



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2021-2022**

**COUNCIL**

**9<sup>TH</sup> MARCH 2022**

**THE COUNCIL'S 2022/23 REVENUE BUDGET STRATEGY**

**REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES**

**AUTHOR: Barrie Davies, Tel. No. 01443 424026**

**1.0 PURPOSE OF THE REPORT**

- 1.1 This report provides information on the final local government settlement for 2022/23 and sets out the recommendations of the Cabinet with regard to the Council's Revenue Budget and the level of Council Tax for the year ending 31<sup>st</sup> March 2023.

**2.0 RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the written statement from the Minister for Finance and Local Government (Rebecca Evans MS) and the table on the 2022/23 Final local government settlement, reproduced at Appendix 1;
- 2.2 Note the implications for the Council and the remaining budget gap as set out at section 5;
- 2.3 Agree a Council Tax increase for 2022/23 of 1.00%;
- 2.4 Agree the uplift to the aggregate Schools Budget as detailed at section 8;
- 2.5 Agree the budget strategy proposals as set out at paragraphs 10.3(a) to 10.3(i);
- 2.6 Agree the use of the 'Medium Term Financial Planning & Service Transformation Reserve' as transition funding, totalling £0.963M for 2022/23;

- 2.7 Approve Tables 3 and 4 in Section 13 of the report as the basis of allocating resources to the Individual Schools Budget (ISB), to other Council Services, and to meet its corporate financing requirements; and
- 2.8 Agree the Council's overall budget for 2022/23 at £566.792M, in order to pass the necessary statutory resolutions to set the Council Tax for the forthcoming financial year by the statutory deadline of the 11<sup>th</sup> March 2022.

### **3.0 BACKGROUND**

- 3.1 At the Council meeting on the 29<sup>th</sup> September 2021, the Council's audited accounts were presented which reported General Fund Balances amounting to £8.505M.
- 3.2 Given the continuing financial pressures the Council is working under, it remains the view of the Director of Finance and Digital Services (Section 151 Officer) 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.
- 3.3 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 is considered to be the minimum level, it was wholly appropriate that they were used in this way and for this purpose. The Director of Finance and Digital Services is 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.
- 3.4 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. 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 was £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).

- 3.5 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.
- 3.6 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.
- 3.7 In the context of this overall financial position, the Cabinet, assisted by the Senior Leadership Team was able to commence initial work on its budget strategy for 2022/23. The broad objectives of next year's proposed strategy are to:
- (i) Support the delivery of our key strategic priorities -
    - People – Are independent, healthy and successful
    - Places – Where people are proud to live, work and play
    - Prosperity – Creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper
  - (ii) Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management;
  - (iii) Continue with the delivery of our key services and protect as many local jobs as possible; and
  - (iv) Take a responsible approach to the level of Council Tax.

#### **4.0 THE 2022/23 LOCAL GOVERNMENT SETTLEMENT**

- 4.1 On the 1<sup>st</sup> March 2022, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Final 2022/23 Local Government Settlement. The Minister's statement and key data table is attached at Appendix 1.
- 4.2 The "headlines" of the 2022/23 Final 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. The Final Settlement included additional resources as a result of a technical adjustment, resulting in additional funding of £0.008M for Rhondda Cynon Taf as compared to the provisional settlement.
- d. No 'floor' protection has been included for 2022/23.
- e. 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.
- f. 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.
- g. 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.
- h. The Council's General Capital Funding allocation has reduced by £2.165M to £11.599M.

## **5.0 COUNCIL BASE BUDGET REQUIREMENT 2022/23**

- 5.1 In anticipation of the 2022/23 local government settlement, the Council's service managers have constructed the base budget requirements for next financial year. Those initial calculations provided for:-
  - Estimated national wage awards, 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.
- 5.2 The Council's updated budget requirement was reported to Council on the 19<sup>th</sup> January 2022 alongside the implications of the Provisional Local Government Settlement which was announced on the 21<sup>st</sup> December 2021.

- 5.3 After taking into account the updated budget requirement and the provisional settlement increase of 8.4%, in addition to the Council's updated Tax Base, the Council was faced with a **remaining budget gap of £0.229M**.
- 5.4 It was against this position which the Cabinet have considered their further budget strategy options for 2022/23.

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

- 6.1 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.
- 6.2 The Council's overall financial position was set out at Section 3 of the report. 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.
- 6.3 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; and
  - d) Resources to fund the Council Tax Reduction Scheme.
- 6.4 As part of our updated budget requirement, appropriate sums have been set aside for these corporate financial requirements.
- 6.5 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.

## **7.0 COUNCIL TAX LEVELS**

- 7.1 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 proposal is to increase Council Tax in 2022/23 by 1.00%, that is, less than the 2.65% originally modelled. This proposed increase equates to 20p per week for a person living in a Band A property and 30p per week for a person living in a Band D property (42% of properties in Rhondda Cynon Taf are Band A). Increasing Council Tax by 1.00% will increase the remaining budget gap by £1.554M.
- 7.2 Members will be aware that the cost of the CTRS is impacted by changes in caseload and by changes to the level of Council Tax. This 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 Welsh Government's CTRS.

## **8.0 SCHOOLS BUDGET (ISB)**

- 8.1 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.
- 8.2 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.
- 8.3 In overall terms, the proposal sees the Schools Budget (ISB) increase from £163.8M to £175.0M, an increase of £11.2M (6.8%). Schools are therefore fully funded for 2022/23.

## **9.0 EFFICIENCY**

- 9.1 Council services have for many years now delivered against ambitious efficiency targets, making considerable budget reductions without adversely impacting on front line service provision.
- 9.2 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.
- 9.3 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.
- 9.4 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.
- 9.5 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.

## **10.0 BUDGET STRATEGY PROPOSALS**

- 10.1 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. It is recommended that this approach is continued.
- 10.2 As a Cabinet we have always been focussed on protecting our front line services and have taken any opportunities to prioritise or reallocate resources to areas of priority.
- 10.3 For 2022/23, the following proposals are recommended to Council.
- 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 and extended 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. Cabinet agreed on the 28<sup>th</sup> February 2022 that this local discretionary relief be provided in **addition** to the WG Retail, Leisure and Hospitality scheme of up to a maximum of £300 per qualifying business. It is estimated that 1,200 businesses in Rhondda Cynon Taf would benefit from this further 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 has determined 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 was considered by Cabinet on the 28<sup>th</sup> 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
Pest Control Service Charges (Domestic / Public Health)	Freeze

The cost of this proposal (net of that assumed at latest MTFP) is **£45k**.

10.4 The implications of the above strategy proposals, including the proposed reduction in the level of Council Tax increase and the delivery of efficiencies, on the remaining budget gap position is shown in table 1 (this includes the impact of the additional resources provided at the Final Settlement as referenced at para 4.2(c))

Table 1 : Budget Strategy Proposals 2022/23

	£'000	£'000
Remaining Budget Gap		229
Additional Resources at Final Settlement	- 8	
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	45	
Council Tax at 1.0%	1,554	
		734
<b>Remaining Budget Gap</b>		<b>963</b>

10.5 *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.

10.6 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 £0.963M is made from this reserve for 2022/23. This would facilitate a balanced budget for 2022/23 and would leave £3.644M in the reserve (subject to the year-end assessment of reserves). Processes are now sufficiently well embedded to ensure that savings are achieved in-year and that this reserve can continue to be replenished.

Table 2 : Budget Strategy Proposals 2022/23 – Balancing the Budget

	£'000
Remaining Budget Gap	963
Use of Transition Funding	- 963
<b>Remaining Budget Gap</b>	<b>-</b>

10.7 The above provides a robust and balanced budget strategy for financial year 2022/23 which is now recommended to Council.

## 11.0 **SERVICE PRIORITIES**

- 11.1 Even after 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.
- 11.2 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.
- 11.3 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 the early identification of opportunities to deliver in-year savings. 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 alongside this revenue budget strategy.

## **12.0 THE 2022/23 BUDGET STRATEGY CONSULTATION PROCESS**

- 12.1 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.
- 12.2 The approach to budget consultation for 2022/23 was 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 agreed a draft budget strategy, and in light of the provisional local government settlement, then this draft strategy was consulted upon as part of Phase 2.
- 12.3 The Phase 1 Consultation report was considered by Cabinet on the 27<sup>th</sup> January 2022 alongside the initial budget proposals which were then consulted upon as part of Phase 2.
- 12.4 The Phase 2 Consultation report is now attached at Appendix 2. The phase 2 consultation process ran from the 28<sup>th</sup> January 2022 to the 13<sup>th</sup> February 2022 and included:

- On-line questionnaire via the Let's Talk website;
- Young persons engagement, through face-to-face and on-line zoom meetings, with a Comprehensive School, the Environmental Youth Forum, Young Editors and Members of the Youth Parliament;
- Promotion through social media and through the Disability Forum, Community Hubs and Veterans Groups;
- A telephone consultation option through the Council's Contact Centre and a freepost address for postal responses;
- On-line Zoom meetings with:
  - Older Persons Advisory Group (31<sup>st</sup> January 2022);
  - School Budget Forum (1<sup>st</sup> February 2022);
  - The Council's Finance and Performance Scrutiny Committee (2<sup>nd</sup> February 2022); and
  - Joint Consultative Committee (10<sup>th</sup> February 2022).

12.5 With regard to the consultation activity undertaken with the Finance & Performance Scrutiny Committee, School Budget Forum and Joint Consultative Committee, the extracts of the minutes from these meetings are attached at Appendices 3, 4 and 5 respectively.

### **13.0 THE 2022/23 MACRO REVENUE BUDGET**

13.1 In arriving at a strategy for 2022/23, the Cabinet has taken into consideration its key commitments, its views on service delivery and relevant charges for services and the need to minimise the tax burden on local residents. Consequently, and after careful deliberation, the Cabinet has concluded that it can now propose a balanced revenue budget which will meet all of the fundamental requirements of its preferred strategy **and** minimise the Council Tax increase for next year.

13.2 Table 3 below illustrates how the revenue resources available to the Council could be utilised, with a Council Tax increase of 1.00%:

**Table 3: Proposed Resources in 2022/23**

	<b>£'000</b>
2022/23 Net Revenue Spending	566,792
<b>LESS:</b> Revenue Support Grant & NDR Contribution	441,441
<b>LESS:</b> Social Care Workforce Grant	3,668
<b>Sub total</b>	<b>121,683</b>
<b>LESS:</b> Release of Earmarked Reserves	963
<b>To be met from Council Taxpayers</b>	<b>120,720</b>

- 13.3 Table 4 below, shows the overall effect on services of applying the principles of the Cabinet's recommended outline 2022/23 budget strategy.

**Table 4: Application of the 2022/23 Outline Budget Strategy**

<b>BUDGET REQUIREMENTS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Increase/ (Decrease)</b>
	£'000	£'000	£'000
<b><u>Corporate Requirements</u></b>			
Capital Financing	19,950	21,308	1,358
Levies	12,874	13,174	300
Council Tax Reduction Scheme	25,334	25,587	253
Miscellaneous	14,205	15,647	1,442
	<b>72,363</b>	<b>75,716</b>	<b>3,353</b>
<b><u>Individual School Budgets (ISB)</u></b>			
Individual School Budgets	163,784	174,966	11,182
<b><u>Other Council Services</u></b>			
Community & Children's Services	168,586	183,619	15,033
Prosperity, Development and Frontline Services	60,372	65,993	5,621
Chief Executive's	30,857	32,673	1,816
Education & Inclusion Services	31,941	33,825	1,884
<b>Net Revenue Spending</b>	<b>527,903</b>	<b>566,792</b>	<b>38,889</b>

#### **14.0 SPECIFIC GRANTS**

- 14.1 For next year, the Welsh Government is to provide over £1.1Bn in Specific Revenue Grants to Welsh Local Authorities.
- 14.2 Whilst specific grants dilute local accountability, such funding does enable us to undertake projects and deliver services that otherwise may not have been possible. Whilst we will continue to make representation for such funding to be transferred into the Revenue Support Grant, until they do so then specific grants will continue to supplement our base revenue budget.
- 14.3 By their nature, specific grants are often directed toward specific spend areas or policy objectives and are not certain in terms of their ongoing continuation nor value, presenting uncertainty in terms of forward planning.
- 14.4 The allocation of specific grants, however, remains a key feature of the annual local government settlement, albeit there is a commitment to reduce such hypothecation. There are also a number of specific grants which have been introduced to deal with recurring cost pressures (eg Social Care Workforce Grant) and it is important that we seek to ensure their continuation beyond 2022/23.

## **15.0 EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO ECONOMIC DUTY**

- 15.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.
- 15.2 An Equality Impact Assessment has been completed and concluded that the recommendations set out in the report are in line with the above legislation.

## **16. WELSH LANGUAGE IMPLICATIONS**

- 16.1 The allocation of resources, as set out in the proposed 2022/23 Budget Strategy, is based on supporting the Council's service delivery requirements and associated statutory responsibilities for the forthcoming year. In doing so, the proposed strategy is in line with the Welsh Language (Wales) Measure 2011.

## **17.0 CONSULTATION**

- 17.1 Consultation and engagement has been undertaken as part of formulating the recommended 2022/23 Revenue Budget Strategy, the detail of which is set out in Section 12 of the report.

## **18.0 FINANCIAL IMPLICATION(S)**

- 18.1 The financial implications of the recommendations are set out in the main body of the Report.

## **19.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 19.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget and also a legal duty under the Local Government Act 2000 for it to be reported to and approved by Full Council. The recommended 2022/23 Revenue Budget Strategy and its reporting to full Council ensures compliance with these legal duties.

## **20.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 20.1 The recommended 2022/23 Revenue Budget Strategy has been formulated to support the delivery of the Council's strategic priorities, as set out within the



Corporate Plan “Making a Difference” 2020 – 2024. The plan is aligned to the goals and principles included within the Well-Being of Future Generations (Wales) Act.

## **21.0 CONCLUSIONS**

- 21.1 The Council’s overall financial position remains sound, with a clear plan in place to replenish the level of General Reserves to the recommended minimum level of £10M.
- 21.2 On the 1<sup>st</sup> March 2022, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Final 2022/23 Local Government Settlement which showed this Council’s increase in resources was set at 8.4%.
- 21.3 The Cabinet’s proposals properly address the corporate financial requirements of the Council and allocate an adequate financial uplift to the Individual Schools Budget. The remaining resources available are allocated to fund all other services and to support our key priorities in 2022/23.
- 21.4 The Cabinet has recommended setting the 2022/23 revenue spending and budget at £566.792M which will require a Council Tax increase of 1.00% for the financial year ending the 31<sup>st</sup> March 2023.
- 21.5 The Council continues to deliver year on year balanced budgets alongside an investment programme supporting key priorities. The challenge does remain for positive and proactive management from the Senior Leadership Team and clear direction from Members to produce a robust and financially sustainable budget into the medium term in what continues to be a challenging financial climate.

\*\*\*\*\*