

Meeting of:	Cabinet
Date of Meeting:	Thursday, 28 November 2024
Relevant Scrutiny Committee:	All Scrutiny Committees
Report Title:	Medium Term Financial Plan 2025/26 to 2029/30 Refresh and Update
Purpose of Report:	To refresh the assumptions in the Medium Term Financial Plan and provide an update on the Chancellor's UK Budget announcement and progress on the 2025/26 budget
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Head of Finance/s151 Officer
Elected Member and Officer Consultation:	Senior Leadership Team
Policy Framework:	This is a matter for Executive decision by Cabinet. The budget in March 2025 will be a Full Council decision
<p>Executive Summary:</p> <ul style="list-style-type: none"> The Council's Medium Term Financial Plan exists in order to ensure resources are aligned to deliver the Council's Corporate Plan. The Council's Corporate Plan is currently being revised for 2025-2030 and is currently subject to consultation. The Corporate Plan sets out what the Council is seeking to deliver by 2030 and the Council's Reshaping Programme is the means by which the Council needs to transform to deliver the Plan in the context of the Medium Term Financial Plan. For well over a decade, the Council has been working with continually less and less resources whilst meeting ever increasing needs especially in respect of Additional Learning Needs and social care demands. In 2024/25 Schools and Social Care account for 70% of the Council's resources up from 68% in the previous year and this share is forecast to increase still further in 2025/26 and subsequent years. This emphasizes the need for the Reshaping Programme but also highlights the reality that services across the rest of the Council cannot continue to operate at their current levels. The new UK Government set its first budget on 30th October outlining its desire to 'fix public services' with a range of tax raising measures. There is more money for health, schools and social care at the UK level with £1.7Bn of consequential for the Welsh Government. Caution is necessary though as this covers both 2024/25 and 2025/26 with the resources covering existing pay awards and a significant share likely going to the Health Service. The Welsh Government's 	

decisions on the £1.7Bn will be known when the Government announces its budget on 10th December.

- There has been extensive work assessing the Council’s cost pressures as well as reappraising the funding assumptions in the Financial Strategy in July. The Council is experiencing significant pressures in year across Additional Learning Needs, Social Care and Home to School Transport which will need to be accommodated in the budget going forward along with increasing pay awards and continued demographic pressures. There will also be contractual challenges from the Council’s suppliers given the increases in National Insurance contributions and in the minimum wage. It is anticipated that there will be similarly increases in the Real Living Wage rate.
- The underlying pressures amount to £34.325M and with the current assumptions on funding leave the Council with a budget gap of £25.948M.

	2025/26	2026/27	2027/28	2028/29	2029/30
	£K	£K	£K	£K	£K
Total Additional Funding	7,825	5,520	6,011	6,661	6,859
Total Pressures	34,325	13,620	12,678	13,222	13,415
Existing Savings Proposals	-1,684	-50			
Reversal of previous Savings	1,132	750			
Overall Gap	25,948	8,800	6,667	6,561	6,556

- A gap of this magnitude could not be met from the likely potential increase in funding from Welsh Government, increased Council Tax or savings so it has been necessary to review these very robustly mindful of them not reappearing as overspends in 2025/26. There has been an initial review and they have been managed down to £23.215M, reducing the gap to £14.838M.

	2025/26	2026/27	2027/28	2028/29	2029/30
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Total Additional Funding	7,825	5,520	6,011	6,661	6,859
Total Pressures	23,215	13,620	12,678	13,222	13,415
Existing Savings Proposals	-1,684	-50	0		
Reversal of previous Savings	1,132	750	0		
Overall Gap	14,838	8,800	6,667	6,561	6,556

- £14.838M is still a significant gap and the pressures will need to be subject to a further review. The level of Council Tax will also need to be further reviewed as the savings from the Reshaping Programme and tactical savings are developed.
- The Council will continue to lobby the Welsh Government for the overall level of resource and to more accurately reflect the share of Local Government funding that should be allocated to the Council, especially for the allocation of grant through the Schools Standard Spending Assessment block. The Council is also lobbying for multi- year settlements to enable effective financial planning to support sustainable finances and for increases in the statutory fees for care contributions and planning to ensure costs can be covered.
- Directorate Budget Working Groups have reviewed the underlying provision and emerging pressures as well as having initial consideration of Reshaping initiatives and tactical savings. A second round of these groups are scheduled for later in November 2024 and early December 2024.
- The Reshaping Prospectus was approved by Cabinet on 10th October. Sponsors and Project leads are in place against the five themes and sub streams. Particular emphasis is being given to progressing the work against the key priorities approved by Cabinet which match against key corporate risks and financial pressures.
- There is much work still to be done, which will be dependent on the Settlement announcement on 10th December 2024. Reshaping and tactical savings proposals will need to be finalised alongside an indicative level of Council Tax increase for 2025/26 in order to bring forward a Budget for Consultation to Cabinet in January 2025. This will be followed by four weeks of scrutiny and public consultation before the Draft Budget is presented to Cabinet late during February for approval by Council in early March 2025.

Recommendations

1. Cabinet notes the revised budget gap of £14.838M in 2025/26 and £43.422M across the medium term.
2. Cabinet notes the underlying pressures in 2025/26 of £34.325M and Budget Gap of £25.948M before management action.
3. Cabinet notes the work already undertaken to manage and mitigate the unprecedented inflationary and demand pressures being experienced.
4. Cabinet notes the ongoing work to identify transformational opportunities and tactical savings to be brought forward in the Budget for Consultation report in January.
5. Cabinet notes the low prospects for an improved settlement and the upward pressure on Council Tax.
6. Cabinet notes the ongoing work to lobby Welsh Government for:
 - Improved funding settlements to cover the growth in ALN, Social Care, Education, Transport and Homelessness costs;
 - A review of the funding mechanism, especially the formula for Schools; and
 - An uplift to statutory fee levels for care contributions and planning fees.
7. Cabinet notes the prospect of a UK multi year settlement to be announced in the Spring Budget
8. Cabinet refers this report to the Council's Scrutiny Committees to review the work mitigating the cost pressures for consideration and for any recommendations to be referred back to Cabinet.

Reasons for Recommendations

1. To make Cabinet aware of the financial challenge facing the Council in 2025/26.
2. To make Cabinet aware of the risk that will be inherent in budget setting for 2025/26.
3. To provide transparency on those cost pressures which Council will not be able to accommodate in the 2025/26 Budget.
4. To confirm the approach to balancing the budget and give assurance that the work is underway.
5. To provide clarity on the need to balance the budget through a range of measures.
6. To continue to make the case for funding to support financial sustainability in the face of mounting costs and demand across a range of services and that there is fair settlement for the Vale's schools and that statutory fees are set at a level which enable the Council to cover its costs.
7. To make Cabinet aware of the positive prospect of a multi year settlement which will support financial planning and sustainability.

8. To ensure an open and transparent approach to financial management in line with the approved Financial Strategy.

1. Background

1.1 Council's Financial Position

1.2 The Vale of Glamorgan is a low spending and taxing Authority receiving the second lowest share of Government grant share of the 22 Welsh counties. For 2024/25 it has the sixth lowest Council Tax and is the third lowest spending.

1.3 The Council delivers a very diverse and extensive range of services with Education, Housing and Council Tax Support committing 81% of the Council's budget. In 2024/25 Budget Setting there was a focus on schools and social care with 70% of the spend being budgeted for these services and this represented a further relative increase in resources to these services compared to 68% of the Council's budget in 2023/24. Given the funding constraints and growing cost pressures set out later in this report it is inevitable that the 2025/26 budget will see a still greater percentage of its resources on these two core services.

Table 1 – Spend by Council Service

Service	Description	Net Spend 2024/25	% of Base Budget
		£000	%
Schools	Delegated spend for primary, secondary and Special schools including Additional Learning Needs Provision	119,566	39%
Social Care	Support services for vulnerable Adults and Children and Young People in our Community.	96,243	31%
Corporate Services and Policy	HR and Payroll; Finance including Council Tax, Rates and Benefits; Legal and Democratic Services; and also ICT and Office Accommodation costs total £5M.	14,541	5%
Learning & Skills	Central support for schools, libraries, arts and cultural provision.	13,872	4%
Council Tax Reduction Scheme	Statutory scheme supporting those on the lowest incomes.	11,460	3%
Waste and Recycling	The cost of Waste and Recycling Services	9,489	3%
Borrowing Costs	Capital financing costs and investment income	7,622	2%

Fire Levy	Payment of the levy to South Wales Fire & Rescue Service	8,311	3%
Highways	The cost of Highways and Engineering including Flood, Drainage and road maintenance	5,658	2%
Other Neighbourhood Services	Leisure, Parks, Street Cleansing and Supported Bus Services	6,473	2%
School Transport	Transporting Children and Young People to Mainstream and Special sector schools	5,769	2%
Regeneration and Planning	Includes management of the Planning function including development of the LDP, Regeneration, Country Parks and Tourism services.	3,163	1%
General Fund Housing	Community Safety and Homelessness provision	3,390	1%
Democratic Costs	Democratic Costs	1,666	1%
Regulatory Services	Food safety, animal welfare	1,638	1%
Total		308,861	100%

1.4 Corporate Plan Objectives

1.5 The budget is in place to deliver the Council's Corporate Plan.

1.6 The Council agreed its current five year Corporate Plan – 'Working Together for a Brighter Future' in 2020.

1.7 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. The current Plan sets out 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 continues to work in partnership, recognising the benefits this brings and the importance of joining up services around peoples' needs.

1.8 The Council is now embarking on developing its new Corporate Plan that will take the Council through to 2030. The new draft Plan was presented to Cabinet on 10th October and there is now a comprehensive period of consultation underway with the community and partners running until 8th December.

[Draft VoG Council Corporate Plan](#)

1.9 There are five new wellbeing objectives:

- i. Creating great places to live, work and visit;
- ii. Respecting and celebrating the environment;

- iii. Giving everyone a good start in life;
- iv. Supporting and protecting those who need us; and
- v. Being the best Council we can be.

1.10 The Plan sets out the reasons for choosing these objectives and how they will be achieved. Officers are actively working to ensure better alignment between the preparation of performance related documents and the formation of the budget, especially growth and savings and reflecting available resources in other plans.

1.11 Dovetailing with budget and new Corporate Plan is the Reshaping Programme and the Reshaping Prospectus was also approved by Cabinet on 10th October. It sets out the strategy to ensure the Council reshapes and transforms to deliver the Corporate Plan within the available resources.

1.12 A series of other corporate strategies are associated with the success of the Financial Strategy. These include the People Strategy setting out the way in which the workforce will be supported and developed, Corporate Asset Management Strategy setting out the direction and use of the Council's assets and a Digital Strategy to set a course for the use of digital technology as a key enabler of Council operations.

1.13 Financial Strategy

1.14 The Financial Strategy is broadly in keeping with the Strategy adopted over the past two years.

Delivering the Corporate Plan

1.15 The overriding objective of the Financial Strategy is to ensure that resources are aligned to corporate objectives. The development of the Council's budget will take place at the same time as new Wellbeing Objectives are being developed and approved in parallel to enable this to happen.

Focus on Supporting the Most Vulnerable

1.16 The Council continues to operate in challenging times with the cost of living crisis broadly driven by the war in Ukraine since March 2022 still having an impact on many residents with the high levels of inflation which persisted through 2024/25. The UK and Welsh Government led schemes are fully wound down but the Council continues to support 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

1.17 It is not enough to limit attention to setting the 2025/26 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 2025/26 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.

- 1.18** 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.
- 1.19** Given the scale of the initial challenge in 2024/25 the focus was rightly very much on that single year but for 2025/26 there is a greater attention on financial pressures and savings across the fuller medium term and further information regarding the renewed approach to transformation is provided later in this report.

Appropriate Level of Reserves

- 1.20** Covid-19, the war in Ukraine and more recent conflict in the Middle East and the cost of living crisis along with the outcome of the United States election serve as strong reminders of the uncertain world the Council is currently operating in, with inflation not having been as major a risk for many years as it has been albeit signs are it has at last stabilised. 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, and that they reflect the risks which the Council faces. The new risks around interest rates and inflation have been addressed through the comprehensive reviews of the reserves in 2023/24 and 2024/25 but the reserves will be subject to further review as part of 2025/26 budget setting and this is reinforced by the continued pressure on the Social Care reserve in the first part of 2024/25.

Generating Local Tax Revenue

- 1.21** 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 and Charges

- 1.22** The 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. A thorough review was undertaken in 2023/24 and this will be a key feature of annual budget setting.

Collective Responsibility to Manage the Finances

- 1.23** The Council has continued its track record in managing its finances well as was evidenced in the Audit Wales Financial Sustainability Reports in previous years. 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.

- 1.24** There has been a follow up piece of work by Audit Wales in the early part of this year "Financial Sustainability Review – Vale of Glamorgan Council", the outcome of which is being reported initially to Corporate Performance and Resources Scrutiny Committee on 20th November and then on to Governance and Audit Committee before Cabinet. The report has found that the short to medium term actions being taken on financial sustainability are sound but more needs to be done to secure longer term sustainability.
- 1.25** Day to day financial management is administered through the Oracle Fusion system 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 and independent assessment will be undertaken against the criteria set out in the Code.

Accessible and Transparent Finances

- 1.26** 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.
- 1.27** The Council's Annual Delivery Plan for 2024/25 sets out the commitment to do more in respect of public participation, both through early engagement (for example when savings proposals are being formulated and also in the publication of Equality Impact Assessments which are required to be in place alongside savings proposals when the Council consults on its budget).

Deliver Best Value

- 1.28** 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. Contract Procedure Rules and the underpinning Procurement code of Practice have recently been reviewed and updated and followed up with internal comms to promote their use. 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.

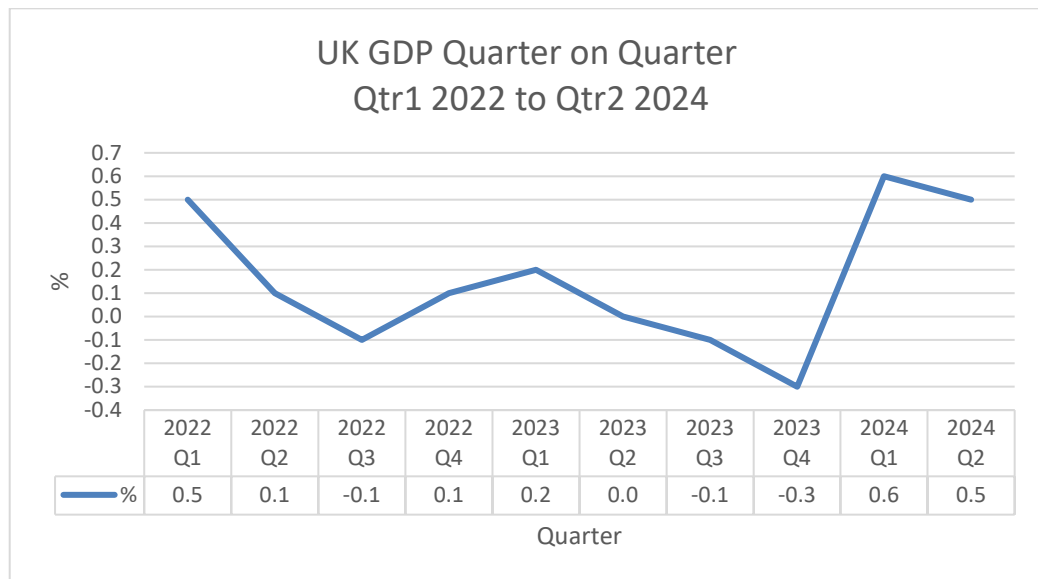
2. Key Issues for Consideration

2.1 Current Economic Position

- 2.2** The UK economy is still struggling to match historic rates of growth, the economy only grew 0.3% in 2023 and whilst set out in the chart below there has been healthier performance in the first two quarters of 2024, the monthly figures for July and August were 0% and 0.2% with the IMF forecast an improved but still

modest growth of 1.1% for 2024. There are forecasts for the medium term in the Chancellor’s Budget section below.

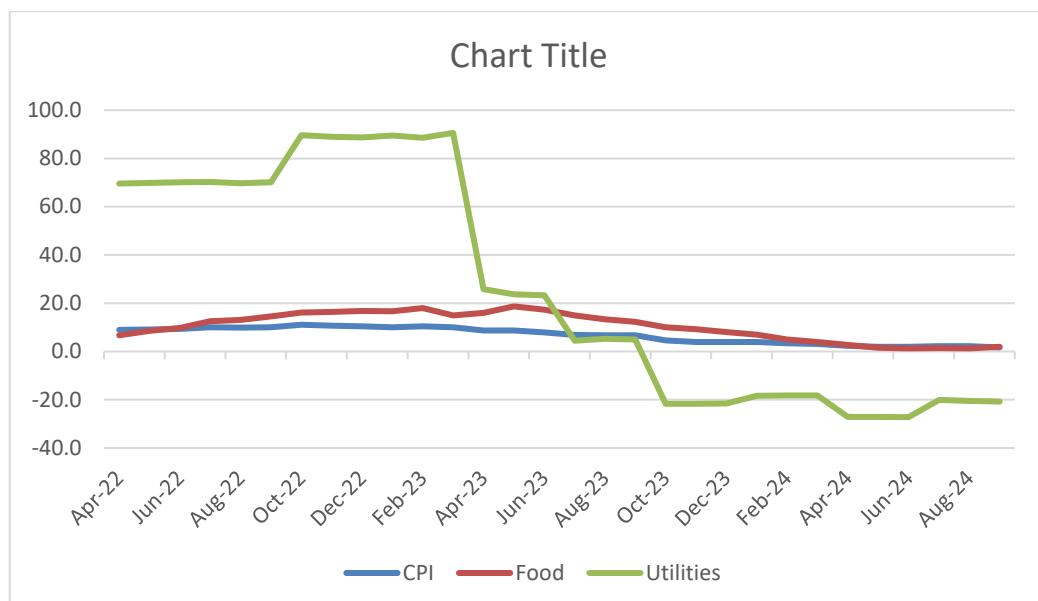
Chart 1 – UK Growth



2.3 The growth has been very much impacted by the high inflation and the Bank of England’s policy response on interest rates as it sought to hit the Government’s 2% target for inflation.

2.4 Inflation is back at policy level with a widely unexpected drop to 1.7% in September. There had been some speculation that it may kick back up at the time but subsequent analysis showed that wage growth had slowed to its lowest pace for more than two years which may contribute to some stability ahead. This has prompted anticipation of a further rate cut in November.

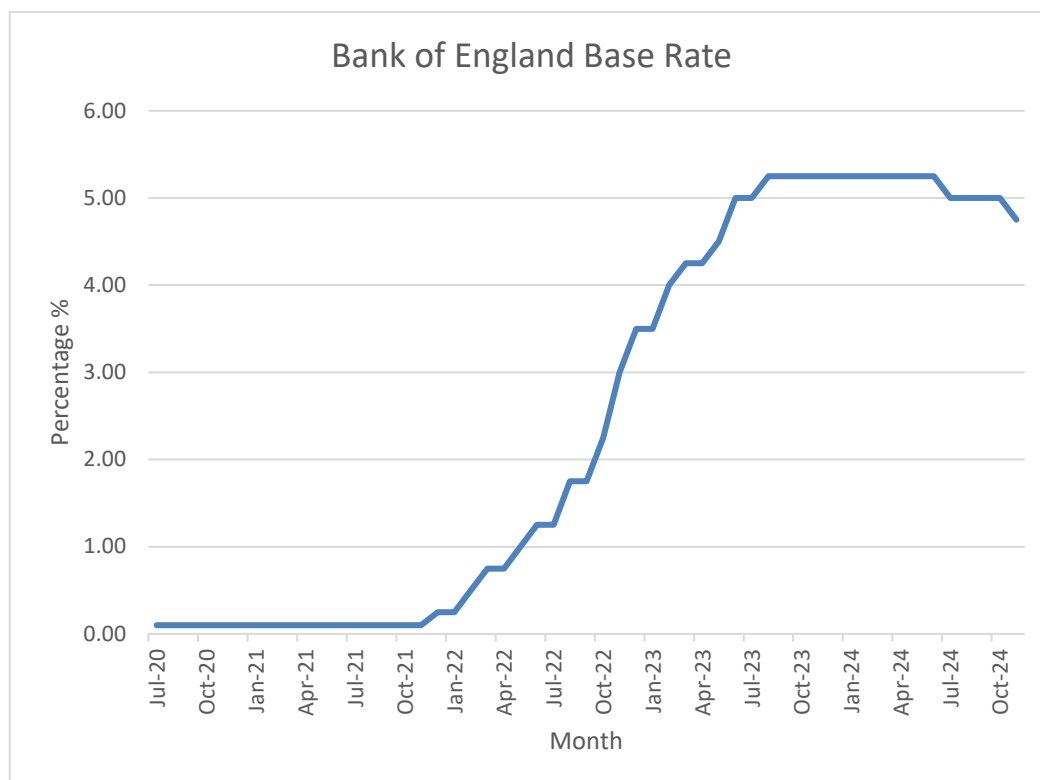
Chart 2 – UK Inflation



2.5 Persistent inflation meant the Bank of England has held firm on its interest rate strategy. The Bank of England Base Rate had remained at 5.25% since August

2023, which has been a noticeable drag on growth, until inflation started approaching policy levels in Spring 2024. The Monetary Policy Committee which was split on holding the rate at its 20 June meeting next met on 1st August and announced a reduction of a 0.25% despite some of the inflation risks at the time. The further easing of inflation in September set out above has given the MPC confidence to announce a further reduction to 4.75% at its meeting on 7th November. This is very good news for the UK economy and will certainly ease the recessionary pressure of a higher rate environment.

Chart 3 – Bank of England Base Rate



2.6 Chancellor’s Budget

2.7 The first budget of the new Labour Government was typical of a new Government with a significant change of direction. The Chancellor set out a tax and spend budget to underpin the new Government’s aims of investing in public services finances and stimulating increased economic growth.

2.8 There was extensive engagement with the Office for Budget Responsibility (OBR) in the delivery of the Budget. Inflation is forecasted at marginally in excess of the 2.0% CPI in the first four years of the Parliament. In addition the OBR forecasts some improvements in growth for years one and two but falling back in later years which are naturally a concern.

- GDP in 2024: +1.1%, up from 0.8% growth forecast at the March budget
- GDP in 2025: +2%, up from 1.9% growth forecast at the March budget
- GDP in 2026: +1.8%, down from 2.0% growth forecast at the March budget
- GDP in 2027: +1.5%, down from 1.8% growth forecast at the March budget

- GDP in 2028: +1.5% down from 1.7% growth forecast at the March budget
 - GDP in 2029: +1.6%, a new forecast
- 2.9** The fiscal stability rule stays in place with a commitment to bring the budget into balance by year five so the Government is not borrowing for day to day spending.
- 2.10** It was very much a tax raising budget with Employer's NI increasing by 1.2% and the threshold reducing from £9,000 down to £5,000. There's an exemption for public bodies but this will have an impact on the cost of contracted services which will also be impacted by the 6.7% increase in the minimum wage, the Real Living Wage still to be confirmed. There are also increases in Capital Gains Tax and Inheritance Tax for agricultural property. Also, as much trailed, the VAT exemption for private schools was removed.
- 2.11** There are a number of positives for public expenditure. Of note, all at a UK level, were £2.3Bn for core schools' budgets, £1bn for Special Education Needs and a range of measures for Local Government with at least £1Bn for essential services, £600M for social Care and £230M for Homeless and Rough Sleeping.
- 2.12** The result for Wales is £1.7Bn of consequentials through the Barnett formula. However, whilst this is viewed as an improvement in the order of £1Bn against the forecast earlier in the year much of it is potentially going to be taken by Health with the Chancellor having announced a £22.6Bn increase in the day to day health budget and existing and future pay awards which may be mirrored by Welsh Government. There has been a written response by Mark Drakeford and an oral statement in the Senedd.
- 2.13** There has also been a very helpful further briefing in the form of a blog from the Wales Fiscal Analysis Team. The £1.7Bn consequentials covers both 2024/25 and 2025/26. The analysis suggests there is an additional £774M in 2024/25 restoring the real terms level of the Welsh Government back to the level expected at the time of the 2021 Spending Review and a large proportion of this will go towards public sector pay awards already agreed for this year. These awards have ranged between 4% and 6% and have been estimated to cost approximately £360M more than the 2% increases assumed when the budget was set. The Welsh Government Budget then increases by a further £930M in 2025/26 (£694M revenue and £235M Capital). It is, nevertheless, unlikely there will be 100% clarity until the Welsh Government Budget announcement on 10th December 2024.
- 2.14** There has been positive news for the Council with the £20M Towns Fund monies secure which had been considered potentially at risk and also confirmation of the £20M Levelling Up Funding for the Barry Making Waves project. There is also a further interim year of Shared Prosperity Funding with £900M available across the UK which compares with £400M in 2022/23, £700M in 2023/24 and £1.5Bn in 2024/25.
- 2.15** There is to be a further budget in Spring 2025. There is a Spending Review planned which will then provide a UK settlement for two years (2026/27 and 2027/28) for revenue and a three year settlement (2026/27 to 2028/29) for Capital. Welsh Government will also be undertaking a spending review, which

will likely follow rather than running alongside. The outcomes of these reviews are clearly unknown at present, but they are welcome in terms of supporting financial planning by Local Authorities.

2.16 Refresh of the Medium Term Financial Plan

2.17 There has been extensive work across the summer and autumn refreshing the assumptions in the Medium Term Financial Plan with the pressures highlighted in the Quarter One Revenue Monitoring to Cabinet in September and the Quarter Two on this agenda having a major impact. There are total underlying pressures of £34.325M driven by social care, Additional Learning Needs (ALN), home to school transport and pay awards being the key drivers.

2.18 These underlying pressures along with the funding assumptions which are largely unchanged at this time are summarised in Table 2a.

Table 2a – Underlying Cost Pressures and Budget Gap.

	2025/26	2026/27	2027/28	2028/29	2029/30
	£K	£K	£K	£K	£K
Additional Funding					
Government Grant	2,095	2,116	2,137	2,158	2,180
Council Tax	3,232	0	0	0	0
Reversal of 2022/23 use of reserves	4,015	4,171	4,334	4,503	4,679
School deficit support	267	-267	0	0	0
Use of smoothing Reserves	-1,784	-500	-460	0	0
Total Additional Funding	7,825	5,520	6,011	6,661	6,859
Investment	1,633	-53	-214	0	0
Demography	3,045	2,652	1,947	1,923	1,933
Inflation Pay	9,323	5,325	5,463	5,605	5,750
Inflation Non Pay	8,960	5,275	5,275	5,275	5,275
Capital Financing	92	162	324	89	182
Other Pressures	11,272	259	-117	330	275
Total Pressures	34,325	13,620	12,678	13,222	13,415

Existing Savings Proposals	-1,684	-50			
Reversal of previous Savings	1,132	750			
Overall Gap	25,948	8,800	6,667	6,561	6,556

2.19 Clearly this level of pressures cannot be accommodated and a thorough review by senior officers has been undertaken in early November. This is similar approach to that taken in developing the 2024/25 budget and whilst there are significant pressures in year, they have been driven primarily through greater growth in demand than expected rather than through cost pressures not being awarded in the current budget.

2.20 Table 2b below sets out the budget gap after the review of the cost pressures. The full detail of the individual lines is set out in Appendix A(i) and Appendix (ii) provides an analysis of the approach to manage the underlying pressures.

Table 2b – Cost Pressures and Budget Gap with Initial Management Action.

	2025/26	2026/27	2027/28	2028/29	2029/30
	£K	£K	£K	£K	£K
Additional Funding					
Government Grant	2,095	2,116	2,137	2,158	2,180
Council Tax	3,232	0	0	0	0
Reversal of 2022/23 use of reserves	4,015	4,171	4,334	4,503	4,679
School deficit support	267	-267	0	0	0
Use of smoothing Reserves	-1,784	-500	-460	0	0
Total Additional Funding	7,825	5,520	6,011	6,661	6,859
Investment	538	-53	-214	0	0
Demography	1,546	2,652	1,947	1,923	1,933
Inflation Pay	8,955	5,325	5,463	5,605	5,750
Inflation Non Pay	6,442	5,275	5,275	5,275	5,275
Capital Financing	92	162	324	89	182

Other Pressures	5,643	259	-117	330	275
Total Pressures	23,215	13,620	12,678	13,222	13,415
Existing Savings Proposals	-1,684	-50			
Reversal of previous Savings	1,132	750			
Overall Gap	14,838	8,800	6,667	6,561	6,556

2.21 Funding

2.22 Welsh Government Grant

2.23 When the Welsh Government set its budget earlier in the year this contained a single year settlement for Local Government. As the Council has asserted in the Financial Strategy over a number of years, single year settlements make planning over the medium and longer term a real challenge. Nevertheless, the Council has made funding assumptions in order to develop its five year Medium Term Financial Plan and has relied on work undertaken by the Wales Fiscal Analysis Team which is the basis of the 1% growth forecast for 2025/26 and for the subsequent years of the Plan. Other Welsh Authorities have had varying interpretations of the data with a number forecasting at the same level as the Vale but a number also being more pessimistic and forecasting no growth or indeed a reduction in funding. The Chancellor's Budget on 30 October does give some cause for optimism but there is insufficient information at this time to adjust the existing forecast. It is a critical element of the Council's budget with every 1% equating to £2M.

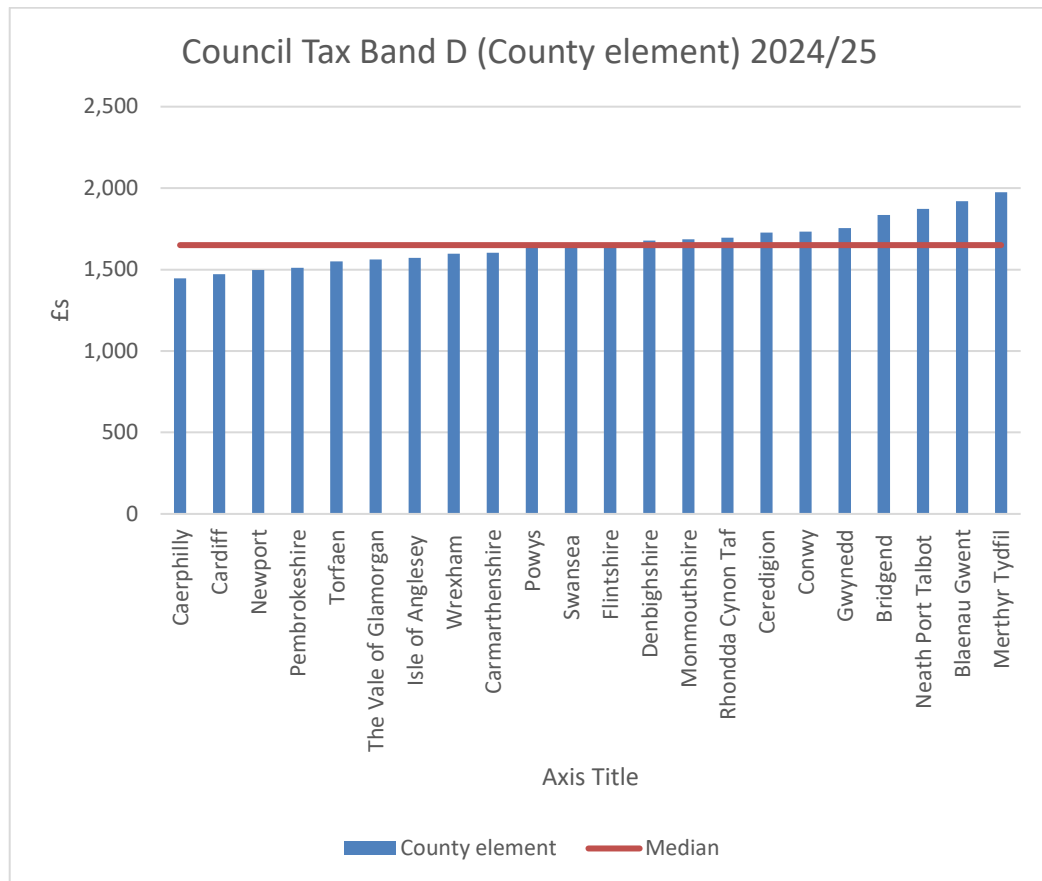
2.24 The Teachers Pension Fund was revalued at the end of 2023 which gave rise to a 5% increase in employers' contributions. The Treasury has made the additional funding to meet the increased cost by way of a grant in 2024/25 but eight months into the financial year this is still to be allocated. For 2025/26 it is assumed that this will be a transfer into Aggregate External Finance (AEF).

2.25 As seen in the chart in the Background section of this report, the Vale of Glamorgan is the second lowest funded of all of the Welsh Authorities. A significant contributor to this is the Schools' element of the overall settlement which the Council believes is unfairly low due to the use of outdated data and an incorrect approach to recognising the drivers for the incidence and costs of Additional Learning Needs in the pupil population. The Council hold the strong view that the formula needs to be reviewed and continues to lobby through the Welsh Local Government Association and directly with Welsh Ministers to this end. Given the extensive cost and demand pressures below in respect of ALN, Social Care, Transport and Homelessness, the Council will also continue to lobby for increases in the overall level of resource for Local Authorities as well as how it is distributed.

2.26 Council Tax

2.27 Council Tax is currently modelled at 3.9% across all five years of the Medium Term Financial Plan as set out in the Financial Strategy in July. The Council increased the rate of Council Tax by 6.7% when setting the budget in March. It had previously been the seventh lowest but is now sixth lowest and well below median on account of two North Wales Authorities having circa 10% rises and Torfaen having one of the lowest increases in Wales.

Chart 3 – Council Tax



2.28 Given the challenge of balancing the budget in the face of a constrained Welsh Government Grant Settlement and significant cost pressures, the level of Council Tax will need to have greater prominence and may need to be higher than the modelled number to enable the Council to resource its Social Care and ALN services, in particular, appropriately. The Vale of Glamorgan’s County element of the charge for 2024/25 is £1,563 with the median across Wales being £1,650. It would require an increase of 5.63% over the modelled sum assuming similar increases by other Welsh counties for the Vale of Glamorgan to be at the median level in the country. This action would yield an additional £5.6M.

2.29 The Financial Services Team is currently working on the Council Tax base (the number of chargeable properties) calculations for 2025/26 and will report this to Cabinet in December. There is an expectation of growth in the base which will support balancing the budget but it is too early to quantify at this time.

2.30 Reserves

2.31 The Council introduced a 'smoothing' approach to manage transitory pressures when setting the 2023/24 budget and this continues to operate. There has been further review across the summer and autumn following restatement of the position in the Financial Strategy in July. Reserve support for Energy and Cost of Living was planned to drop out in 2025/26 and this is the continued approach with matching adjustment being made to the spend forecasts.

Table 3 – Smoothing Reserves

	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Corporate Energy	1,200	900	0	0	0
School Energy	1,200	200	0	0	0
Homelessness	200	1,460	960	460	0
Cost of Living	200	100	0	0	0
Risk, Reshaping and Investment	0	84	0	0	0
Total Use of Smoothing Reserves	2,800	2,744	960	460	0
Movement in Use of Reserves	0	-56	-1,784	-500	-460

2.32 Pressures £23.215M

2.33 Investment £0.538M

2.34 There is a need to invest in certain Council provision which ultimately would have a preventative benefit but given the scale of the overall pressures it simply cannot be accommodated. There were investment proposals of £1.633M. However, in pursuing the strategy of reviewing the cost pressures with the aim of reducing them significantly, difficult decisions have had to be taken. For example, it has not been possible to take forward £0.478M of additional Resource Base provision in the delegated schools' budget and £0.170M provision in Learning and Skills to support disengaged pupils, and wake in and appointeeship support in Adult Social Care as well as postponing moving the Council Tax system into the cloud along with investing in apprentices in the team.

2.35 There is though, £0.267M short term support for assist schools in addressing the financial challenges they face in setting balanced budget, £0.200M for the replacement Schools MIS system and £71K for the Pre Birth Programme in Children's Social Care.

2.36 Demography £1.546M

2.37 There are underlying demographic pressures of £3.045M. £0.763M of this is in schools but represents £1.407M additional special school requirement but a £0.644M reduction in mainstream schools with a declining pupil population. It is

proposed to only fund £1.0M of the special school growth which effectively squeeze the unit of resource.

- 2.38** The remainder of the demographic pressures are in Adult Social Care with £1.000M of the £2.092M sought by the Directorate being taken forward as the forecasts continue to be reviewed. Year on year growth is anticipated and £0.650M per annum is included in future years but these numbers will need to be review annually.
- 2.39 Inflation – Pay £8.955M**
- 2.40** Pay Awards are a significant driver on the Council’s cost pressures and the underlying pressure of £9.323M is in itself in excess of the total funding growth for the Council.
- 2.41** £3.232M is in respect of the additional employers’ contributions for teachers’ pensions following the revaluation of the Teacher Pension fund which came into force from 1 April 2024. A grant is expected to cover this cost in 2024/25 with a transfer into AEF for 2025/26. Given the flows of resources from UK to Welsh Government and then allocation across Welsh counties there is unlikely to be a perfect match.
- 2.42** Pay awards in schools are estimated to cost £4.630M and these are being taken forward in full at this stage including the impact of the September 2024 award for teachers. However, in order to take a balanced budget forward for 2025/26 it is anticipated that it will be necessary to set schools an efficiency target to meet the overall cost of schools provision within available resources.
- 2.43** For the rest of the organisation the Local Government pay settlement is estimated to be approximately£1.461M and these estimates do not include the impact of the National Insurance changes, the likely pay award will be kept under review as through pay setting period progresses. In common with the approach in 2024/25 only 75% is built into the current proposals which will require management on a service by service basis. No Council services have been excluded from this approach.
- 2.44 Inflation – Prices £6.442M**
- 2.45** Price inflation is the second largest of the Council’s pressures, the underlying pressure being £8.960M and these pressures are across social care and environmental services. Provider fees will be under pressure with the increases in the minimum wage and real living wage to follow as well as the increase in employers’ national insurance contributions. The service pressures here had amounted to £7.970M but this has been pared back to £5.907M which will certainly cover the pay pressures highlighted above. Elsewhere, school transport continues to be under pressure and a further £1.000M has been allocated at this stage.
- 2.46 Other Pressures £5.643M**
- 2.47** Pressures of £11.272M have been identified and these have been subjected to the greatest rigour inn the initial management review. The majority of the pressures taken forward are in Social Care with the need to right size the

Children's and Adults budgets given the overspends in 2024/25 which amount to £4.5M. £0.500M has been allocated for highways repairs albeit the service was seeking £1.000M. £1.323M of pressures for the expansion of special resource places in mainstream schools have not been taken forward with existing provision having to meet this need. Minimal level of pressures has been able to be taken forward across Place and Corporate Resources directorates.

2.48 Capital Financing £0.092M

2.49 The St Richard Gwyn and Ysgol Iolo school schemes have not been fully funded by grants, contributions and capital receipts. The shortfall has been met from borrowing which needs to be financed and will add pressure to the revenue budget in the longer-term.

2.50 Existing Savings and Reversal of Previous Savings

2.51 £1.684M of year two savings were proposed when the 2024/25 to 2028/29 MTFP was approved by Council in March. These are detailed in Appendix B and are all subject to further review.

2.52 There were also one off savings of £1.132M in the 2024/25 to 2028/29 budget which are reversed out 2025/26. These were mainly Policy one offs for investment income and internal borrowing.

2.53 Fees and Charges

2.54 The Council's Fees and Charges will come forward in the January Budget for Consultation Report. As set out in the Financial Strategy principles above the underlying requirement is for discretionary charges to recover cost as a minimum. The policy in the past two years has also been for existing charges to be increased in line with September CPI but this approach is not appropriate for 2025/26 with the September 2024 CPI being 1.7% which is below the specific inflationary figures being experienced being greater than this general figure due in the main to pay awards being above this level.

2.55 There are a number of statutory fees set by Welsh Government which have been frozen for a number of years and naturally these mean that income for the services concerned is well below the costs of delivering these services. The two key areas are care contributions and planning fees. This is another area where the Council is lobbying through WLGA and other networks to increase these to a level which would enable costs to be covered. There is currently a Welsh Government Consultation underway to raise planning fees to support full cost recovery with subsequent annual uplifts for inflation, closes 17th January 2025.

2.56 Balancing the Budget

2.57 Balancing the budget continues to be the same challenge as in previous years:

- i. Maximising funding through lobbying for improved settlements and tax raising;
- ii. Managing costs; and
- iii. Reshaping and transforming or reducing services.

2.58 To date there has been the extensive identification of pressures across the late summer and early autumn which have been followed up with the first round of Budget Working Groups to better understand the day to day service costs as well as these new and emerging pressures. These working groups have also provided opportunity for an initial discussion on potential areas of reshaping and transformation and the inevitable tactical savings. Whilst the initial review of costs has sought to protect school and social care commitments as far as is possible, both of these areas of the organisation are going to have to contribute to bridging the remaining budget gap.

2.59 Progress on setting budget

2.60 Reshaping

2.61 The cornerstone of the Council's budget setting for 2025/26 and the medium term to ensure financial sustainability is its Reshaping Programme. This has emerged over the past two budget cycles and following an outline report to Cabinet in January 2024 the full prospectus was approved at Cabinet on 10th October 2024.

2.62 [Reshaping Programme Update](#)

2.63 The framework contains five interrelated themes:

- i. Target Operating Model
- ii. Service Transformation
- iii. Strengthening Communities
- iv. Digital Innovation
- v. Economic Resilience

2.64 These themes are being used to identify, develop and deliver individual streams of activity within the overarching Reshaping Programme. Sponsors and project managers are in place for all of the elements.

Target Operating Model

2.65 This theme considers issues around the Council's processes, people, structure, governance and technology and how the organisation should look and function to deliver our priorities and core activity.

2.66 The Council's Target Operating Model (TOM) is the way in which the overall strategy of the organisation (via the new Corporate Plan) will be delivered in strategic terms. Defining the organisation's TOM will take the objectives of the Reshaping Programme and vision of the organisation for Strong Communities with a Bright Future and enable a set of organisation-wide principles to be developed on issues such as structure, delivery models that will/will not be acceptable, the Council's strategic approach to partnership working, how people are managed and developed, as well as decision making, performance and scrutiny approaches. The TOM will provide the direction and enabling activity to deliver the work involved in the other transformation themes, supported by key Council strategies such as the People Strategy, Digital Strategy, Medium Term

Financial Plan, Corporate Asset Management Strategy and forthcoming Data Strategy. This theme is both about 'what' we do and also 'how' we do it.

Service Transformation

- 2.67** A key component of the transformation programme will be in considering how individual services can be transformed to make them more sustainable in the medium to longer term.
- 2.68** This theme will take the principles defined by the TOM and apply them to individual services (or combinations of services). Consideration will be given to the best model for operating services, such as in collaboration with partners, by internal reorganisation, the role of digital technology and other service delivery models such as social enterprise, not for profit arms-length trading and others.

Strengthening Communities

- 2.69** This theme will develop the Council as an enabler and facilitator rather than direct provider of some services as well as defining how the organisation interacts with partners.
- 2.70** Work to strengthen our communities is integral to how we transform as an organisation and there are a range of activities underway to take forward this work, reflecting our role as an enabler and facilitator as well as a provider of services.
- 2.71** This theme will be important as the financial position of the Council means that in the future some services may not be possible to deliver directly (and indeed, as has been seen, are sometimes more appropriately and effectively delivered by others with support of the Council, for example, the previous service transformation to create community libraries which ensured libraries continued to be viable within individual communities).

Digital Innovation

- 2.72** The digital innovation theme will involve the Council seeking to ensure that digital innovation is at the heart of what we do and secures efficiency across the board.
- 2.73** The newly adopted Digital Strategy sets out four areas of digital activity:
 - i. Community & Involvement
 - ii. Organisation & Processes
 - iii. People & Skills
 - iv. Data & Insight
- 2.74** This work will be progressed as outlined in the Digital Strategy and provide significant opportunity to support the other themes, notably Service Transformation and Strengthening Communities.

Economic Resilience

- 2.75** The theme of economic resilience is centred around the Council's role in supporting economic resilience in how to 'level up' and ensure that a place-

based approach is effective in the creation of sustainable communities with good employment.

2.76 Areas of focus within this theme will include the Council’s response to the UK Government’s Levelling Up and Transforming Towns funding, alongside the use of Council assets to support economic resilience. The TOM will influence this theme in the Council’s approach to working with Capital Region partners in the attraction of business to the county to support sustainable and high-quality jobs

2.77 Reserves

2.78 There was a greater than planned reduction in reserves of £4.465M during 2023/24 than planned albeit an improved position at year end compared to the forecast at the end of the third quarter. The impact of this was addressed in the Revenue Outturn 2023/24 Report to Cabinet in July. However, there has been intense pressure on reserves in 2024/25 as reported in detail in the Quarter Two Revenue Monitoring Report on this agenda.

2.79 The Council has been having a comprehensive review of its reserves twice a year; during budget setting and again at year end. The latest review of the reserves is, therefore, underway and will concentrate on ensuring that reserves will be predominantly held to cover known risks and to support reshaping and transformation, which will be through the Digital, Assets and Reshaping reserves. The output from this review will feature in the January Budget for Consultation.

2.80 Not delivering savings is a risk, given the performance in 2023/24 and 2024/25 but also the likely size of the savings programme for 2025/26. It is expected that the review of reserves will need to free as much as £2.5M to cover this risk.

2.81 Possible Scenarios/Sensitivity Analysis

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

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

2.84 Table 4 - Sensitivity Analysis

Area of income/spend	2024/25 Budget £K	1% Movement £K
AEF	-209,781	-2,098
Council Tax	-99,080	-991
Teachers Pay	85,144	851
Non Teaching Pay	110,086	1,101
Borrowing	9,472	95

2.85 Next steps

2.86 It is recommended that Cabinet refers this report to all Scrutiny Committees to review and comment on the approach, analysis and progress to deliver the

2025/26 Budget and 2025/26 to 2029/30 Medium Term Financial Plan. Any comments will be referred back to Cabinet.

- 2.87** Also following publication of this report there are to be a number of briefing sessions including to elected Members and also public awareness raising of the Council's budget and the decision making process. This work has already commenced as part of engaging and consulting on the Council's draft Corporate Plan.
- 2.88** As indicated above, across November and early December services will continue to be working through their transformation and reshaping initiatives and tactical savings.
- 2.89** The Welsh Government will announce the provisional settlement on 10th December at which point it will be possible to assess the overall resources of the Council and the size of the reshaping/savings programme and potential level of Council Tax that will be required to set an achievable budget.
- 2.90** That Budget for Consultation will be published for approval by Cabinet during January which will be followed by a four week period of consultation with scrutiny, communities and other interest groups. There has been continuous consultation on the Council's use of its limited resources. The development of the budget continues to be influenced by the Let's Talk About Life in Vale survey from autumn 2023 as well as feedback on the Council's Draft Corporate Plan 2025-30.
- 2.91** The Draft Budget and MTFP will then be presented to Cabinet later in the month of February and for approval by Council during early March 2025.

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 consider the longer term implications of decisions, including the continued lobbying of Welsh Government for genuine multi year financial settlements to enable better forecasting and projection of budgets. This is a key driver for the redefining of the Reshaping Programme to ensure a balance medium and longer term reshaping and transformation alongside short term tactical financial decisions.
- 3.3** The approach to setting a balanced budget described in the body of this report includes reference to collaboration and the value of this approach has been well evidenced in recent years, most notably in the response to the pandemic, where the pooling of resources (whether financial, capacity or expertise) has resulted in improved outcomes and better value for money. Additionally, the inclusion of

the strengthening communities transformation theme indicates the value placed on collaboration and recognition of the integrated nature of the Council's work within the wider public and third sectors.

- 3.4** The report sets out proposals for consulting widely on the Council's budget, demonstrating the importance being placed on involving people in decision making and this will be further strengthened through the use of insight gained through engaging on the Council's new Corporate Plan and Reshaping and Transformation Programme as well the public opinion exercise. In understanding the views of others through this process, decisions will be taken in an integrated way – both internally and externally

4. Climate Change and Nature Implications

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

5. Resources and Legal Considerations

Financial

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

Employment

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

Legal (Including Equalities)

- 5.4** The Council is required under statute to fix its Council Tax for the financial year 2025/26 by 11th March 2025 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 2025/26 Budget and MTFP at Council in March 2025 is aligned to the Council's draft Corporate Plan – 2025-30 which is currently being consulted upon as well as the Reshaping Programme.
- 5.6** The budget proposals as set out in the report 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 specific proposals and strategies set out in the report will require the completion

of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

6. Background Papers

[Financial Strategy 2025-26 to 2029-30](#)

Cost Pressures

Appendix A(i)

Description		Adjusted 2025/26	2026/27	2027/28	2028/29	2029/30	Category of Growth
		£000's	£000's	£000's	£000's	£000's	
Directorate: Learning and Skills							
Delegated Schools							
Schools	Special school demographic increase - Demographic increase in pupils requiring placement in special school Ysgol Y Deri	1,000	1,274	1,274	1,274	1,274	Demographic
Schools	Demographic Decrease in mainstream pupils - . (negative cost pressure) - The 2025/26 negative cost pressure is based on a reduction in pupils from the January 2023 plasc to the Janaury 2024 plasc. The projections for 2026/27 onwards are estimated and under annual review	-644	-462	-367	-391	-381	Demographic
Schools	Additional Learning Needs in mainstream schools - to retain pupils in the mainstream sector and ease pressure on specialist placements and Ysgol Y Deri mainstream schoos need support to carry out statutory duties to deliver local interventions. ALN interventions can't be prioritised meaning that the LA is being requested to maintain IDPs. Normally would generally be expected to be provided by mainstream schools.	0	0	0	0	0	Pressure
Schools	Schools Teaching pay Award 25/26	3,492	2,670	2,750	2,832	2,917	Inflationary - Pay
Schools	Schools Non-teaching pay Award 25/26	1,138	1,172	1,207	1,244	1,281	Inflationary - Pay
Schools	Energy Step Down	-200					Pressure
Schools	FSM Step Down	-100					Pressure
Schools	Teachers Superannuation - 5% increase	3,192					Inflationary - Pay
Delegated Schools		7,878	4,654	4,864	4,959	5,091	
Central Learning and Skills							
Learning & Skills	Specialist Head Teacher consultancy support - to assist schools with recovery plans for deficit schools, in particular in relation to transformation of teaching and learning. (two year project)	214	0	-214	0	0	Investment
Learning & Skills	Schools Procurement Officer - To provide contract support to schools and consider the feasibility of total school contracts on mass with certain supliers in order to achieve efficiencies. Grade 9	53	-53	0	0	0	Investment

Cost Pressures

Appendix A(i)

Description		Adjusted 2025/26	2026/27	2027/28	2028/29	2029/30	Category of Growth
		£000's	£000's	£000's	£000's	£000's	
Learning & Skills	Expand Welsh Medium ALN specialist resource base at Gwaun Y Nant - in order to meet the increasing demand for pupils with autism and anxiety in the WM primary sector, and reduce the number of pupils requiring a specialist placement in Ysgol Y Deri, a new Welsh medium resource base was piloted and following consultation has now been established. (Allocated to Central Education for Delivery)	0	99	74	0	0	Pressure
Learning & Skills	Out of county complex needs placements. There is a significant increase in the number of placements out of county placements or with independent providers due to the lack of in-house provision to meet increasingly complex ALN.	500	0	0	0	0	Pressure
Learning & Skills	Reduction in Out of County Income - income from other LAs in respect of placements in Ysgol Y Deri from Out of County is reducing each year as existing pupils become school leavers. There are less places available for out of county pupils at Ysgol Y Deri as more places are required by Vale of Glamorgan Pupils.	400	184	129	105	0	Pressure
Learning & Skills	New cloud based MIS platform for schools with Arbor	200	0	0	0	0	Investment
Learning & Skills	Pay Award (non-schools) Central Learning and Skills Staff	260	350	350	350	350	Inflationary - Pay
Learning & Skills	Teachers Superannuation (Non-schools) for centrally funded staff-5% increase	40	0	0	0	0	Inflationary - Pay
	Revenue impact of additional Sustainable Communities for Learning St Richard Gwyn - Revenue cost of borrowing to progress the scheme	92	55	55	24	50	Capital Financing
Learning & Skills	Revenue impact of additional Sustainable Communities for Learning Ysgol Iolo - Revenue cost of borrowing to progress the scheme	0	0	120	13	0	Capital Financing
Central Learning and Skills		1,759	635	514	492	400	
Total Learning and Skills		9,637	5,289	5,378	5,451	5,491	
Directorate: Social Services							
Children Services							
Social Services	Pre-birth Programme	71					Investment
Social Services	Inflationary pressures across the service	818	500	500	500	500	Inflationary
Social Services	External Placements - more children are requiring placements	3,000					Pressure
Social Services	External Placements - more children are requiring placements	0	1,000	200	200	200	Demographic
Total Children Services		3,889	1,500	700	700	700	

Cost Pressures

Appendix A(i)

Description		Adjusted 2025/26	2026/27	2027/28	2028/29	2029/30	Category of Growth
		£000's	£000's	£000's	£000's	£000's	
Adult Services							
Social Services	Inflationary pressures across the service	5,089	4,500	4,500	4,500	4,500	Inflationary
Social Services	Adjusting Base Budget Adult Placements	1,500					Pressure
Social Services	Demographic Pressures - increased numbers of people requiring care and support	1,000	650	650	650	650	Demographic
Adult Services		7,589	5,150	5,150	5,150	5,150	
Resource Management and Safeguarding							
Social Services	Care Home Additional Funding	100	0	0	0	0	Pressure
Total Resource Management and Safeguarding		100	0	0	0	0	
Total Social Services		11,578	6,650	5,850	5,850	5,850	
Environment and Housing							
Environment and Housing	Waste Contract Contractual Inflation and New Developments	0	75	75	75	75	Inflationary
Environment and Housing	Cost of B&B Homelessness Accommodation	-500	-500	-445	0		Pressure
Environment and Housing	Highway Repairs - Increased costs of footway and carriageway repairs due to continued underfunding of highway and footway resurfacing / refurbishment.	500	200	200	200	200	Pressure
Environment and Housing	Ash Die Back	100	0	0	0	0	Pressure
Environment and Housing	Asset Maintenance Neighbourhood Services Asset Repairs		50	50	0	50	Pressure
Total Environment and Housing		100	-175	-120	275	325	
Environment and Housing - Schools Transport							
Environment and Housing	School Transport - Inflationary increase for School Transport reflecting rising fuel costs and shortage of drivers and providers in the market.	1,000	200	200	200	200	Inflationary
Environment and Housing	ALN transport - The cost of transport for the Demographic increase pupils Ysgol y Deri,	190	190	190	190	190	Demographic
Total Environment and Housing - Schools Transport		1,190	390	390	390	390	
Place							
Place	Regional Local Development Plan - cost of public enquiry and Programme Officer	0	150	-150			Pressure

Cost Pressures

Appendix A(i)

Description		Adjusted 2025/26	2026/27	2027/28	2028/29	2029/30	Category of Growth
		£000's	£000's	£000's	£000's	£000's	
Total Place		0	150	-150	0	0	
Directorate: Corporate Resources							
Corporate Resources	Contract Inflation on Various ICT Contracts	35	0	0	0		Inflationary
Corporate Resources	Coroner	25	25	25	25	25	Pressure
Corporate Resources	Network management & Security licence	115	0	0	0		Pressure
Corporate Resources	Occ Health - Ongoing cost pressure for the provision of an occupational health service, these costs include GP support, counselling support services, wellbeing, medical provisions and flu vaccinations	100	0	0	0		Pressure
Corporate Resources	Data Centre - Following the over-heating incident, it was identified that a higher level of service was required for Data Centre cooling	23	0	0	0		Pressure
Corporate Resources	Firewalls - Ongoing maintenance and support for Firewalls, previous 5 years were included in Capital Bid	35	0	0	0		Pressure
Corporate Resources Pressure	Registars - Proposed changes to birth and death registrations arising from a Home Office project for the digital transformation of the service.	0	51	0	0		Pressure
Corporate Resources	Backups - Ongoing maintenance and support for Backups, previous 5 years were included in Capital Bid	45	0	0	0		Pressure
Corporate Resources	Microsoft Licenses - The Enterprise Agreement we currently have is due for renewal in 2025 and the new DTA24 pricing agreement framework is not currently available. This pressure covers a potential 10% increase in costs.	100	0	0	0		Inflationary
Total Corporate Resources		478	76	25	25	25	
	Members Remuneration - Independent Remuneration Panel for Wales Draft Annual Report	100	0	0	0		Inflationary
	City Deal - Revenue Costs Associated with Prudential Borrowing for the Council's Contribution	0	107	149	52	132	Capital Financing
Total Policy Corporate		100	107	149	52	132	
	Pay Award Non Schools Resources	215	292	298	304	310	Inflationary - Pay
	Pay Award Non Schools General Fund Housing	16	22	22	23	23	Inflationary - Pay
	Pay Award Non Schools Social Services	294	399	407	415	424	Inflationary - Pay
	Pay Award Non Schools Place	62	84	86	88	89	Inflationary - Pay

Cost Pressures

Appendix A(i)

Description	Adjusted 2025/26	2026/27	2027/28	2028/29	2029/30	Category of Growth
	£000's	£000's	£000's	£000's	£000's	
Pay Award Non Schools Neighbourhood Services	247	336	343	350	357	Inflationary - Pay
Energy Step Down - assumed 35% reduction in energy allocation	-700	0	0	0	0	Inflationary
Total Corporate	133	1,133	1,156	1,179	1,202	

Total Cost Pressures	23,215	13,620	12,678	13,222	13,415	
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	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Investment	538	-53	-214	0	0	413
Demographic	1,546	2,652	1,947	1,923	1,933	11,500
Pressure	5,643	259	-117	330	275	7,880
Inflationary - Pay	8,955	5,325	5,463	5,605	5,750	31,466
Inflationary	6,442	5,275	5,275	5,275	5,275	29,705
Capital Financing	92	162	324	89	182	849
Total	23,215	13,620	12,678	13,222	13,415	55,446

Cost Pressures Review Analysis

Appendix A(ii)

	Total			Schools			Learning & Skills			Social Services			Environment & Housing			Place			Corporate Resources			Policy			Total					
	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s	Adj £000s	Raw £000s	Diff £000s			
Investments																														
Resource Base	0	478	-478	0	478	-478	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	478	-478
School Funding	267	409	-142	267	409	-142	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	267	409	-142
Disengaged Pupils Provision	0	170	-170	0	0	0	0	170	-170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170	-170
Pre Birth Programme	71	71	0	0	0	0	0	0	0	71	71	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	71	71	0
Cloud MIS System Schools	200	245	-45	0	0	0	200	245	-45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200	245	-45
Care Home Additional Wake In	0	77	-77	0	0	0	0	0	0	0	77	-77	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	77	-77
Corporate Appointee	0	27	-27	0	0	0	0	0	0	0	27	-27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	-27
Cloud System Exchequer	0	100	-100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	-100	0	0	0	0	0	0	0	100	-100
Revenues Assistant	0	56	-56	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56	-56	0	0	0	0	0	0	0	56	-56
	538	1,633	-1,095	267	887	-620	200	415	-215	71	175	-104	0	0	0	0	0	0	0	156	-156	0	0	0	0	0	0	538	1,633	-1,095
Demography																														
Mainstream Pupils	-644	-644	0	-644	-644	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-644	-644	0
Special School Pupils	1,000	1,407	-407	1,000	1,407	-407	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000	1,407	-407
External Children's Placements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adults Placements	1,000	2,092	-1,092	0	0	0	0	0	0	1,000	2,092	-1,092	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000	2,092	-1,092
Special School Transport	190	190	0	0	0	0	0	0	0	0	0	0	190	190	0	0	0	0	0	0	0	0	0	0	0	0	0	190	190	0
	1,546	3,045	-1,499	356	763	-407	0	0	0	1,000	2,092	-1,092	190	190	0	0	0	0	0	0	0	0	0	0	0	0	0	1,546	3,045	-1,499
Pay Inflation																														
Schools Pay Award	4,630	4,630	0	4,630	4,630	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,630	4,630	0
Teachers Pension	3,232	3,232	0	3,192	3,192	0	40	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,232	3,232	0
Local Government Pay	1,093	1,461	-368	0	0	0	260	350	-90	294	392	-98	263	351	-88	62	83	-21	215	286	-72	0	0	0	0	0	0	1,093	1,461	-368
	8,955	9,323	-368	7,822	7,822	0	300	390	-90	294	392	-98	263	351	-88	62	83	-21	215	286	-72	0	0	0	0	0	0	8,955	9,323	-368
Non Pay Inflation																														
Provider Fees Children Placements	818	1,185	-367	0	0	0	0	0	0	818	1,185	-367	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	818	1,185	-367
Provider Fees Adults Placements	5,089	6,785	-1,696	0	0	0	0	0	0	5,089	6,785	-1,696	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,089	6,785	-1,696
Members Remuneration	100	200	-100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	200	-100	0	0	0	0	0	0	100	200	-100
ICT Contract Inflation	135	165	-30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	135	165	-30	0	0	0	0	0	0	135	165	-30
Other Contract Inflation	0	325	-325	0	0	0	0	0	0	0	75	-75	0	250	-250	0	0	0	0	0	0	0	0	0	0	0	0	0	325	-325
School Transport	1,000	1,000	0	0	0	0	0	0	0	0	0	0	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000	1,000	0
Energy Step Down	-700	-700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-700	-700	0	0	0	0	0	0	0	-700	-700	0
	6,442	8,960	-2,519	0	0	0	0	0	0	5,907	8,045	-2,139	1,000	1,250	-250	0	0	0	-565	-535	-30	100	200	-100	0	0	0	6,442	8,960	-2,519
Pressures																														
Resource Base	0	625	-625	0	545	-545	0	80	-80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	625	-625
School Pressure Step Down	-300	-300	0	-300	-300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-300	-300	0
ALN Mainstream	0	778	-778	0	778	-778	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	778	-778
ALN Staff	0	234	-234	0	0	0	0	234	-234	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	234	-234
Other Education Staff	0	372	-372	0	0	0	0	372	-372	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	372	-372
Out of County	900	1,062	-162	0	0	0	900	1,062	-162	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	900	1,062	-162
External Placements Children	3,000	3,000	0	0	0	0	0	0	0	3,000	3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000	3,000	0
External Placements Adult	1,500	1,500	0	0	0	0	0	0	0	1,500	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500	1,500	0
Social Services Staff	0	104	-104	0	0	0	0	0	0	0	104	-104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	104	-104
Care Home	100	145	-45	0	0	0	0	0	0	100	145	-45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	145	-45
Other Social Services	0	512	-512	0	0	0	0	0	0	0	512	-512	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	512	-512
Waste HGV Driver	0	500	-500	0	0	0	0	0	0	0	0	0	0	500	-500	0	0	0	0	0	0	0	0	0	0	0	0	0	500	-500
Homelessness Step Down	-500	-500	0	0	0	0	0	0	0	0	0	0	-500	-500	0	0	0	0	0	0	0	0	0	0	0	0	0	-500	-500	0
Highway Repairs	500	1,000	-500	0	0	0	0	0	0	0	0	0	500	1,000	-500	0	0	0	0	0	0	0	0	0	0	0	0	500	1,000	-500
Other Neighbourhood	100	559	-459	0	0	0	0	0	0	0	0	0	100	559	-459	0	0	0	0	0	0	0	0	0	0	0	0	100	559	-459
Place	0	377	-377	0	0	0	0	0	0	0	0	0	0	0	0	0	377	-377	0	0	0	0	0	0	0	0	0	0	377	-377
Corporate Resources	343	804	-461	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	343	804	-461	0	0	0	0	0	0	343	804	-461
Council Tax Reduction Scheme	0	500	-500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500	-500	0	0	0	0	0	0	0	500	-500
	5,643	11,272	-5,629	-300	1,023	-1,323	900	1,748	-848	4,600	5,261	-661	100	1,559	-1,459	0	377	-377	343	804	-461	0	500	-500	0	0	0	5,643	11,272	-5,629
Capital Financing																														
Sustainable Communities for Learning	92	92	0	0	0	0	92	92	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	92	92	0
City Deal	0	0	0	0	0	0	0	0	0	0																				

Appendix B

Directorate	Description of Saving Proposal		Investment Resource	Equality Impact Assessment Required	FTE Impact 2024/25	Saving Category	£'000 2025/26
Learning and Skills	Energy Saving in Schools ICT switch Off	Transformational	Yes	No	0	Digital innovation	165
Learning and Skills	Payments to Non Maintained Nursery Providers Additional Saving	Tactical	No	Yes	0	Service Review	11
Learning and Skills	Old Hall - 20% loss overall in Cowbridge consider alternative funding	Transformational	Yes	No	0	Target Operating Model	50
Social Services	Telecare Expansion & fee review	Transformational	Yes	Yes	0	Service Transformation	5
Social Services	Adult Transport Review	Tactical	No	Yes	0	Service Review	5
Social Services	Releasing time to care	Tactical	Yes	Yes	0	Service Review	350
Social Services	Continuing Health Care	Tactical	Yes	Yes	0	Service Review	250
Social Services	Debt Recovery	Tactical	Yes	No	0	Generating Income	30
Social Services	Direct Payment Review	Tactical	No	No	0	Generating Income	10
Social Services	Deferred Payment Arrangement fee (income)	Transformational	No	Yes	0	Target Operating Model	13
Social Services	Residential Accommodation for children	Transformational	Yes	Yes	0	Target Operating Model	240
Social Services	UASC Supported Accomodation	Transformational	Yes	Yes	0	Target Operating Model	75
Neighbourhood and H	Reassess Tracking Information to rationalise fleet	Transformational	Yes	Yes	0	Service Transformation	10
Neighbourhood and H	New Model for Community Centres to include full maintain of buildings	Transformational	Yes	Yes	1	Service Transformation	50
Neighbourhood and H	Expansion of Commerical Recycling Collections	Transformational		No	0	Target Operating Model	50
Neighbourhood and H	Charge for Post 16 Transport	Tactical	Yes	Yes		Generating Income	300
Neighbourhood and H	Colcot Sports Centre	Tactical	Yes	Yes	0	Corporate Asset Strategy	70
Total							1,684