

**Rhondda Cynon Taf
County Borough Council**

Budget Consultation 2022/23 (Phase 2)

**Finance and Performance Scrutiny
Committee – 2nd February 2022**

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Introduction – 2022/23 Draft Revenue Budget Strategy

- Strategy options contained in this presentation are those proposed by Cabinet at its meeting on 27th January 2022 (after taking account of the 2022/23 provisional local government settlement and phase 1 budget consultation feedback)
- Consultation / Pre-Scrutiny work will be a key component of this work and will be fed through when Cabinet meets to finalise its recommended Budget Strategy in February

Council's Current Financial Position (2021/22)

- Audited Accounts for 2020/21 – General Fund Balances at £8.505M (£0.5M built into the base budget from 2021/22 to replenish to £10M over the next 3 years)
- Medium Term Financial Planning & Service Transformation Reserve (Transitional Funding)
 - 31st March 2021 = £3.619M
 - 2021/22 in year savings (at 30th Sept 21) = £0.988M
 - Level of reserve for budget strategy considerations **£4.607M**

Phase 1 Budget Consultation – Headlines

- Phase 1 Consultation period ran from 26th October to 7th December 2021 and over 1,000 people took part
- Feedback included....
 - For Council Tax, 52% of respondents fed back it should be increased by 2.65% and 48% fed back the increase should be lower than 2.65%
 - For Schools, 72% of respondents agreed that the Council should provide sufficient resources to fully cover increased pay and non-pay costs in our schools
 - For Social Services, 87% of respondents agreed that the Council should continue to prioritise social services as a key area for additional investment

Phase 1 Budget Consultation – Headlines

- Where the Council applies a fee / charge for services, 51% fed back they should be raised by the rate of inflation, 37% fed back the increase should be lower than the rate inflation and 12% fed back that specific fees and charges should be frozen
- The top 5 services that respondents wanted to protect and prioritise were Children's Social Care Services; Public Health; Adult Social Care Services; Schools; and Waste and Recycling Services
- 86% of respondents agreed with the Council's approach to efficiencies and 89% fed back that we should continue to expect our managers to deliver more efficient services
- 77% of respondents fed back that the Council should continue with its strategy on reserves

Provisional Local Government Settlement 2022/23 – Headlines

- Announced on 21st December 2021
- All Wales increase in RSG / NDR at +9.4% - the settlement recognising the intense funding pressures being experienced and the critical role of local government and schools in responding to the pandemic and protecting communities
- RCT increase at +8.4% (across Wales increases range from +8.4% to +11.2%)
- No funding floor protection
- Includes ‘transfers in’ of funding – Food and Residual Waste Management Gate Fee Support £13.3M (RCT £2.430M) and Social Care Workforce Grant £5.0M (RCT £0.408M)

Provisional Local Government Settlement 2022/23 – Headlines

- Indicative settlement levels for the next 2 financial years included: 2023/24 +3.5% and 2024/25 +2.4% – **dependent on NDR income over the period and funding provided to Welsh Govt by UK Govt**
- Provisional figures and indicative estimates for a 3 year period included for specific grants, at an all Wales level
- Core Capital Funding decreased by £2.165M to £11.599M

Provisional Local Government Settlement 2022/23

– Implications for Rhondda Cynon Taf

- Budget modelling updated to take account of:
 - More favourable provisional settlement compared to the range of MTFP assumptions the Council modelled / reported in autumn 2021 ...but it follows a sustained period of real term reductions in funding levels
 - Continuation of Social Care Workforce Grant (part transferred into settlement)
 - Financial implications of:
 - Increase to employer national insurance contributions linked to the UK Govt's Health and Social Care levy (including commissioned service providers)
 - Funding the payment of the Real Living Wage to internal staff and independent social care providers

Provisional Local Government Settlement 2022/23 – Implications for Rhondda Cynon Taf

- Other additional costs built in include:
 - Demographic and demand led impacts (e.g. Children's and Adult social services) and on-going service modernisation (e.g. Extracare)
 - Legislative changes (Additional Learning Needs)
 - Inflationary impacts (pay award for teaching and non-teaching staff, energy, fuel and food)
 - Specific on-going cost implications as a consequence of the pandemic (noting the cessation of Welsh Govt Covid Hardship Fund from 1st April 2022)

Provisional Local Government Settlement 2022/23 – Implications for Rhondda Cynon Taf

Remaining Budget Gap

- The combined effects of the updated budget modelling = £0.229M budget gap

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

- It is against this position that Cabinet have developed their draft Budget Strategy

Cabinet Proposed Budget Strategy 2022/23

- The following slides set out the key elements of the draft 2022/23 Revenue Budget Strategy proposed by Rhondda Cynon Taf Council's Cabinet on 27th January 2022
- The Cabinet's proposed Budget Strategy comprises:
 - Council Tax
 - Schools Budget
 - Social Services Funding
 - Efficiencies
 - Fees and Charges
 - Targeted Investment
 - Use of reserves

Cabinet Proposed Budget Strategy 2022/23

Council Tax

- Council Tax levels for the past 3 years (average Band D excluding Comm Council and Police Precepts)
 - 2019/20: RCT Council Tax increase = +3.6% / All Wales increase = +6.16% (lowest increase in Wales)
 - 2020/21: RCT Council Tax increase = +2.85% / All Wales increase = 4.62% (lowest increase in Wales)
 - 2021/22: RCT Council Tax increase = +2.65% / All Wales increase = 3.58%) (lowest increase in Wales)
- The Cabinet is proposing that Council Tax be increased by 1.00% for next year (lower than the originally modelled Council Tax increase of 2.65%) at a cost of £1.554M to the Council.
 - Band A – an increase of £0.20 per week
 - Band D – an increase of £0.30 per week

Cabinet Proposed Budget Strategy 2022/23

Schools Budget

- The Cabinet's proposed budget strategy aims to protect our schools by ensuring they have the money they need to fund increased costs for next year.
- The proposal would:
 - Increase the Schools Budget to cover
 - Pay and non-pay inflationary costs (including increased national insurance costs associated with the Health and Social Care Levy and energy increases)
 - Pupil number pressures
 - Additional Learning Need delegated funding increases
 - Not require the delivery of an efficiency saving target, albeit, schools may need to take local action to absorb the financial implications of decisions taken locally

Cabinet Proposed Budget Strategy 2022/23

Schools Budget

- In overall terms, the proposal will see the Schools Budget increase from £163.8M to £175.0M, an increase of £11.2M – the approach will mean that schools will be fully funded for 2022/23.

Cabinet Proposed Budget Strategy 2022/23

Social Services Funding

The Cabinet is proposing that the Social Services Budget (Community and Children's Services) be increased by over £15M next year (this includes the specific £1.5M Sustainable Social Services proposal) – recognising the intense pressures being felt across these services.

Cabinet Proposed Budget Strategy 2022/23

Efficiencies

- The Council has continued to deliver efficiencies for a number of years, over £16.5M in the past 3 years
- The current year's budget strategy (2021/22):
 - £4.6M of efficiencies identified and delivered in the current year – recognising the on-going sustainability of delivering efficiencies at this level would need to be considered
 - Has continued the approach of early identification and delivery 'in-year' of efficiency savings = £0.988M realised early in 2021/22

Cabinet Proposed Budget Strategy 2022/23

Efficiencies

- For 2022/23, efficiencies totalling £4.9M have been identified for incorporation into the proposed strategy that will not impact on front line services

Cabinet Proposed Budget Strategy 2022/23

Fees and Charges

- Current level of inflation (CPI to December 2021) is 5.4%
- The proposal:
 - Is for the general rate of increase across Council fees and charges to be 2.5% - the Council absorbing the implications of not applying an uplift in line with inflation
 - A number of exceptions...

Area of Charge	Proposed Exception
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 Parking 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 to the Council of the above would be £44k.

Cabinet Proposed Budget Strategy 2022/23

Proposed Targeted Additional Investment		
Priority Area	Proposal	Additional Investment £k
NDR Local Relief Scheme	The Local Relief Scheme is continued and the level of support available to businesses is increased by £100k to £300k	100
Climate Change and Carbon Reduction	Recognising the Council's continued commitment to climate change and carbon reduction - to support the delivery of a programme of projects alongside existing resources	500
Public Health and Protection	Building on the additional resources allocated in 2021/22 to support the Service's key role in ensuring the public health and well-being of our residents, communities and businesses - to further strengthen the team and future resilience of the Service	200
Sustainable Social Services	On-going additional investment across Adult and Children's Services to further develop our workforce and build capacity - aimed at earlier intervention and prevention with a clear focus on impact and on positive outcomes for our most vulnerable residents	1,500

Cabinet Proposed Budget Strategy 2022/23

Proposed Targeted Additional Investment - continued		
Priority Area	Proposal	Additional Investment £k
Minimum rate of pay - £10 per hour	Building on the Council's existing Real Living Wage employer commitment - to locally determine the national Real Living Wage rate of £9.90 per hour is increased to £10 per hour for our own staff plus commissioned social care staff	550
Funding for Investment	Further funding to be used alongside resources secured from the early delivery of efficiency plans to support the on-going programme of additional investment in a range of new infrastructure developments and improvements to existing assets across Rhondda Cynon Taf	1,000
Detached Youth	To support continued engagement with young people across Rhondda Cynon Taf through activities and a range of services	75
Car Mileage Rate	Increasing the car mileage reimbursement rate that has been in place since May 2015 from 35p per mile to 40p per mile, payable to staff who utilise their vehicles for work related purposes	118
TOTAL		4,043

Cabinet Proposed Budget Strategy 2022/23

Use of Reserves

- The impact of the Budget Strategy proposals

	£'000	£'000
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
Remaining Budget Gap		970

- Remaining budget gap proposed to be funded through the allocation of £0.970M from Transitional Funding (Transitional Funding balance remaining would then total £3.637M)

Phase 2 Budget Consultation

Some prompts / potential areas for focus / discussion

- Council Tax
- Schools Budget
- Social Services Funding
- Efficiencies
- Fees and Charges
- Targeted Investment

Phase 2 Budget Consultation

Any other general comments on the Council's budget?

Phase 2 Budget Consultation

- To run from 28th January to 11th February 2022
- The consultation approach includes:
 - On-line questionnaire via the Let's Talk website
 - Young persons engagement including via Instagram
 - Social media
 - Engagement with Armed Forces Groups and Disability Forum
 - On-line Zoom meetings with:
 - School Budget Forum
 - Older Persons Advisory Group
 - The Council's 'Finance and Performance Scrutiny Committee' and the 'Community Liaison Committee'
 - Joint Consultative Committee

Next Steps and key dates

- 11th February 2022 – Phase 2 consultation ends and all feedback reported to Cabinet on 28th February 2022
- 28th February 2022 - Cabinet meeting to consider the feedback from the Phase 2 Consultation and for Cabinet to agree its final Revenue Budget Strategy for 2022/23 for recommending to Council
- 1st March 2022 - Final 2022/23 Local Government Settlement – Receipt of final settlement figures from Welsh Government
- 9th March 2022 – full Council meeting
 - Cabinet to submit its recommended 2022/23 Revenue Budget Strategy and Council Tax levels to Council

Thank you