

THE VALE OF GLAMORGAN COUNCIL

CABINET: 24<sup>TH</sup> OCTOBER, 2024

REFERENCE FROM EXTRAORDINARY CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE: 2<sup>ND</sup> OCTOBER, 2024

“444 FINANCIAL STRATEGY 2025/26 TO 2029/30 (REF) –

Cabinet had referred the report to the Scrutiny Committee for its consideration, it being noted that the purpose of the report was to set the strategy for development of the Council’s 2025/26 budget and 2025/26 to 2029/30 Medium Term Financial Plan. There was little budgetary flexibility with 81% of the Council’s budget committed to Education, Housing, Social Care and Council Tax support. The funding gap for 2025/26 was forecast at £9.392m and over a five year period £34.5m. These figures were likely to grow because of emerging pressures which were subject to review.

Since the report had been prepared the Section 151 Officer advised that there had been some changes on how it had been pulled together compared to previous years, in particular considerable awareness raising on what the Council spent its money on and how it was funded. The Section 151 Officer further advised that the Council was a low funded Authority and had set a relatively low level of Council Tax compared to other Local Authorities, with it further being noted that there was a lack of flexibility in its spending because it was committed in a number of areas. The Council’s focus was also on setting the Corporate Plan and plans for consultation, in accepting that it was a really challenging time for local government no matter what the outcome of the general election had been this year. The inflation rate was higher than hoped for, there had also been an increase in private sector rents up to 18% over the last two years in the Vale of Glamorgan and the Council would be further reviewing its cost pressures and then reporting to Cabinet. There had also been a change in focus with the Strategy this coming year in identifying measures via reshaping and transformation. The reshaping programme update was shortly due to go before Cabinet for consideration. It was also important to ensure that the reserves matched the Council’s risks and there would be a number of further reports coming through over the next few months and in particular consultation being undertaken in January 2025. It was likely that the Welsh Government settlement was to be reported by 11<sup>th</sup> December, 2024.

Councillor Dr. Johnson, in commenting that the Council and Local Government had had a difficult decade to deal with, referred to the lack of funding received from Westminster and how it was allocated by Welsh Government. He was hoping that the Council would receive some good news from the UK Chancellor at the end of the month and subsequently Welsh Government Ministers later in the year.

Councillor Ewan Goodjohn queried why the Council had estimated a 2% pay award and was it now prepared to budget for more. The Section 151 Officer said that the forecast in March had been 2% in line with the Treasury’s target for inflation however

now it was likely the Council would need to amend its base budget. Councillor Goodjohn also asked whether there had been any improvement in the modelling of trying to find out when the Council received grants as well as how likely it was that they would receive grants. The Section 151 Officer commented that the budget had to be regularly amended and updated during the year advising that cash flow management was more difficult on the capital side as opposed to the revenue side. With regard to the cost of capital financing some of it was around the use of reserves and the Council was trying to tie these projections in in more detail. In conclusion Councillor Goodjohn said it was also important to consider invest to save projects and wondered whether there was any scope for any other investment / invest to save programmes for example through the procurement function. The Section 151 Officer in response said he was open to consider any idea and they could certainly be explored although, however, he needed to be clear with his colleagues about expectations.

Having regard to the reference and the report and the financial challenges facing the Council, it was subsequently

**RECOMMENDED – T H A T** the comments of the Scrutiny Committee be referred back to Cabinet for consideration, in particular having regard to investment in spend to save projects and relating to a strategic procurement function.

#### Reason for recommendation

Having regard to the financial challenges facing the Council and considering other opportunities to assist.”