



CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL

GWŶS I GYFARFOD O'R CYNGOR

C.Hanagan
Cyfarwyddwr Gwasanaeth y Gwasanaethau Democrataidd a Chyfathrebu
Cyngor Bwrdeistref Sirol Rhondda Cynon Taf
Y Pafiliynau
Parc Hen Lofa'r Cambrian
Cwm Clydach CF40 2XX

Dolen gyswllt: Sarah Handy - Swyddog Craffu ac Ymchwil i Aelodau (01443 424099)

DYMA WŶS I CHI i gyfarfod rhithwir o PWYLLGOR CRAFFU - CYLLID A CHYFLAWNIAD ar DYDD LLUN, 16EG TACHWEDD, 2020 am 5.00 PM.

Caiff Aelodau nad ydyn nhw'n aelodau o'r pwyllgor ac aelodau o'r cyhoedd gyfrannu yn y cyfarfod ar faterion y cyfarfod er bydd y cais yn ôl doethineb y Cadeirydd. Gofynnwn i chi roi gwybod i Wasanaethau Democrataidd erbyn Dydd Iau, 12 Tachwedd 2020 trwy ddefnyddio'r manylion cyswllt uchod, gan gynnwys rhoi gwybod a fyddwch chi'n siarad Cymraeg neu Saesneg.

AGENDA

Tudalennau

1. DATGANIAD O FUDDIANT

Derbyn datganiadau o fuddiannau personol gan Gynghorwyr, yn unol â gofynion Cod Ymddygiad y Cyngor.

Nodwch:

1. Mae gofyn i Aelodau ddatgan rhif a phwnc yr agendwm mae eu buddiant yn ymwneud ag ef a mynegi natur y buddiant personol hwnnw; a
2. Lle bo Aelodau'n ymneilltuo o'r cyfarfod o ganlyniad i ddatgelu buddiant sy'n rhagfarnu, rhaid iddyn nhw roi gwybod i'r Cadeirydd pan fyddan nhw'n gadael.

2. COFNODION

Derbyn cofnodion o gyfarfod blaenorol y Pwyllgor Craffu - Cyllid a Chyflawniad a gafodd ei gynnal 19 Hydref 2020.

5 - 12

ADRODDIAD Y CYFARWYDDWR GWASANAETH – GWASANAETHAU
DEMOCRATAIDD A CHYFATHREBU

3. DOLENNI YMGYNGHORI

Gwybodaeth mewn perthynas ag [ymgyngoriadau](#) perthnasol i'w hystyried gan y Pwyllgor.

ADRODDIADAU'R SWYDDOGION

4. ADRODDIAD Y CYFARWYDDWR GWASANAETHAU CYLLID A DIGIDOL

Trafod Cynllun Ariannol Tymor Canolig 2020/21 i 2023/24.

13 - 62

5. ADRODDIAD Y CYFARWYDDWR GWASANAETHAU CYLLID A DIGIDOL

Trafod yr Ymgyngoriad ar Gyllideb 2021/22.

63 - 74

6. ADOLYGIAD Y CADEIRYDD A DOD Â'R CYFARFOD I BEN

Adlewyrchu ar y cyfarfod a'r camau gweithredu i'w dwyn ymlaen.

7. MATERION BRYD

Trafod unrhyw faterion sydd, yn ôl doethineb y Cadeirydd, yn faterion bryd yng ngoleuni amgylchiadau arbennig.

Cyfarwyddwr Gwasanaeth y Gwasanaethau Democrataidd a Chyfathrebu

Cylchreliad:-

Y Cynghorwyr Bwrdeistref Sirol Y Cynghorydd M Powell a Y Cynghorydd G Thomas – Cadeirydd ac Is-gadeirydd, yn y drefn honno

Y Cynghorwyr Bwrdeistref Sirol:

Y Cynghorydd S Bradwick, Y Cynghorydd R Yeo, Y Cynghorydd S. Rees-Owen, Y Cynghorydd J Williams, Y Cynghorydd T Williams, Y Cynghorydd J Cullwick, Y Cynghorydd G Caple, Y Cynghorydd A Fox, Y Cynghorydd S Evans, Y Cynghorydd S Rees, Y Cynghorydd J Edwards and Y Cynghorydd W Owen

Y Cynghorydd Bwrdeistref Sirol S Belzak – Aelod ex officio

Y Cynghorwyr Bwrdeistref Sirol L.M.Adams a W Lewis – Cadeirydd ac Is-gadeirydd y Pwllgor Trosolwg a Chraffu yn y drefn honno

Aelodau Cyfetholedig Addysg er gwybodaeth-

Mr A Ricketts, Cynrychiolydd Awdurdodau Esgobaethol â'r hawl i bleidlais

Ms A Jones, Cynrychiolydd UNITE

Mr J Fish, Cynrychiolydd Rhiant-Lywodraethwr wedi'i ethol

Mr M Cleverley, Cynrychiolydd Cymdeithas Genedlaethol yr Ysgolfeistri ac Undeb yr Athrawesau a'r Panel Athrawon

Mr C Jones, Cynrychiolydd GMB

Mr D Price, Cynrychiolydd UNSAIN/UNISON

Mrs C Jones, Cynrychiolydd Undeb Cenedlaethol yr Athrawon a'r Panel Athrawon

Mrs R Nicholls, Cynrychiolydd Rhiant-Lywodraethwr wedi'i ethol

Y Cyghorwyr Bwrdeistref Sirol G Davies – Cadeirydd y Pwyllgor Archwilio

Tudalen wag



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE
Minutes of the virtual meeting of the Finance and Performance Scrutiny Committee held on Monday,
19 October 2020 at 5.00 pm..

County Borough Councillors - Finance and Performance Scrutiny Committee Members in attendance:-

Councillor M Powell (Chair)

Councillor G Thomas Councillor S Bradwick
Councillor R Yeo Councillor S. Rees-Owen
Councillor J Williams Councillor T Williams
Councillor J Cullwick Councillor G Caple
Councillor A Fox
Councillor S Rees
Councillor W Owen
Councillor J Edwards

Officers in attendance:-

Mr C. Hanagan, Service Director of Democratic Services & Communication
Mr P. Griffiths, Service Director – Finance & Improvement Services
Ms S. Davies, Head of Finance - Education & Financial Reporting
Mr S. Gale, Director of Prosperity & Development
Mr A. Wilkins, Director of Legal Services
Mrs S. Handy – Members' Researcher & Scrutiny Officer
Mrs S. Daniel – Senior Democratic Services & Scrutiny Officer

Co-opted Members in attendance:-

Mr J. Fish – Voting Parent/ Governor Representative

Other County Borough Councillors in attendance

Councillor M. Adams – Chair of the Overview & Scrutiny Committee
Councillor M. Norris – Cabinet Member for Corporate Services

1 Welcome

The Chair welcomed Members to the first virtual meeting of the Finance & Performance Scrutiny Committee for the 2020/21 Municipal Year.

The Chair informed Members that the agenda would be dealt with out of sequence, with agenda item 6 being dealt with first.

2 Apologies

An apology of absence was received from County Borough Councillor S. Evans.

3 Declaration of Interest

In accordance with the Council's Code of Conduct, there were no declarations made pertaining to the agenda.

4 Minutes

It was **RESOLVED** to approve the minutes of the 29th January 2020 as an accurate reflection of the meeting, subject to the following amendment:-

Councillor G. Thomas referred Members to page 9 (reference paragraph 4.4) and page 10 respectively, and emphasised that in seeking clarity on how the UK Consumer Prices Index (CPI) compared with the CPI in Rhondda Cynon Taf, this was in relation to the impact of inflation in the delivery of Council Services and not from a household / resident perspective within the County Borough. The Service Director – Finance & Improvement Services reassured Members that this point will be reflected in the minutes.

5 TREASURY MANAGEMENT ANNUAL REPORT

The Head of Finance - Education & Financial Reporting presented the report of the Director of Finance and Digital Services in respect of the Annual Treasury Management Review 2019/20, which had been presented to Council on the 29th July 2020 (attached to the report at Appendix 1).

Following the overview of the report provided by the Head of Finance, Members raised a number of questions.

Mr J. Fish, the Voting Elected Parent/Governor Representative, sought clarity around whether the £80M long term borrowing undertaken during the year, as set out in paragraph 8.2 of the report, was planned or whether the Council were seeking to take advantage of the low rates available at that point in time. The Head of Finance fed back that the borrowing undertaken was both planned for and also taken because of the low rates prevailing at that time.

The Chair also highlighted the £30M of borrowing taken on 5th July 2019 at an interest rate of 1.41% and further borrowing taken later at lower rates, and sought clarity around why the earlier tranches of borrowing were not delayed until rates reduced further to enable the Council to incur lower borrowing costs. The Head of Finance fed back to Members that borrowing decisions are informed by the latest market intelligence at the time and advice from the Council's Treasury Management Advisors, who review markets on an on-going basis, and confirmed that the rates secured during 2019/20 were low compared to previous historic rates. The Head of Finance also stated that the Council's approach is to not take all its borrowing requirement in one tranche if there is a possibility that interest rates they could reduce further.

Following discussion, Members **RESOLVED** to acknowledge the information within the report.

6 REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

The Service Director – Finance and Improvement Services presented the Council's Quarter 1 Performance Report (to 30th June 2020).

The Service Director explained that the Quarter 1 Performance Report was presented to Cabinet on the 24th September 2020 and contains revenue and capital budget performance; Treasury Management prudential indicators; Organisational Health information, including staff turnover; sickness and Council strategic risks; and Corporate Plan priority progress updates.

The Service Director advised Members that the first quarter revenue budget position is a full year projection, rather than a period variance that has been reported at this point in previous years, and explained that the aim of doing so was to set out an early projection of the Council's underlying financial position together with an estimate of the financial implications related to Covid-19. The Service Director informed Members that the full year projected position, estimated at quarter 1, was a £2.903M overspend with key demand pressures being forecasted, in particular, across Adult Social Care and Children's Services. The Service Director went on to explain that the quarter 1 position includes projected additional expenditure and income losses associated with Covid-19 amounting to £27.2M with these being assumed to be fully funded by Welsh Government. Members were informed that work will continue to closely monitor the Council's financial position, refresh financial forecasts for the full year as updated information becomes available and also engage with Welsh Government to highlight the importance of providing additional funding to meet on-going permanent cost pressures.

The Service Director moved on to provide an update on the Council's Capital Programme, noting that work has been on-going during quarter 1 with contractors and suppliers to enable works to safely recommence and projects progressed following the initial 3 week national lockdown from 23rd March 2020. Members were informed that capital expenditure as at quarter 1 totalled £7.7M and a number of schemes have been re-profiled during the quarter to reflect changes in costs and also new external grant funding approvals received.

The Service Director completed the overview of the Report by providing an update on the progress made across the Council's 3 Corporate Plan priority areas of People, Places and Prosperity and, following this, Members put forward their questions.

Councillor S. Rees sought further information in respect of the financial support put in place for local businesses during the lockdown period, whether Welsh Government funding is available and the impact on local authority staff in managing this work during an unprecedented period. The Service Director – Finance and Improvement Services informed Members that a Welsh Government funded Business Support Grant was put in place, administered by local authorities, and for Rhondda Cynon Taf over £40Million of support had been paid, in line with criteria set by Welsh Government, to nearly 4,000 local businesses. The Service Director added that the lockdown period had posed significant challenges for Council staff across all services, with officers working tirelessly and being supported to continue to provide key services, and that their commitment is very much appreciated and recognised.

A further question was raised by Councillor S. Rees-Owen in respect of the adequacy of resources available for school learners in relation to remote learning. The Service Director – Finance and Improvement Services confirmed that additional IT equipment such as laptops had been purchased, funded by Welsh Government, and distributed to school learners to support remote learning. The Service Director added that he would seek further information from

the Director of Education and Inclusion Services in terms of the on-going development and support for remote learning in schools.

Mr Fish, the Voting Parent/Governor Representative, sought clarity on the position for schools to claim for additional expenditure incurred as a result of Covid-19. Mr Fish also highlighted the likely increase in demand for multiple devices in households and how the Council will be able to support this growing need. With regard to the first point raised, the Head of Finance fed back to Members that all schools have been provided with guidance and a proforma to record additional expenditure incurred as a result of Covid-19, and have been requested to submit claims to the Council on a monthly basis. The Head of Finance went on to inform Members that submissions are subject to internal review by the Council, in line with criteria set by Welsh Government, and are then submitted to Welsh Government who determine the eligibility of each expenditure item. The Head of Finance added that regular dialogue is in place with schools to advise on the eligibility of expenditure and inform their budget monitoring arrangements. The Service Director – Finance and Improvement Services indicated that further clarity will be requested from the Director of Education and Inclusion Services in terms of managing the likely growing demand for multiple devices in households to support remote learning.

The Chair referred the Committee to sickness absence information included within the Report and requested further information in respect of the high sickness rate for Accommodation Services within Community and Children's Services. The Chair also requested information on the financial cost of sickness absence across the Council. The Service Director – Finance and Improvement Services indicated that with regard to the level of sickness absence within Accommodation Services, this has been an area where absence rates have been higher than the Council Wide rate in previous years, in part due to the nature of the work, and added that review and support arrangements are in place to facilitate officers' return to work and also that further information would be requested from Human Resources. The Service Director went on to explain that the monitoring and reporting of sickness absence is based on sickness % rates rather than a cost basis, and would enquire whether financial information could be compiled.

Following discussion, Members **RESOLVED** to endorse the Council's financial and operational performance position as at 30th June 2020 (Quarter 1).

7 COMMUNITY INFRASTRUCTURE LEVY ('CIL')

The Director of Prosperity and Development presented his report to Members to seek Committee's comments to be forwarded onto Cabinet in respect of the contents of the CIL Annual Monitoring Report and proposed changes to the regulation 123 List.

In accordance with the Community Infrastructure Levy Regulations 2010 (as amended), the Director attached to his report at Appendix A the CIL Annual Monitoring Report detailing the CIL income and expenditure. Also attached to the report as Appendix B was the Regulation 123 List, which required Members approval for publication on the Council website for a period of 28 days and consultation.

The Director referred Members to paragraph 5.2 of the report and advised Members that the total CIL income received in 2019/20 was £308,535.08. This included:-

- 80% as Strategic income = £130,626.31 *
- 15% Local income = £169,768.53
- 5% Administration income = £8,140.24

The Director emphasised that the 80% Strategic income is less than the 15% Local income due to the amount being off-set against the infrastructure balance until the cost of the new primary school at the Llanilid development has been met.

A further reference was made to paragraph 5.4 of the report and the Director explained that there had been no expenditure of Strategic CIL income to date, however, he emphasised that Cabinet agreed on 20th September 2018 to spend £395,000 of Strategic CIL on Ffynnon Taf Primary School. Members were informed that the project will include a new build extension (4 classrooms and a hall) and refurbishments to the current school buildings for school and community use. The £395,000 Strategic CIL money is proposed to be spent by the end 2020/21.

Members were further informed of the proposed changes to the regulation 123 List, which includes new active travel schemes and infrastructure to complement the development of the South Wales Metro, and also work that is proposed to be removed from the list as work is now being completed through other funding streams. Members were advised of the proposed change in respect of education, which is the removal of Ystrad Barwig Farm due to planning application reference 18/0872/13 for residential development at Ystrad Barwig Farm being called-in by Welsh Government and the Minister decision on 15th March 2020 was to refuse the application.

Following discussion, Members **RESOLVED**:

1. To approve the CIL Annual Monitoring Report (Appendix A);
2. To approve the amended Regulation 123 List (Appendix B) for publication on the Council website for a period of 28 days and consultation; and,
3. To approve the subsequent adoption of the amended Regulation 123 List.

8 FINANCE AND PERFORMANCE SCRUTINY COMMITTEE WORK PROGRAMME 2020/21

The Service Director of Democratic Services & Communication provided an overview of the report and confirmed that the Work Programme under the new arrangements is planned on a three month basis and that this item would be reviewed at this juncture.

The Service Director set out the context and pressures Council Services are currently operating within as it focusses on the impact of the pandemic and its associated plans for response and recovery. The Service Director went on to emphasise that the Committee will need to be mindful of these ongoing pressures and that Members are asked to acknowledge the balance required for a flexible and supportive scrutiny work programme.

Members were advised that the Finance & Performance Scrutiny forward work programme sets out a manageable and realistic programme of scrutiny activity for the next three months, allowing for the more pressing matters to be considered whilst having the flexibility to respond to emerging issues.

Members were reminded that given the current climate, the forward work programme priorities may be subject to change should other specific business need to be considered by the Committee.

Members were advised that the meeting scheduled to take place on the 16th November will include engagement on the 2021/22 Budget Consultation (phase 1) and also a Medium Term Financial Plan update as agreed by Cabinet at its October meeting.

Following discussion, Members **RESOLVED** to acknowledge the contents of the proposed draft Finance & Performance Scrutiny Work Programme for the 2020/21 Municipal Year (October –December 2020).

9 ENGAGEMENT ON THE COUNCIL'S BUDGET 2021/22

The Service Director of Democratic Services & Communication presented his report on the 'digital by default' approach to resident engagement and consultation in respect of the 2021/22 budget, considered by Cabinet on the 13th October 2020.

Members were reminded that in previous years the Council has undertaken a comprehensive approach to its annual budget consultation, involving a large number of residents and key stakeholders. The Service Director went on to inform Members that the current Covid-19 pandemic presents a unique set of circumstances for engagement and consultation, and confirmed that face-to-face engagement is not possible and may not be for quite some time. The Service Director added that in light of this, the 2021/22 annual budget consultation will take on a 'digital by default' approach, whilst continuing to consider hard to reach groups, those having reduced or no access to the internet and those who prefer to engage through more traditional methods.

The Service Director also updated Members on the different approaches that will take place to replace the usual face-to-face engagement and noted that this will include a number of virtual meetings to outline the budget approach, answer questions and collect views. It was noted that online (Zoom) events will give residents the opportunity to engage with and speak to Cabinet Members and senior officers regarding the Council's budget and investment priorities and will include:

- A number of Zoom Public meetings;
- Engagement with older people via the Older Persons Advisory Group meeting;
- Engagement with young people via Rhondda Cynon Taf's Youth Forums;
- A presentation and discussion with young people via our schools;
- Reporting to the Finance and Performance Scrutiny Committee and the School Budget Forum; and
- A presentation at the Community Liaison Committee.

The Service Director went on to acknowledge the difficulties of communicating with those having reduced or no access to the internet and those who prefer to engage through more traditional methods. Members were advised that a range of alternative methods have been put in place as set out in paragraph 5.8 of the report.

Further to the Service Director concluding an overview of the report, Members raised a number of questions. The Chair sought clarification as to which Scrutiny Committee would be receiving the results of the dog fouling consultation. The Service Director confirmed that the results would be presented to the Public Service Delivery, Communities & Prosperity Committee.

Mr J. Fish, the Voting Parent/Governor Representative, noted observations made by the Committee previously around it seeking the opportunity to consider the formulation of budget consultation questions, with Councillor J Williams also recalling previous dialogue in this regard. The Service Director fed back that due to the re-prioritisation of work required as a result of Covid-19 and the budget consultation timescales being worked to this year, it had not been possible to accommodate this within the Committee's current work programme. The Service Director added that the budget consultation questions have been revised in recent years, taking account of the Committee's feedback where appropriate, with the wording of questions being tailored to specific audiences. The Service Director added that as part of the planning arrangements for next year, an update will be reported to the Committee to help inform the Council's budget consultation arrangements for 2022/23.

The Chair sought clarification around the timescale for the consultation to go 'live' to the public. The Service Director fed back that the consultation would go 'live' in the next few days and will run until the 7th December 2020.

The Chair also sought clarification as to whether the budget consultation would be sent out to individual schools in the County Borough. The Service Director confirmed that the Council would be asking for representation from specific schools, a focus group to engage a school audience and a bespoke event with Coleg y Cymoedd students. The Chair also asked whether every school could receive the consultation in order for the information to be made available to parents and guardians. The Service Director confirmed that this will be actioned as part of the process. The Chair of the Children & Young People Scrutiny Committee, Councillor S. Rees-Owen, confirmed her agreement with this proposal and advised the use of caution as young people can often feel overwhelmed by too many consultations, particularly during the Covid-19 pandemic.

Following discussion, Members **RESOLVED:**

1. To approve the suggested 'digital by default' approach to the Council's budget consultation for 2021/22, whilst providing alternative means of engagement for those having reduced or no access to the Internet and those who prefer to engage through traditional methods.
2. To approve the Council's statutory requirements regarding consultation on the Council Tax Reduction Scheme and Council Tax levels will be met via the proposed approach; subject to the consultation being sent directly to each individual school in the County Borough; and

3. To approve the budget consultation process taking place during the autumn of 2020, with the dates to be confirmed following clarification of the likely Welsh Government budget settlement timescales and note the involvement of the Finance & Performance Scrutiny Committee in this process.

10 Consultation Links

The Service Director of Democratic Services & Communication referenced the consultation links, which were available through the 'RCT Scrutiny' website. Members were reminded that information is provided in respect of relevant consultations for consideration by the Committee, which are circulated on a monthly basis.

11 Chair's Review and Close

The Chair thanked Members for attending the first virtual meeting of the Finance & Performance Scrutiny Committee and for engaging in a constructive and challenging discussion.

The Chair praised the earlier training session by AirlingClose in respect of treasury management and thanked them for providing Committee Members with such useful information. The Chair queried how often these training sessions will be taking place and the Service Director of Democratic Services & Communication confirmed that the training session with AirlingClose is an annual event. The Service Director added that should the Committee identify training requirements during the year, these can be incorporated into the 2020/21 Forward Work Programme. The Service Director also acknowledged the success of having a virtual training event and confirmed that the Council will be looking to continue with this approach post the Covid-19 pandemic.

In light of the Welsh Government's announcement earlier in the day regarding a 'firebreak' Wales wide lockdown, the Chair queried whether there was any additional information that needed to be highlighted to the Committee. The Service Director – Finance & Improvement Services indicated that there was no specific further information to relay to the Committee at this point and he informed Members that further financial updates will be included within Performance Reports presented to the Committee this year.

12 Urgent Business

There was no urgent business to report.

This meeting closed at 6.10 pm

**CLLR M. POWELL
CHAIR.**



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2020/21

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

16th November 2020

AGENDA ITEM 4
MEDIUM TERM FINANCIAL PLAN – 2020/21 – 2023/24

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

1. PURPOSE OF THE REPORT

To introduce the Council's 'Medium Term Financial Plan 2020/21 to 2023/24'.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Consider the Council's 'Medium Term Financial Plan 2020/21 to 2023/24' (**Appendix A**).
- 2.2 Use the information contained within the 'Medium Term Financial Plan 2020/21 to 2023/24' to inform the Committee's feedback as a consultee of the Council's 2021/22 Budget Consultation process.

3. REASON FOR RECOMMENDATIONS

- 3.1 To keep Members informed of the budget modelling work being undertaken as part of the Council's medium term financial planning arrangements and to aid the Committee's considerations in its role as a consultee of the 2021/22 Budget Consultation process.

4. BACKGROUND INFORMATION

- 4.1 The Council's 'Medium Term Financial Plan 2020/21 to 2023/24' (the 'Plan') was reported to and agreed by Cabinet on the 13th October 2020. At this meeting, Cabinet also agreed for the Plan to be reported to full Council and to the Finance

and Performance Scrutiny Committee as part of wider communication and engagement arrangements.

- 4.2 As Members will be aware, the Plan was subsequently reported to Council on 21st October 2020.

5. MEDIUM TERM FINANCIAL PLAN 2020/21 TO 2023/24

- 5.1 The Cabinet Report and Plan are attached as Appendix A for the Finance and Performance Scrutiny Committee's review and to also aid the Committee's considerations in its role as a consultee of the 2021/22 Budget Consultation process (this being a separate item on the meeting agenda).
- 5.2 As part of the meeting, key information from the Plan will be presented via a PowerPoint presentation.

6. EQUALITY & DIVERSITY IMPLICATIONS

- 6.1 There are no immediate equality and diversity implications to consider as an Equality Impact Assessment will be an integral part of the budget strategy itself that will be reported on later in the financial year.

7. CONSULTATION

- 7.1 Although there are no specific consultation requirements at this time, as agreed by Cabinet on 13th October 2020, the Plan is being reported to full Council and the Finance and Performance Scrutiny Committee as part of wider communication and engagement arrangements.

8. FINANCIAL IMPLICATIONS

- 8.1 The financial modelling assumptions and implications are set out in the detail of the report (attached at Appendix A).

9. LEGAL IMPLICATIONS

- 9.1 There are no legal implications aligned to this report.

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 10.1 The report supports our Corporate Plan cross-cutting priority of 'Living within our Means'.
- 10.2 The Plan is a key enabler for the delivery of the Council's Corporate Plan and its obligations to support wider partnership objectives.

11. CONCLUSIONS

- 11.1 The Council's 'Medium Term Financial Plan 2020/21 to 2023/24' was reported to and agreed by Cabinet on 13th October 2020, and, at this meeting, it was also agreed for the Plan to be reported to full Council and the Finance and Performance Scrutiny Committee as part of wider communication and engagement arrangements.
- 11.2 With specific regard to the Finance and Performance Scrutiny Committee, the presentation of the Plan also aims to aid the Committee's considerations in its role as a consultee of the Council's 2021/22 Budget Consultation process.

Other information - None

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

16th November 2020

MEDIUM TERM FINANCIAL PLAN 2020/21 TO 2023/24

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Item: 4

Background Papers

- Medium Term Financial Plan 2019/20 to 2022/23 – <https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2019/07/18/Reports/Item5MediumTermFinancialPlan.pdf>
- Performance Reports ([Year-end 2019/20](#) and [Quarter 1 2020/21](#))

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

13TH OCTOBER 2020

MEDIUM TERM FINANCIAL PLAN 2020/21 TO 2023/24

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES IN DISCUSSION
WITH THE RELEVANT PORTFOLIO HOLDER, COUNCILLOR M NORRIS**

AUTHOR: Barrie Davies (01443 424026)

1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with an update on the Medium Term Financial Plan for 2020/21 to 2023/24, based on current modelling assumptions in advance of formulating the detailed budget strategy proposals for 2021/22 during the autumn.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Cabinet:
- i. Note the current position modelled in respect of the 'Medium Term Financial Plan 2020/21 to 2023/24' and receive further updates in the autumn as part of the annual budget setting process; and
 - ii. Determine any requirements for wider communication and engagement with full Council and the Finance and Performance Scrutiny Committee.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The need to keep Members informed of the budget modelling work being undertaken as part of the Council's Medium Term Financial Planning arrangements. This work is in advance of the Provisional Local Government Settlement, due from Welsh Government later this year.

4. BACKGROUND

- 4.1 Each year as part of the Council's robust financial management arrangements, an update on the Medium Term Financial Planning assumptions is provided to Members in advance of the detailed budget strategy work in the autumn.

- 4.2 The Public Sector has faced a prolonged period of real term reductions in funding levels for a number of years and unprecedented challenges lie ahead for services across local government, not least as a result of the coronavirus pandemic. This position is also coupled with increasing demand and costs associated with many services, in particular Social Care Services.
- 4.3 Locally, this Council has demonstrated its ability and willingness to invest in services over a long term period, linked to our priorities as set out in the Council's 'Corporate Plan – 2016 – 2020' and more recently as part of the new Corporate Plan "Making a Difference - 2020 – 2024", in order to meet the changing needs of our people and communities. The significant 'additional' investment already agreed by Members during recent years is providing real improvements across many areas including Schools, Town Centres, Roads and Parks and Play Areas.
- 4.4 Whilst investment through the use of one off funds has been very positive, the Council recognises that it must still address base budget shortfalls and make difficult decisions to balance its ongoing revenue budget into the medium term. This report provides an interim view on the scale of the challenge faced and the arrangements being put in place to address any shortfalls across the planning period.
- 4.5 Members will note the latest indication from the UK Central Government is that the 2020 Budget scheduled for November 2020 will not go ahead this year and the Comprehensive Spending Review, setting public sector expenditure / funding limits and also scheduled for November 2020, will still go ahead but that no decision has been taken on whether it will cover the three years originally planned. The implications of these changes on the 2021/22 local government settlement in Wales will be key to our planning assumptions.

5. CURRENT MODELLING ASSUMPTIONS

- 5.1 The detailed modelling assumptions are included as part of the up-dated 'Medium Term Financial Plan 2020/21 to 2023/24' and is attached at **Appendix 1**. The updated plan sets out the detailed basis of the medium term strategy with references to revenue spending, capital plans, income levels and reserves.
- 5.2 Key assumptions used in the construction of the revenue budget modelling to 2023/24 are shown below:

5.3 Income

- Local Government settlement levels have been modelled on a range of planning scenarios:

Year	Potential Settlement	Potential Settlement	Potential Settlement
2021/22 to 2023/24	2.0% per annum	3.0% per annum	4.0% per annum

- Council Tax increases are currently being modelled at 2.85% per annum.
- One-off funding from Welsh Government assumed to be mainstreamed in respect of Social Services and Children’s Services specific grants.
- Fees and charges uplifted by inflation only.

5.4 Expenditure

- Service area pressures reflected which arise from statutory requirements, demand led pressures, demographics etc.
- Uplifts included for pay and non-pay inflation.
- Authority wide requirements reflected including Capital Financing, Levies and the Council Tax Reduction Scheme.
- Schools budget is modelled to cover, in full, pay and non-pay inflation (and in the context of the projected range of local government settlement levels).

6. **CURRENT MODELLING OUTCOMES**

6.1 The modelling uses a number of assumptions which are all subject to change and will be reviewed as part of the detailed budget strategy work underway. Due to current uncertainty at a UK Central Government level around public sector funding levels, as set out in paragraph 4.5, a range of modelling assumptions have been compiled based on Welsh Government funding being at +2%, +3% and +4% per year for financial years 2021/22, 2022/23 and 2023/24. The variability of the potential level of the Settlement from Welsh Government has a significant impact on the budget gap, at £3.9M per 1% and Figure 1 illustrates the outcome of the range of modelling assumptions currently applied.

Figure 1 : Modelled Budget Gap 2021/22 to 2023/24

Budget Requirement	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Additional Budget Requirement			
Inflation	8,445	9,075	9,788
Inescapables	9,558	5,913	5,252
Risks	1,877	3,754	3,754
Schools (Uplift)	6,516	5,679	5,638
Authority Wide	1,576	1,847	1,418
Budget Requirement	27,972	26,268	25,850
Additional Resources			
Council Tax	3,303	4,010	4,145
Transition Funding	- 800		
Social Services and Children's Services Specific Grants	-	-	-
WG Resource at +2%	7,773	7,929	8,087
WG Resource at +3%	11,660	12,010	12,370
WG Resource at +4%	15,547	16,169	16,815

Remaining Budget Gap at Welsh Government Settlement Levels				3 Year Budget Gap
2% Increase	17,696	14,330	13,618	45,644
3% Increase	13,809	10,249	9,336	33,393
4% Increase	9,922	6,090	4,891	20,903

Note: a 2.85% Council Tax increase per year is assumed as part of the modelled gap

7. **BALANCING THE BUDGET**

- 7.1 The Council continues to focus on the budget gap position over the medium term and has successfully implemented a strategy of early identification and delivery of base budget reducing measures in-year. This has enabled the Council to deliver financial savings early and to replenish the Medium Term Financial Planning and Service Transformation Reserve which has been used proactively as part of the budget strategy for a number of years.
- 7.2 Our priority and focus this year to date has been responding to the pandemic and ensuring that our residents, communities and businesses have been protected and supported. Options will now be developed which can help address the range of the potential budget gap which we will face but it is important that in doing so we ensure that we maintain our valued and critical services. Inevitably the focus at annual budget setting time is for the forthcoming financial year, that is, 2021/22, and the savings quantum required

is still to be confirmed pending receipt of the Local Government Settlement from Welsh Government.

- 7.3 As part of developing options opportunity must be taken to ensure that we “lock in” the transformation and service delivery changes which we have made across many, if not all of our service areas. The Council has taken the opportunity to make a step change in our working arrangements and become more efficient in terms of maximising the use of digital solutions where appropriate, recognising that such delivery does not meet the needs of all of our residents.
- 7.4 In line with the above, the areas we will explore include the continued: maximisation of efficiency saving opportunities; delivery of our Social Services Transformation Programme (including our significant commitment and investment in the provision of Extra Care facilities); review of our base budget requirements at both a service level and an authority wide level; maximisation of opportunities to invest for the long term and collaboration with others; and a focus on the principles of Digitalisation, Commercialism, Early Intervention and Prevention, Independence and being an Efficient and Effective Organisation.
- 7.5 As work develops through the areas described in 7.4 above, this will be reported to Members as appropriate.
- 7.6 Greater clarity will be available on the level of savings required post the Provisional Local Government Settlement later in the year. The position will be reported to Members as soon as possible after the settlement publication.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 There are no immediate equality and diversity implications to consider as an Equality Impact Assessment will be an integral part of the budget strategy itself that will be reported on later in the year.

9. CONSULTATION

- 9.1 There are no specific consultation requirements at this time.

10. FINANCIAL IMPLICATIONS

- 10.1 The financial modelling assumptions and implications are set out in the detail of the report. At this stage, the Council or Cabinet is not being asked to make any new financial decisions in respect of the Medium Term Financial Plan.

11. LEGAL IMPLICATIONS

- 11.1 There are no legal implications aligned to this report.

12. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 12.1 The report supports our Corporate Plan cross-cutting priority of 'Living within our Means'.
- 12.2 The Medium Term Financial Plan is a key enabler for the delivery of the Council's Corporate Plan and its obligations to support wider partnership objectives.

13. CONCLUSIONS

- 13.1 This report and the accompanying 'Medium Term Financial Plan 2020/21 to 2023/24' sets out the current position on the financial challenges facing the Council in the medium term. The report notes, that subject to the level of funding from Welsh Government, a significant budget gap is likely to be faced in 2021/22 and for the following two years.
- 13.2 The report clearly states that the proactive strategy adopted in recent years through early identification of savings and the targeting of key areas such as new ways of working and an increased emphasis on preventative approaches can still deliver significant efficiency savings.
- 13.3 The focus will switch to the 2021/22 budget strategy upon receipt of the Provisional Local Government Settlement and, as part of this, setting out a range of budget saving options to enable the Council to deliver a balanced budget for the forthcoming year.

Other information

Relevant Scrutiny Committee – Finance and Performance Scrutiny Committee

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

13th October 2020

MEDIUM TERM FINANCIAL PLAN 2020/21 TO 2023/24

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES IN DISCUSSION
WITH THE RELEVANT PORTFOLIO HOLDER (CLLR NORRIS)**

Item:

Background Papers

- Medium Term Financial Plan 2019/20 to 2021/22 –
<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2019/07/18/Reports/Item5MediumTermFinancialPlan.pdf>
- Performance Reports ([Year-end 2019/20](#) and [Quarter 1 2020/21](#))

Officer to contact: Barrie Davies



**Rhondda Cynon Taf
County Borough Council**

Medium Term Financial Plan

**2020/21 – 2023/24
(updated October 2020)**

Medium Term Financial Plan - Contents

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Annex 4 Council Earmarked Reserves

INTRODUCTION AND PURPOSE

Medium Term Financial and Service Planning is an essential component of the effective financial management of this Council. It is the cornerstone of good governance and an enabler of service delivery and service improvement within the constraints of available resources.

This Medium Term Financial Plan sets out, holistically, the financial context within which the Council is operating and forward projects the financial challenge facing the Council over a 3 year planning period.

It will also align and link our financial resources to our Corporate Plan Priorities and will enable us to track resource allocation in this way over future years.

It will be appropriate to ensure the Strategy continues to be kept under on-going review particularly in light of the significant impact of the coronavirus pandemic (COVID-19), recognising that the course of the pandemic and its effects on the Council's finances will be subject to change.

Section 1 Background and Context

- 1.1 Rhondda Cynon Taf has a track record of strong and effective financial management. Medium Term Financial Planning is an essential part of these arrangements.
- 1.2 The austerity measures emanating from the actions of Central Government have impacted on the resources available to Welsh Government and consequently local government in Wales over a sustained period, recognising that for the 2020/21 financial year a more positive local government settlement was received. At a national level, the overall local government settlement for Wales over the last 7 financial years is shown below in Table 1.1.

Table 1.1

Financial Year	All Wales Settlement
2014/15	-3.9%
2015/16	-3.5%
2016/17	-1.4%
2017/18	+0.2%
2018/19	+0.2%
2019/20	+0.2%
2020/21	+4.3%

- 1.3 For Rhondda Cynon Taf the real term reductions in funding over many years has translated into a need to make budgetary savings in excess of £96M over the last 10 years or so, equating to a reduction of approximately 19% of the Council's net budget.
- 1.4 In March 2020, the Council agreed a new Corporate Plan 'Making a Difference' 2020 – 2024 that set the overall direction for the Council over the four year period, describing its vision, purpose and ambition for the County Borough.
- 1.5 The Council's vision is:

“To be the best place in Wales to live, work and play, where people and businesses are independent, healthy, and prosperous”.
- 1.6 The Council's purpose and the reason why it exists is:

“To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous”.

1.7 The Council is focused on the following three priorities that have also been adopted as its Well-being objectives in line with the Well-Being of Future Generations Act:

- Ensuring **People: are independent, healthy and successful;**
- Creating **Places: where people are proud to live, work and play;** and
- Enabling **Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.**

1.8 The Corporate Plan is a key component of the Council's budgetary and business planning process, and it recognises that Rhondda Cynon Taf Council and the wider public sector continue to face significant financial challenges. The Corporate Plan sets the context that despite significant reductions to Government spending since 2010 and a return to economic growth, the financial environment for the Council, the wider public sector and residents continues to be challenging, and was summarised in the Plan as follows:

- Despite the new UK Government increasing its spending commitment for public services, for the first time for many years, pay and pensions costs are rising quickly. This negates the majority of the benefit of the increase in public sector funding.
- It is likely that over the next three years further spending cuts will be required, as the UK budget deficit still stands at around £40 billion or 2% of national GDP meaning that some form of austerity will continue.
- Increasing pressure on services: increasing demand on services is driven by a changing population. Rhondda Cynon Taf's population is increasing but health and social services in particular are facing acute challenges due to the growth in older cohorts, as people live for longer.
- Wider financial pressure on households: from energy bills, housing costs, wage restraint, and benefit reforms.
- Increasing public expectations in terms of responding to climate change and the need to act, will require the Council to invest in ensuring its day to day activities become Carbon Neutral. This means that the Council must plan for the fact that this additional cost will not be met from simply doing more of what it is currently doing, but from making other difficult choices on what it does or does not provide.
- Knowing that the Council continues to face significant financial challenges in the years ahead, it has a responsibility to develop and agree a plan for meeting the challenge.

- 1.9 The Council has proved that it has the capacity and capability to respond to the challenge of austerity and still invest in its priorities and modernise its services. The new Corporate Plan seeks to build upon the changes we have made to the way we work and to seek to ensure that local residents and businesses are sufficiently skilled and resilient to respond to the opportunities and threats the global economy presents to us all, including the on-going impact of the coronavirus pandemic.
- 1.10 The Council's agreed Revenue Budget for 2020/21 amounts to £508.747M. Annex 1 sets out the Council budget for 2020/21 as allocated across services.
- 1.11 The budget has also been analysed across the 3 priority areas of People, Places and Prosperity as set out in the Corporate Plan (referenced in paragraph 1.7) in order to demonstrate the allocation of Council Revenue resources to these priority areas. Whilst some allocation has been necessarily subject to a degree of 'best fit', this is still felt to be a helpful analysis and provides a basis to track resource allocation over time. This is attached at Annex 2. A similar analysis is also included for the 3 year capital programme at Annex 3.

Section 2 Mid-Year Budget Review

- 2.1 The Council set its Revenue Budget Strategy for 2020/21 and Capital Programme (2020/21 to 2022/23) in March 2020, and within a very short space of time the COVID-19 crisis escalated and the subsequent national lockdown was announced and became effective from 23rd March 2020.
- 2.2 Since this time work has been prioritised on supporting residents and businesses through an unprecedented period and has resulted in significant disruption across Council services with many repurposed, reduced or fully suspended.
- 2.3 Funding in respect of additional costs and income losses as a result of COVID-19 is being provided by Welsh Government on a claims basis. Whilst to date funding has covered in full the majority of additional costs incurred, the level of additional resource is likely to be finite and not everlasting with local government needing to become self-sufficient at some stage.
- 2.4 An analysis of the estimated costs and income loss for the year is shown in Table 2.1, along with amounts already recovered (quarter 1) and an estimate of how much is to be recovered. The estimated amounts are clearly subject to ongoing review as and when restrictions are revised moving forward and the associated impact on Council Services.

Table 2.1

Service Area	Quarter 1	Quarter 2 - 4	Total
	£'000	£'000	£'000
Chief Executive	-509	-1,336	-1,845
Prosperity, Development and Frontline Services	-1,801	-2,896	-4,697
Community and Children's Services	-5,216	-6,303	-11,519
Education and Inclusion Services	-3,611	-1,904	-5,515
Authority Wide	-2,481	-1,201	-3,682
TOTAL	-13,618	-13,640	-27,258

The above table is net of income recovered from the Coronavirus Job Retention Scheme of £1,150k and off-setting cost savings as a result of specific services being reduced or suspended.

- 2.5 After the assumed recovery, in full, of the above amounts, the Council's projected out-turn position, estimated at 30th June 2020 (Quarter 1) is shown in the table 2.2.

Table 2.2

Service Area	2020/21 – as at 30 th June 2020 (Quarter 1)		
	Full Year Budget £M	Projected Expenditure as at Quarter 1 £M	Variance Over / (Under) £M
Education & Inclusion Services	192.627	192.781	0.154
Community & Children's Services	162.681	165.536	2.855
Chief Executive	27.039	26.901	(0.138)
Prosperity, Development & Frontline Services	55.928	56.143	0.215
Sub Total	438.275	441.361	3.086
Authority Wide Budgets	70.472	70.289	(0.183)
Grand Total	508.747	511.650	2.903

2.6 With regard to the projected overspend, after assuming full recovery of additional costs and income losses as a consequence of COVID-19, service managers have been charged with identifying corrective actions to bring spend back in line with budget. We also continue to make representation in respect of funding required for winter pressures in social care, the projected costs of which are already factored into the above position.

2.7 The mid-year review work to assess the financial implications as a result of COVID-19 is on-going and aims to, amongst other things, capture efficiency saving opportunities from the transformation and service delivery changes being made across Council services. Areas being reviewed include:

- Consumables and Non-pay Budgets – this area covers print, stationery, postage, equipment and general materials, with cost reduction opportunities being explored from new ways of working and working practices brought about through an acceleration of processes being automated and digitised.
- Buildings - building costs, including utility expenditure, will be reduced due to the significant reduction in occupancy across a range of buildings to date this year and the likely continuation of home working arrangements going forward. Work is focussing on identifying one-off cost savings, for example, where services have been temporarily suspended during the current year, and also looking ahead where use of Council buildings can be further optimised leading to an on-going rationalisation of the estate in the future.

- Staff Travel Costs – the additional investment and step change in facilitating home working, over and above the Council’s Digital Strategy aspirations at the start of the year, has provided a significant number of Council officers with the technology to communicate remotely in a secure environment with team members, officers from other Council services and external partners, and, as part of this, has enabled documents to be shared remotely and worked on by a number of officers at the same time. This technology is also supporting the transformation of the Council’s democratic processes. The impact of the additional investment and step change in this area is helping officers and elected members to undertake more of their duties remotely and in doing so reduce the number of business journeys. Work is underway to capture the resulting on-going cost savings.
- Inflation – analysis is being undertaken to compare the inflationary uplifts built into 2020/21 non-pay budgets compared to the actual inflationary impact services are experiencing when purchasing specific goods and services. Where it is identified that the inflationary allowance built into budgets is in excess of the actual inflation rate, adjustments to service’s budgets will be actioned.
- Schools – in the same way as expenditure and budgets are being reviewed across non-school council services, the financial impact of schools being closed or not fully operational between April and June this year is being reviewed to assess saving opportunities, particularly in relation to energy and capitation related areas. The aim of the exercise will be for schools to contribute to the delivery of additional efficiencies from the cost savings that have been realised in the first 3 months of the year.

2.8 The above reviews will now become part of the preparatory work being undertaken to formulate a draft 2021/22 revenue budget strategy, with relevant updates incorporated into reports to Members as part of the budget setting process

Section 3 Local Government Settlement – Prospects

- 3.1 As referenced in Section 1, local government as a whole has received negative and below inflation settlements from Welsh Government in overall terms for 6 of the last 7 financial years. Whilst positive settlements have been received since 2017/18, for three of these years the levels have been some way below inflation. For Rhondda Cynon Taf the level of settlements received, in comparison to the all Wales average, are shown below in Table 3.1.

Table 3.1

Financial Year	RCT Settlement	All Wales Settlement
2014/15	-3.7%	-3.9%
2015/16	-3.7%	-3.5%
2016/17	-0.9%	-1.4%
2017/18	+0.4%	+0.2%
2018/19	+0.5%	+0.2%
2019/20	+0.8%	+0.2%
2020/21	+4.5%	+4.3%

- 3.2 Welsh Government have not provided any definitive indication of future year financial settlements, leaving local government to themselves model potential scenarios. The Welsh Local Government Association (WLGA) support local government in this regard.
- 3.3 Nationally, the outcome of the 2019 general election, Brexit and the coronavirus pandemic, along with the implications of the next Comprehensive Spending Review when published, have increased the uncertainty over future public sector funding levels.
- 3.4 The level of Welsh Government funding is a key factor in the Council’s overall resource availability, accounting for 76.4% of our budget. Each 1% change in the level of Welsh Government funding amounts to £3.9M of funding for this Council.
- 3.5 For planning purposes, this Council has modelled a range of scenarios based upon planning assumptions as summarised in Table 3.2 below.

Table 3.2: RCT Planning Assumptions – Welsh Government Settlement

Year	Potential Settlement	Potential Settlement	Potential Settlement
2021/22 to 2023/24	2.0% per annum	3.0% per annum	4.0% per annum

- 3.6 The provisional local government settlement for 2021/22 is anticipated to be received during the autumn 2020 (subject to any impact on timing as a result of the UK Central Government’s Comprehensive Spending Review, also scheduled to be announced in autumn 2020).

Section 4 Council Tax

- 4.1 Council Tax income accounts for 22.8% of the Council's net budget, generating £115.881M from local taxpayers in 2020/21.
- 4.2 The total yield from Council Tax is determined by a combination of the level of the tax base and the level at which Council Tax is set.
- 4.3 The Tax Base is the measure of the relative taxable capacity of different areas within the County Borough and is calculated in accordance with prescribed rules. The Gross Tax Base is the number of chargeable dwellings in the area expressed as Band D equivalents after allowing for exemptions, disablement reductions and discounts. This is then adjusted for an assumed collection rate to give the Net Tax Base.
- 4.4 The Tax Base is provided to Welsh Government and is used as part of the distribution formula for the Local Government Settlement. The Tax Base is calculated for the County Borough as a whole and for those areas that have a Community Council.
- 4.5 The Tax Base movement over recent years is shown in Table 4.1 below.

Table 4.1

Year	Gross Tax Base (£)	Collection Rate	Net Tax Base (£)
2014/15	75,189	96.5%	72,557
2015/16	75,565	97.0%	73,298
2016/17	76,207	97.5%	74,302
2017/18	76,901	97.5%	74,978
2018/19	77,608	97.5%	75,668
2019/20	78,844	97.5%	76,873
2020/21	79,317	97.5%	77,334

- 4.6 The level of any increase or decrease of Council Tax is considered each year as part of the annual budget consultation processes, and subsequently determined by Council as part of the annual budget strategy. The formal resolution is also agreed by Council.
- 4.7 Council Tax levels over recent years are shown in Table 4.2.

Table 4.2

Year	Band D Council Tax £	Increase over Previous Year
2014/15	£1,248.00	4.5%
2015/16	£1,295.48	3.8%
2016/17	£1,331.17	2.75%
2017/18	£1,361.18	2.25%
2018/19	£1,406.17	3.3%
2019/20	£1,456.85	3.6%
2020/21	£1,498.44	2.85%

- 4.8 The total amount raised through Council Tax is derived by multiplying the net tax base by the band D Council Tax charge, which for 2020/21 amounts to (77,334 x £1,498.44) £115.88M.
- 4.9 For modelling purposes in our medium term calculations as part of this report, a Council Tax increase of 2.85% per annum is currently being used for 2021/22, 2022/23 and 2023/24, noting of course that this is a key decision for Members to make as part of setting each year's budget. In terms of generating resources, a 1% increase in the level of Council Tax will raise an extra £883k¹ of additional income each year (this is net of the costs associated with the Council Tax Reduction Scheme described in more detail below).

Council Tax Reduction Scheme (CTRS)

- 4.10 During 2019/20 the Council paid CTRS to 24,747 eligible applicants at a cost of £23.624M. For 2020/21 the Council has estimated the cost to be £24.680M. This estimate pre-dated the COVID-19 pandemic which has led to a significant increase in claimants eligible for support. Discussions are ongoing with Welsh Government to clarify the funding arrangement for the increase in costs. The CTR Scheme in Wales is a national scheme developed by Welsh Government.

Tax Base

- 4.11 On 19th December 2017 Cabinet approved a policy which enabled the Council to reduce the Council Tax bill for Care Leavers up to the age of 25 who were resident in Rhondda Cynon Taf to zero. The policy has been operational during 2018/19.
- 4.12 During 2018/19 the Welsh Government introduced legislation, effective from 1st April 2019, making all properties in Wales that are occupied by Care Leavers (up to the age of 25) exempt from paying Council Tax. This will remove the requirement for the Council to have its own discretionary policy for this category of residents.
- 4.13 All awards of this new exemption type have been reflected in the Council Tax Base from 1st April 2019.

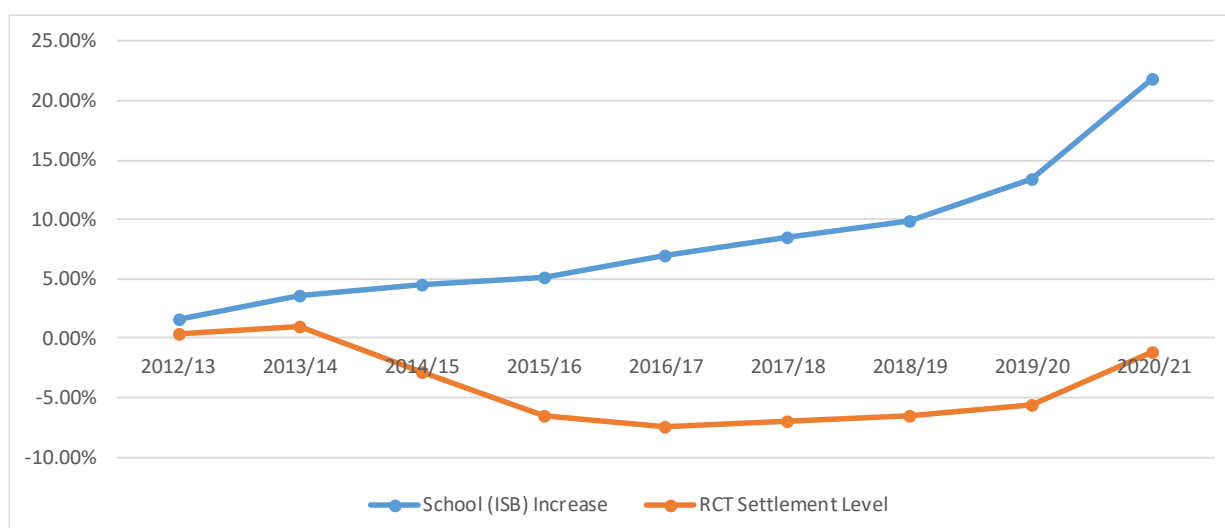
¹ Based on 2020/21 Council Tax Income

Section 5 Individual Schools Budget (ISB)

- 5.1 The total Individual Schools Budget (ISB) for the Council in 2020/21 amounts to £161.6M and represents over 31% of the Council's net budget.
- 5.2 Since 2012/13, the ISB has increased at a level above other Council services and above the level of the Council's own settlement from Welsh Government, and, at the same time, recognising that there is still an expectation that schools will continue to make a positive contribution toward balancing the overall Council budget. The ISB has been subject to protection requirements by Welsh Government over this period which ended in 2016/17. The comparative ISB increases over the last nine years are shown in Table 5.1 and graphically below:

Table 5.1

Year	School (ISB) Increase	RCT Settlement Level
2012/13	+1.58%	+0.42%
2013/14	+2.08%	+0.5%
2014/15	+0.9%	-3.7%
2015/16	+0.6%	-3.7%
2016/17	+1.85%	-0.9%
2017/18	+1.5%	+0.4%
2018/19	+1.4%	+0.5%
2019/20	+3.5%	+0.8%
2020/21	+8.5%	+4.5%



- 5.3 Over the 9 year period shown in Table 5.1, the ISB has received an increase amounting to 21.91%, as opposed to the Council's remaining budgets having

been reduced by 1.18%. In monetary terms, applied to an ISB of £138M (2011/12 ISB), this amounts to an extra £31.8M being provided to schools over the period.

- 5.4 Pupil number forecasts are modelled across Primary, Secondary and Special Schools sectors with the financial implications included in the Schools Budget requirement.
- 5.5 The levels of school reserves held as at the 31st March 2020 are shown in Table 5.2 below (draft, subject to audit).

Table 5.2

Type of School	31/03/2019	2019/20 Movement	31/03/2020
	£k	£k	£k
Primary	3,704	(762)	2,942
Secondary	(1,729)	539	(1,190)
Special	338	(21)	317
All Through Schools	694	(379)	315
Total	3,007	(623)	2,384

- 5.6 As part of ensuring sustainable levels of resources for schools over the medium term (to meet pay and non-pay pressures), it will be critical that on-going funding, via Welsh Government, continues to be included in core (RSG) settlements.

Section 6 Fees and Charges

- 6.1 The Council raises approximately £19M of income annually from fees and charges raised across services. The level of charges is reviewed annually.
- 6.2 Cabinet reviewed (20th February 2020) fees and charges levels with the objective to continue to provide a comprehensive range of quality services at affordable prices. The initial budget modelling for 2020/21 had assumed a 1.50% increase.
- 6.3 The outcome of Cabinet’s review was a 1.50% standard increase to fees and charges (allowing for rounding adjustments as appropriate) with the exception of a number of areas that would be subject to specific treatment. A summary of these exceptions are set out in Table 6.1.

Table 6.1 – Summary of fees and charges not subject to the standard increase

Area of charge	Increase for 2020/21
Leisure for Life	Nil increase
Car Park Charges	Nil increase
Summer and Winter Playing Fees (Sports Clubs)	Nil increase
School Meals (Primary and Secondary Schools)	£0.05 per meal (and then no increase for 2 years i.e. 2021/22 and 2022/23)
Meals on Wheels and Day Centre Meals	£0.10 per meal
Pontypridd Lido (entry for adult users)	£0.50 per Adult Swim
Rhondda Heritage Park	Revisions as detailed below

- 6.4 Further information on the exceptions in Table 6.1, where appropriate, are set out below.

School Meals (Primary and Secondary Schools)

- 6.4.1 For 2020/21 the price per meal increased by £0.05p and then no increase for the following 2 financial years (i.e. 2021/22 and 2022/23). The 2020/21 primary school meal price is £2.55 and the 2020/21 free school meal value of a secondary school meal is £2.80. In terms of comparing across Wales, prices range between £2.00 and £2.60 for primary schools and £2.15 and £3.05 for secondary schools.

‘Meals on Wheels’ and ‘Day Centre Meals’

- 6.4.2 The 2019/20 meal price for both meals on wheels and day centre meals is £3.85, with the price for both increased to £3.95 for 2020/21. In terms of comparing across Wales, prices range between £3.30 and £5.40.

Pontypridd Lido (entry for adult users)

- 6.4.3 The 2020/21 charge for adult users increased from £2 to £2.50 per swim (use for those aged 'under 16' remains free). The Lido continues to be successful in terms of user numbers, promoting healthy activity and delivering wider economic benefits to the area, and the proposed charge would remain competitive compared to other tourist attractions.

(Since determining the increase the Lido has been closed due to significant damage caused by Storm Dennis).

Rhondda Heritage Park

- 6.4.4 The individual adult entry fee and family ticket for the Welsh Mining Experience (underground tour) has increased by £1.00 (to £7.95 and £20 respectively) and to standardise the non-school entry fee for both adults and children for Santa's Toy Mine to £10. A comparison of attractions in neighbouring areas confirmed that the revised ticket prices continue to position the Rhondda Heritage Park as one of the lowest priced attractions.
- 6.5 The total estimated impact of the above revised fees and charges levels is a reduction in income of £2k in a full year (as compared to all fees and charges being increased by 1.5%).
- 6.6 In addition to the information set out at Table 6.1, a number of fees and charges decisions have previously been approved and accordingly have already been incorporated into the Council's 2020/21 Budget Strategy. These are summarised in Table 6.2.

Table 6.2 – Summary of decisions already approved

Area of charge	Decision approved
Adult Social Care Charges (non-residential care services)	<ul style="list-style-type: none"> Increase from £80 to £90 per week in line with the revised limit determined by Welsh Government with further increases to be made in line with Welsh Government limits (Cabinet 18th July 2017)
Fixed Penalty Notice (for environmental crimes)	<ul style="list-style-type: none"> Set at £100 with effect from 1st April 2018 (Cabinet 25th January 2018)
Houses in Multiple Occupation - Licenses	<ul style="list-style-type: none"> License fees set for the period 2019/2020 to 2023/2024 (Cabinet 14th February 2019)
Bereavement fees and charges for war veterans and service men and women	<ul style="list-style-type: none"> 25% reduction to all Council bereavement fees incurred by families of deceased war veterans and service men and women resident in Rhondda Cynon Taf (Delegated Decision 8th May 2019)

Adult Learning Course Fees	<ul style="list-style-type: none"> • Hourly rate increased from £2.50 to £2.90 for the period 1st January 2020 to 31st March 2021 (and thereafter, subject to annual review). <p>(Delegated Decision 22nd October 2019)</p>
Leisure Centres and Swimming Pool	<ul style="list-style-type: none"> • Leisure for Life membership prices frozen until January 2023; and • Leisure non-membership prices (e.g. pay and play) increased by 1.5% effective from 1st January 2020. <p>(Delegated Decision 20th December 2019)</p>

- 6.7 Furthermore, at the [21st November 2019](#) Cabinet meeting, a 12 month pilot was approved to apply a reduced cremation fee for funeral directors offering a direct cremation² in Rhondda Cynon Taf. As this is currently a pilot, no budgetary impact on fees and charges was incorporated into the Council's 2020/21 budget.
- 6.8 For completeness, a full list of all 2020/21 fees and charges across all Council services can be accessed [here](#).

² Direct Cremation - A "direct", "simplicity" cremation or "cremation without ceremony" is where a funeral director arranges a service with no mourners and brings the deceased directly to the crematorium with no religious service or attendees. The fees and charges to the family of the deceased are significantly reduced making the service more affordable, particularly for those on low incomes.

Section 7 National and Local Pressures

7.0 Authority Wide Budgets

7.1 Appropriate sums must be set aside to cover a number of Authority Wide costs. These include the following:

Capital Financing

The projected level of capital charges are linked to the Council's Capital Programme and Treasury Management Strategy.

Levies

Levies are raised (against non-service specific budgets) by the South Wales Fire Service, the Coroner, Brecon Beacons National Park Authority and the Glamorgan Archives (Joint Committee).

Council Tax Reduction Scheme

This demand led area of expenditure is in line with the Welsh Government national scheme introduced from financial year 2013/14.

Miscellaneous

The areas of expenditure held here include:

- Graduate and Apprenticeship programmes
- Trade Union Costs
- Local Government Elections
- Planning Appeals
- Former Authority Pension Costs
- Voluntary Termination Costs
- Local Government Pension Scheme including auto-enrolment
- Bank Charges
- Housing Benefit Subsidy Costs
- Energy / Invest to Save
- External Audit Fees
- Vehicle Replacement Funding
- City Deal Costs
- Insurance Costs
- Discretionary Non Domestic Rate Relief
- Apprenticeship Levy

7.2 A summary of the projected requirement for Authority Wide budgets from the current year (2020/21 budget) to 2023/24 is shown in Table 7.1.

Table 7.1

Authority Wide Budgets	2020/21	2021/22	2022/23	2023/24
	Current Budget	(Projected)	(Projected)	(Projected)
	£'000	£'000	£'000	£'000
Capital Financing	19,713	19,950	20,308	20,658
Levies	12,438	12,687	12,940	13,199
CTRS	24,680	25,420	26,183	26,968
Miscellaneous	13,641	13,991	14,464	14,488
Total	70,472	72,048	73,895	75,313
Change - Inc / (Dec)		1,576	1,847	1,418

The above position includes a contribution of £0.5M per year to replenish our General Fund Reserves by £1.5M over the 3 year period.

7.3 Service Inescapable Pressures

7.4 There are clearly areas of our budget which are exposed to more uncontrollable spending requirements which might arise from demand led or demographic changes, legislative or regulatory change, the effect of external market forces (and prices) and the financial implications of policy and service planning decisions made by the Council. These are **inescapable pressures** and include the ongoing implications of inflation and Living Wage on our External Contracts, the cost of pay awards for our teaching and non-teaching (APT&C) workforce, changes in pupil number projections, demand led social care pressures for adult and children's services, and assumptions around reductions in specific grants.

7.5 The amount included for Service Inescapable Pressures within the Budget Requirement is shown in Table 7.2.

Table 7.2

Forecasted Inescapable Budget Pressures	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Schools	1,575	233	-54
Education and Inclusion Services	547	502	352
Community and Children's Services	8,317	4,564	4,264
Prosperity, Development and Frontline Services	550	777	573
Chief Executive's Division	144	70	63
Total	11,133	6,146	5,198
			22,477

7.6 Service Financial Risks

- 7.7 In addition to the above inescapable budget pressures, there are items of risk which have been identified and which are captured and estimated in financial terms. A view is then taken on the potential overall likelihood of the risk materialising and the quantum of it which should be included in the early modelling of the budget requirement. As time progresses the risks will either become inescapable or will fall away, possibly with a longer term impact.
- 7.8 The amount included for Service Financial Risks within the Budget Requirement is shown below in Table 7.3.

Table 7.3

Financial Risks	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Value of Risk Included	1,877	3,754	3,754

7.9 School (ISB) Requirements

- 7.10 Section 5 set out the context for school budgets noting their favourable treatment as compared to other Council services and the expectation that schools will continue to make a positive contribution toward balancing the overall Council budget. As part of modelling assumptions, pay and non-pay inflation pressures are fully funded, which is set within the current planning assumptions for Welsh Government settlement levels, and recognising that there may still be a requirement for local efficiency saving planning at an individual school level. The modelled ISB budget increases are set out in Table 7.4 below.

Table 7.4

Schools (ISB) Modelled Budget	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Modelled Budget	168,094	173,773	179,411
Modelled Increase	6,516	5,679	5,638

Section 8 Inflationary Pressures

8.1 Employee Inflation

8.2 For modelling purposes, initial estimates of employee inflation levels built into the medium term financial plan are teachers' (average) pay increasing by 3.1% per year and non-teaching staff by 2.75% per year (both in line the 2020 level of pay awards). Employee inflation forecasting will be kept under on-going review.

8.3 The results of the 2019 Rhondda Cynon Taf Pension Fund triennial valuation has been completed and the results incorporated into the Council's base budget from 2020/21 on. In addition, following confirmation through the 2020/21 local government settlement of funding being provided for Teachers Pension costs, this funding has also been included as part of the Council's base budget from 2020/21 on.

8.4 Non-Employee Inflation

8.5 The Bank of England's Monetary Policy Committee continues to set monetary policy to meet a 2% inflation target. For the MTFP, inflation is included across all expenditure and income heads currently at 1.7%, 1.7% and 1.9% for 2021/22, 2022/23 and 2023/24 respectively. A number of specific cost areas where inflation is known or anticipated to differ from these rates have more appropriate inflationary allowances applied as detailed below.

8.6 Specific Inflation

8.7 There are some budget heads which are particularly volatile and susceptible to variations in rates of inflation which are outliers to the central forecasts. More detailed analysis and procurement intelligence is applied to uplifts for the following expenditure heads:

- Electricity
- Gas
- Fuel (Petrol)
- Food

8.8 The overall cost of inflation to the Council is summarised in Table 8.1.

Table 8.1

Inflation	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Employee Related	9,360	10,433	10,781
Non-Employee	4,026	4,088	4,699
Total	13,386	14,521	15,480
			43,387

Section 9 Specific Grants

- 9.1 The Council is mindful of the opportunities that are likely to accrue by the Council attracting specific grants to supplement its base revenue budget. Whilst specific grants can dilute local accountability, the fact remains that in attracting such funding, it allows us to undertake projects that otherwise we may have had to defer or cancel.
- 9.2 By their nature, specific grants tend to be time-limited and involve an assessment process. It is important therefore, that any specific grant funded programme complements the Council's locally determined priorities. In addition, even if they are initially successful in attracting specific grants, authorities are restricted in their ability to confidently forward plan, as they have no guarantee of ongoing (specific grant) funding. Consequently, because specific grants are time limited it is vital to develop appropriate "exit strategies".
- 9.3 Whilst specific grants come from a number of sources, for 2020/21 the Welsh Government alone will provide over £1Billion in total to Welsh Local Authorities (excluding funding provided in relation to the coronavirus pandemic). The allocation of specific grants remains a key feature of the Welsh Government's annual local government settlements, albeit the Welsh Government is committed to reduce this form of hypothecation in the longer term.
- 9.4 Table 9.1 sets out the main areas of expenditure and services which are funded currently by specific revenue grants.

Table 9.1

Award Body	Purpose	2019/20 Amount £M	2020/21 Amount £M
<u>Community & Children Services</u>			
Shaw Trust & Working Links	Subsidisation of Employment of Disabled Workers	0.293	0.303
Department for Work & Pensions	Housing Benefit Subsidy Bed & Breakfast Scheme	0.122	0.122
Welsh Government	Children's and Community Grant	22.318	13.442
	Communities 4 Work	1.093	1.093
	Inspire 2 Work	0.344	0.317

Award Body	Purpose	2019/20 Amount £M	2020/21 Amount £M
Welsh Government	School Effectiveness Grant - Play	0.073	0.000
	Social Care Workforce Development Programme	0.570	0.556
	Substance Misuse Action Fund	2.971	3.810
	General Practitioner (GP) Referral Scheme	0.168	0.000
	Intermediate Care Fund (Via LHB)	2.102	0.000
	Environmental & Sustainable Development Single Revenue Grant	0.036	0.000
	Community Learning	0.201	0.232
	Youth Support Grant	0.239	0.712
	Child Burial Grant	0.048	0.048
	European Social Fund (ESF) Ignite/Platform 1	0.141	0.000
	Housing Support Grant	0.000	9.070
	Integrated Care Fund	0.000	3.310
	National Exercise Referral Scheme	0.000	0.168
	National Approach to Advocacy (Children's)	0.000	0.049
	Regional Facilitation Grant	0.000	0.066
Youth Justice Board	Youth Justice Provision	0.304	0.000
Police Crime Commissioner	Police and Crime Reduction	0.197	0.000
Sports Council for Wales	Grand/Big Splash	0.306	0.000
	Dragon Sports Scheme	0.040	0.000
	Sports Development	0.549	0.000
Arts Council Wales	ACW Revenue Grant	0.150	0.000
	Arts Portfolio Wales	0.000	0.150
Cwm Taf Health Board	Community Joint Care Programme	0.000	0.068
		0.000	
Heritage Lottery Fund	RCT's Sporting Heroes	0.000	0.032

Award Body	Purpose	2019/20 Amount £M	2020/21 Amount £M
Home Office	Police & Crime Commissioner	0.000	0.111
	Youth Justice Provision	0.000	0.517
Sport Wales	Disability Sport Wales Community Scheme	0.000	0.020
	Free Swimming	0.000	0.060
	Local Sport Plan	0.000	0.475
Total Community & Children's Services		32.265	34.731
<u>Education & Inclusion Services</u>			
Welsh Government	Post-16 Provision in Schools	9.337	9.805
	Education Improvement Grant (EIG) Delegated to Schools	0.000	9.010
	Education Improvement Grant (EIG) Admin	0.000	0.018
	Education Improvement Grant (EIG) Foundation Phase Non Maintained	0.000	0.145
	Regional Consortia School Improvement Grant - Education Improvement Grant	8.949	0.000
	Pupil Development Grant Delegated to Schools (estimate)	7.425	7.238
	Pupil Development Grant Children Looked After (estimate)	0.367	0.358
	Local Authority Education Grant – Minority Ethnic & Gypsy, Roma and Traveller Learners	0.243	0.243
	Local Authority Education Grant – Pupil Development Grant Access (estimate)	0.173	0.000

Award Body	Purpose	2019/20 Amount £M	2020/21 Amount £M
	Local Authority Education Grant – Support for Pressures Arising from Teachers Pay Award (estimate)	0.621	0.000
	Early Years Pupil Development Grant (estimate)	1.056	1.732
	Seren Network	0.090	0.045
	Nursery Childcare Administration	0.000	0.279
	Nursery Childcare (estimate)	2.089	2.549
	Additional Learning Needs Transformation Grant (estimate)	0.163	0.753
	Period Products Grant	0.186	0.000
	Period Dignity in Communities	0.000	0.018
	Period Dignity in School	0.000	0.093
	Reduction in Infant Class Sizes Grant	0.390	0.432
	Music Grant	0.111	0.000
	Out of School Childcare Grant	0.165	0.083
	Schools Business Manager Grant	0.053	0.000
	Schools Based Supply Cluster Grant	0.028	0.000
	Professional Learning Grant (estimate)	0.000	0.944
	ICT Hwb in Schools Infrastructure Grant	0.000	0.242
	Education Grant - Emotional Wellbeing	0.000	0.121
	Education Grant - PDG Access - School uniform grant	0.000	0.504
Rural Payments Agency	Infant Milk (Estimate)	0.465	0.471
Total Education & Inclusion Services		31.911	35.083

Award Body	Purpose	2019/20 Amount £M	2020/21 Amount £M
<u>Chief Executives</u>			
Department for Work & Pensions	Housing Benefit Administration Subsidy	0.788	0.779
Welsh Government	NDR Admin Grant	0.394	0.394
Total Chief Executives		1.182	1.173
<u>Prosperity, Development & Frontline Services</u>			
Welsh Government	Enabling Natural Resources and Wellbeing Grant	0.034	0.030
	Sustainable Waste Management Grant	1.158	1.154
	Lead Local Flood Authority Grant	0.065	0.070
	Concessionary Fares	6.789	6.789
	Road Safety	0.125	0.125
	Bus Service Support	0.665	0.665
	Tomorrow's Valley Residual Waste	1.189	1.189
	Tomorrow's Valley Food Waste	0.064	0.064
Total Prosperity, Development & Frontline Services		10.089	10.086
TOTAL SPECIFIC REVENUE GRANTS		75.447	81.073

- 9.5 Assumptions are made in the MTFP about future levels of specific grants, in particular where they are effectively funding core services, for example, the Sustainable Waste Management Grant which provides funding for our Recycling services.

Section 10 Summary Spend Requirements and Resource Availability

10.1 The impact of the aforementioned modelling, including schools, is aggregated into Table 10.1 to show the forecast budget position over the next 3 years. The modelling shows a projected budget gap over the 3 year period which needs to be addressed and closed with actions during the period. Whilst modelled over a three year period, the Council must also be mindful of its legal responsibility to set a balanced budget annually and for the forthcoming financial year this has to be completed before the 11th March 2021.

Table 10.1

SUMMARY OF EXPENDITURE REQUIREMENTS AND RESOURCES AVAILABLE

Budget Requirement	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Additional Budget Requirement			
Inflation	8,445	9,075	9,788
Inescapables	9,558	5,913	5,252
Risks	1,877	3,754	3,754
Schools (Uplift)	6,516	5,679	5,638
Authority Wide	1,576	1,847	1,418
Budget Requirement	27,972	26,268	25,850
Additional Resources			
Council Tax	3,303	4,010	4,145
Transition Funding	800		
Social Services and Children's Services Specific Grants	-	-	-
WG Resource at +2%	7,773	7,929	8,087
WG Resource at +3%	11,660	12,010	12,370
WG Resource at +4%	15,547	16,169	16,815

Remaining Budget Gap at Welsh Government Settlement Levels	3 Year Budget Gap			
2% Increase	17,696	14,330	13,618	45,644
3% Increase	13,809	10,249	9,336	33,393
4% Increase	9,922	6,090	4,891	20,903

10.2 Clearly a significant determinant on the budget gap is the level of funding which the Council receives from Welsh Government. For each 1% change in the level of settlement from Welsh Government equates to a £3.9M change in resources available to the Council (based on 2020/21 settlement levels).

Section 11 Reserves Policy

- 11.1 Reserves play an important part of the overall financial management and financial standing of the Council. The Council's General Reserve balances at 31st March 2019 amounted to £10.498M and following the approved in-year allocation of £1.5M to support the Council's recovery work from Storm Dennis coupled with an in-year overspend of £0.289M, the remaining balance at 31st March 2020 is £8.709M (draft position, subject to audit). The level of general reserves will be kept under on-going review by the Council's Section 151 Officer and replenished going forward, as appropriate, and taking into account the overall quantum of the budget and the financial risks therein and facing the Council.
- 11.2 The Council also holds Earmarked Reserves which are sums set aside for specific purposes. The full schedule of reserves is attached at Annex 3 (as at the draft Statement of Accounts 2019/20).
- 11.3 All reserves are reviewed at least twice yearly, at budget setting stage and as part of the year end closure of accounts process. In between, changes in risk and potential liabilities are continuously monitored as part of the Council's financial management and budgetary control arrangements and changes in reserve levels are actioned, following member approval, as appropriate.
- 11.4 The Council has used reserves prudently as part of supporting its annual budget strategy for a number of years. Whilst reserves can be used to balance the budget, this alone is not a sustainable strategy and more permanent changes / reductions to the base budget must be made. With regard to the budget gaps modelled in Section 10, to balance the budget, for example, based on a +3% per annum Welsh Government settlement level, for the next 3 years using reserves alone would require the use of over £71M of reserves and the Council would still have a need to reduce its base budget by over £33M.
- 11.5 The Council holds reserves for the following purposes:

Capital, Treasury and Insurance Reserves

Reserve	Purpose
Capital Developments	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.

Other Revenue Related Reserves

Reserve	Purpose
Revenue Budget Strategy 2020/21	Medium Term Financial Planning & Service Transformation Reserve (transitional funding) to be released to fund the 2020/21 Budget Strategy.
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.
Revenue Grant Reserves (IFRS)	Carry forward of Revenue Grants not yet applied to spend – required accounting treatment to comply with International Financial Reporting Standards.
Financial Management and Human Resources Risk Management	Resources set aside as cover for future liabilities relating to various risks identified and being managed.
Infrastructure / Investment	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough.
Prior Year Commitments	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.
Medium Term Financial Planning and Service Transformation	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.
Invest to Save	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.

Section 12 Balancing the Budget

- 12.1 Whilst the budget setting process is necessarily and statutorily an annual process, this Council has for a number of years moved away from the annual cycle for financial planning purposes and seeks to address the budget gap on an ongoing basis over the medium term period.
- 12.2 Part of this process is the early identification and delivery of base budget reducing measures in-year and therefore before the start of a financial year. This has enabled the Council to deliver financial savings early and to replenish our Medium Term Financial Planning and Service Transformation Reserve which we have used proactively as part of our budget strategy approach for a number of years.
- 12.3 Our priority and focus this year to date has been responding to the pandemic and ensuring that our residents, communities and businesses have been protected and supported. Options will now be developed which can help address the range of the potential budget gap which we will face but it is important that in doing so we ensure that we maintain our valued and critical services.
- 12.4 The opportunity must be taken to ensure that we “lock in” the transformation and service delivery changes which we have made across many, if not all of our service areas. The Council has taken the opportunity to make a step change in our working arrangements and become more efficient in terms of maximising the use of digital solutions where appropriate, recognising that such delivery does not meet the needs of all of our residents.
- 12.5 In line with the above, the measures we will explore will include:
- a. Efficiency – we have for many years delivered significant efficiency savings as part of our ongoing work and which have contributed to closing the budget gaps we have faced. Over the last 3 years we have delivered at least £6M per year in this regard. It is important that we maximise our efficiency more than ever as part of balancing next year’s budget in order to ensure that we preserve and where possible enhance our critical services.
 - b. Our Social Services Transformation Programme, including our significant commitment and investment in the provision of Extra Care facilities, continues to be implemented. The financial impact of our ongoing preventative strategy will continue to be modelled alongside the increases in demand for services linked to demographic changes.
 - c. We will continue to review our base budget requirements at both a service level and an authority wide level, with ongoing modelling around key service pressures including inflationary requirements, contractual arrangements and capital charges.
 - d. We will ensure that we continue to maximise opportunities to invest for the long term, benefiting residents and reducing our core ongoing spend

requirements in doing so. We will continue to collaborate and work with others where it is for the benefit of Rhondda Cynon Taf.

e. We will also continue to focus and maximise opportunities across the following areas :

- Digitalisation;
- Commercialism;
- Early Intervention and Prevention;
- Independence; and
- Efficient and Effective Organisation.

Section 13 Capital Programme

- 13.1 The Council's 3 year capital programme, 2020/21 to 2022/23 was agreed by Council on the 4th March 2020.
- 13.2 The three year Capital Programme is a key component of the overall Medium Term Financial Planning and Resources Strategy for this Council. Targeted capital investment can make a significant impact on service delivery and used effectively, is able to underpin the Council's Corporate Plan Priorities, where relevant.
- 13.3 The three year programme amounted to £131M and includes further additional investment of £11.850M in priorities aligned to the Council's Corporate Plan.
- 13.4 The rolling 3 year programme is reviewed and determined annually (in March of each year) and provides service managers with the opportunity to plan investment in our infrastructure and assets over the medium term.
- 13.5 A summary of the current 3 year programme is provided in Table 13.1.

Table 13.1 : THREE YEAR SUMMARY CAPITAL PROGRAMME

GROUP	BUDGET		
	2020/21	2021/22	2022/23
	£M	£M	£M
Community & Children's Services			
Adult & Children's Services	4.895	1.595	1.495
Public Health, Protection & Community Services	2.589	0.495	0.495
Education & Inclusion Services			
Schools	19.458	0.547	0.164
Supplementary Capital Programme	5.785	3.875	3.875
Chief Executive's Division			
Finance & Digital Services	0.700	0.700	0.700
Corporate Estates	1.319	0.925	0.925
Prosperity, Development and Frontline Services			
Planning & Regeneration	16.839	0.699	0.600
Private Sector Housing	6.750	6.450	5.550
Highways Technical Services	15.257	4.509	1.455
Strategic Projects	9.764	2.665	0.165
Waste Strategy	2.147	0.000	0.000
Fleet	6.112	1.573	0.400
Buildings	0.100	0.100	0.100
TOTAL CAPITAL BUDGET	91.715	24.133	15.924

Section 14 Consultation and Scrutiny

- 14.1 Following consideration of this MTFP by Cabinet, it is proposed that this document and the planning assumptions be made available to the Finance and Performance Scrutiny Committee, as part of the consultation on the draft 2021/22 budget strategy.
- 14.2 The MTFP will be used as a basis of planning for our 2021/22 budget strategy consultation processes, updated as appropriate to reflect the implications of the provisional local government settlement which is due to be received in autumn 2020.

Section 15 Other Relevant Documents

Below are links to other documents which are relevant to the Medium Term Financial Plan.

Budget Book

<https://www.rctcbc.gov.uk/EN/Council/Performancebudgetsandspending/Councilbudgets.aspx>

Statements of Account

2018/19 Audited Statement of Accounts -

<https://www.rctcbc.gov.uk/EN/Council/Performancebudgetsandspending/StatementofAccounts.aspx>

2019/20 Draft Certified Statement of Accounts -

<https://www.rctcbc.gov.uk/EN/Council/Performancebudgetsandspending/RelatedDocuments/StatementofAccounts/StatementofAccounts2019to2020Draft.pdf>

Capital Strategy Report incorporating Prudential Indicators

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2020/03/18/Reports/Agendaitem72021CapitalStrategyIncorporatingPrudentialIndicators.pdf>

Treasury Management Strategy incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision (MRP) Statement

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2020/03/18/Reports/Agendaitem6TreasuryManagement.pdf>

Council Performance Reports

Quarter 4 2019/20 -

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2020/07/28/Reports/Item7CouncilPerformanceReport31stMarch2020YearEnd.pdf>

Quarter 1 2020/21 -

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2020/09/24/Reports/Item8CouncilPerformanceReportQuarter1.pdf>

Corporate Plan (2020-2024)

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2020/03/04/Reports/Agendaitem6CouncilsDraftCorporatePlan20202024.pdf>

Council 3 Year Capital Programme 2020/21 to 2022/23

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2020/03/04/Reports/Agendaitem8CapitalProgramme2020120223.pdf>

GENERAL FUND REVENUE : SERVICES PROVIDED

2019/20 Budget		2020/21 Budget
£M		£M
	<u>Community & Children's Services</u>	
87.326	Adult Services	93.047
47.666	Children's Services	50.958
2.682	Transformation	2.567
15.824	Public Health, Protection & Community Services	16.109
153.498		162.681
	<u>Education & Inclusion Services</u>	
27.892	Education & Inclusion Services (Non Delegated)	31.049
151.606	Delegated Schools	161.578
179.498		192.627
	<u>Chief Executive</u>	
0.395	Chief Executive	0.391
2.859	Democratic Services & Communications	2.913
6.817	Human Resources	6.670
1.622	Legal Services	1.636
10.660	Finance & Digital Services	11.717
3.459	Corporate Estates	3.712
25.812		27.039
	<u>Prosperity, Development & Frontline Services</u>	
2.667	Prosperity & Development Services	2.791
54.142	Frontline Services	53.137
56.809		55.928
415.617	Total Group Budgets	438.275
	<u>Authority Wide Budgets</u>	
18.917	Capital Financing	19.713
12.384	Levies	12.438
11.815	Miscellaneous	13.216
0.400	NDR Relief	0.425
24.336	Council Tax Reduction Scheme	24.680
67.852	Total Authority Wide Budgets	70.472
483.469	TOTAL REVENUE BUDGET	508.747

ANNEX 2

Council Revenue Budget by Priority Area

Budget 2019/20*	Priority Area	Budget 2020/21
£'000		£'000
	<u>PEOPLE</u>	
47,123	Children's Services	49,837
91,076	Adult Services	97,108
3,817	Leisure (including physical participation) / Heritage Sites	4,151
142,017		151,096
	<u>PLACES</u>	
7,438	Libraries / Parks / Play Areas	7,435
457	Anti-Social Behaviour / Domestic Violence / Substance Misuse	427
654	Crime Reduction (inc hate crime)	648
4,188	Highway cleanliness	4,787
18,384	Waste / Recycling	18,349
9,294	Highways Infrastructure and Road Maintenance / Condition	9,052
40,415		40,697
	<u>PROSPERITY</u>	
26,525	Economically active people / Job Seekers Allowance Claimants / Job Creation / Not in Education, Employment or Training (NEET)	26,574
191,039	School Attainment	204,083
583	Town Centre	455
400	Town Centre Vacancy Rates (businesses)	425
1,054	Housing / Affordable Housing Delivered / Homelessness Prevention	1,109
219,601		232,646
	<u>LIVING WITHIN OUR MEANS</u>	
1,548	Customer Care	1,505
5,281	Office Accommodation/Buildings	5,058
6,829		6,563
408,862	TOTAL SPEND ON COUNCIL PRIORITIES	431,003
5,543	REGULATORY PUBLIC SERVICES	4,867
2,234	OTHER SERVICES TO THE PUBLIC	2,284
43,116	AUTHORITY WIDE COSTS	45,367
23,715	CORE SUPPORT	25,226
483,469	TOTAL COUNCIL BUDGET	508,747

* Budget 2019/20 - Restated in line with the Council's new Corporate Plan 'Making a Difference' 2020 - 2024

ANNEX 3

COUNCIL CAPITAL PROGRAMME - BY PRIORITY AREA

Priority/Scheme	3 Year Capital Programme 2020 - 2023			
	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total 3 Year Budget
	£M	£M	£M	£M
People				
Adult Services	11.210	6.385	6.257	23.852
Children's Services	0.425	0.402	0.400	1.227
Total - People	11.635	6.787	6.657	25.079
Place				
Parks, Leisure, Libraries, Culture & Heritage, Open Spaces	3.929	0.493	0.260	4.682
Crime Reduction	0.050	0.050	0.052	0.152
Highways Cleanliness	0.246	0.068	0.051	0.365
Highways Infrastructure	24.338	7.845	1.720	33.903
Waste Strategy	7.044	0.605	0.335	7.984
Total - Place	35.607	9.061	2.418	47.086
Prosperity				
School Attainment	25.313	4.422	4.039	33.774
Business Support	7.716	0.259	0.200	8.175
Town Centres	8.713	0.400	0.400	9.513
Housing	0.545	1.300	0.400	2.245
Total - Prosperity	42.287	6.381	5.039	53.707
Living Within Our Means				
Management and rationalisation of service accommodation	1.243	0.975	0.975	3.193
Customer Care	0.029	-	-	0.029
Total - Living Within Our Means	1.272	0.975	0.975	3.222
Total Capital Budget Allocated to Council Priorities	90.801	23.204	15.089	129.094
Regulatory Public Services	0.184	0.149	0.135	0.468
Authority Wide Costs	0.030	0.080	-	0.110
Core ICT Systems Support	0.700	0.700	0.700	2.100
Total Capital Budget	91.715	24.133	15.924	131.772

ANNEX 4

COUNCIL EARMARKED RESERVES**Capital, Treasury and Insurance Reserves**

Reserve	Purpose	Balance at 31/03/19	Transfers Out	Transfers In	Balance at 31/03/20
		£'000	£'000	£'000	£'000
Capital Developments	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.	52,655	(2,421)	8,795	59,029
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.	2,465	0	0	2,465
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	8,587	(465)	0	8,122
Total		63,707	(2,886)	8,795	69,616

Other Revenue Related Reserves

Reserve	Purpose	Balance at 31/03/19	Transfers Out	Transfers In	Balance at 31/03/20
		£'000	£'000	£'000	£'000
Revenue Budget Strategy 2019/20	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2019/20 budget.	1,537	(1,537)	0	0
Revenue Budget Strategy 2020/21	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2020/21 budget.	0	0	800	800
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	761	0	482	1,243
Revenue Grant Reserves (IFRS)	Carry forward of Revenue Grants not yet applied to spend - required accounting treatment to comply with International Financial Reporting Standards.	3,856	(3,856)	2,600	2,600
Financial Management and Human Resources Risk Management	Resources set aside as cover for future liabilities relating to various risks identified and being managed.	13,636	(12,984)	12,635	13,287
Investment / Infrastructure	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough	6,534	(5,346)	5,047	6,235
Prior Year Commitments	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.	5,888	(2,688)	5,216	8,416
Medium Term Financial Planning and Service Transformation	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.	3,303	(800)	1,059	3,562
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.	3,296	(1,718)	1,307	2,885
Invest to Save	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.	3,056	(3,056)	0	0
Total		41,867	(31,985)	29,146	39,028
Total Earmarked Reserves		105,574	(34,871)	37,941	108,644

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RHONDDA CYNON TPAL YEAR 2020/21

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

16th November 2020

AGENDA ITEM 5
Budget Consultation 2021/22

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Paul Griffiths: Service Director – Finance and Improvement Services

1. PURPOSE OF THE REPORT

- 1.1 To introduce the presentation on the Council's 2021/22 Budget Consultation.

2. RECOMMENDATION

It is recommended that Members:

- 2.1 Provide feedback, as the Committee considers appropriate, as part of the Council's 2021/22 Budget Consultation (included as Appendix 1).

3. REASON FOR RECOMMENDATION

- 3.1 To afford the opportunity for the Finance and Performance Scrutiny Committee to provide its feedback on the 2021/22 Budget Consultation, as part of its role as a consultee in the process.

4. BACKGROUND INFORMATION

- 4.1 The Finance and Performance Scrutiny Committee's Terms of Reference includes being a consultee of the Council's annual budget consultation process.
- 4.2 On the 13th October 2020 the Council's Cabinet received and approved a report titled ['Engagement on the Council's Budget 2021/22'](#) that set out the 'digital by default' approach to budget consultation for 2021/22 and, importantly, noting that alternative means will be provided for those having reduced or no access to the internet and those who would prefer to engage through more traditional methods. The report was subsequently reported to the Finance and Performance Scrutiny Committee on the 19th October 2020, where the Committee also supported the approach to the Council's budget consultation for 2021/22.

- 4.3 Since this time, phase 1 of the consultation process has commenced and will run until 7th December 2020. An on-line questionnaire is available on the Council's website for consultees to feedback their views and can be accessed by clicking [here](#). Members will note that careful consideration has been given to the wording of the questions included in the on-line questionnaire to help ensure it can be understood and completed by a wide range of external stakeholders. This information is also being used to inform other engagement arrangements during phase 1 and include:
- A number of public meetings using Zoom and virtual engagement with the Older People's Advisory Group, Youth Forums / Schools and the Community Liaison Committee; and
 - A telephone consultation option via the Council's Contact Centre (including a call back option if required), paper surveys, consultation freepost address for postal responses and an easy read document.
- 4.4. Looking ahead, the UK Government has announced that the one-year spending review setting out, amongst other things, funding levels for the public sector for 2021/22, will be on 25th November 2020. As a result, the Welsh Government has announced the publication of its 2021/22 budget will be deferred until 21st December 2020. From the Council's perspective, this means that phase 2 of the budget consultation process will be scheduled in early 2021.

5. BUDGET CONSULTATION 2021/22

- 5.1 As stated in Section 4, the information being used for phase 1 of the consultation process has been compiled with the aim of enabling and encouraging as many people as possible to provide feedback. For the purposes of engagement with Members of the Finance and Performance Scrutiny Committee, this information has been tailored, where considered appropriate to do so, to help facilitate continued effective Member feedback.
- 5.2 The information set out at Appendix 1 will be presented via PowerPoint at the 16th November Committee meeting and Members will be requested to provide responses to the questions included.
- 5.3 For Members information, the Committee's feedback will be incorporated into a Phase 1 Budget Consultation report, alongside the feedback received from all other stakeholders, and will be considered by Cabinet as part of it developing a proposed Revenue Budget Strategy for the 2021/22 financial year.
- 5.4 Further to a draft 2021/22 Revenue Budget Strategy being compiled, this will be subject to pre-scrutiny by the Finance and Performance Scrutiny Committee in early 2021. This will enable non-executive members to examine and provide feedback on the proposals, and for these to be considered by Cabinet prior to it recommending a Revenue Budget Strategy to full Council in March 2021.

6. **EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 The 2021/22 Budget Consultation process aims to provide opportunities for all of the Council's stakeholders to get involved in giving their feedback, through a wide range of engagement methods.

7. **CONSULTATION**

- 7.1 In line with the Terms of Reference of the Finance and Performance Scrutiny Committee, the Committee is a consultee as part of the Council's Budget Consultation process.

8. **FINANCIAL IMPLICATION(S)**

- 8.1 There are no financial implications as a result of the recommendation set out in the report.

9. **LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 The Council has a statutory duty to consult on the Council Tax Reduction Scheme each year and this requirement has been incorporated into the 2021/22 Budget Consultation process.

10. **LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 10.1 The budget setting process impacts on all Council services and, in doing so, contributes to the delivery of the Council's Corporate Plan priorities.

11. **CONCLUSION**

- 11.1 The 2021/22 Budget Consultation process provides opportunities for all of the Council's stakeholders to get involved in giving their feedback. In addition, the Finance and Performance Scrutiny Committee, in line with its Terms of Reference, is a consultee as part of the Council's consultation arrangements.
- 11.2 The feedback all stakeholders provide via the consultation process will be incorporated into a Budget Consultation Report and be considered by Cabinet as part of it developing a draft Revenue Budget Strategy, that will also then be pre-scrutinised by the Finance and Performance Scrutiny Committee in early 2021.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

16th November 2020

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Budget Consultation 2021/22

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Item: 5

Officer to contact: Paul Griffiths

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE – 2021/22 BUDGET CONSULTATION

PART 1 – THE COUNCIL'S BUDGET

Schools Budget

- The Council has always sought to maximise the resources we provide to schools especially when viewed against the level of funding which the Council has received in overall terms. Since 2012/13 the overall schools' budget has increased by over 20% as compared to the Council's overall budget having reduced by over 1.1%.

The total schools budget in Rhondda Cynon Taf for 2020/21 is £161.6M. The Council is committed to continue supporting our schools and is proposing an increase in their budget next year, which will fully cover increased pay costs (such as teacher and non-teaching staff pay awards) and non-pay inflation on day-to-day running costs of schools (e.g. energy, equipment, consumables).

Do you agree that the Council should provide sufficient resources to fully cover increased pay and non-pay cost pressures in our schools?

Fees and Charges

- Each year the Council is faced with rising cost pressures and increased demand for services. Fees and Charges provide income which can help the Council to continue to provide important services. In overall terms the Council raises approximately £19M a year from fees and charges for services. Each year the level of these charges are reviewed.

When the Council prepares its budget, it works on an increase in fees based on the Consumer Prices Index (CPI)¹.

Fees and charges for 2021/22 are assumed to increase by 1.7% (CPI), but there is the opportunity to introduce higher, lower or even freeze charges in some areas.

What are your views on fees and charges levels for next year for the following areas plus any other areas?

	CPI (increase (1.7%))	Higher than CPI (higher than 1.7% increase)	Freeze (no increase)
Leisure Centre Pay and Play			
Summer and Winter Playing Fees (Sports Clubs)			
Car Parking Charges			

¹ The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Cinema (entrance fee)			
Pontypridd Lido (entry for adult users)			
Rhondda Heritage Park			
Meals on Wheels and Day Centre Meals			
Adult Social Care Charges (non-residential care services)			
Bereavement Fees			
Fixed Penalty Notice (for environmental crimes e.g. fly tipping)			

Note. Leisure for Life membership is already frozen until January 2023 and School Meal charges are frozen until April 2023

Any other comments on fees and charges?

Council Service Priorities

3. The Council provides a wide range of important services – which do you think should be most protected and prioritised for additional resources in 2021/22?

	Protect and Prioritise	Do Not Protect
Schools (Current budget £161M)		
School Support Services (£42.3M)		
Libraries and Adult Learning (£2.3M)		
Apprenticeship Scheme (£0.2M)		
Youth Provision (£1.7M)		
Adult Social Care Services (£97.1M)		
Children's Social Care Services (£49.8M)		
Public Health (£4.9M)		
Housing (£1.1M)		
Parks and Play Areas (£5.1M)		
Highways, Transport and Streetcare Services (£13.9M)		
Waste and Recycling Services (£18.3M)		
Cultural, Tourism and Heritage Services (£2.5M)		
Regeneration / Supporting People Out of Work (£26.5M)		
Leisure Services (£3.9M)		
Music Service (£0.14M)		

Council Tax

4. The Council's current modelling assumptions for 2021/22 include a Council Tax increase of 2.85% and is based on the rationale to help support the continuation of service provision in the context of rising cost pressures and demand for specific services.

NOTE:

- A 2.85% increase, for example, would add approximately £0.55 per week to a "Band A" property in Rhondda Cynon Taf, and £0.82 per week to a "Band D" property (excluding Community Council and Police precepts)).
- Council Tax increases (average Band D excluding community council precepts and Police and Crime Commissioner)
 - 2018/19: RCT Council Tax increase = +3.3% / All Wales increase = +4.94%
 - 2019/20: RCT Council Tax increase = +3.6% / All Wales increase = +6.16%
 - 2020/21: RCT Council Tax increase = +2.85% / All Wales increase = +4.62%

What would be your preferred level of Council Tax increase for next year?

- Less than 2.85%
- 2.85% (current proposed level)
- 3% or over
- 4% or over

Are there any other comments on Council Tax, for example, the level of Council Tax versus maintaining or reducing service levels?

Efficiencies

5. Each year in balancing the budget and ensuring the effective use of resources, all service managers are required to contribute toward a council-wide efficiency (savings) target. This means that all of our services are becoming more efficient, without impacting on front line services.
 - **Do you think this is a good strategy?**
 - **Do you think we should continue to expect our managers to deliver more efficient services?**
 - **Are there any specific areas which you think the Council should consider becoming more efficient / any examples not being efficient?**

Council Reserves

6. Reserves play an important part of the overall financial management of the Council. The Council's General Reserve balances at 31st March 2019 amounted to £10.498M and following an approved in-year allocation of £1.5M to support the Council's recovery work from Storm Dennis coupled with an in-year overspend of £0.289M, the remaining balance at 31st March 2020 is £8.709M. The level of general reserves will be kept under on-going review and replenished going forward, as appropriate, and taking into account the financial risks the Council faces.

Do you think the Council should continue with such a strategy?

7. **Any other general comments on the Council's budget?**

PART 2 – THE COUNCIL'S PRIORITIES

1. The Council focuses on five key areas to maximise resources and deliver improved services.
 - *Digitalisation* – taking the opportunity new technology provides to deliver better services for residents, visitors, businesses and how we operate internally.
 - *Commercialism* – utilising our scale and expertise to deliver services for other organisations and customers and thereby generate income.
 - *Early Intervention and Prevention* – investing in preventative services to deliver savings in the medium term.
 - *Independence* – reshaping our services for vulnerable residents to ensure that we promote independence and deliver first class care services.
 - *Efficient and Effective Organisation* – challenging our ongoing service delivery and driving out further efficiencies through for example, a reduction in administration costs and reducing property costs linked to new ways of working, for example through agile working.

Do you think that the Council should focus on these areas?

Council Investment Opportunities

2. Despite reductions to public sector funding, the Council's prudent approach to financial management has ensured significant investment can still take place in priority areas.

Do you think the Council should invest in these areas?

	Yes	No	Don't Know
21 st Century Schools (new and remodelled schools)			
Roads & Transport (repairs and resurfacing and major projects such as A4119 dualling, Llanharan bypass and Mountain Ash Cross Valley link)			
Recycling & the Environment (improving recycling performance)			
Town Centres & Regeneration			
Empty Properties (Grant to bring properties back into use)			
Leisure (improvements to facilities)			
Play Areas and Parks (upgrading the equipment and standard)			
Extra Care/Community Hubs (focus on independence for older people)			
Employment (apprenticeships and graduate placements)			
Events/Arts (investment in attractions and theatres)			
Flood Alleviation (investing in flood prevention schemes)			

Any further comments on investment opportunities?

Corporate Plan

3. In March 2020, the Council agreed a new Corporate Plan 'Making a Difference' 2020 – 2024 that set the overall direction for the Council over the four-year period. The Corporate Plan is a key component of the Council's budgetary and business planning process, and it recognises that Rhondda Cynon Taf Council and the wider public sector continue to face significant financial challenges.

The Council's vision is: "To be the best place in Wales to live, work and play, where people and businesses are independent, healthy, and prosperous".

The Council's purpose is: "To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous".

Do you agree with the Council's Vision and Purpose?

4. The Council is focused on the following three priorities that have also been adopted as its Well-being objectives in line with the Well-Being of Future Generations Act:
- Ensuring People: are independent, healthy and successful;
 - Creating Places: where people are proud to live, work and play; and
 - Enabling Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.

Do you agree with these priorities?

PART 3 – COUNCIL TAX REDUCTION SCHEME

Council Tax Reduction Scheme

1. Welsh Government are responsible for providing a Council Tax Reduction Scheme (CTR scheme) which provides financial support to low income households across Wales in the form of a reduced council tax bill.

In Rhondda Cynon Taf around 25,000 households benefit from the CTR scheme, with approximately 14,500 receiving 100% Council Tax support i.e. these households pay no council tax.

The Welsh Government's regulations allow the Council discretion to vary the CTR Scheme in the following areas, with the additional costs of doing so falling on the Council:

A. Extended Payments

The CTR Scheme gives the Council the ability to increase the period of paying CTR support for a further 4 weeks to people who return to work (provided they have been in receipt of a relevant qualifying benefit for at least 26 weeks). The CTR Scheme adopted by the Council for 2020/21 did not increase this standard period. The estimated amount of CTRS paid in relation to extended payments by the Council for 2020/21 is **£15,000**.

Do you think that 4 weeks is a reasonable period to continue paying Council Tax Reduction when someone returns to work?

B. Disregard War Disablement Pensions/War Widow's Pensions income

Under the national CTR Scheme, the Council can exclude part, or the whole amount of War Disablement Pensions and War Widow's Pensions when calculating CTR Scheme entitlement. The CTR Scheme adopted by the Council for 2020/21 excluded all of this type of income from assessments. This means that some people receiving War Disablement Pensions and War Widow's Pensions received higher Council Tax relief than if it had been included in our calculations. The estimated additional cost to the Council of excluding all of the income for War Disablement & War Widow's Pensions for 2020/21 is **£26,500**.

Do you think that it is reasonable for the Council to continue to totally exclude War Disablement and War Widow's Pensions income when assessing entitlement to CTR Scheme?

C. Backdating Claims

The existing CTR Scheme regulations specify that the standard period that a claim can be backdated is 3 months, with the Council having the discretion to backdate the claim for a longer period if it wishes. The CTR Scheme adopted by the Council for 2020/21 extended the period of backdating to 6 months (from 3 months). The estimated cost to the Council of backdating claims for 2020/21 is **£4,500**.

Do you think that 6 months is a reasonable period to backdate claims for working age and pensioners?

ANY OTHER COMMENTS - Are there any other general comments with regard to the Council Tax Reduction Scheme?

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