

**Rhondda Cynon Taf
County Borough Council**

Budget Consultation 2024/25 (Phase 2)

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Introduction – 2024/25 Draft Revenue Budget Strategy

- Strategy options contained in this presentation are those proposed by Cabinet at its meeting on 24th January 2024 (after taking account of the 2024/25 provisional local government settlement and phase 1 budget consultation feedback)
- Consultation / Pre-Scrutiny 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 (2023/24)

- Audited Accounts for 2022/23 – General Fund Balances at £10.240M
- Medium Term Financial Planning & Service Transformation Reserve (Transitional Funding)
 - 31st March 2023 = £4.887M
 - 2023/24 in year savings (at 30th Sept 23) = £2.142M
 - Level of Transition Funding = £7.029M

Phase 1 Budget Consultation – Headlines

- Phase 1 Consultation period ran from 14th November 2023 to 19th December 2023, over 500 people took part in the various engagement activities - feedback included....
- For Council Tax:
 - 75.6% of respondents fed back that protecting as many services as possible by applying a reasonable increase in Council Tax to contribute to closing the budget gap was preferable
 - 68.1% agreed a council tax increase of between 3% and 5% is acceptable given the financial pressures the Council faces
- For Schools, 50.3% of respondents were in favour of funding pay costs only and 49.7% in favour of funding pay costs plus a contribution to non-pay pressures
- For Social Services, 81.1% 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, 82.3% of respondents agreed that individual reviews of fees and charges is a reasonable approach to take

In general, respondents were in favour of protecting essential services and applying small increases to non-essential services where needed

- When respondents were asked which services are important to them – feedback included:
 - Social care and support for vulnerable people were reported the most in the comments, along with schools, libraries, waste and recycling collection, and leisure services
 - On-line services were also seen to be important to residents as long as there were alternatives for those who are not on-line

Phase 1 Budget Consultation – Headlines

- 82.5% of respondents fed back that the approach to efficiencies outlined was a good strategy and 81.1% fed back that we should continue to expect our managers to deliver more efficient services
- 63.6% of respondents fed back that the Council should continue with its strategy on reserves

Provisional Local Government Settlement 2024/25 – Headlines

- Received on the 20th December 2023
- Headlines:
 - An all Wales average increase in resources of +3.1% (in line with the indicative level provided as part of the 2023/24 settlement)
 - An increase for RCT of +2.8%
 - Range of settlement levels +2.0% to +4.7% (funding floor protection in place so that no LA receives a settlement below +2.0%)
 - No transfers into / out of the settlement and no indication of future year settlement levels
 - Capital Funding – reduced by £0.058M to £13.828M
 - Specific Grants – all Wales level only:
 - Revenue - £1.37bn Revenue (includes a £10M reduction (all Wales) in Social Care Workforce Grant that funds our core base budget)
 - Capital - £0.962bn

Provisional Local Government Settlement 2024/25

– Implications for Rhondda Cynon Taf

- Combined impact of ‘Revised Budget Requirement and Provisional Settlement’ and ‘agreed Early Budget Reduction Measures’

	£'000
Budget Gap at MTFP	35,005
<u>Provisional Settlement</u>	
RSG Reduction (3.1% to 2.8%)	1,816
SS Workforce Grant Reduction	815
Council Tax Base	- 983
Restated Gap at Provisional Settlement	36,653
Agreed Budget Reduction Measures	- 10,743
Remaining Budget Gap at Provisional Settlement	25,910

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

Cabinet Proposed Budget Strategy 2024/25

- The following slides set out the key elements of the draft 2024/25 Revenue Budget Strategy proposed by Rhondda Cynon Taf Council's Cabinet on 24th January 2024
- The Cabinet's proposed Budget Strategy comprises:
 - Council Tax
 - Schools Budget
 - Efficiencies
 - Service Specific / Expenditure Changes
 - Use of reserves

Cabinet Proposed Budget Strategy 2024/25

Council Tax

- Council Tax levels for the past 5 years (average Band D increase excluding Community Council and Police Precepts)

Financial Year	RCT Council Band D % Increase	All Wales Average Band D % Increase	RCT Position Compared To Local Authorities Across Wales
2019/20	3.60%	6.16%	Lowest Increase
2020/21	2.85%	4.62%	Lowest Increase
2021/22	2.65%	3.58%	Lowest Increase
2022/23	1.00%	2.20%	Joint 5th lowest increase
2023/24	3.90%	5.52%	4th lowest increase

- The Cabinet is proposing that Council Tax be increased by 4.9% for next year (compared to the originally modelled Council Tax increase of 3.90%), generating additional income of £1.03M
 - Band A – an increase of £1.01 per week
 - Band D – an increase of £1.52 per week

Cabinet Proposed Budget Strategy 2024/25

Schools Budget

- The Cabinet's proposed budget strategy would:
 - Fully fund all pay awards
 - Provide a further £1M toward non-pay costs (after adjusting for reduced energy costs and includes funding from the charge for the additional childcare available alongside free breakfast club provision)
 - After absorbing non-inflationary pressures, as is the case for all other Council Services, 1.3% school efficiency saving requirement compared to 6.6% for non-school services
 - In overall terms, the proposal will see the Schools Budget increase from £186M to £197.9M, an increase of £11.9M (+6.4%)

Cabinet Proposed Budget Strategy 2024/25

Efficiencies and Service Operational Reconfiguration

- The Council has for many years delivered against ambitious efficiency targets without adversely impacting on frontline services
- The current year's budget strategy (2023/24):
 - £16.1M of efficiencies and service operational reconfigurations identified and delivered in the current year without having a significant detrimental impact on frontline service provision
 - Has continued the approach of early identification and delivery 'in-year' of efficiency savings = £2.142M realised early in 2023/24
- For 2024/25, £8.2M of early budget reduction measures already agreed and accounted for in coming to the £25.9M budget gap

Cabinet Proposed Budget Strategy 2024/25

Efficiencies

- For 2024/25, the continuation of a Council wide approach to identify a range of budget reduction options in light of funding levels being significantly short of the significant pressures faced (with review and assessment by the Senior Leadership Team)
- £5.246M of further efficiency and operational service reconfigurations that will not have a significant detrimental impact on front line services

Categorisation	£'000
General Efficiency Measures - cost reduction / additional income	2,104
General Efficiency Measures - service restructuring and vacancy management	1,081
Operational Service Reconfiguration	905
General Efficiency Measures - Recharge of costs / use of external funding	1,156
Grand Total	5,246

Cabinet Proposed Budget Strategy 2024/25

Specific Service / Expenditure Changes

A number of budget reviews have been undertaken to ensure that the budget reflects updated projections of demand and cost and takes account of agreed service policy change

Energy

- Following a significant increase in gas and electricity costs for the current year, lower contract rates have been secured for 2024/25 as forecasted as part of the Council's MTFP arrangements
- Revised projections have been calculated for next year enabling the base budget requirement to be reduced (including schools)
- In parallel, the Council is progressing the development of a solar farm that will generate energy and create a new income stream from 2024/25
- **Base budget reduction £4.479M**

Cabinet Proposed Budget Strategy 2024/25

Specific Service / Expenditure Changes

Base Budget Updates

- Graduate and Apprentices – funding managed locally by services in line with workforce planning arrangements, with an on-going commitment to both programmes
- Staff Benefits Scheme – additional income generated from the roll-out of the scheme, over and above that already reinvested back into our staff development programmes
- Updated contribution level for the Central South Consortium Joint Education Service and updated arrangements for the delivery of the Council's Internal Audit Service
- Updated caseload and demand for the Council Tax Reduction Scheme
- **Base budget reduction £1.338M**

Cabinet Proposed Budget Strategy 2024/25

Specific Service / Expenditure Changes

Additional childcare prior to commencement of Free Breakfast Club provision

- The proposal has been subject to a separate public consultation process
- Reported back to Cabinet 24th January with decision to implement the proposal and additional income generated reinvested into the school budget
- **Additional income generated £0.495M**

Capitalisation of spend

- Expenditure that is currently funded from revenue budgets that could be funded from Capital Budgets
- **Base Budget reduction £0.5M**

Cabinet Proposed Budget Strategy 2024/25

Specific Service / Expenditure Changes

Fees and Charges

- General level of inflation has been over 5% for the majority of the past 12 months and higher for specific areas of expenditure e.g. food inflation at between 10% and 19%
- The proposal:
 - Is for the general rate of increase across Council fees and charges to be 5% - with the Council absorbing the full inflationary implications
 - A number of exceptions...that would generate **additional income of £452k in a full year**

Cabinet Proposed Budget Strategy 2024/25

Fees & Charges

Proposed Exceptions

Area of Charge	Proposed Specific Changes
Car Park Charges	<p>Season tickets/residential parking permits – Freeze</p> <p>Short stay/long stay up to 4 hours £0.10 increase and a £0.20 increase over 4 hours</p> <p>With the additional income generated used to off-set increased transaction costs incurred by the Council where card payments are made to purchase car park tickets (payment machines being upgraded)</p>
School Meals (Secondary Schools)	£0.15 per meal
Leisure for Life – Membership / Pay and Play	Membership +£0.50 (with further proposals set out in the full Fees and Charges Review)
Rhondda Heritage Park	£9.95 to £10.95 Adult Entry (with further proposals set out in the full Fees and Charges Review)

Cabinet Proposed Budget Strategy 2024/25

Fees & Charges

Proposed Exceptions

Area of Charge	Proposed Specific Changes
Lido (Pontypridd)	Standard admission charge / cold water swim / paid activities - freeze Children under 16 – remain free Boxing day swim: +£0.50 Introduction of a £0.25 booking fee per individual ticket purchased to help reduce the number of pre-bookings that do not result in attendance
Community Meals (meals on wheels) & Day Services meals	Increase of £0.25
Non-residential care services	Home care Hourly Rate: £20.00 to £21.00 per hour Day Centre Services daily rate: from £20.00 to £21.00 per day Direct Payment hourly rate: £10.00 to £11.00 per hour
Bulky Waste Collection	From £17.00 to £20 (for 3 items)

- In addition to the above, the proposed extension of the Street Licensing Scheme across the whole County Borough is subject to consideration by the Council's Licensing Committee (30th January 2024)

Cabinet Proposed Budget Strategy 2024/25

Use of Reserves

- The impact of the Budget Strategy proposals

	£'000	£'000
Remaining Budget Gap at Provisional Settlement		25,910
Council Tax	- 1,029	
Service Efficiencies	- 8,664	
Energy Budget Requirement	- 4,479	
Base Budget Adjustments	- 1,338	
Charging for Childcare (alongside free breakfast clubs)	- 495	
Capitalisation	- 500	
Fees and Charges	- 452	
		- 16,957
Remaining Budget Gap		8,953

- Remaining budget gap proposed to be funded through the release of reserves funding

Phase 2 Budget Consultation

Some prompts / potential areas for focus / discussion

- Council Tax
- Schools Budget
- Efficiencies
- Specific Service / Expenditure Changes
- Use of Reserves

Phase 2 Budget Consultation

Any other general comments on the Council's budget?

Phase 2 Budget Consultation

- To run from 24th January to 9th February 2024
- The consultation approach includes:
 - On-line questionnaire via the Let's Talk website
 - Young persons engagement via schools
 - Social media
 - Face to face / on-line Zoom meetings with:
 - School Budget Forum
 - Older Persons Advisory Group
 - The Council's 'Overview and Scrutiny Committee' and 'Joint Consultative Committee'

Next steps and key dates

- 9th February 2024 – Phase 2 consultation ends and all feedback reported to Cabinet on 21st February 2024
- 21st February 2024 - Cabinet meeting to consider the feedback from the Phase 2 Consultation and for Cabinet to agree its final Revenue Budget Strategy for 2024/25 for recommending to Council
- March 2024 - Final 2024/25 Local Government Settlement – Receipt of final settlement figures from Welsh Government
- 6th March 2024 – full Council meeting
 - Cabinet to submit its recommended 2024/25 Revenue Budget Strategy and Council Tax levels to Council

Thank you