

## **APPENDIX A**

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

**28<sup>th</sup> JANUARY 2021**

#### **A DISCUSSION PAPER PREPARED BY THE SENIOR LEADERSHIP TEAM IN RESPONSE TO THE 2021/22 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 2022, the Cabinet must consider:
- The Council's own financial position.
  - The financial and service implications of the Welsh Government's (WG) 2021/22 local government settlement.
  - Our Cwm Taf – Cwm Taf Wellbeing Plan 2018 -2023.
  - The Council's Corporate Plan 2020 - 2024.
  - The level of demand and the statutory basis for delivery of services.
  - The results of the General Budget Strategy consultation exercise.
  - The critical role of the Council in responding to the pandemic and supporting and protecting our residents, businesses and communities.
- 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 2021/22 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 2020/21. A key starting point and important consideration is the annual statement of accounts. At the Council meeting on the 25<sup>th</sup> November 2020, I presented the Council's audited accounts, which reported General Fund Balances amounting to £8.709M.

- 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 During the last financial year, 2019/20 our reserves were used to support our residents and businesses in the immediate aftermath of Storm Dennis. Whilst reducing our reserves below what I consider to be the minimum level, it was wholly appropriate that they were used in this way and for this purpose. I am satisfied that plans are in place to replenish General Fund Reserves to the minimum level over the period of our Medium Term Financial Plan (at £0.5M per year for the next 3 years).
- 2.4 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 Audit Wales. 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 2020 is £3.563M. 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 £4.330M (additional in year savings to date of £0.767M).
- 2.4 Audit Wales continue to emphasise that we must remain disciplined, if we are to maintain our long-term goal of driving forward continuous improvement of key services, though this becomes increasingly harder to achieve following a period of such severe financial pressures.
- 2.5 I believe the Audit Wales 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 2022. This must involve an approach which publicly demonstrates sound financial stewardship; which does not take unnecessary risks; which maximises income generation; continues to deliver (as far as possible, and where available) 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 2021/22 LOCAL GOVERNMENT SETTLEMENT**

- 3.1 The timing of the Local Government Settlement for 2021/22 has been extremely uncertain throughout the Autumn period as a consequence of the timing of the UK Government Spending Review and the period it would cover, originally planned for 3 years but revised to one year.

3.2 On the 22<sup>nd</sup> December 2020, the Minister for Housing and Local Government (Julie James MS) announced the Provisional 2021/22 Local Government Settlement. The Minister's statement and key data table is attached at Appendix 3.

3.3 The "headlines" of the 2021/22 Provisional Settlement are as follows:-

- a. The overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) funding for 2021/22 (of unhypothecated funding) at an all Wales level, after adjusting for transfers is 3.8% (+£172M).
- b. The settlement for Rhondda Cynon Taf, amounts to an increase of **3.8%** which equates to the average all Wales increase. Settlement figures across Wales range from 2.0% to 5.6%.
- c. No 'floor' protection has been included for 2021/22.
- d. The Settlement figures for 2021/22 include transfers into the settlement in respect of the Teachers Pay Grant (£3.981M) and the Coastal Risk Management Programme (not applicable to this Council). The value of the Teachers Pay Grant for this Council is £0.328M. Whilst the part year (2020/21) implications of the Teachers Pay Grant transfer into the settlement, the additional full year implications are to be funded from within the settlement increase.
- e. There is no indication of settlement levels beyond 2021/22.
- f. Provisional figures and indicative estimates are included for specific grants, at an all Wales level. Of particular note, would be the continuation and increase (from £40M to £50M) in the Social Care Workforce Grant. This funds our core base budget.
- g. The Council's General Capital Funding allocation has increased by £0.087M to £13.764M.

#### **4.0 IMPLICATIONS OF THE 2021/22 PROVISIONAL SETTLEMENT**

4.1 The provisional settlement indicates that our 2021/22 RSG and NDR funding will total £404.375M.

4.2 In anticipation of the 2021/22 local government settlement, the Council's service managers have constructed base budget requirements for next financial year. Those initial calculations provided for:-

- Estimated employee costs, 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 any additional burdens imposed on the Council.

4.3 The Provisional Settlement is within the range modelled in the most recent Medium Term Financial Plan and recognises some of the intense funding pressures which are being experienced across local government in general but also within Rhondda Cynon Taf. **It also importantly recognises the critical**

**role which local government continues to play in responding to the pandemic and protecting our communities and residents.**

- 4.4 Members have continued to receive updates on the projections of the Council's revenue budget position for the period to 2023/24, as part of our Medium Term Service Planning arrangements. The latest of these assessments was considered by Council on the 21<sup>st</sup> October 2020 where, based on a range of modelled settlement levels, projected a funding gap of £9.9M (at +4% settlement), £13.8M (at +3% settlement) and £17.7M (at +2% settlement).
- 4.5 As referenced at section 3, the provisional settlement provides this Council with an uplift of 3.8%. There is also an increase in the Social Care Workforce Grant, which funds our core base budget.
- 4.6 Cabinet on the 17<sup>th</sup> November 2020 determined the Council Tax Base for 2021/22 at £77,197.81. The impact on the modelled budget gap of our updated tax base can also now be reflected.
- 4.7 The combined effects of the above updates is shown in table 1 below.

Table 1 : Revised Budget Gap at Provisional Settlement

	<b>£'000</b>
<b>MTFP Budget Gap at 3%</b>	<b>13,809</b>
Additional Resources at Provisional Settlement (including impact of updated Tax Base)	- 4,049
Additional Social Care Workforce Grant	- 675
<b>Revised Budget Gap</b>	<b>9,085</b>

- 4.8 Our base budget requirements for 2021/22 have continued to be reviewed since the preparation of the MTFP and a number of updates can now be made.
- 4.9 The UK Government Spending Review in November included a proposed pause of national public sector pay, an effective pay freeze for public sector staff with the exception of a pay increase of £250 per year for salary points below £24,000. Consequently, Welsh Government did not receive any further funding in this respect from UK Government. It is anticipated that the appropriate pay negotiating bodies and arrangements will comply with this, including with regard to teachers pay which is a devolved matter for Wales.
- 4.10 Our waste management costs have increased as a consequence of the impact the pandemic has had on residents and businesses. The overall quantum of waste has moved toward more kerbside residential collection, away from trade waste with a changed composition and an increase in the volume of residual waste.
- 4.11 Other base update requirements have also been made in respect of :
- Drainage Team
  - Children's Services - Additional Cost Pressures
  - Adult Social Care Costs
  - Additional Learning Needs
  - Other (including fleet / vehicle costs and community resilience)

4.12 These updates are summarised in table 2 below.

Table 2 : Base Budget Updates

	<b>£'000</b>
Public Sector Pay	- 7,861
Additional Waste Management and Disposal Costs	1,000
Drainage Team	500
Children's Services - Additional Cost Pressures	1,302
Adult Social Care Costs	1,048
Additional Learning Needs	500
Other	360
<b>Total Base Updates</b>	<b>- 3,151</b>

4.13 In the MTFP, a number of risk items were identified and estimated in financial terms. In light of the above updates it is now appropriate that these risks are removed from our base budget requirement for next year, albeit they will continue to be monitored as we go forward and continue to refresh our MTFP.

Table 3 : Risk Value to Remove

	<b>£'000</b>
Removal of Risk Items	- 1,877

4.14 The combined effects of the above updates on the budget gap are now shown in table 4.

Table 4 : Revised Budget Gap 2021/22

	<b>£'000</b>
Budget Gap at Provisional Settlement	9,085
Updated Base Budget Requirements	- 3,151
Removal of Budget Risks	- 1,877
<b>Remaining Budget Gap</b>	<b>4,057</b>

4.15 This reflects the position which was reported to Council on the 20<sup>th</sup> January 2021 and it is against this backdrop that we must consider our budget strategy for 2021/22.

## **5.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2021/22**

5.1 Notwithstanding the relatively positive settlement from WG for 2021/22, it does follow a sustained period of real term reductions to our funding levels and more recently significant storm damage and the pandemic, and it is against this context that we need to develop a balanced budget for next year. There remain significant pressures 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 protects and develops our key services.

- 5.2 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 we have adopted to date 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.
- 5.3 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.
- 5.4 As part of our updated budget requirement, appropriate sums have been set aside for these corporate financial requirements.
- 5.5 Additional costs and income losses which we have incurred during this financial year specifically and directly attributable to the pandemic have been funded by Welsh Government, via a claims based Hardship Fund. WG are committed to continuing this process into 2021/22 and accordingly our core base budget does not include provision for such additional costs.

## **6.0 COUNCIL TAX LEVELS**

- 6.1 This Council has always acted reasonably when setting its Council Tax, balancing the impact upon services and the ability of the public to pay, recognising that those eligible will receive support through the Welsh Government's Council Tax Reduction Scheme (CTRS). The original modelled proposal was to increase Council Tax in 2021/22 by 2.85%. This was consistent with the level of increase for last year 2020/21. It is now proposed that Council Tax be increased by **2.65%** for next year. This will increase the remaining budget gap by £0.182M.
- 6.2 Members will be aware that the costs of the CTRS impacts 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 £1.157M (at the 2021/22 tax base level), but will also cost £0.247M in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £0.910M, or stated another way, 21% of any Council Tax increase is lost to support the increased costs associated with the Welsh Government's CTRS.

## **7.0 SCHOOLS BUDGET (ISB)**

- 7.1 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.
- 7.2 The Schools Budget (ISB) is proposed to be increased to cover, in full, all inflationary and pupil number pressures, including NDR increased costs. Unlike other Council services there is no efficiency target or expectation albeit schools may need to take local action to absorb the financial implications of decisions taken locally.
- 7.3 In overall terms, the proposal sees the Schools Budget increase by £2.2M, from £161.6M to £163.8M. Schools are therefore fully funded for 2021/22.

## **8.0 EFFICIENCY**

- 8.1 Council services have for many years now delivered against ambitious efficiency targets, making considerable budget reductions without adversely impacting on front line service provision.
- 8.2 As part of the current year's budget strategy, efficiencies of £6M were identified and delivered albeit it was noted that the ongoing sustainability of delivering efficiencies at this level would need to be considered.
- 8.3 The pandemic has clearly significantly impacted on our normal practises of considering our budget setting on a continuous basis, working across services in identifying efficiencies and budget reduction options and delivering on them early. The focus of our service managers has clearly and appropriately been prioritised on supporting and protecting our residents, businesses and communities.
- 8.4 Notwithstanding this however, our senior finance officers have continued to work alongside service managers and have again identified budget reduction measures which can be delivered without adversely impacting on our front-line services. Indeed, at as the quarter 2 performance report presented to Cabinet on the 17<sup>th</sup> November 2020, we were able to release £767k of in year base budget reductions.
- 8.5 Whilst at a slightly lower level than previous years, we have now identified efficiencies amounting to £4.6M which can be delivered and removed from next year's base budget requirement.

## **9.0 BUDGET STRATEGY PROPOSALS**

- 9.1 This Council has taken a proactive approach to dealing with the budget pressures it continues to face including delivery of saving proposals early with a clear focus maintained across the medium term planning horizon. The Council has continued to deliver robust, balanced budgets and taken the opportunity to use our Medium Term Financial Planning and Service Transformation Reserve, as transition funding, to sensibly support the overall budget strategy. This approach is one which I would recommend is continued.

9.2 The Cabinet have always been focussed on protecting our front line services and have taken any opportunities to prioritise or reallocate resources to areas of priority.

9.3 For 2021/22, the following proposals are set out for Cabinet's consideration.

a. **NDR Local Relief Scheme**

Cabinet last year (13<sup>th</sup> February 2020) determined to implement a local Business Rate Reduction Scheme for 2020/21. The scheme supplemented the Welsh Government High Street and Retail Rate Relief Scheme by providing a further relief of £300 per qualifying business.

It is proposed that this local relief is continued for 2021/22 and increased to £350 per qualifying business.

The cost of this proposal is **£50k**.

b. **Car Park Charges**

Our town centres have been significantly impacted by the restrictions placed on retail, leisure and hospitality businesses plus the need to put in place measures to adhere with social distancing and enhanced cleaning and hygiene regimes. In order to encourage visitors to our town centres and to aid the recovery of our valued businesses, it is proposed that we tailor our car parking charges, noting that in all of our town centres other than Pontypridd and Aberdare, parking is already free.

The proposal is that car parking is free after 3pm on Monday to Fridays and free all day (after 10am) on Saturdays.

The cost of this proposal in terms of income foregone is **£160k**.

c. **Climate Change and Carbon Reduction**

The Council's commitment to responding to climate change and carbon reduction has already been well documented, with the Climate Change Cabinet Steering Group having met regularly since its inaugural meeting in November 2019. The initial work programme set out in December 2019 has been delivered alongside an ambition to be further impactful and a community leader in this area, recognising the wider role that our residents, businesses and partners must play.

In order to support this work, it is proposed that a core base budget is put in place in order that a lead coordination role can be established along with a resource which can commission work from third parties to continue and, where possible increase the pace of our work in this area.

The cost of this proposal is **£100k**.

d. **Graduates**

Our graduate programme has already provided the opportunity for over 100 graduates to join the Council and develop and progress into middle and senior management roles. It is a key part of our workforce planning



strategy and service continuity arrangements, developing our own staff to meet the ongoing and changing needs across our services.

It is proposed that additional resources are set aside to enable a further 6 graduates to be appointed, over and above our existing commitment.

The cost of the proposal is **£200k**.

#### e. **Well-Being Support**

The performance and commitment of our staff resources has been exemplary during this period across all of our service areas, demonstrating an outstanding attitude to public service and to the well being of our residents, businesses and communities. This has been set against the backdrop of significant personal challenge for them themselves in terms of the restrictions placed on them and their families and the circumstances in which they have had to perform their responsibilities.

Our staff are without doubt our most valued asset – they are the front face of the Council and represent and uphold our key values as public servants. We recognise the challenges faced by staff and have ensured that we continue to support their welfare and wellbeing. The additional resource proposed will enable us to expand upon the current support programmes we have in place and further develop these programmes across the workforce.

The cost of the proposal is **£50k**.

#### f. **Fees and Charges**

A final report on the proposed level of Fees & Charges for 2021/22 will be presented to Cabinet in February 2021. Following the initial (Phase 1) consultation exercise undertaken during November and December, the Cabinet's draft proposals with regard to fees and charges would see a standard increase of 1.7% (CPI), with a number of specific exceptions :

<b>Area of Charge</b>	<b>Proposed Exception</b>
Leisure for Life	Freeze
Car Park Charges	Freeze
Summer and Winter Playing Fees (sports clubs)	Freeze
Meals on Wheels / Day Centre Meals	10p per meal and then frozen until 2023
School Meals	Freeze (as per decision taken in 2020/21 to hold prices until April 2023)
Bereavement Fees	Freeze
Lido / Rhondda Heritage Park	Freeze

The impact of these draft proposals would cost **£185k**.

**g. Public Health and Protection Services – Additional Resources**

The Public Health and Protection service has played a key role this year in ensuring the public health and wellbeing of our communities, providing advice and guidance and leading on initiatives such as the Test Trace Protect programme.

The additional investment proposed in the service will enable additional resources to be employed, further strengthening the team and providing future resilience for the service.

The cost of the proposal is **£200k**.

**h. Flood Prevention Support**

Our communities continue to recover from the exceptional storm events during last winter, including Storm Dennis. Significant recovery work is ongoing across the County Borough to the infrastructure damaged.

Over 1,000 homes and 400 businesses were flooded during Storm Dennis. It is proposed that alongside all other support being provided, that an advisory role is put in place to ensure that our residents and businesses are supported in protecting themselves as far as possible from any storm damage, including for example insurance availability and physical property protection opportunities.

The cost of this proposal is **£50k**.

**i. Overgrowth Team**

Our local environment remains a key priority of the Council, keeping our physical places clean, removing eyesores and ensuring that our natural resources are appropriately maintained. We already have a number of teams who are responsible for ensuring that our overgrowth is effectively maintained and it is proposed that an additional team is put in place to further enhance this work.

The cost of this proposal is **£75k**.

- 9.4 The implications of the above strategy proposals, including the proposed level of Council Tax increase (para 6) and the delivery of efficiencies (para 8), on the remaining budget gap position is shown in table 5 below.

Table 5 : Budget Strategy Proposals 2021/22

	£'000	£'000
<b>Remaining Budget Gap</b>		<b>4,057</b>
Council Tax at 2.65%	182	
Efficiencies	- 4,600	
NDR Discretionary Relief	50	
Fees and Charges	185	
Car Park Charges	160	
Climate Change and Carbon Reduction	100	
Graduates	200	
Well being Support	50	
Public Health and Protection - Additional Resources	200	
Flood Prevention Support	50	
Overgrowth Team	75	- 3,348
<b>Remaining Budget Gap</b>		<b>709</b>

9.5 *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding)* – We have for many years used our transition funding reserve sensibly as part of our balanced budget strategy, at a level which does not compromise the robustness of our budget and which can be replenished with some certainty, given our ongoing strategy of delivering savings early.

9.6 As previously referenced the reserve currently stands at £4.330M, having been replenished during this year (2020/21) by £0.767M to quarter 2. Accordingly, to address the remaining budget gap, it is proposed that an allocation of £0.709M is made from this reserve for 2021/22. This would facilitate a balanced budget for 2021/22 and would leave £3.621M in the reserve (subject to the year-end assessment of reserves). I am confident that processes are now sufficiently well embedded to ensure that savings are achieved in-year and that this reserve can continue to be replenished.

	£'000
<b>Remaining Budget Gap</b>	<b>709</b>
Use of Transition Funding	- 709
<b>Remaining Budget Gap</b>	<b>-</b>

9.7 The above provides a robust and balanced budget strategy which can be recommended to Cabinet and Council.

## **10.0 MEDIUM TERM FINANCIAL PLANNING**

10.1 Whilst the focus for this report is necessarily on 2021/22, the pressures on our services and the absence of any firm indications of future settlement levels means that our Medium Term Financial and Service Planning arrangements remain key to ensuring that financial stability is maintained as the cornerstone of our overall financial health as a Council.

10.2 Medium Term Service Planning remains extremely challenging in the absence of any indication or certainty of ongoing funding levels and it will be critical that we maintain our flexibility to respond accordingly to annual settlement levels within the context of our own medium term planning arrangements.

- 10.3 The delivery of efficiency savings early and as part of our medium term planning has positioned us extremely well in our ability to respond to funding challenges and uncertainties and continues to contribute to the delivery of a lean, efficient and effective organisation.
- 10.4 The future quantum of such savings however must be considered and reflected upon in light of what has been delivered to date (£100M over the last 10 years) and what can reasonably continue to be delivered without impacting on our front line services and having an unintended consequence elsewhere.

## **11.0 SERVICE PRIORITIES**

- 11.1 Even within a 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 2020-2024 sets out that our key purpose is to provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous.
- 11.2 The Senior Leadership Team have had due regard to the plan in formulating the proposals set out in this report.
- 11.3 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 Council has already invested over £107M (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, the latest investment (£11.8M) being agreed by Council in March 2020.
- 11.4 A report setting out the updated capital programme for 2021/22 to 2023/24 will be reported for Members consideration shortly.

## **12.0 2021/22 SERVICE GROUP BUDGETS**

- 12.1 The Council adopts a comprehensive budget challenge process involving finance officers and senior managers from each Service area, with a subsequent detailed review and assessment being conducted by the Senior Leadership Team, to ensure consistency and fairness across all service areas.
- 12.2 The 2020/21 revenue budget and the regular performance monitoring reports are available to the Cabinet, to act as a benchmark to evaluate service delivery options, priorities and savings proposals. It is, of course, important to note 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 provision for next year could be more, or less, than the 2020/21 levels, depending upon Members' decisions and spending priorities, and following the impact of the 2021/22 local government settlement.
- 12.3 All of our services have recently completed service recovery plans that have set out key actions for their recovery from the pandemic, locking in transformation and new service delivery models where appropriate. Funding

will be a key consideration for these plans and the Senior Leadership Team's budget proposals are intended to underpin these actions. 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.

- 12.4 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 2021/22 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 and service funding requirements. This is based on a Council Tax increase of 2.65%.

### **13.0 THE 2021/22 GENERAL BUDGET STRATEGY CONSULTATION PROCESS**

- 13.1 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.

- 13.2 The proposed approach to budget consultation for 2021/22 is set out in the Cabinet report dated 13<sup>th</sup> October 2020. 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.

- 13.3 The Phase 1 Consultation report has been available to support the preparation of these proposals, and is attached at Appendix 5.

- 13.4 The general budget consultation also incorporated the requirements to consult on discretions available locally for the Council Tax Reduction Scheme (which has been used to inform the Council's decision on its scheme for 2021/22 as considered by Council on the 20<sup>th</sup> January 2021).

- 13.5 In addition, specific consultation activity was undertaken with the Finance & Performance Scrutiny Committee and the School Budget Forum the minutes of which are attached at Appendix 6 and Appendix 7 respectively.

### **14.0 CONCLUSIONS**

- 14.1 On the 22<sup>nd</sup> December 2020, the Minister for Housing and Local Government (Julie James MS) announced the Provisional 2021/22 Local Government Settlement which showed this Council's increase in resources was set at 3.8%.

- 14.2 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 restoring a minimum level of General Fund Balances of £10M, in order to mitigate any risk of future budget instability. Alongside this, there is 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. As detailed in the report, the use of such transitional funding would produce a balanced budget for 2021/22.
- 14.3 This Council has continued to deliver year on year robust and balanced budgets alongside an investment programme supporting key priorities. The challenge remains however, 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 and uncertain financial climate.

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