

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**27<sup>th</sup> JANUARY 2022**

**A DISCUSSION PAPER PREPARED BY THE SENIOR LEADERSHIP TEAM IN  
RESPONSE TO THE 2022/23 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 2023, the Cabinet must consider:
- The Council's own financial position.
  - The financial and service implications of the Welsh Government's (WG) 2022/23 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 2022/23 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 2021/22. A key starting point and important consideration is the annual statement of accounts. At the Council meeting on the 29<sup>th</sup> September 2021, I presented the Council's audited accounts, which reported General Fund Balances amounting to £8.505M.

- 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 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, with £0.5M built into our base budget from 2021/22.
- 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 2021 is £3.619M. 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 £4.607M (additional in year savings to date of £0.988M).
- 2.5 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.
- 2.6 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 2023. 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 2022/23 LOCAL GOVERNMENT SETTLEMENT**

- 3.1 The timing of the Local Government Settlement in Wales for 2022/23 has followed the UK Government Autumn Budget and Spending Review (SR21) as announced on the 27<sup>th</sup> October 2021.
- 3.2 On the 21<sup>st</sup> December 2021, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2022/23 Local Government

Settlement. The Minister's statement and key data table is attached at Appendix 3.

3.3 The "headlines" of the Provisional 2022/23 Settlement are as follows:-

- a. The overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) funding for 2022/23 (of unhypothecated funding) at an all Wales level, after adjusting for transfers is 9.4% (+£437M).
- b. The settlement for Rhondda Cynon Taf, amounts to an increase of 8.4% which is below the average all Wales increase. Settlement figures across Wales range from 8.4% to 11.2%.
- c. No 'floor' protection has been included for 2022/23.
- d. The Settlement figures for 2022/23 include transfers into the settlement in respect of Food and Residual Waste Management Gate Fee Support (£13.3M), Social Care Workforce Grant (£5.0M) and the Coastal Risk Management Programme (not applicable to this Council). The values for this Council are £2.430M and £0.408M respectively.
- e. The Settlement also provides indicative all Wales settlement levels for the next 2 financial years, at 3.5% for 2023/24 and 2.4% for 2024/25. The figures are indicative and dependent on NDR income over the period and on the funding provided to WG by UK Government.
- f. Provisional figures and indicative estimates for a 3 year period are also included for specific grants, at an all Wales level. The Social Care Workforce Grant has been partially transferred into RSG as detailed above. This continues to fund our core base budget.
- g. The Council's General Capital Funding allocation has reduced by £2.165M to £11.599M.

#### 4.0 **IMPLICATIONS OF THE 2022/23 PROVISIONAL SETTLEMENT**

- 4.1 The provisional settlement indicates that our 2022/23 RSG and NDR funding will total £441.433M.
- 4.2 In anticipation of the 2022/23 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 and the implications of demand led pressures.
- 4.3 The Provisional Settlement is at a higher level than 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 2024/25, as part of our Medium Term Service Planning arrangements. The latest of these assessments was considered by Council on the 29<sup>th</sup> September 2021 which, based on a range of modelled settlement levels, projected a funding gap of £9.3M (at +4% settlement).
- 4.5 As referenced at section 3, the provisional settlement provides this Council with an uplift of 8.4%.
- 4.6 Cabinet on the 15<sup>th</sup> November 2021 determined the Council Tax Base for 2022/23 at £77,707.00. 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, including the transfers into the settlement, have resulted in additional resources available to the Council as shown in table 1.

Table 1 : Additional Resources at Provisional Settlement

		£'000
Additional Resources at Provisional Settlement (8.4%)	-	20,476
Impact of Updated Tax Base	-	316
<b>Additional Resources Available</b>	-	<b>20,792</b>

- 4.8 Our base budget requirements for 2022/23 have continued to be reviewed since the preparation of the MTFP and a number of updates can now be made.
- 4.9 This has included notably the financial implications of increases to National Insurance Contributions payable by employers linked to the UK Government's Health and Social Care Levy (including the implications upon commissioned service providers) and the costs of funding the payment of the Real Living Wage to social care providers within Rhondda Cynon Taf.
- 4.10 Further funding has also been identified and included in the Schools budget (ISB) to recognise the implications of the Additional Learning Needs and Education Tribunal (Wales) Act, in addition to funding (in full) for pay and non-pay inflation and pupil number changes.
- 4.11 It is evident that demand led cost pressures are being felt across many of our service areas, plus future pay and non-pay inflationary and supply chain pressures. There are also additional cross cutting cost pressures such as energy, fuel and food in addition to the ongoing cost implications as a consequence of the pandemic.
- 4.12 In the MTFP, a number of risk items were identified and estimated in financial terms. In light of the above review and 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.

- 4.13 The impact of the above updates are summarised in table 2. This is in addition to the required £28.5M of budget increases already factored into our MTFP and includes the budget requirements associated with the transfers into the settlement.

Table 2 : Base Budget Updates

	<b>£'000</b>
Health and Social Care Levy and Pay Costs	4,700
Food and Residual Waste Management Gate Fee Support	2,430
Real Living Wage / Ind Sector Costs	3,000
Schools (incl ALN and Pupil Numbers)	2,016
Other (incl Inflation, Specialist Accommodation and Waste)	1,168
Removal of Risk Items	- 1,548
<b>Total Base Budget Requirement Updates</b>	<b>11,766</b>

- 4.14 The combined effects of the above updates on the budget gap and following receipt of the provisional settlement are now shown in table 3.

Table 3 : Revised Budget Gap 2022/23

	<b>£'000</b>
Budget Gap at MTFP (4%)	9,255
Net Base Budget Requirement Updates	11,766
Additional Resources at Provisional Settlement	- 20,792
<b>Remaining Budget Gap</b>	<b>229</b>

- 4.15 This reflects the position which was reported to Council on the 19<sup>th</sup> January 2022 and it is against this backdrop that we must consider our budget strategy for 2022/23.

## **5.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2022/23**

- 5.1 Notwithstanding the positive settlement from WG for 2022/23, 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 Welsh Government support to fund costs arising as a direct consequence of the pandemic has continued through the 2021/22 financial year via the Hardship Fund. WG have stated that they do not intend to continue to provide such additional support going forward and that councils will have to manage these implications through the additional resources provided in the settlement. The Council will need to monitor the financial implications closely moving forward, using any flexibility afforded within its available reserves to transition any permanent additional costs into the base budget over the medium term.

## **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). Our MTFP has been modelled based on an increase in Council Tax for 2022/23 of 2.65%. This was consistent with the level of increase for the current year 2021/22.
- 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 £1.195M (at the 2022/23 tax base level) but will also cost £0.253M in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £0.942M, or stated another way, 21% of any Council Tax increase is lost to support the increased costs associated with the Welsh Government’s CTRS.
- 6.3 It is proposed that the level of Council Tax for next year now be remodelled and set at an increase of 1.00%. This would align with the expectations of the Cabinet in terms of Council Tax levels and in light of the more favourable settlement, balanced against the reported ongoing pressures across our services.
- 6.4 The cost of reducing the level of increase to 1% from that previously modelled would be £1.554M.

## **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 pay and non pay inflationary costs, including increased NI costs associated with the Health and Social Care Levy. Pupil number pressures, NDR increased costs, energy increases and Additional Learning Need delegated funding increases are also included. 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 £11.2M from £163.8M to £175.0M. This represents an increase of 6.8%. Schools are therefore fully funded for 2022/23.

## **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 £4.6M 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 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 continued to be 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 15<sup>th</sup> November 2021, we were able to release £988k of in year base budget reductions.
- 8.5 Whilst identification and delivery of efficiencies continues to be more difficult year on year without impacting on front line services and delivery, we have identified £4.9M which can be removed from our base budget requirement for next year.

## **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 2022/23, the following proposals are set out for Cabinet's consideration.

**a. NDR Local Relief Scheme**

Cabinet have previously determined (13<sup>th</sup> February 2020) to implement a local Business Rate Reduction Scheme for 2020/21 providing relief of £300 per qualifying business, which would supplement the Welsh Government High Street and Retail Rate Relief Scheme. This local relief was increased to £350 per qualifying business for the 2021/22 financial year.

Welsh Government subsequently provided an enhanced level of support to the Retail, Leisure and Hospitality sectors (linked to the impact of the pandemic), with that support continuing into 2022/23 with a 50% reduction in NDR liability.

It is now proposed that an additional £100k is added to the budget bringing the level of support available to businesses to £300k. The detail of this proposal will be subject to a separate report to Cabinet in February 2022, alongside details of WG NDR support.

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

**b. Climate Change and Carbon Reduction**

The Council's commitment to responding to climate change and carbon reduction is well documented, with the Climate Change Cabinet Steering Group continuing to meet regularly since 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.

The latest meeting of the steering group considered an Electric Vehicle Charging Strategy and Implementation Plan, an updated Carbon Footprint report, Key Energy Generation Projects, progress with the Cardiff Capital Region Ultra Low Emissions Vehicles (ULEV) Strategy, the Biodiversity and Local Nature Partnership in Rhondda Cynon Taf and the Active Travel Strategy, Measures and Issues in the County Borough.

This demonstrates the range and scale of work which the Council is already delivering. Examples of current investment includes a Carbon (energy) Reduction Programme (£1.6M), Taffs Well Spring (£0.5M), Biodiversity Projects linked to our living landscapes (£0.154M), an ongoing Tree Planting Programme (current year funding £0.050M) in addition to our Active Travel Investments (£4.5M), EV Infrastructure (£0.300M) and our 21<sup>st</sup> Century Schools Programme which is committed to achieving net zero carbon buildings and to BREEAM excellent standard.



In order to ensure that this delivery is maintained and enhanced wherever possible it is proposed that further base budget resources are set aside, alongside existing resources, for our work in this regard.

The cost of this proposal is **£500k**.

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

The Public Health and Protection service has continued to play a key role in ensuring the public health and wellbeing of our residents, communities and businesses, providing advice and guidance and delivering initiatives such as the Test Trace Protect programme.

The additional investment proposed for the service (further to the additional £200k invested in 2021/22) will enable further consolidation, strengthening the team and providing future resilience for the service.

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

**d. Sustainable Social Services**

Our Social Services provision has been under extreme pressure throughout the pandemic coupled with resourcing issues across the sector generally. It is acknowledged that we need to be developing different models of service provision, aimed at earlier intervention and prevention with a clear focus on impact and on positive outcomes for our most vulnerable residents. Increasing demand and complexity of need requires additional investment to ensure services are sustainable for the future.

The additional investment will support the development of our workforce, including initiatives to build capacity, strengthen career pathways and develop our existing staff in critical service areas. It will support the remodelling and integration of community services with partners to help address ongoing and growing pressures in the health and social care system, ensuring people are safe and well cared for at home. Preventing children becoming looked after and reunification of families is a priority. Additional investment will be made in our preventative services to respond to complex needs and mental health needs as well as increasing capacity for placements to deliver the best possible outcomes for children and young people as close to home as possible.

The cost of the proposal is **£1,500k**.

**e. Minimum Rate of Pay - £10 Per Hour**

The Council has been a Real Living Wage employer for many years, paying our own staff in line with the appropriate rate, and has extended that commitment to paying a real living wage for all independent sector social care staff employed by our commissioned service providers (effective from the 1<sup>st</sup> December 2021). The Real Living Wage was announced as increasing to £9.90 in November 2021 and this Council is

proposing to bring forward the implementation of this rate to 1<sup>st</sup> February 2022 (ordinarily the Council implements increases from 1<sup>st</sup> April following the announced increase).

It is proposed that we locally determine to further increase this level of minimum remuneration to £10 per hour and that this be effective from the 1<sup>st</sup> April 2022. This would apply to our own staff plus commissioned social care staff.

The cost of this proposal is **£550k**.

**f. Funding for Investment**

The Council has already invested over £129M (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, the latest investment (£6.500M) being agreed by Council in September 2021.

This has delivered a vast range of new infrastructure developments and significant improvements to our existing assets across all areas of the Council and across all our communities.

In order to ensure that we maintain the pace of this ambition going forward it is proposed that revenue base budget (recurring) funding is identified to be used alongside resources which are secured from the ongoing early delivery of our medium term saving and efficiency plans.

The cost of the proposal is **£1,000k**.

**g. Detached Youth**

The impact of the pandemic on young people across the County Borough continues to be seen and it is essential that we maximise the opportunity to ensure that we continue to engage as much as we can, providing much valued services and activities through a range of service provision models.

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

**h. Car Mileage Rate**

Since 2015 (effective from 1<sup>st</sup> May 2015) the Council has applied a Car Mileage reimbursement rate, payable to staff who utilise their vehicles for work related purposes, of 35p per mile. It is proposed that this rate now be increased to 40p per mile.

The cost of this proposal is **£118k**.

**i. Fees and Charges**

A final report on the proposed level of Fees & Charges for 2022/23 will be presented to Cabinet in February 2022.

The Council reviews the level of fees and charges on an annual basis in the context of the rate of inflation. The current level of inflation (CPI to December 2021) is 5.4%.

It is proposed that for the year ahead, the general rate of increase across our fees and charges is set at a lower level of 2.5%, with the Council absorbing the implications of not applying an uplift in line with inflation.

There are a number of proposed exceptions as shown in the table below.

<b>Area of Charge</b>	<b>Proposed Exception</b>
Leisure for Life – Membership	Freeze (in line with prior decision)
Meals on Wheels / Day Centre Meals	Freeze (in line with prior decision)
School Meals	Freeze (in line with prior decision)
Car Park Charges	Freeze
Summer and Winter Playing Fees (sports clubs)	Freeze
3G Pitch Hire	Freeze
Licenses (Hackney Carriage / Private Hire)	Freeze
Lido / Rhondda Heritage Park	Freeze

The cost of this proposal (net of that assumed at latest MTFP) is **£44k**.

- 9.4 The implications of the above strategy proposals and the delivery of efficiencies identified at para 8 on the remaining budget gap position is shown in table 4 below.

Table 4 : Budget Strategy Proposals 2022/23

	<b>£'000</b>	
Remaining Budget Gap		229
Efficiencies	- 4,900	
NDR Local Relief Scheme	100	
Climate Change and Carbon Reduction	500	
Public Health and Protection Services	200	
Sustainable Social Services	1,500	
Minimum Rate of Pay - £10 Per Hour	550	
Funding for Investment	1,000	
Detached Youth	75	
Mileage Rate	118	
Fees and Charges	44	
Council Tax at 1.0%	1,554	
		741
<b>Remaining Budget Gap</b>		<b>970</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 £4.607M, having been replenished during this year (2021/22) by £0.988M to quarter 2. Accordingly, to address the remaining budget gap, it is proposed that an allocation of £0.970M is made from this reserve for 2022/23. This would facilitate a balanced budget for 2022/23 and would leave £3.637M 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
Remaining Budget Gap	970
Use of Transition Funding	- 970
<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 2022/23, the pressures on our services 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 The provision by Welsh Government of an all Wales multi-year settlement with indications of prospects for 2023/24 and 2024/25 is helpful for our medium term financial planning arrangements, notwithstanding the lower levels of indicative future year settlements will present us with a challenge. In this regard it is essential that we retain our focus across the medium term planning horizon and seek to ensure that we continue to manage our cost base effectively alongside future prospects for settlement levels.

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 (approx. £100M over the last 10 years) and what can reasonably continue to be delivered without impacting on our frontline services and having an unintended consequence elsewhere.

## **11.0 SERVICE PRIORITIES**

- 11.1 Even after a period of significantly reduced 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 £129M (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, the latest investment (£6.500M) being agreed by Council in September 2021.
- 11.4 A report setting out the updated capital programme for 2022/23 to 2024/25 will be reported for Members consideration shortly. As was noted at Section 3, the Council's General Capital Funding allocation has reduced by £2.165M to £11.599M.

## **12.0 2022/23 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 2021/22 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 2021/22 levels, depending upon Members' decisions and spending priorities, and following the impact of the 2022/23 local government settlement.
- 12.3 All of our services completed service recovery plans through the pandemic with a return to a normal cycle of self assessment and delivery planning now reintroduced. 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 2022/23 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.

### **13.0 THE 2022/23 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 2022/23 is set out in the Cabinet report dated 18<sup>th</sup> October 2021. 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 2022/23 as agreed by Council on the 19<sup>th</sup> January 2022).

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 21<sup>st</sup> December 2021, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2022/23 Local Government Settlement which showed this Council's increase in resources was set at 8.4%.

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 2022/23.

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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