



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

23RD JANUARY 2020

THE COUNCIL'S 2020/2021 REVENUE BUDGET

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

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1.0 PURPOSE OF THE REPORT

- 1.1 This report provides Cabinet with information in respect of the 2020/2021 local government settlement and the outcomes of the budget consultation phase 1 exercise, to assist with its deliberations in formulating the revenue budget strategy for the financial year 2020/21, which it will recommend to Council, for approval.

2.0 RECOMMENDATIONS

It is recommended that the Cabinet:

- 2.1 Note that the procedures relating to revenue budget construction, the budget consultation process, and reporting to Council, are set out in the "Budget and Policy Framework" within the Council's Constitution.
- 2.2 To note and consider the outcomes of the budget consultation phase 1 process.
- 2.3 Consider and if appropriate agree the draft 2020/2021 Revenue Budget Strategy, detailed in the attached Discussion Paper 'Appendix A', as the basis upon which a second phase of consultation will take place.
- 2.4 Agree the draft timetable for setting the 2020/2021 revenue budget as set out at Appendix A2.
- 2.5 Agree to receive feedback from the second phase of budget consultation in order to consider and determine the final budget strategy for submission to Council.

- 2.6 Agree that the Council continues to support the medium term financial strategy aimed at maximising ongoing efficiency in service delivery, targeted service transformation and other changes that maintain the financial integrity of the Council whilst still aiming as much as possible to protect jobs and key services.

3.0 BACKGROUND

- 3.1 The revenue budget for the financial year ending the 31st March 2021, must be constructed in accordance with the “Budget and Policy Framework” (contained in the Council’s Constitution), which was agreed by Members in May 2002.
- 3.2 Under these arrangements, it is for the Council’s “respective Chief Officers” to report to Cabinet, and for the Cabinet to then recommend a budget to Council, after having conducted an appropriate budget consultation exercise. I have reproduced the relevant sections of the Constitution at Appendix A1, for Members’ information.
- 3.3 A draft timetable for agreeing the 2020/2021 revenue budget strategy is attached at Appendix A2.

4.0 THE KEY ELEMENTS OF A BALANCED BUDGET STRATEGY FOR 2020/2021

- 4.1 The Council’s Senior Leadership Team have considered budget strategy options throughout the Autumn and in light of emerging delays to the WG Local Government Settlement timescales as a consequence of Central Government planned spending reviews, Brexit and latterly the General Election.
- 4.2 I have reported on the implications of the provisional settlement and on our updated budget requirement to Council on the 15th January 2020 and set this out in detail in the discussion paper attached at Appendix A.
- 4.3 Based on the provisional settlement and alongside our updated base budget requirement, reflecting the continuing increased pressures across many of our services, I have also set out a high level robust and balanced budget strategy option which would include a Council Tax increase of 2.85%.
- 4.4 The outcome from the Phase 1 budget consultation process is also now available for Cabinet to consider alongside the proposals.

- 4.5 Clearly, there are many possible budget permutations open to the Council, but Members' overriding ambition will be to construct a balanced budget package, that is equitable and fair to all by limiting any impact on service provision and where possible, provides for targeting resources to key service areas whilst avoiding an excessive increase in the Council Tax levied by the County Borough Council.

5.0 EQUALITY & DIVERSITY IMPLICATIONS

- 5.1 In developing the draft 2020/2021 Revenue Budget Strategy, an Equality Impact Assessment has been undertaken to ensure that:
- (i) the Council meets the requirements of the Public Sector Equality Duties; and
 - (ii) due regard has been taken of the likely impact of the recommendations in terms of equality and discrimination.

6.0 CONSULTATION

- 6.1 The proposed approach to budget consultation for 2020/21 is set out in the Cabinet report dated 17th October 2019 and in the delegated decision of the Service Director for Democratic Services and Communication dated 14th November 2019. It comprises 2 phases as follows :

Phase 1 - provided residents and stakeholders with the opportunity to feedback their views on some of the key strategic building blocks used to construct the Council's budget.

Phase 2 - once Cabinet have agreed a draft budget strategy, and in light of the provisional local government settlement, then this draft strategy will itself be consulted upon as part of Phase 2.

7.0 FINANCIAL IMPLICATIONS

- 7.1 The financial modelling assumptions and implications are set out in Appendix A of this report.

8.0 LEGAL IMPLICATIONS or LEGISLATION CONSIDERED

- 8.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget and also a legal duty under the Local Government Act 2000 for it to be reported to and approved by Full Council. The construction of the draft 2020/2021 Revenue

Budget Strategy in line with the “Budget and Policy Framework”, as set out in the Council’s Constitution, will support compliance with the abovementioned legal requirements.

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

9.1 The draft budget strategy will be a key enabler for the delivery of the Council’s Corporate Plan and in doing so will support wider partnership objectives and the Well-Being of Future Generations Act.

10.0 CONCLUSIONS

10.1 The Senior Leadership Team holds the collective view that the Council should commit itself to setting its 2020/2021 revenue spending and, as a consequence, the Council Tax levied next year, at a level which balances the desire for fair and equitable service provision, with the need to recognise the impact that excessive tax burdens can have on local households.

10.2 A translation of the Senior Leadership Team’s recommended strategic approach into a high level budget for 2020/2021 with a Council Tax increase of 2.85% is attached to this report.

10.3 Given that the financial resources currently available to the Council are finite and that future local government settlements continue to be uncertain, the Senior Leadership Team believes that an ongoing, robust medium-term financial strategy is essential to ensure that our core public services continue to be improved.
