



**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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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.

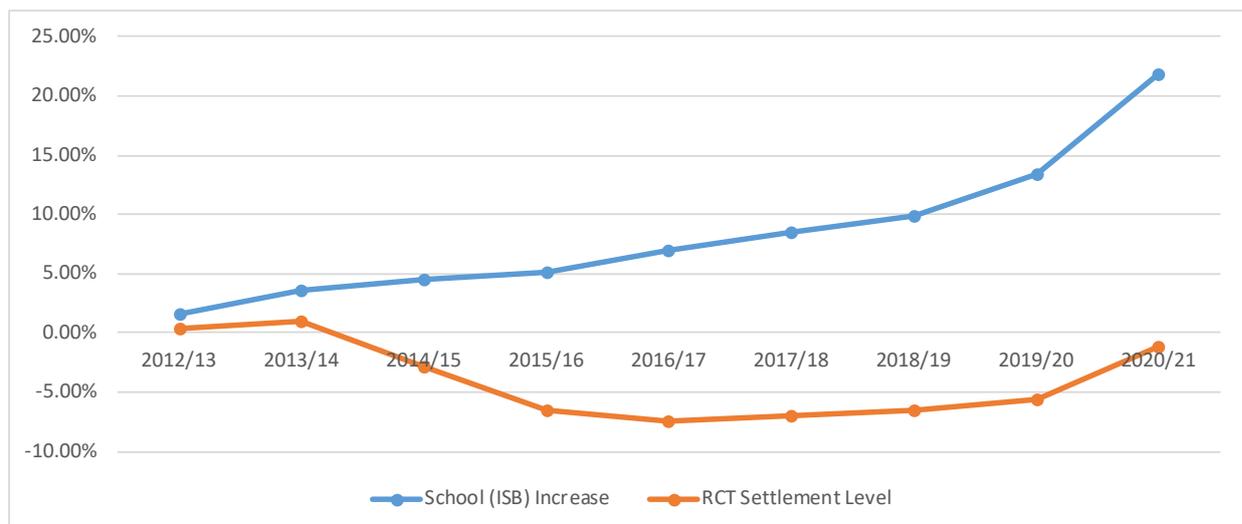
¹ Based on 2020/21 Council Tax Income

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>

ANNEX 1

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