

2024/25 Budget Consultation (Phase 1)

NOVEMBER 2023

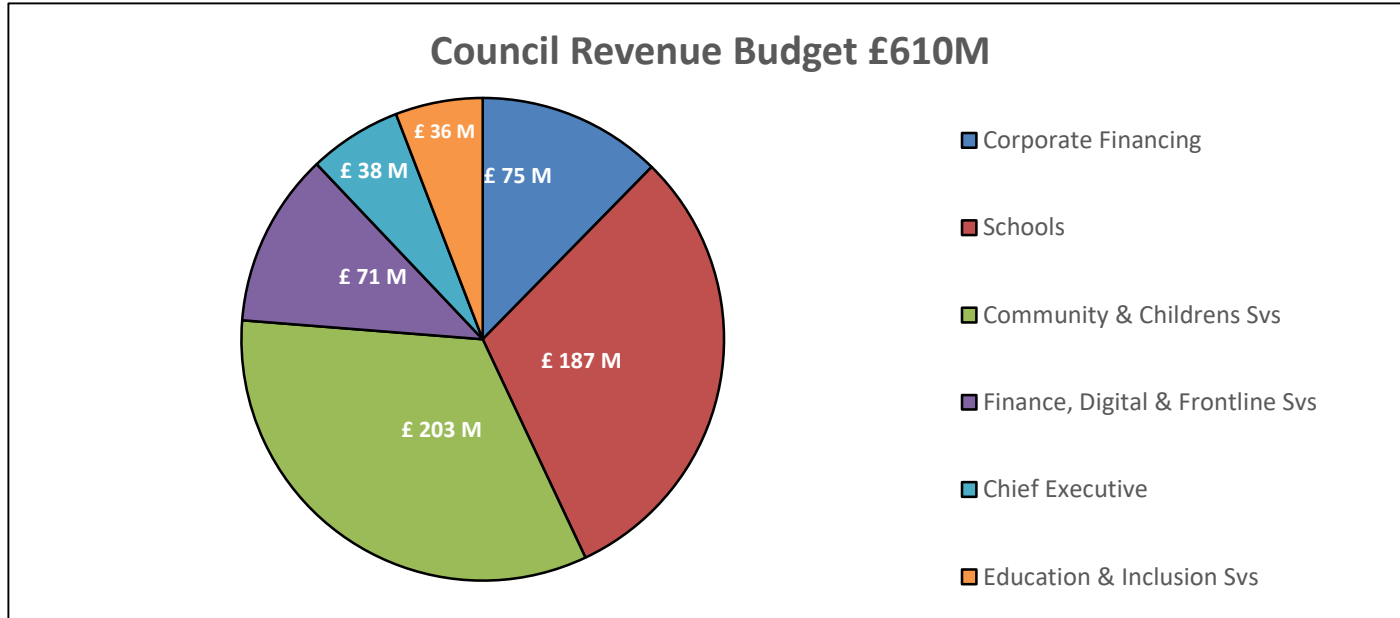


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Rhondda Cynon Taf – 2023/24 Financial Position

- 2023/24 Revenue Budget



- Full year projected position (at 30th Sept 2023) = £2.701M overspend – primary reasons

RISING DEMAND
– particularly
social care

HIGH INFLATION
- driving
increased costs

- General Reserve Balances as at 31st March 2023 = £10.240M

Rhondda Cynon Taf – Forecasted Position 2024/25

Funding

£k

| | | |
|--|--|---------------|
| +3.1% Settlement Level | | 14,611 |
| + 3.9% Council Tax (+1% = £955k Net of CTRS) | | 4,909 |
| Use of Reserves (23/24) | | -9,105 |
| Total Resources | | 10,414 |

Spend

£k

| | | |
|------------------------------|--|---------------|
| +5% Pay Award (£3.7M per 1%) | | 18,650 |
| Non Pay Inflation (at 3%) | | 8,181 |
| Budget Pressures | | 18,588 |
| Total Pressures | | 45,420 |

Budget Gap

35,005

Phase 1 Budget Consultation 2024/25 - General Approach

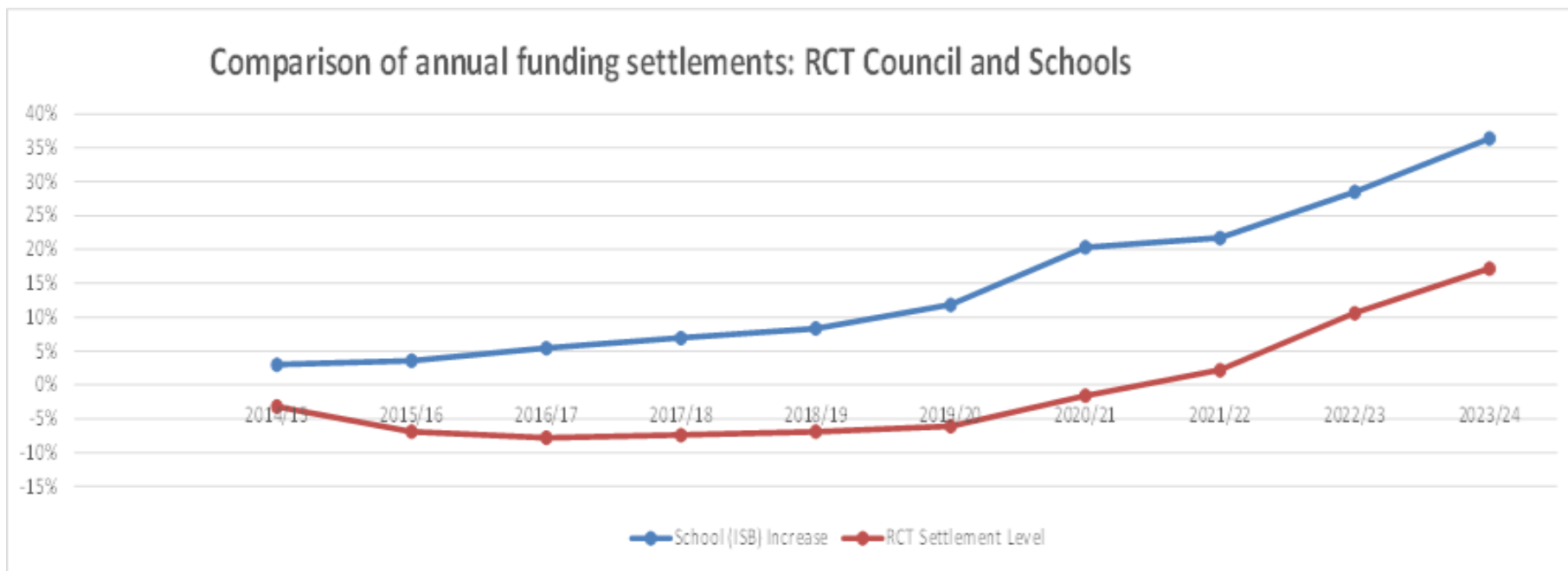
- Two phase process – agreed by Cabinet 23rd Oct 2023
 - Phase 1
 - Ends 19th December 2023
 - Opportunity to provide feedback on the key strategic building blocks and to be considered by Cabinet as part of formulating a draft Revenue Budget Strategy for 2024/25
 - Phase 2
 - Will take place in early 2024
 - Consult on a draft Revenue Budget Strategy

Part 1

2024/25 Budget Setting – key strategic building blocks

Schools Budget

- £187M for 2023/24 (31% of the Council's total budget)
- Long term commitment to support schools (over past 10 years Schools funding increased by 34% compared to Council Services funding increasing by 17%)



- Recognising the delivery of school budget savings over this period and critical that permanent base budget savings are built into budget planning / setting arrangements

Schools Budget

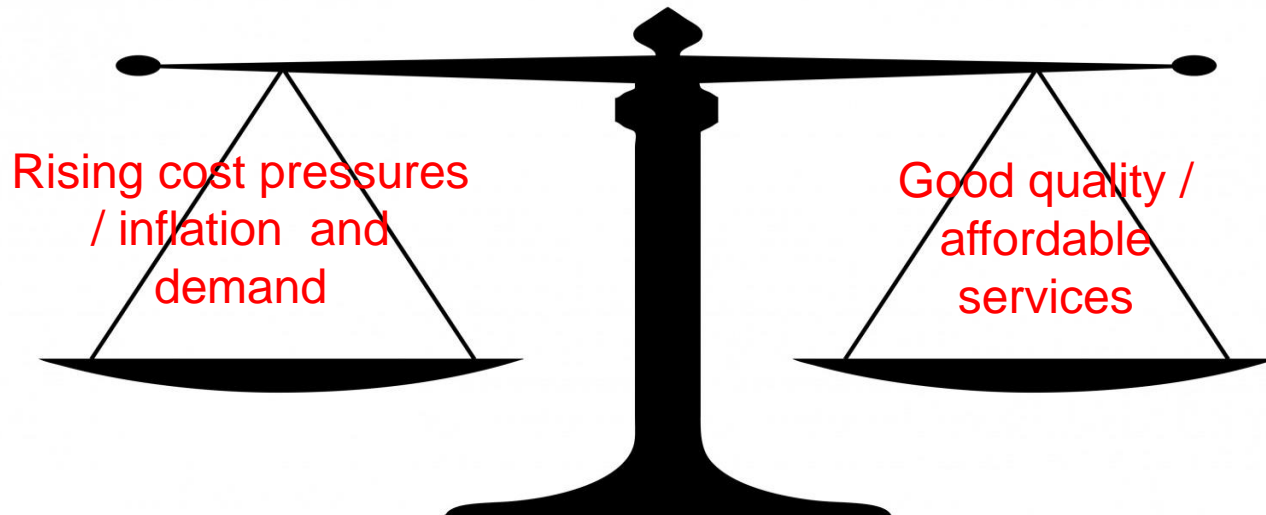
- Assumptions for 2024/25
 - To fully fund pay (teaching and non-teaching) plus contribution to support non-pay inflation / cost pressures
 - Overall increase to School Budget would be +6.4% for 2024/25 compared to an overall Council increase in funding of +3.1% (3.1% being Welsh Govt's indicative all Wales funding increase for 2024/25)
 - On-going engagement with Welsh Govt to support local authorities long term programme of education reform

Social Care Budget

- On-going recognition of the essential roles undertaken by social services in supporting the most vulnerable people, families and children in our communities
- Long term commitment by the Council to prioritise additional resources to social care as part of its annual budget setting processes
- Approximately 29% of the Council's budget supports Adult Social Services and Children's Social Services:
 - Given the size of the social care budget, it cannot be exempt from contributing to balancing the budget
 - Notwithstanding this, likely that the overall social care budget will continue to increase
- Over the past three years, the budget for social care has increased by £27M (around 18%).

Fees and Charges

- The Council is faced with rising cost pressures and increased demand for services
- Fees and Charges provide income which help the Council to continue to provide a comprehensive range of services
- Key aim – delivery of good quality services at affordable prices



Fees and Charges

- The Council raises approximately £24M a year from fees and charges
- When setting annual fees and charges regard is given to:
 - The Consumer Prices Index (CPI) rate of inflation – latest 12 month rate to Oct 23 is 4.6%
 - Specific inflation impacting Council services – social care related, food and external contractor costs – these being much higher than CPI
- An across-the-board increase is not considered appropriate - instead the proposed approach is for fees and charges to be reviewed individually and the continued need to take into account the impact on service users

Service Levels

The Council provides a wide range of important services –

| Examples of key services provided / areas supported | 2023/24 Budget |
|--|-----------------------|
| Schools | £187M |
| Children's Services | £62.8M |
| Adult Services | £120.3M |
| Regulatory Services - Public Health, Trading Standards, Registrars, Bereavement Services | £7.8M |
| Leisure (including physical participation) / Heritage Sites | £9.7M |
| Libraries / Parks / Play Areas | £8.3M |
| Crime Reduction (including hate crime) / Anti-Social Behaviour / Domestic Violence / Substance Misuse | £1.2M |
| Highways / Cleanliness | £7M |
| Waste / Recycling | £24.7M |
| Highways Infrastructure and Road Maintenance / Condition | £10.9M |
| Economically active people / Job Seekers Allowance Claimants / Job Creation / Adult Education / Town Centres | £28.2M |
| Housing / Affordable Housing Delivered / Homelessness Prevention | £1.7M |

Council Tax

- The Council's initial modelling assumptions for 2024/25 include a Council Tax increase of 3.90% (excluding Community Council and Police precepts).
- Council Tax has increased in Rhondda Cynon Taf by the lowest level across Wales for 3 of the past 5 years - for 2023/24 the increase was 3.90% compared to a Wales average increase of 5.52% (excluding Community Council and Police precepts).

Efficiencies

Each year in balancing the budget and ensuring the effective use of resources, all service managers are required to maximise efficiency saving opportunities

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All of our services are becoming more efficient

- Over the past 3 years, £38M of savings have been delivered, the majority of which have not impacted on frontline services

Council Reserves

- Reserves play an important part of the overall financial management of the Council – includes:

| General Fund Balances | £M |
|---|-----------|
| General Fund Balances as at 1st April 2022 | -10.292 |
| 2022/23 Net Overspend (as reported to Cabinet 17th July 2023) | 0.052 |
| General Fund Balances as at 31st March 2023 | -10.240 |

| Medium Term Financial Planning and Service Transformation Reserve (Transition Funding) | £M |
|--|-----------|
| Balance as at 31st March 2023 | -8.992 |
| LESS: Approved allocation to support setting of the 2023/24 Revenue Budget | 4.105 |
| ADD: Early delivery of 2024/25 efficiencies - transferred to Transition Funding (as at 30/9/23) | -2.142 |
| Balance as at 30th September 2023 | -7.029 |

- Other Revenue and Capital Reserves in place for specific purposes

Council Reserves

- The level of general reserves are kept under on-going review alongside the financial risks the Council faces
- The Council also has reserves earmarked for specific financial risks and future / ongoing investment (as previously fully explained to Council)
- The Council has used reserves appropriately and proportionately to balance its budget for a number of years and with the significant pressures being forecast for next year there may be a need to increase the use of reserves

Note: the use of one-off funding:

- Merely defers the need to make permanent savings to the Council's ongoing budget, this being added onto the budget gap for the following financial year.
- Is not a sustainable strategy unless part of a planned medium-term strategy.

Part 2

The Council's Priorities

The Council focuses on five key areas to maximise resources and deliver improved services.

- *Digitalisation* – taking the opportunity new technology provides to deliver better services for residents, visitors, businesses and how we operate internally.
- *Commercialism* – utilising our scale and expertise to deliver services for other organisations and customers and thereby generate income.
- *Early Intervention and Prevention* – investing in preventative services to deliver savings in the medium term.
- *Independence* – reshaping our services for vulnerable residents to ensure that we promote independence and deliver first class care services.
- *Efficient and Effective Organisation* – challenging our ongoing service delivery and driving out further efficiencies through for example, a reduction in administration costs and reducing property costs linked to new ways of working, for example through agile working.

Part 3

Council Tax Reduction Scheme

Council Tax Reduction Scheme

Welsh Government are responsible for providing a Council Tax Reduction Scheme (CTR scheme) which provides financial support to low income households across Wales in the form of a reduced council tax bill.

In Rhondda Cynon Taf around 23,500 households benefit from the CTR scheme, at a cost of £25.7M with approximately 18,450 receiving 100% Council Tax support i.e. these households pay no council tax.

The Welsh Government's regulations allow the Council discretion to vary the CTR Scheme in certain areas, with the additional costs of doing so falling on the Council.

Council Tax Reduction Scheme

- **Extended Payments** – provides the Council with the ability to increase the period of paying CTR support for a further 4 weeks to people who return to work (provided they have been in receipt of a relevant qualifying benefit for at least 26 weeks). **The Council does not currently increase this standard period.**
- **Disregard War Disablement Pensions/War Widow's Pensions income** - the Council can exclude part, or the whole amount of War Disablement Pensions and War Widow's Pensions when calculating CTR Scheme entitlement. **The Council currently excluded all of this type of income from assessments.**
- **Backdating Claims** - the standard period that a claim can be backdated is 3 months, with the Council having the discretion to backdate the claim for a longer period if it wishes. **The Council currently extends the period for backdating claims to 6 months.**

2024/25 BUDGET AND COUNCIL TAX SETTING TIMETABLE

18th September 2023

Cabinet – Consider the Council’s updated Medium Term Financial Plan 2023/24 to 2026/27

20th September 2023

Council – Consider the Council’s updated Medium Term Financial Plan 2023/24 to 2026/27

23rd October 2023

Cabinet – Consider the approach to Budget Consultation for 2024/25

14th November to 19th December 2023

Consultation (Phase 1) – Budget Consultation Phase 1 (including Council Tax Reduction Scheme)

20th December 2023

Provisional Local Government Settlement - Receipt of provisional settlement figures further to WG Budget

17th January 2024

Council Meeting

- Consider the Council Tax Reduction Scheme for 2024/25
- Provisional Local Government Settlement 2024/25

22nd January 2024

Cabinet Meeting – Consideration of draft Senior Leadership Team budget strategy options and for Cabinet to formulate their draft budget strategy, taking into account feedback from Phase 1 of the Budget Consultation process

23rd January 2024 to 5th February 2024

Consultation (Phase 2) – Consultation on the Cabinet’s draft budget strategy

19th February 2024

Cabinet Meeting – To consider the feedback from the Phase 2 Consultation and to agree the Cabinet’s final revenue budget strategy for recommending to Council (plus the Capital Programme 2024/25 to 2026/27)

March 2024

Final Local Government Settlement – Receipt of final settlement figures

6th March 2024

Council Meeting – Cabinet to submit its 2024/25 Budget Strategy and Council Tax levels to Council

Council Decision :

- Approve the 2024/25 Revenue Budget
- Approve the 2024/25 Council Tax (including necessary formal Council Tax Resolution)
- Approve the 2024/25 to 2026/27 Capital Programme

Thank You.