Bed & Breakfast provision. The duties placed on local authorities changed under Covid-19 with a requirement for all homeless people to be moved into temporary accommodation. The cost of this stringent requirement was met through Covid-19 support from Welsh Government whilst this funding has ceased the duty is still in place. The estimated cost is £2.384M.
- 2.47 The Corporate Resources service continues to carry a sum of unrealised savings in the service which totals £426k across departments; these savings have been carried unrealised for a number of years and are the residual amount following significant budget savings. As the needs of Service departments have become more complex, demand and grant funding streams have increased and these savings have become even more challenging to realise whilst significant additional duties have been required of the directorate.
- 2.48 As part of the Council's participation in City Deal Joint Committee it has agreed to contribute Capital Funding to the programme of investment. This will be funded from borrowing and therefore the cost pressure reflects the associated revenue costs.

### **Approach to Delivering a Balanced Budget for 2022/23 and Sustainable Finances**

- 2.49 The simple approach to balancing the budget is a mixture of lobbying for additional funding from Welsh Government, consideration of levels of taxation and fees & charges, reviewing and accommodating cost pressures and finally delivery of savings. Review of the cost pressures will be a key feature of balancing the budget; as set out above it is difficult to see how it will be possible to take forward the investment proposals. However, even taking these out in full leaves pressures of £31.513M and there is a strong sense that some of these will need to be absorbed by services including those being experienced by the delegated schools budget. Savings will be a mixture of cost efficiencies, reduced service levels and generation of additional income.
- 2.50 The following paragraphs set out the framework that is in place to facilitate the identification of savings – cost efficiencies, additional income and where

necessary reduced service levels. These approaches have a familiar feel to the framework of the Reshaping Services Programme from 2015 to 2019 (and to an extent the later Reshaping 2021 Programme). However, there is a slight change in emphasis in that whilst there remains a requirement to continue to transform and improve services, wherever possible, given the scale of the required reduction in expenditure, the focus must very much be on balancing the budget. It is not exhaustive and savings may come forward through other means.

#### **Demand Management/Invest in Early Intervention**

- 2.51 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**

- 2.52 The Council currently generated £17.298M 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**

- 2.53 Given the size of the financial challenge it is inevitable 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**

- 2.54 The Council worked well with the voluntary and third sector during the pandemic 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**

- 2.55 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 does have an extensive range of applications in place and the Digital Strategy which is work in hand will very likely seek to rationalise these to reduce possible duplication and hence cost.

#### **Corporate Asset Management Plan**

- 2.56 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**

- 2.57 Approximately £198M was spent in 2021/22 on salaries and wages. The Council needs 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.

### **Contract Review/Procurement**

- 2.58 Approximately £164M was spent with third party suppliers in 2021/22 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.
- 2.59 Officers will develop savings proposals against this framework across the autumn.

### **Community Engagement & Participation**

- 2.60 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 underway on the Annual Self-Assessment and the Annual Delivery Plan.
- 2.61 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.

### **2.62 Reserves**

- 2.63 The size of the financial challenge faced by the Council cannot be understated and setting a balanced budget for 2023/24 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.
- 2.64 However, as part of the budget setting process, the Council will need to have a thorough review of its reserves to ensure that they are fully aligned with the risks that the Council now faces. The Council had been operating in an environment of historically low interest rates and stable prices. This position has dramatically changed, and these risks must be covered by the Council's reserves.

- 2.65 The review will recognise the existing commitments against the reserves including the contributions to schemes in the Council's Capital Programme.
- 2.66 The review will also assess the level at which the Council should maintain its General Fund reserve.
- 2.67 Finally, for some savings the full benefits will not be realised from 1<sup>st</sup> April, and it may be necessary for reserves to pick up the full year impact in year one.

### **Possible Scenarios**

- 2.68 The prospects for 2023/24 do not appear at all favourable. In the face of uncertainty, it is of value to explore some possible scenarios to help contextualise the challenge that is faced.
- 2.69 At present the forecast gap, including some pressures where there is choice, amounts to £28.190M with an assumed level of increase Aggregate External Finance of 3.5% £6.510M and Council Tax of 3.9% £3.408M.
- 2.70 Every 1% of AEF is the equivalent of £1.860M so were Government support going to address the Council's current forecast gap a further 15.15% would be required giving a total settlement of 18.65%. This is highly unlikely and highlights the need for the comprehensive review of costs and an extensive savings programme.
- 2.71 There has been some precedence for Welsh Government funding pay awards, and in this regard, the base pay award pressures amount to £10.731M
- 2.72 Every 1% of Council Tax is £0.873M. A significant increase in Council Tax would be difficult to justify in the middle of a cost of living crisis but a move to a median level of Council Tax could be a strategy to increase revenues and protect services over the medium term.

### **Next Steps**

- 2.73 This report is being referred to the Council's scrutiny committees and they are being requested to review the finding and costs assumptions in the MTFP refresh with comments to go back to Cabinet.
- 2.74 Officers are working up savings proposals and this work will continue over the early autumn. This will be subjected to an internal challenge process in November before proposals are brought back to Cabinet in early January.
- 2.75 Officers will also be reviewing and prioritising the cost pressures as part of the programme of work to balance the budget. This work will also be part of the internal challenge process.
- 2.76 The Council is developing 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.
- 2.77 The Council operates a number of shared service arrangements with neighbouring councils. Officers will engage with partners to ensure are plans are consistent and fully aligned.

- 2.78 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 Forum. It will be necessary to present them with a range of scenarios and possible options to enable their financial planning to be undertaken.
- 2.79 There will be some level of uncertainty until the Welsh Government Settlement is announced in late December. 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. The consultation on the budget will include Trade Unions and Public Services Board (PSB) partners.
- 2.80 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.

### **Timetable**

- 2.81 The following sets out an indicative timetable for the development and approval of the budget as described in this report.

<b>Date</b>	<b>Body</b>	<b>Activity</b>
October 2022	Cabinet	Agree Financial Strategy and receive MTFP refresh
October/ November	Scrutiny	Review Financial Strategy and MTFP Refresh
October/ November	Directors	Review cost pressures, deliver savings proposals.
November	Chancellor	Medium Term Fiscal Plan
Late December 2022	Welsh Government	Settlement
January 2023	Cabinet	Budget for consultation
January 2023	Community & Partners, including Trade Unions and PSB	Consultation on budget proposals
January 2023	Scrutiny	Review estimates and savings proposals
February 2023	Cabinet	Draft Budget
March 2023	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.
- 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.
- 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 2023-24. 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 The Council's response to the declaration of Climate and Nature Emergencies (in 2019 and 2021 respectively) involves significant council-wide activity to deliver. The ability to respond to these plans will be impacted by the availability of financial resources to deliver them. The Council has established this area of work as a priority through the current (and likely, future) Annual Delivery Plan and therefore will continue to resource activity as far as possible, in conjunction with other priorities.

### **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 framework to explore organisational design.

- 5.3 Where there are such potential impacts, 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 2023/24 by March 2023 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 2023/24 Budget and MTFP at Council in March 2023 is aligned to the Council's agreed Corporate Plan – 'Working Together for a Brighter Future' 2020 and the 2023/24 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**

Annual Self-Assessment, Cabinet, 8<sup>th</sup> September 2022

[https://www.valeofglamorgan.gov.uk/Documents/ Committee%20Reports/Cabinet/2022/22-09-08/Draft-Council-Annual-Self-Assessment.pdf](https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2022/22-09-08/Draft-Council-Annual-Self-Assessment.pdf)

<b>Appendix 1 Summary Cost Pressures</b>						
	<b>Description</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Category of Growth</b>
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	
<b>Directorate: Learning and Skills</b>						
<b>Delegated Schools</b>						
<b>Learning and Skills</b>	<b>Demographic increase in mainstream schools</b> - Reflecting an increase in the number of pupils in Mainstream Schools	<b>459</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>Demographic</b>
<b>Learning and Skills</b>	<b>Demographic increase in pupils requiring placement in special school Ysgol Y Deri</b> - Demographic increase in pupils requiring a specialist placement in Ysgol Y Deri School based on the average cost of an Y Deri school placement.	<b>1,179</b>	<b>1,191</b>	<b>1,191</b>	<b>1,191</b>	<b>Demographic</b>
<b>Learning and Skills</b>	<b>Autism Special Resource Base at Whitmore High School</b> - An Autism Resource base has been established at Whitmore High School and these are the Y2 costs of running the provision	<b>152</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Investment</b>
<b>Learning and Skills</b>	<b>Increased Free School Meal (FSM) Price</b> - Inflationary pressures have impacted the cost of preparing a Free School Meal	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Pressure</b>
<b>Learning and Skills</b>	<b>Increased FSM Take Up</b> - In the context of the impact of Covid Pandemic and the cost of living crisis the take up of Free School Meals has increased however the FSM data used in the Welsh Government Grant has been fixed due to the transition to Universal Credit.	<b>420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Pressure</b>
<b>Central Learning and Skills</b>						
<b>Learning and Skills</b>	<b>Secondary Autism Satellite Provision</b> - Cost of establishing an additional Secondary Autism Satellite Provision reflecting an increased need.	<b>157</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Investment</b>



Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
Learning and Skills	<b>Primary Welsh Immersion Unit</b> - This cost pressure will increase the current Welsh immersion budget of £40k to £85k to continue to fund the primary Welsh immersion unit at Ysgol Gwaun Y Nant which is currently funded by a grant due to end in March 2023.	45	0	0	0	Investment
Learning and Skills	<b>Complex Needs Placements</b> - Increase in pupils requiring Complex needs provision Out of County or in an independent provision. During the Covid period a number of pupils with highly complex needs were managed within mainstream placements due to the reduced time spent in educational settings. Post Covid, these pupils returned to school full time and the complexity of their needs became very apparent. This has resulted in a high level of unmet need which has now manifested itself in an unusually high number of children and young people requiring more specialist placements.	369	140	140	140	Pressure
Learning and Skills	<b>Expansion of Learning and Wellbeing Class (Horizon) - pupils with anxiety</b> - Expansion of the specialist class based at Ysgol Y Deri for pupils with significant levels of anxiety, preventing them from attending a mainstream school. This is a growing need and the additional funding will allow capacity to be increased within this specialist class from 8 to 16 pupils.	150	0	0	0	Pressure
Learning and Skills	<b>Liaison Engagement Officers</b> - Employment of six Liaison Engagement Officers to be based in secondary schools to provide early intervention to improve attendance and engagement.	175	0	0	0	Investment

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
Learning and Skills	<b>Increased Participation and Support</b> - Cost pressure to secure a senior youth worker (37/52 weeks) and a youth worker (25/40) to coordinate and develop vale wide participation initiatives including the new youth voices project and Youth Cabinet.	68	69	72	0	Investment
Learning and Skills	<b>Additional Needs Fund</b> - Schools are now accommodating pupils with much higher additional learning needs due to an increasing numbers of pupils with complex needs and capacity issues within Ysgol Y Deri. This has resulted in mainstream schools being asked to meet the needs of more complex children requiring higher levels of support.	500	0	-250	-250	Investment
Learning and Skills	<b>Primary Resource Base for Children with Anxiety and Autism</b> - Reduces pressure on Ysgol Y Deri in the future	370	370	0	0	Investment
Learning and Skills	<b>Reduction in Out of County income Total budget £1.371M</b>	545	208	200	200	Pressure
Learning and Skills	<b>Sustainable Communities for Learning Borrowing Costs 21st Century Schools</b> - This is the projected additional revenue cost associated with the current approved level of prudential borrowing for the programme	0	0	0	0	Pressure
Learning and Skills	<b>Revenue impact of additional borrowing required for funding gap Sustainable Communities for Learning scheme - St Richard Gwyn</b>	183	124	282	0	Investment
Learning and Skills	<b>Revenue impact of additional borrowing required for funding gap Sustainable Communities for Learning scheme -Sully</b>	0	0	23	23	Investment
Learning and Skills	<b>Revenue impact of additional borrowing required for funding gap Sustainable Communities for Learning scheme -Cowbridge</b>	47	87	0	0	Investment

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
<b>Schools Transport</b>						
<b>Learning and Skills</b>	<b>ALN transport</b> - 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	Demographic
<b>Learning and Skills</b>	<b>School Transport</b> - Inflationary increase for School Transport reflecting rising fuel costs and shortage of drivers and providers in the market.	850	200	200	200	Pressure
	<b>Total Learning and Skills</b>	<b>,5861</b>	<b>3,041</b>	<b>2510</b>	<b>2,156</b>	
<b>Directorate: Social Services</b>						
<b>Children Services</b>						
<b>Social Services</b>	<b>Allowances Social Care Officer and Responsible Officer</b> - Special Guardianship and Residential Orders	160	30	30	0	Pressure
<b>Social Services</b>	<b>Additional Capacity Business Support</b>	30	0	0	0	Investment
<b>Social Services</b>	<b>Social Worker for Unaccompanied Asylum Children</b>	58	0	0	0	Investment
<b>Social Services</b>	<b>Increased Contract Price Children and Young People Support</b>	120	0	0	0	Inflationary
<b>Resource Management and Safeguarding</b>						
<b>Social Services</b>	<b>Residential Homes-</b> Additional Capacity Waking Night Officer and Activities Coordinator	102	0	0	0	Investment
<b>Social Services</b>	<b>Additional Capacity</b> - Children's Commissioning Role and Finance Officer	63	0	0	0	Investment
<b>Adult Services</b>						
<b>Social Services</b>	<b>Demographic Pressures</b> - Pressures associated with the ageing demographic of the Vale of Glamorgan's population	628	628	628	628	Demographic

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
Social Services	Provider Fees and Quality Assurance	7,200	7,200	3,500	3,500	Inflationary
Social Services	Management Capacity	100	0	0	0	Investment
Social Services	Regional Integration Fund Tapering - Embedded grant fund and Accelerated Fund (tapers)	0	105	0	105	Pressure
	<b>Total Social Services</b>	<b>8,461</b>	<b>7,963</b>	<b>4,158</b>	<b>4,233</b>	
<b>Directorate: Environment and Housing</b>						
Neighbourhood Services and Transport						
Environment and Housing	Waste Contract Contractual Inflation - annual uplift in contract costs for the large waste disposal/recycling contracts	150	75	75	75	Inflationary
Environment and Housing	Leisure Contract - Increased energy costs associated with the Leisure Contract	250	0	0	0	Inflationary
Environment and Housing	HGV Drivers Market Pressures	350	0	0	0	Investment
Environment and Housing	Weed Control Chemicals	30	0	0	0	Inflationary
Environment and Housing	Ground Maintenance Contract Inflation	40	0	0	0	Inflationary
Environment and Housing	Apprenticeship Scheme - Establish 4 x Apprenticeship posts to support workforce planning and professional skills shortage in Highways and Structures service	110	0	0	0	Investment
Environment and Housing	Additional Funding to support activity required for non compliant SAB Developments - Due to large increase (around 45%) in SAB applications further management/enforcement of non-compliant SAB developments & coordination of 'as Constructed' SAB assets onto maintenance database is required.	45	0	0	0	Pressure

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
Environment and Housing	<b>Maintenance &amp; Management of Drainage Assets</b> - Maintenance and management of increasing drainage assets and future new assets acquired from capital works	85	0	0	0	Investment
Environment and Housing	<b>StreetWorks noticing officer</b> - technical support to manage network function more effectively	40	0	0	0	Investment
Environment and Housing	<b>Highways Maintenance Asset Engineer/Manager</b> - to collate, manage and analyse condition and whole life costs for the asset in order to enable more efficient maintenance, repair, reporting and spend to ensure effective improvement of the highway asset	45	0	0	0	Investment
Environment and Housing	<b>Telematics Engineer</b> - to manage and maintain all telematic systems within the highway asset in an efficient manner. No current specialist knowledge	45	0	0	0	Investment
Environment and Housing	<b>Additional 2 man gang Highways Maintenance</b> - to undertake necessary maintenance works on highway to fulfil statutory duty and reduce no.s of defects, complaints and claims to the council	120	0	0	0	Investment
Environment and Housing	<b>Traffic Revenue Budget</b> - increase in additional safety issues and expectation from Ward Members and public to undertake minor safety improvement works on the adopted highway	100	0	0	0	Investment
Environment and Housing	<b>Traffic Signal Maintenance Budget</b> - Increased cost of Traffic Signal Maintenance due to the age of the infrastructure	45	0	0	0	Pressure

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
<b>General Fund Housing</b>						
<b>Environment and Housing</b>	<b>Cost of B&amp;B Homelessness Accommodation</b> - Funding from Welsh Government has had a stepped reduction during 2022/23, there is a particular shortage for single people. Welsh Government are currently asking all LAs to adopt a "no one left out approach" so numbers requesting support are likely to remain high. The cost estimate included is net of projected Housing Benefit Receipts.	<b>2,384</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Pressure</b>
<b>Environment and Housing</b>	<b>Impact of Ukraine Refugee Crisis</b> -The Ukrainian Support Team currently consists of two Team Leaders and 5 Support Staff funding has been agreed for 2022/23 but not beyond however it is likely significant extended support will be required to support a move on from hosted accommodation.	<b>311</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Pressure</b>
<b>Environment and Housing</b>	<b>Private Rented Coordinator Support and support for new Temporary accommodation property</b> - The Private Rented Sector is being relied on more heavily than ever to provide accommodation options for people who find themselves homeless. Therefore, additional support to identify PRS landlords would assist the LA in meeting its duties by maximising its use of the PRS. The service is in the process of seeking approval to place up to 13 units of temporary accommodation at a site in Barry. This will require staff to manage the accommodation and provide support to the tenants.	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Investment</b>

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
<b>Environment and Housing</b>	<b>CCTV</b> - CCTV has undergone a major upgrade to the cameras, infrastructure and systems that support CCTV. The service is now operational in Cardiff and the majority of costs are to support the monitoring of the system. The PCC has made a contribution towards the monitoring costs in 2022/23 and the future funding needs to be clarified	149	0	0	0	Pressure
<b>Environment and Housing</b>	<b>Community Cohesion</b> - It is anticipated that community safety workload will increase again in 2023/24 with the cost of living implications, the Ukranian Progamme and other programmes that will impact on community cohesion in the Vale. There is currently one year grant funding available for this provision.	39	0	0	0	Pressure
<b>Environment and Housing</b>	<b>Asylum Dispersal Coordinator</b> - In June 2022 the dispersal areas for Asylum Seekers were expanding to include all local authorities in Wales, including the Vale of Glamorgan. To date no Asylum Seekers have been placed in the Vale of Glamorgan but this is likely to change and the LA will have no control over the process. A coordinator is likely to be needed to ensure oversight of the issue.	48	0	0	0	Investment
	<b>Total Environment and Housing</b>	<b>4,418</b>	<b>75</b>	<b>75</b>	<b>75</b>	
<b>Directorate: Place</b>						
<b>Place</b>	<b>Regeneration - Creative Communities Team</b> - To fund an additional two posts in the Creative Communities Team The purpose of this team is to support the Council and third party bidding to external funding including UK & other major funding streams. The team will continue the innovative work such as community mapping.	102	0	0	0	Investment

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
Place	<b>Head of Service for Regeneration/Project Management</b> - New Head of Service to support the regeneration and project management teams in taking forward the key agendas around Shared Prosperity and Levelling Up, as well as community and business engagement.	112	0	0	0	Investment
Place	<b>Sustainable Development Team</b> - New team needed to develop and push forward with the Council's key climate change ambassador role. Working with both Council departments and the community and business sectors. Also managing the Council's Countryside, ecology and nature emergency functions.	121	0	0	0	Investment
Place	<b>Sustainable Transport - Strategic Transport Planning Function</b> - To establish a strategic transport planning function within the Planning Policy Team.	68	0	0	0	Investment
Place	<b>Major Projects Unit</b> - To fully fund the proposed team structure for corporate Major Projects Unit. One support/trainee post remains partly unfunded in the revenue budget.	50	0	0	0	Investment
Place	<b>Corporate Events funding</b> - To establish a base budget for the corporate events programme, historically funded by reserves. The focus will shift to supporting Vale-wide events which support economic growth.	80	0	0	0	Investment
Place	<b>Regeneration - Historical Car Parking Saving Country Parks</b> - Car parking income is currently being to plug an income target rather than reinvesting it in the country parks	60	0	0	0	Investment
	<b>Total Place</b>	<b>593</b>	<b>0</b>	<b>0</b>	<b>0</b>	



Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
<b>Directorate: Corporate Resources</b>						
Resources	<b>Savings Corporate Resources</b> - General unrealised savings across the directorate	426	0	0	0	Pressure
Resources	<b>iDev Training System Licence support costs</b>	35	0	0	0	Pressure
Resources	<b>Communications IT licences</b>	43	0	0	0	Pressure
Resources	<b>CRM System</b> - Cost of the Licence for You Gov Granicus System	30	0	0	0	Pressure
Resources	<b>ICT Service Desk</b> - Additional ICT frontline service desk post	36	0	0	0	Investment
Resources	<b>Additional Capacity OD</b> - Digital Trainer/Support Roles (staff and members)	86	0	0	0	Pressure
Resources	<b>Additional Capacity Member Research</b> - Develop Member Research Function/ Organisational Insight Roles which is a Statutory requirement for the organisation	62	0	0	0	Pressure
Resources	<b>Oracle External Support</b> - External Support Arrangements which are required to support the Cloud Based System	125	0	0	0	Pressure
Resources	<b>Contact Centre Structure</b> - Service Structure Investment to Improvement the Capacity within the Contact Centre	50	0	0	0	Investment
Resources	<b>Fournet Telephony Contract (inflation)</b>	40	0	0	0	Inflationary
Resources	<b>Senior Lawyer</b> (Private Matters) This relates to funding for a Senior Lawyer post in the Community Services Legal Team, to lead on private law matters as instructed by Social Services; this is an area of work which is not part of Legal Services ordinary remit	61	0	0	0	Pressure

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
Resources	<b>Assistant Information Governance Officer</b> - Additional capacity to address increased workload in respect of FOIs	32	0	0	0	Pressure
Resources	<b>Senior Lawyer (Public Matters)</b> - supporting the Community Services team subject to grant application for funding for next two financial years.	0	0	61	0	Pressure
Resources	<b>Coroner</b> Shared Service Contribution Increase	40	25	25	25	Pressure
Resources	<b>Property Staffing</b> - Agency and Additional Project Zero resource	37	0	0	0	Pressure
Resources	<b>Exchequer Financial System</b> – Additional Licence Costs for NNDR and Council Tax system	20	0	0	0	Pressure
Resources	<b>Exchequer Financial System</b> - Additional Funding required to move to a cloud based system	0	0	100	0	Investment
Resources	<b>Microsoft Licences</b>	105	86	0	0	Pressure
Resources	<b>Occupational Health</b> - Additional Occupational Health Nurse to support Staff Wellbeing and Absence	55	0	0	0	Investment
Resources	<b>Health and Safety</b> - Additional Fire Safety Resource	77	0	0	0	Investment
Resources	<b>Lifecycle Recruitment Licences</b> - Linked in and E-recruit	31	0	0	0	Investment
Resources	<b>Contract Inflation on Various ICT Contracts</b>	28	31	35	0	Inflationary
Resources	<b>Cloud based licence - delivery of cloud data management</b>		66			Pressure
Resources	<b>Network management &amp; Security licence</b>			115		Pressure
Resources	<b>Land Charges</b> - The function of undertaking LLC1 land charge searches is likely to pass back to HLMR at the end of the financial year. Income from land charges has also reduced in recent years	25	0	0	0	Pressure
	<b>Total Corporate Resources</b>	<b>1,444</b>	<b>208</b>	<b>336</b>	<b>25</b>	

Revised Summary Cost Pressures	Description	2023/24	2024/25	2025/26	2026/27	Category of Growth
		£000's	£000's	£000's	£000's	
<b>Policy</b>						
<b>Policy</b>	<b>Vale Academy</b> - Graduate posts equivalent of x 5 grade 6 (posts would be a variety of sandwich one year, apprentice, professional trainees) as a starting point for a Vale Academy	180	0	0	0	Investment
<b>Policy</b>	<b>Welsh Translation</b> - Increased costs associated with Corporate Welsh Translation have led to budget overspend in recent years	150	0	0	0	Pressure
<b>Policy</b>	<b>City Deal</b> - Revenue Costs Associated with Prudential Borrowing for the Council's Contribution	0	615	147	0	Pressure
	<b>Total Policy</b>	330	615	147	0	
	<b>Total Council Cost Pressures</b>	21,106	11,902	7,226	6,489	