

## **APPENDIX A**

### **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**14<sup>th</sup> FEBRUARY 2019**

#### **A DISCUSSION PAPER PREPARED BY THE SENIOR LEADERSHIP TEAM IN RESPONSE TO THE 2019/2020 LOCAL GOVERNMENT SETTLEMENT**

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### **1.0 BACKGROUND**

- 1.1 The Constitution sets out the procedure, which must be adhered to when setting the Council's annual revenue budget. It is a specific requirement of the Constitution that the Council's Chief Officers first report to the Cabinet, to advise Members on the issues involved (see extract of the Constitution at Appendix 1). Following due consideration of that report, and after having conducted an appropriate budget consultation exercise, it will then be for the Cabinet to determine a strategy and recommend a budget to Council, for final approval. A timetable for this process is attached at Appendix 2.
- 1.2 Prior to determining its preferred budget strategy for the financial year ending the 31<sup>st</sup> March 2020, the Cabinet must consider:
- The Council's own financial position.
  - The financial and service implications of the Welsh Government's (WG) 2019-2020 local government settlement.
  - Our Cwm Taf – Cwm Taf Wellbeing Plan 2018 -2023.
  - The Council's Corporate Plan 2016 - 2020.
  - The level of demand and the statutory basis for delivery of services.
  - The results of the General Budget Strategy consultation exercise.
- 1.3 If Members are to arrive at the best possible outcome for our residents, it will be important that an appropriate weighting is given to each of the key determinants in paragraph 1.2 above, so that relative resourcing and spending priorities can be properly determined.
- 1.4 Accurate and up-to-date information is readily available in respect of the Council's own financial position, and officers have now analysed the 2019/2020 local government settlement from Rhondda Cynon Taf's perspective.

## **2.0 THE COUNCIL'S FINANCIAL POSITION**

- 2.1 Members have continued to receive regular updates on the financial position and projections for this Council during 2018/19. A key starting point and important consideration is the annual statement of accounts. At the Council meeting on the 19<sup>th</sup> of September 2018, I presented the Council's audited accounts, which reported General Fund Balances amounting to £10.720M.
- 2.2 Given the continuing financial pressures the Council is working under, it remains my view, that the Council should hold a minimum of £10M as General Fund Balances, (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.
- 2.3 Members will be aware that in addition to General Fund Reserves, the Council also holds a number of earmarked reserves that are kept under continuous review and are assessed each year by the Wales Audit Office. Members will be aware that included in these Reserves is a Medium Term Financial Planning and Service Transformation Reserve that has successfully supported transitional funding as part of the Council's Medium Term Service Planning arrangements. It has achieved this through helping to smooth the delivery of budget savings over a number of years, whilst still allowing an annual balanced budget to be delivered. The starting point for the Medium Term Financial Planning and Service Transformation Reserve as at the 31<sup>st</sup> March 2018 is £4.665M. As part of our ongoing strategy, we have continued to identify and deliver savings in year which means we have been able to increase the level of transitional funding available and the latest position is that this reserve has now increased to £4.840M (additional in year savings to date of £0.175M).
- 2.4 The Wales Audit Office continues to emphasise that we must remain disciplined at this crucial time, if we are to maintain our long-term goal of driving forward continuous improvement of key services, though this becomes increasingly harder to achieve with such severe financial pressures.
- 2.5 I believe the Wales Audit Office assessment is an accurate one and it is clear that Members continue to take their fiduciary duty extremely seriously as evidenced by the positive reports received from the regulators and the track record of budgetary control across services. The challenge, therefore, is to construct a prudent, equitable and fair revenue budget for the financial year ending the 31<sup>st</sup> March 2020. This must involve an approach which publicly demonstrates sound financial stewardship; which does not take unnecessary risks; which maximises income generation; continues to deliver year on year efficiency savings and which delivers the services that are needed and we can afford, as well as protecting as many jobs as possible.

### **3.0 THE 2019/2020 LOCAL GOVERNMENT SETTLEMENT**

3.1 On the 19<sup>th</sup> December 2018, the Minister for Housing and Local Government (Julie James AM) announced the Final 2019/2020 Local Government Settlement. The Minister's statement and key data table is attached at Appendix 3.

3.2 The "headlines" of the 2019/2020 Settlement are as follows:-

- a. The overall reported increase in Revenue Support Grant (RSG) and Non-Domestic Rates funding for 2019/2020 (of unhypothecated funding) at an all Wales level, is +0.2% (+£10.295M), but this is before new responsibilities are taken into account totalling £7.000M.
- b. The final reported settlement for Rhondda Cynon Taf, shows an increase of 0.8% which is above the average of 0.2%. Settlement figures across the twenty two local authorities in Wales range from at best +0.9% to at worst -0.3%.
- c. A 'floor' protection has been included for 2019/20, set at -0.3% and is funded from resources outside of the Settlement (total 'Top Up Funding is £3.470M).
- d. The Settlement includes 'transfers in' of (Rhondda Cynon Taf impact in brackets):
  - £8.069M in respect of the Teachers Pay Grant (£0.662M)
  - £5.000M in respect of Free School Meals Grant (£0.424M)
- e. The settlement includes 'new responsibilities' of £7.000M in respect of increasing the Capital Limits for Residential Care to £50,000 (£0.542M for Rhondda Cynon Taf). It also includes an additional £2.400M (non-hypothecated) to support additional discretionary rates relief for local businesses.
- f. There is no reference to indicative 2020/21 settlement levels.
- g. Detail on some specific grants are still not available. In particular the respective allocations for individual grants on a local authority basis are still outstanding for many, including:
  - Schools Funding Grant - £15M all Wales
  - Social Services Grant - £30M all Wales

- h. The Council's General Capital Funding allocation has increased to £13.441M. This includes £30M of Welsh Government's £100M increase in General Capital funding over 3 years (to 2020/21). The Minister's statement notes that the total all Wales general capital funding level will be £193M for 2019/20 (which includes £20M for the Public Highways Refurbishment Grant).

#### **4.0 RECENT BASE BUDGET UPDATES**

4.1 Budget assumptions used in compiling the "Base Budget" for the Council are constantly being reviewed and updated. In recent weeks a number of adjustments have been identified that will impact on the estimated budget requirement for 2019/2020. These are:

- a) Social Care pressures £1.100M – this reflects the growing cost of providing care to our most vulnerable residents.
- b) Waste including gate fee increases and nappy collection £0.244M – additional costs associated with residual waste disposal and increased demand for the Council's nappy collection.
- c) General Data Protection Regulations (GDPR) / Data protection £0.182M – costs reflect increased resources needed to ensure on-going compliance with GDPR requirements.
- d) Digital £0.427M - additional costs associated with Microsoft licenses linked to nationally negotiated contracts in addition to costs of further development and roll out of the Council's agile working arrangements and modernisation of business practises.
- e) South Wales Fire and Rescue Service (SWFRA) -£0.137M – notification received (subject to final confirmation ) of the level of the Fire Service Levy for 2019/20 which is below the level initially modelled. One notable caveat however relates to the funding of additional costs of the firefighter pension fund following the latest valuation and the Government Actuary indicating a 10% increase in the contribution rate. This is estimated to cost the SWFRA £2.9M which if not funded by central government, they could subsequently pass on to constituent authorities. This could increase the level of their levy by £0.454M for this Council. They await confirmation of funding arrangements, as indeed we do ourselves in respect of Teachers Pension costs (see para 6.11).
- f) *Other* - a number of other budget adjustments have been reflected in the updated position as part of further work on refining base budget requirements for 2019/20. The overall net increase in costs added to the base requirements at Final Settlement stage totals £0.275M.

4.2 In summary, the measures listed in 4.1 are shown in Table 1 below:

**Table 1: Recent Base Budget Updates Impacting on the 2019/20 Base**

	<b>£M</b>
Social Care Pressures	1.100
Waste Services	0.244
Data Protection Requirements	0.182
Digital Requirements	0.427
Fire Service Levy	<b>-0.137</b>
Other	0.275
<b>TOTAL</b>	<b>2.091</b>

## **5.0 THE FINANCIAL IMPLICATIONS OF THE 2019/2020 SETTLEMENT FOR RHONDDA CYNON TAF**

5.1 The final settlement indicates that our 2019/2020 RSG and NDR funding will total £367.339M.

5.2 In anticipation of the 2019/2020 local government settlement, the Council's service managers have constructed base budget requirements for next financial year. Those initial calculations provided for:-

- Estimated national wage awards, pension costs and National Insurance Contribution levels;
- Non-pay (i.e. goods and services) inflation, including energy and fuel;
- Corporate financing requirements and levies; and
- Full year effects of additional burdens imposed on the Council.

5.3 The position I reported to Council (24<sup>th</sup> October 2018) at the Provisional Settlement stage indicated a budget gap of £5.920M. This position assumed a modelled 3.0% Council Tax increase, savings already secured early in 2018/19 (£1.027M) and a commitment to deliver £6M of efficiency savings in 2019/20. Taking account now of the recent base budget updates summarised in Table 1 and the impact of the Final Settlement and Tax Base update (together providing additional net resources of £2.156M) means that the budget gap has now reduced to £5.855M (a net decrease of £0.065M).

5.4 In addition, the settlement as referenced in section 3.2 included a new responsibility in relation to increasing the Capital Limits for Residential Care to £50,000 which for this Council equates to £0.542M and also additional funding to support NDR relief, in respect of which £0.100M has been set aside in the base budget. Taking these two additional requirements into account means that the budget gap increases by £0.642M to **£6.497M**.

## **6.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2019/2020**

- 6.1 It will not be easy for us to develop an equitable and deliverable revenue budget strategy given the modest 0.8% increase in funding from the Welsh Government and the significant pressure upon many of our services together with a limited ability to increase Council Tax income, and a low tax base. Within these parameters, we will therefore need to take appropriate decisions to ensure that next year's budget is equitable for all, does not compromise our financial stability, and if at all possible protects as many key services and safeguards as many jobs as we can.
- 6.2 I touched upon the Council's overall financial position in Section 2 of the report. In my view, it is vital that we continue with the strategy adopted thus far that takes account of the importance of sound financial management, including the level of General Fund balances and appropriate use of the "Medium Term Financial Planning and Service Transformation Reserve" as transitional funding, whilst targeting any available resources toward our high priority, customer-focused public services.
- 6.3 Every year, there are certain corporate financial provisions that must be "top sliced" locally, before service budgets can be allocated. Next year will be no different. There will be a requirement for:
- a) A provision to meet levies from External Bodies;
  - b) A provision for Capital Charges;
  - c) A provision for all other "Miscellaneous Finance" items (Audit Fees, Insurance Costs, Bank Charges, etc.) which are non-specific to any particular Service Group; and
  - d) Resources to fund the Council Tax Reduction Scheme.
- 6.4 After setting aside appropriate sums for corporate financial requirements, Members can then fully assess the issues and opportunities for the budget as a whole.

### **Council Tax Levels**

- 6.5 This Council has always acted reasonably when setting its Council Tax, balancing the impact upon services and the ability of the public to pay acknowledging that those eligible, will receive support through the Welsh Government's Council Tax Reduction Scheme (CTRS). The proposal is to increase Council Tax in 2019/20 by 3.60%, that is, above the 3.00% modelled in the initial budget gap calculations. Increasing the level by 0.60% will lower the budget gap by £0.506M for 2019/20, hence the updated gap becomes **£5.991M**.

- 6.6 Members will be aware that the costs of the CTRS associated with increases in Council Tax levels and changes in caseload impact on the net income generated through any increase in Council Tax. A 1% increase in Council Tax will generate an additional income for the Council of £1.081M (at the 2019/20 tax base level), but will also cost £0.238M in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £0.843M, or stated another way, almost one quarter (22%) of any Council Tax increase is lost to support the increased costs associated with the Welsh Government's CTRS.
- 6.7 Whilst the focus for this report is predominantly on 2019/20 and an initial net "funding gap" of almost £13M before any savings and efficiencies are applied, this gap is projected to rise significantly over the three years to 2021/22 if our base budget is not reduced. In relation to next financial year initially, it is proposed that this exercise is dealt with in two parts – firstly, setting the schools budget, and secondly assessing the options for filling any remaining gap for 2019/2020.

#### Schools Budget (ISB)

- 6.8 Members have always viewed our schools as being a key priority and have ensured that they have been treated favourably in comparison with other council services.
- 6.9 Members will be aware that as part of the initial budget modelling assumptions a £1M cash uplift for schools had been built into the Medium Term Financial Plan which had subsequently been increased to £2.200M at Provisional Settlement stage. Given the improved Final Settlement and the priority to support schools, it is now proposed that a £5.200M cash uplift is provided in 2019/20. This additional resource will support the pressure associated with teacher's pay growth (excluding the additional costs of Pension Costs for teachers), support one off restructuring costs across schools and will provide additional base support to schools over and above what is also likely to be received through specific grants<sup>1</sup>. In cash terms, this represents a 3.5% increase to the school's budget, which is set in the context of the Council as a whole receiving an increase of 0.8% from Welsh Government.
- 6.10 The result of providing this increase to schools is that the overall schools budget for next year will increase from £148.819M to £154.019M in cash terms with £2.700M of this being built into the base and £2.500M being via one off and pass-ported funding. This will see our schools treated more favourably than other Council services but like other services, it is acknowledged that capping the increase to £5.200M does mean that an element of efficiency planning will be required at a school level. This proposal would see the overall school base budget requirement increasing by £0.500M over and above that already included at Provisional Settlement stage, leaving a remaining overall budget gap for the Council of **£6.491M**.

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<sup>1</sup> Including Schools Funding Grant (all Wales total £15M)

- 6.11 As per the position at Provisional Settlement, any additional costs relating to Teacher's pensions have not been included in the budget position at this time and confirmation is still awaited on the quantum and timing of funding to cover the cost implications (estimated to be £3.1M for 2019/20, part year effect from September 2019). The Department for Education (DfE) in England are currently consulting on a proposal to fully fund the impact upon schools (in England). If no confirmation is received prior to final budget setting, it is proposed that an additional 'temporary' allocation is made from transitional funding and / or other earmarked or general reserves, over and above that already recommended in paragraph 6.13 to cover this and any impact from an amended Fire Service Levy as referenced in paragraph 4.1(e).

#### Dealing With The Remaining Revenue Budget Gap

- 6.12 This Council has taken a proactive approach to dealing with the austerity cuts it has faced in recent years. This approach I believe is still the right one and we will adopt a similar strategy for 2019/20.
- 6.13 Following careful consideration, the following approach is recommended:
- a. *Use of Specific Grants (£2.600M)* – The Final Settlement noted two new specific grants provided by Welsh Government to support funding pressures in 2019/20 (£30M Social Services and £2.300M Children's Services at an all Wales level). Whilst individual local authority allocations have not yet been made available, £2.600M of additional funding is estimated for this Council (subject to confirmation from Welsh Government).
  - b. *Efficiencies* – The Council has successfully delivered nearly £90m in efficiency savings over the last 10 years or so. Whilst the generation of efficiency savings becomes increasingly difficult over time, new technology, collaboration and new ways of working are examples of where such gains can still be delivered. As in previous years, services have been tasked with identifying 'general' base budget efficiency savings. In total, efficiency savings amounting to £6.000M were again targeted for 2019/20 and confirmed at Provisional Settlement stage. Notwithstanding this target level, additional efficiency savings have now been identified bringing the efficiency total to £6.121M and as such a further £0.121M can be set against the budget gap.
  - c. *Fees & Charges* - A report on the proposed level of Fees & Charges for 2019/20 will be presented to Cabinet on the 14<sup>th</sup> February 2019. Subject to Cabinet approval, this proposes a standard increase of 2.9%, with a number of specific exceptions including no increases for Car Park charges, Summer and Winter Playing Fields, School Meals, Pontypridd Lido, Rhondda Heritage Park admissions and Cinema Entrance Fees.



The report also includes a proposed increase of £0.15 for Meals on Wheels (including Day Centre Meals) and the conclusion of a review of licensing fees for Houses in Multiple Occupation (HMOs).

The budgetary impact of the Fees & Charges proposals, if agreed, reduces the budget gap by £0.042M.

- d. *Council Tax Reduction Scheme (CTRS)* – Members will be aware through the quarterly performance reports this year that the costs associated with the CTRS have been consistently below budget. As at Quarter 2 (reported 21<sup>st</sup> November 2018), the projected underspend in this area was £0.366M. Further work on caseloads and demand has now been undertaken as part of the base budget update work and the proposal is to reduce the base budget in 2019/20 by £0.300M. It should be noted that whilst this takes the budget to £24.336M, this is still in excess of the Welsh Government funding for this area which for 2019/20 totals £21.681M.
- e. Office Accommodation (£0.517M) – savings and income generated from our on-going rationalisation of office accommodation, including the lease of the former Ty Dysgu building, the vacating of Heddfan and maximisation / occupancy of the Valleys Innovation Centre.
- f. Capital Charges (£1.030M) - our low risk treasury management strategy has seen us maximise the use of internal borrowing for a number of years which has resulted in lower costs of servicing external debt (loans). We have recently and in line with advice from our treasury management advisors, taken the opportunity to borrow in advance of an environment where rates are at a greater risk of increasing. A review of our longer term capital charge requirement has resulted in the base budget being reduced.
- g. Materials Recovery Facility (£0.458M) - Cabinet on the 16<sup>th</sup> October 2018, agreed to support the procurement of state of the art modern technology to enable the Council's recycling to be processed in a more efficient manner. Following installation this will result in lower processing costs to the Council (part year benefit for 2019/20).
- h. *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding)* – Whilst efficiency savings and cost reduction measures are already in place for 2019/20, it is recognised that further in year savings are necessary to close future year budget gaps. The notion of an annual budget setting process no longer exists and we continue to apply a proactive and ongoing approach to identifying and implementing savings. In doing so, we are able to replenish transitional funding in year and secure base budget savings in the following year. As previously indicated, we have a “Medium Term Financial Planning and Service Transformation Reserve” that provides the tool, albeit short term and one off in nature, for such an approach and this equates currently to £4.840M. To address the current

budget deficit, it is proposed that an allocation of £1.423M is made from this reserve for 2019/20. This would facilitate a balanced budget for 2019/20 and would leave £3.417M in the reserve (subject to the year-end assessment of reserves post March 31<sup>st</sup> 2019). I am confident that processes are now well embedded to ensure that savings are achieved in year and this reserve continues to be replenished.

6. 14 In summary, Table 3 lists the proposals recommended to close the remaining budget gap for 2019/20, that will deliver a balanced budget for next year:

**Table 3 : Budget Strategy Proposals 2019/20**

	£M	£M
<b>Budget Gap</b>		<b>6.491</b>
<b><i>Strategy Proposals</i></b>		
Use of Specific Grants	-2.600	
Additional Efficiency (over and above the £6M)	-0.121	
Fees & Charges	-0.042	
Council Tax Reduction Scheme	-0.300	
Office Accommodation	-0.517	
Capital Charges	-1.030	
Materials Recovery Facility	-0.458	
		<b>-5.068</b>
<b>Remaining Budget Gap</b>		<b>1.423</b>
<b><i>Use of 'One Off' Funding</i></b>		
Service Transformation Reserve		<b>-1.423</b>
<b>Total</b>		<b>0.000</b>

Service Priorities

- 6.15 Even within this period of significantly reducing resources and hence financial pressure on all services, this Council remains committed as far as it possibly can to continue to deliver its key services, stronger communities and social justice. The Council's Corporate Plan 2016-2020 sets out that our key purpose is to provide a County Borough that has high aspirations, is confident and promotes opportunity for all.
- 6.16 However, we must deliver our objectives within the parameters of next year's local government settlement. For next year and into the medium term any available resources should be targeted at key service areas. Part of our General Budget Consultation exercise (explained further in Section 8) has been to test the appropriateness of our key strategic priorities around the themes of:

- *Economy* – building a strong economy;
- *People* – promoting independence and positive lives for everyone; and
- *Place* – creating neighbourhoods where people are proud to live and work.

6.17 In addition to our revenue base budget requirements, opportunities also continue to be taken to deliver investment in key strategic areas through one off funding made available via a risk based review of earmarked reserves and through identification of in year savings opportunities. The latest of these investment tranches in October 2018 provided an additional £23.550M of funding to support various schemes including major Highway Infrastructure requirements, Strategic Regeneration Opportunities, Modern Business Accommodation at Coedely and Robertstown, Community Hubs and Extracare, alongside continued and significant investment (£12M) across our Highways network.

6.18 Cabinet at its meeting on the 25<sup>th</sup> January 2018 agreed in principle to a strategic capital investment programme of over £300M, for the next five years, over and above the Council's existing capital projects and spending plans. In support of this strategy, we will continue to review opportunities for further investment during 2019/20 and a report setting out the updated capital programme for 2019/20 to 2021/22 will be reported for Members consideration shortly.

## **7.0 2019/2020 SERVICE GROUP BUDGETS**

7.1 The Council adopts a comprehensive budget challenge process involving senior managers from each Service Group, with a subsequent detailed review and assessment being conducted by the Senior Leadership Team, to ensure consistency and fairness across all service areas.

7.2 The 2018/2019 revenue budget and the regular performance monitoring reports are available to the Cabinet, to act as a benchmark to evaluate 2018/2019 service delivery options, and savings proposals. It is, of course, important to appreciate that the current year's figures are for information purposes only and are not meant to represent a base service requirement, or target. Indeed, budget provisions for next year could be more, or less, than the 2018/2019 figures, depending upon Members' decisions and spending priorities, and on the impact of the 2019/2020 local government settlement.

7.3 All of our services have recently completed their annual self assessment exercise to support the preparation of delivery plans that will set out key actions for improvement and how progress will be measured. Funding will be a key consideration for these plans and the Senior Leadership Team's budget proposals are intended to underpin these improvements. This will allow the budget to be built "bottom up", on the basis of properly identified service need, within the framework provided by the Cwm Taf Wellbeing Plan and our own Corporate Plan.

7.4 Members will, of course, be keen to demonstrate that the Council is properly discharging all its statutory obligations, but with funding at a premium, will also wish to ensure that our services are being delivered in the most economic, efficient and effective manner. The basic principle which should, therefore, underpin the construction of the 2019/2020 budget, is that Members will look to target adequate funding towards the delivery of our key services whilst, at the same time, ensuring that the resultant Council Tax levied next year is reasonable and can be justified to our residents. Attached at Appendix 4 is an outline budget proposal, including efficiency requirements and service provision amendments. This is based on a Council Tax increase of 3.6%.

## **8.0 THE 2019/2020 GENERAL BUDGET STRATEGY CONSULTATION PROCESS**

8.1 As in previous years, the Council has been keen to consult with the public and other interested stakeholders on its general budget strategy and how services are delivered.

8.2 The general budget consultation ran from the 5<sup>th</sup> of November 2018 to the 17<sup>th</sup> of December 2018 and over 4000 people were involved in the process, compared to 1500 last year, making this the largest response received in respect of our annual budget consultation process. The results of the consultation are attached at Appendix 5i. The consultation methods used this year included:

- An online Budget Simulator and questionnaire.
- A number of Town Centre, Leisure Centre and Library events.
- Promotion through Social media.
- Promotion of Leisure Centre events through 'Leisure for Life' app and Leisure social media pages.
- Questions/polls on social media.
- Two Young Person's Budget Engagement Events including Hawthorn Youth Club and a pilot session with Our Lady's RC Primary School.
- Older Persons Advisory Group Meeting.
- Disability Forum Meeting.
- Promotion with the Citizen's Panel.

8.3 The Council again engaged with relevant stakeholders through the use of an online Budget Simulator. The Budget Simulator outlined a range of services that the Council provides and their associated budgets and then asked people to make £5.9M of savings by adjusting the budget for each service, as well as the level of council tax.

8.4 The general budget consultation also incorporated the requirements to consult on discretions available locally for the Council Tax Reduction Scheme (which was used to inform the Council's decision on its scheme for 2019/20 that was considered by Council on the 16<sup>th</sup> January 2019).

- 8.5 In addition, specific consultation activity was undertaken with the Finance & Performance Scrutiny Committee and the School Budget Forum and minutes of these meetings are attached at Appendices 5ii and 5iii respectively.
- 8.6 Again this year, the draft strategy was subject to pre scrutiny so that non executive members were able to examine proposals and help shape their development before Cabinet considered the detail. The Finance and Performance Scrutiny Committee undertook pre scrutiny of the Budget Strategy proposals and the general consultation feedback report on the 28<sup>th</sup> January 2019. Attached at Appendix 6 are the minutes (currently draft) from this meeting.

## **9.0 CONCLUSIONS**

- 9.1 On the 19<sup>th</sup> December 2018, the Minister for Housing and Local Government (Julie James AM) announced the Final 2019/2020 Local Government Settlement which showed this Council's increase in resources was set at 0.8%.
- 9.2 Whilst the Council's overall financial position remains sound, its level of General Fund Balances are not excessive. The Council must, therefore, retain its focus on holding a minimum level of General Fund Balances of £10M, in order to mitigate any risk of future budget instability. There is though the opportunity to pragmatically use the Medium Term Financial Planning and Service Transformation Reserve as transitional funding without compromising the Council's financial stability, or reducing our General Fund Balances below £10M. As detailed in the report, the use of such transitional funding would produce a balanced budget for 2019/2020.
- 9.3 The Council to date has been able to deliver year on year balanced budgets alongside an investment programme supporting key priorities. The challenge remains though for positive and proactive management from the Senior Leadership Team and clear direction from Cabinet to produce a financially sustainable budget into the medium term in what continues to be an extremely challenging financial climate.

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