

Budget for Consultation 2026/27

Political Group Briefing
January/February 2026

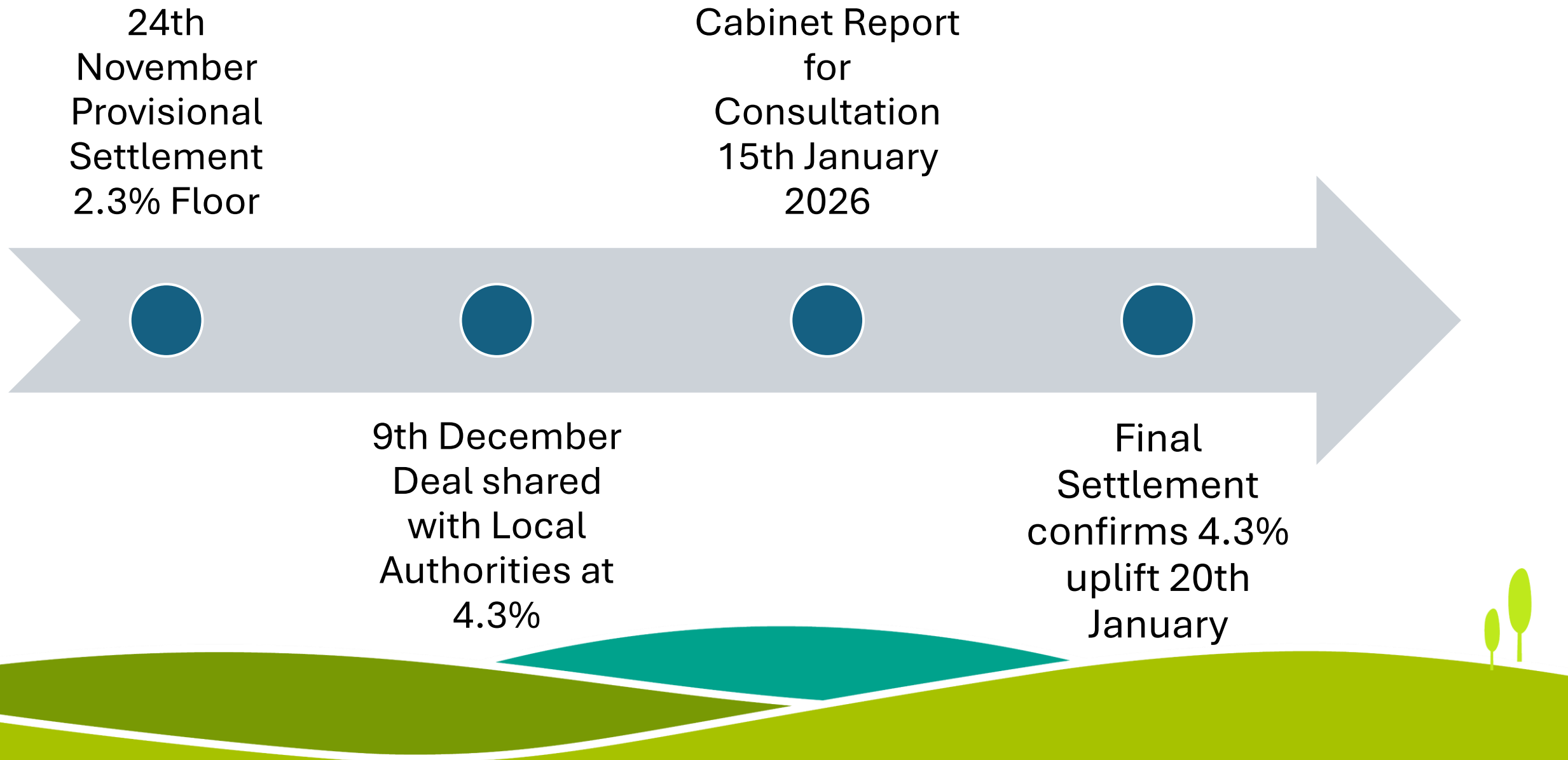


Key Budget Headlines

- For 2026/27 the Council is faced with financial pressures of £27.727M and these total £83.911M across the medium term (including 2026/27). The underlying pressures in 2025/26 were £35.063M and there has been an extensive review to manage these down whilst being mindful of there not being future overspends in those areas where pressures have not been accommodated in these proposals
- There is a gap of £6.584M in 2026/27 and £34.865M across the five year medium term which will be met from a mix of reshaping and savings initiatives. For 2026/27, £3.812M of the gap is met from the reduction in pension costs with £2.772M being delivered through reshaping and savings.
- The Council continues to be the second lowest funded Council per head of population in Wales and spends significantly above its notional formula needs assessment for Education and Social Services. It sets a budget £6.5m below SSA but will be significantly above SSA across both Education and Social Services.
- Council Tax is currently modelled at a 5.5% increase for 2026/27. The Vale of Glamorgan's Council Tax position relative to other Welsh Authorities for the 2025/26 Council Tax 6.86% below the Welsh median at the assumed 5.5% increase it is expected that this position remains unchanged.



Budget for Consultation Overview and Timeline



Current Position 5 January 2026	MTFP Update 4th December 2025 £'000	Further Pressures £'000	2.3% Settlement £'000	4.3% Settlement £'000	Pensions £'000	Savings £000s	As at 5th January 2026 £'000
Funding							
Government Grant	5,162	0	355	4,601	0	0	10,118
AEF Grant Transfer In National Insurance	0	0	3,960	0	0	0	3,960
Transfers In Fire	0	0	12	0	0	0	12
Teachers Pay LG Pay and ALN Co	477	0	1,112	0	0	0	1,589
Council Tax	4,129	0	0	1,692	0	0	5,821
Council Tax Base	1,142	0	0	17	0	0	1,159
Fund School Deficit Support From Reserve	-266	0	0	0	0	0	-266
Use of Smoothing Reserves	-500	0	0	0	0	0	-500
Total Funding	10,144	0	5,439	6,310	0	0	21,893
Spending							
Investment	912	0	0	2,312	0	0	3,224
Demographic	764	-50	0	0	0	0	714
Inflationary - Pay	7,848	0	4,146	-300	0	0	11,694
Inflationary	5,985	0	0	-14	0	0	5,971
Capital Financing	60	0	0	0	0	0	60
Pressure	3,917	613	0	1,534	0	0	6,064
Total Spending Pressures	19,486	563	4,146	3,532	0	0	27,727
Reversal of Savings	750	0	0	0	0		750
Gap	10,092	563	-1,293	-2,778	0	0	6,584
Reshaping Savings	0	0	0	0	0	-2,043	-2,043
Tactical Savings	0	0	0	0	0	-729	-729
Pensions	0	0	0	0	-3,813	0	-3,813
Gap	10,092	563	-1,293	-2,778	-3,813	-2,772	0

Cost Pressures Summary

Investment £3.224m

Public Realm £750k

Preventative Support £237k

Procurement Support Schools

Apprenticeships £130k

Corporate Resources Capacity
£436k

Contingency £1m & Reshaping
£500k

Demography £0.714m

£650k Adult Services

£400k Children Services

£300k School transport

£598k Special Schools

Offset by Reduction in
Mainstream Demographics

Pay Inflation £11.694m

£7.663m with pay awards for
Teachers and NJC both
assumed at 3%

£4.013m for the additional 2%
National Insurance
contributions

General Inflation £5.971m

£4.909m Social Services
provider costs

Utility costs which require
£448K in schools and £100k
corporately

Capital Financing £0.060m

Sustainable Communities for
Learning borrowing costs

Structures schemes

Other Pressures £6.064m

£2.6m right sizing the Social
Care Budget

£1.230m of Additional Learning
Needs and Special Schools
pressures in Learning and Skills

£1m towards pressures in
mainstream schools budget

Savings Summary

Target Operating Model – Income £436k

Cost recovery, new income streams and CPI increases

**Target Operating Model –
Procurement £50k** Procurement
Opportunities in respect of
Operational Highways purchasing

Service Transformation £1.557m

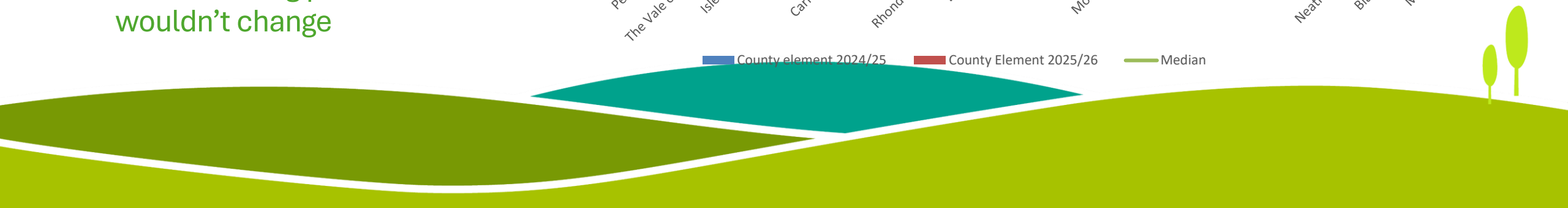
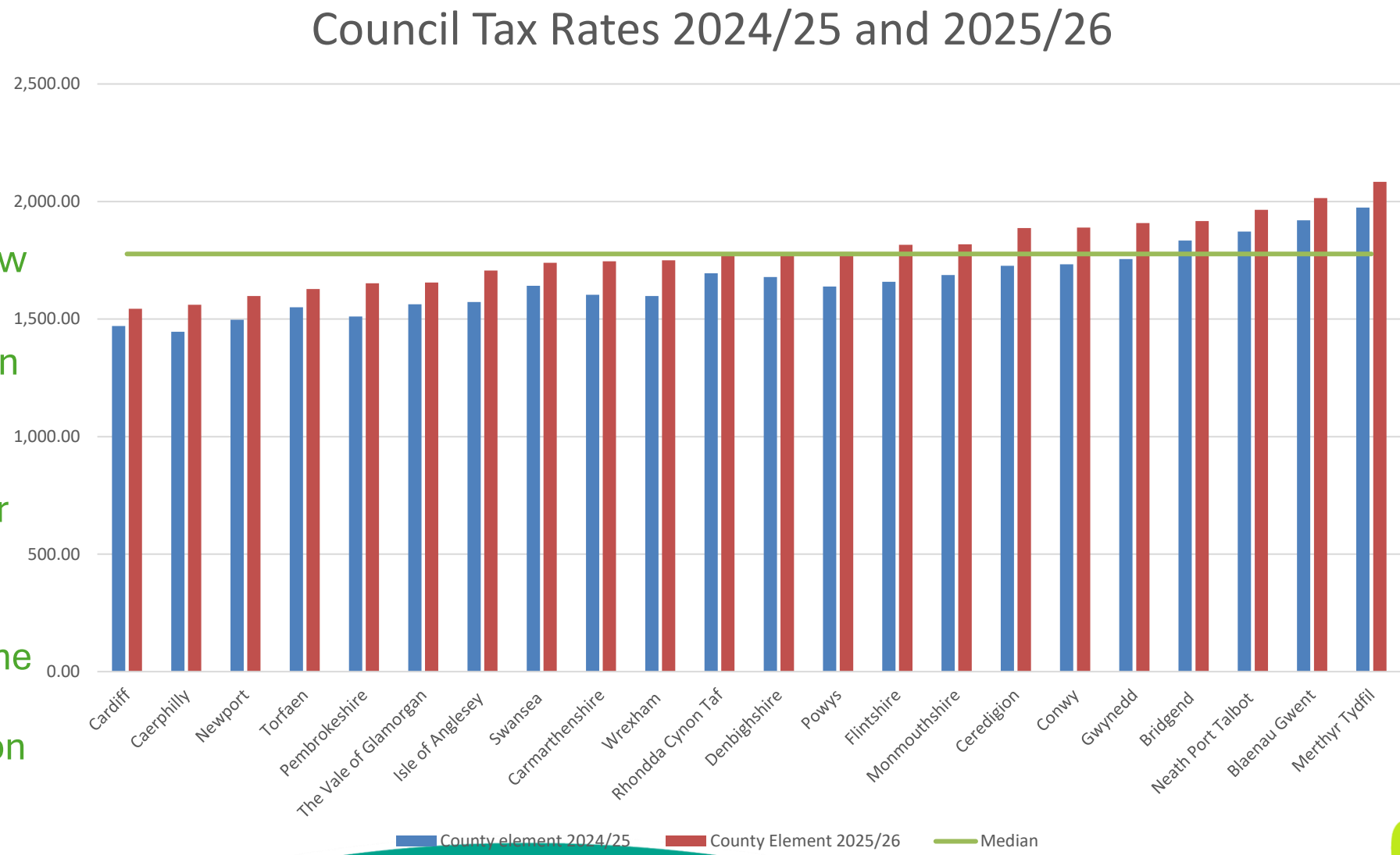
Demand Management and
Transformation proposals across
Social Services, Additional
Learning Needs and School
Transport

Tactical Savings £729k

New delivery models, review of
existing projects and managed
headcount reductions

Council Tax Position

- The Council is currently 6.86% below the median.
- The Budget models an increase of 5.5%
- The budget also considers options for an increase at 6.5%
- At both these increases it is likely the Vale of Glamorgan's Welsh ranking position wouldn't change



Service by Service Position

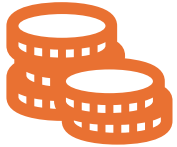
	Learning and Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
Adjusted Original Budget	13,544	128,568	106,707	82,755	331,574
Recharge and Delegation Adjustment	2,352	-2,352	0	0	0
Adjusted Budget	15,896	126,216	106,707	82,755	331,574
Total Pressures	3,393	6,908	10,303	7,122	27,726
Use of Reserves	267	0	0	500	767
Pensions Adjustment	-274	-1,299	-1,041	-1,198	-3,812
Savings	-160	-160	-1,742	-710	-2,772
Reverse out Temporary Savings	0	0	0	750	750
Net Funding Increase	3,226	5,449	7,520	6,464	22,659
% Increase /(Decrease)	20%	4%	7%	8%	7%
Net Budget 2026/27	19,122	131,665	114,227	89,219	354,233

Schools Position

- Fully Funded Pay Award
- Fully funded pay differentials for 2025/26
- ALN Coordinator Transfer In
- Utility and Rates Funding £512k
- £1m towards historic pressures
- £510k additional funding for Additional Learning Needs Mainstream Support
- Ongoing commitment to procurement support
- Welsh medium secondary ALN resource base at Ysgol Bro Morgannwg. £216k
- Satellite specialist resource bases in secondary schools. - Develop satellite bases in Cowbridge and St Cyres. £193k
- Pension adjustment matched to reduction in pension liability cost
- Saving applied to special sector to transfer funding into mainstream



Reserves & Sustainability of Budget Proposals



Reserves are projected to reduce over the 5 year period and some initial projections are included in the budget report.

As at	Estimated Balance 31/03/26	Estimated Balance 31/03/27	Estimated Balance 31/03/28	Estimated Balance 31/03/29	Estimated Balance 31/03/30	Estimated Balance 31/03/31
	£000	£000	£000	£000	£000	£000
General Fund	12,224	12,224	12,224	12,224	12,224	12,224
Insurance	4,954	4,954	4,954	4,954	4,954	4,954
Service Reserves	9,163	6,439	5,840	5,561	5,329	5,096
Risk and Smoothing Reserves	12,951	11,893	11,174	10,787	11,097	11,375
Capital	6,333	1,163	825	825	825	825
Schools	-9,254	-8,934	-9,614	-9,294	-8,974	-8,654
Housing Revenue Account	4,325	4,474	2,380	2,411	2,476	2,543
Total	40,696	32,213	27,783	27,468	27,931	28,363



The estimated gap over the 5 year Medium Term Financial Plan is £34.865m the Council has outlined how it intends to close the £6.584m in 2026/27 and is working to assess a number of proposals to close the gap across the medium term which will be set out as part of the Final Budget report in February.

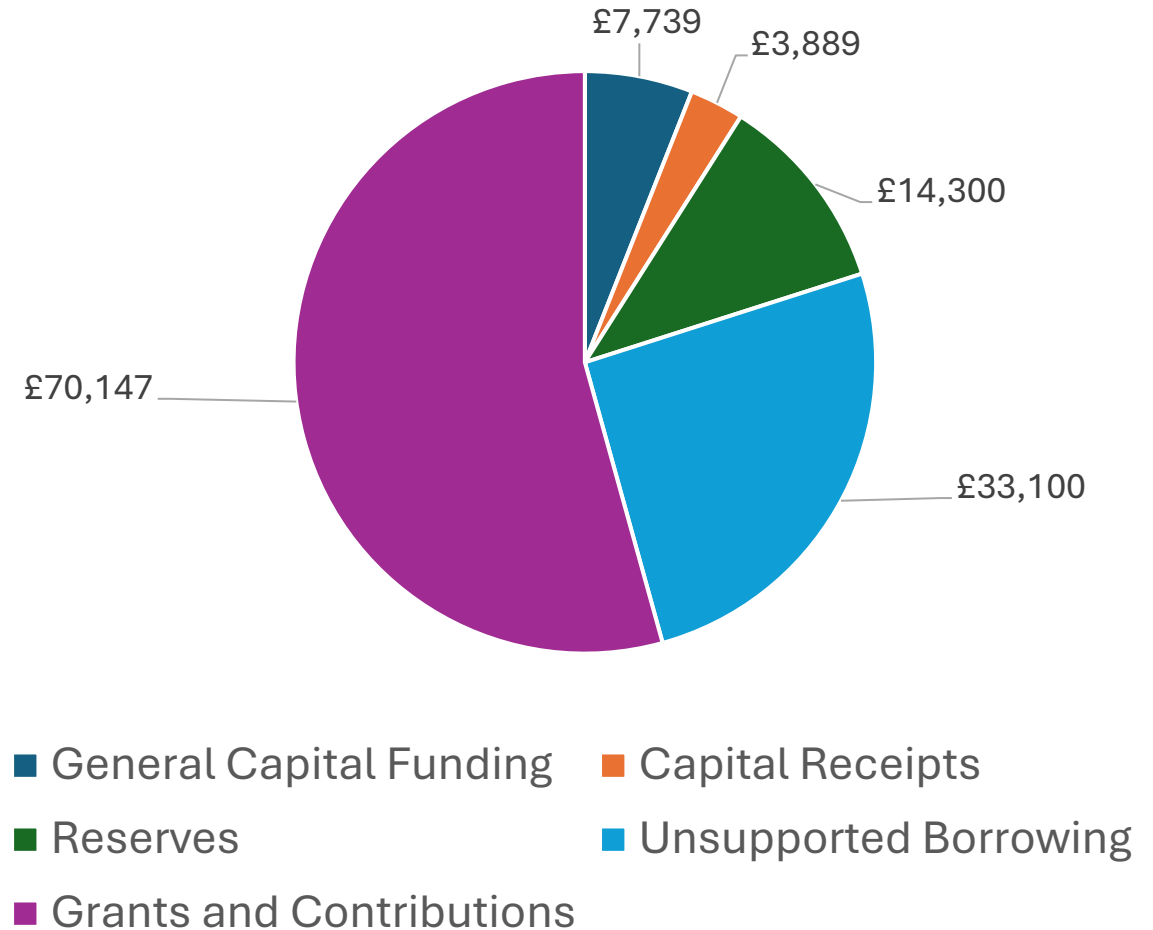


Capital Proposals

The Capital Programme totals £129.175m in 2026/27 and £451.611m across the 5 year period.

The Council uses its General Capital Funding to fund schemes but also as match funding for grant it also leverages other sources such as Capital Receipts, Reserves and S106 contributions, the 2026/27 programme is funded as follows.

Funding Sources 2026/27 (in £'000s)



Capital Proposals



In 2026/27 £42.12m on building new schools and £2.32m on existing schools and £92.35m across the 5 year programme in total for Learning and Skills.



In 2026/27 £18.168m on building new homes and £24.158m on improvements to existing homes and £278.24m across the 5 year Housing Improvement programme.



In 2026/27 £3.07m on resurfacing roads and £1.18m on structures and £16.25m across the 5 year programme on road resurfacing and structures.



In 2026/27 £635k on decarbonisation schemes and £1.815m across the 5 year programme. (This is in addition to the NZC funding included in the new school builds budget above)



In 2026/27 £339k on Children's Services Emergency Fostering Property and £380k on Social Service properties roof works with PV installation over the 5 year programme.



Capital Proposals

Other Key Schemes

- Specialist Accommodation for Older People (including nursing care) £4.6m between 2027/28-2030/31
- Fleet Management £1.5m in 2026/27
- Penarth Marina Landslip - Slope Stabilisation Works £4.015m in 2026/27
- Levelling Up fund £19.786m between 2026/27 -2027/28
- Transforming Towns Placemaking grant £450k
- Pride in Place £750k



Next Steps

- 4 Week Consultation commenced 16th January, runs to 13th February 2026
- 19th January – Welsh Government Budget approved
- Group briefings – early February 2026
- Joint Scrutiny – 11th February 2026
- Cabinet 26th February 2026 – Draft Budget
- Council 9th March 2026 – Approves Budget



Diolch Questions?

