

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

REPORT FOR CABINET

21st January 2014

THE COUNCIL'S 2014/2015 REVENUE BUDGET

REPORT OF THE GROUP DIRECTOR CORPORATE SERVICES

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1.0 PURPOSE OF THE REPORT.

This report provides the Cabinet with information in respect of the 2014/2015 final local government settlement, to assist it with its deliberations, prior to constructing the revenue budget strategy for the financial year ending 31st March 2015, which it will recommend to Council, for approval.

2.0 RECOMMENDATIONS.

It is recommended that the Cabinet:

- 2.1** Note that the procedures relating to revenue budget construction, the budget consultation process, and reporting to Council, are laid down in the "Budget and Policy Framework", contained within the Council's Constitution;
- 2.2** Adopt the draft 2014/2015 revenue budget strategy, detailed in Appendix 1 and exemplified in Appendix 3 of this report, as the basis of the revenue budget strategy for the financial year ending the 31st March 2015, that it would wish to recommend to Council, subject to consideration of the results of the second stage of its budget consultation exercise
- 2.3** Conduct an appropriate second stage of its budget consultation exercise, prior to submitting its final report to Council; and.
- 2.4** Agree the draft timetable for setting the 2014/2015 revenue budget, reproduced at Appendix 8.

2.5 Agree that the Council continue to support the medium term financial strategy aimed at maximising ongoing efficiency in service delivery, delivering inescapable and targeted service cuts and other decisions that maintain the financial integrity of the Council whilst still aiming as much as possible to protect jobs and key services.

3.0 BACKGROUND.

3.1 The Council's Corporate Management Team have now met on many occasions to discuss budget issues and have consolidated their thoughts on the impact of the final local government settlement, which had been released by The Minister for Local Government and Government Business (Lesley Griffiths AM), on the 11th December 2013 (see Appendix 2).

3.2 Using the final settlement, I am able to provide Cabinet Members with details of its potential financial effects on Rhondda Cynon Taf and its Council Tax payers, including an exemplification (Appendix 3) of a high level budget requiring a Council Tax increase of 4.5%. The limited resources available and the expected demand for these resources resulted in an initial budget gap of £14.4M that needs to be dealt with to produce a balanced budget.

3.3 As a first phase of the consultation process, the Council consultee's were able to debate the expected implications of the local government settlement so that they, too, could form an initial view. Importantly, Cabinet Members are then able to take account of the initial consultation feedback, prior to arriving at their own budget proposals. The results of the first stage of the consultation exercise are attached at Appendices 4,5 and 6 .

3.4 The Cabinet have now had an opportunity to consider, at length, the major service delivery issues facing the Council in the coming financial year, and beyond. As a result, the Council has already started to consult upon a number of major service change proposals required to bridge the originally estimated gap of £70M over the next four years. As a result a number of potential budget scenarios and options have been explored with the Corporate Management Team, in order to assess their respective merits. These considerations constituted an extremely important challenge to the thinking of the Corporate Management Team, and have enabled it to focus and refine the approach it would ultimately recommend to Cabinet Members.

4.0 THE COUNCIL'S CONSTITUTION

- 4.1 The revenue budget for the financial year ending the 31st March 2015, must be conducted in accordance with the "Budget and Policy Framework" (contained in the Council's Constitution), which was agreed by Members in May 2002.
- 4.2 Under these arrangements, it is for the Council's "respective Chief Officers" to report to Cabinet, and for the Cabinet to then recommend a budget to Council, after having conducted an appropriate budget consultation exercise. I have reproduced the relevant sections of the Constitution at Appendix 7, for Members' information and guidance.
- 4.3 Finally, I have attached a draft timetable for agreeing the 2014/2015 revenue budget strategy, at Appendix 8.

5.0 THE KEY ELEMENTS OF A BALANCED BUDGET STRATEGY FOR 2014/2015

- 5.1 Contained within the discussion paper, reproduced at Appendix 1, is what the Corporate Management Team considers to be the key elements of a balanced revenue budget strategy for 2014/2015.
- 5.2 Nevertheless, it may be helpful, at this juncture, if I were to summarise the main "building blocks" of that proposed strategy, as follows:
- a) Maintain the Council's financial stability, whilst targeting any available funding, in an efficient and effective manner, towards the key services required by our residents;
 - b) Look to protect key services and jobs wherever possible;
 - c) Review all areas of service provision, including eligibility to those services and charging policies in place;
 - d) Take maximum advantage of all new funding opportunities made available by the Welsh Government;
 - e) "Top slice" appropriate necessary sums to fund corporate budgets;
 - f) Fully allocate any sums "earmarked" for specific services which are demonstrably the direct result of legislative changes included in the 2014/2015 Local Government Settlement, in strict accordance with the guidance issued by the Welsh Government;

- g) Allocate to our Service Groups, initially, an adequate allowance for (inflationary) movements in employee costs;
- h) To continue to deploy our procurement strategy to offset the impact of certain supplies and services' inflation, in the coming financial year;
- i) Actively pursue efficiency in all areas of the Council;
- j) Provide comprehensive support to help achieve efficiency requirements in all areas of service, including our schools;
- k) To utilise pragmatically the earmarked reserves held by the Council to support the transition to providing services with lower available resources.
- l) When this Council has made difficult decisions it has always used a number of key principles against which proposals can be tested. The principles being used are detailed below:
 - I. Services are as equitable as possible across Rhondda Cynon Taf;
 - II. Proposals will result in a reasonable level of service remaining in place;
 - III. Services will remain sustainable over the medium term (3 to 5 years);
 - IV. Services will, as far as possible, be generally better or as good as the rest of Wales;
 - V. Services will continue to meet our statutory obligations.

5.3 Clearly, there are many possible budget permutations open to the Council, but Members' overriding ambition will be to construct a balanced budget package, that is equitable and fair to all by limiting any impact on service provision and where possible provides for targeting resources to key service areas, whilst, at the same time, avoiding an excessive increase in the Council Tax levied by the County Borough Council.

5.4 Key Priorities

5.5 Even within this 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. Above all we want to make Rhondda Cynon Taf a safer, healthier and wealthier place to live, work and learn.

5.6 However, we must deliver our objectives within the parameters of next year's local government settlement. For next year and into the medium term any available resources should be targeted at key service areas. Part of the first stage General Budget Consultation exercise has been to test the appropriateness of our key strategic priorities (our Wales Programme for Improvement (WPI) priorities). Feedback has been clear that these should remain our priorities, acknowledging the limited resources available.

5.7 Consequently, at Appendix 3 of this report, I have translated the components of the Corporate Management Team's recommended approach into an illustrative budget for 2014/2015, which I believe could meet the Cabinet's requirements.

5.8 Council Tax Levels

5.9 In England, the Government has set aside monies to support Councils there who may wish to set very low levels of Council Tax. In Wales, the Welsh Government have not introduced such a scheme.

5.10 As is the case every year, the Cabinet must balance its stated intention to deliver fair and equitable services throughout the County borough as well as improvements to the services the Council provides, with the need to minimise the tax burden on local residents. Appendix 3 illustrates how the Cabinet could devise a balanced revenue budget, which will meet all of the basic requirements of its preferred strategy **and** set the Council Tax increase for 2014/2015, to 4.5%.

5.11 The next step is to embark on the second stage of the consultation process, which will involve gathering feedback on the Cabinet's initial strategy, prior to it making its final recommendations to the Council.

6.0 CONCLUSIONS

6.1 Whilst the Council's present financial position could be described as "stable", the Authority's General Reserves need to remain at the minimum acceptable level of £10M even after bridging the initial budget gap of £14.4M.

6.2 The Corporate Management Team holds the collective view that the Council should commit itself to fixing its 2014/2015 revenue spending and, as a consequence, the Council Tax levied next year, at a level which balances the desire for fair and equitable service provision, with

the need to recognise the impact that excessive tax burdens can have on local households.

- 6.3** A translation of the Corporate Management Team's recommended strategic approach into a high level budget for 2014/2015 with a Council Tax increase of 4.5% is contained in Appendix 3 to this report.
- 6.4** Once the Cabinet has agreed its "initial" 2014/2015 budget proposals, the second stage of the Council's budget consultation exercise should start, so that feedback from the consultees can be considered, prior to Cabinet submitting its final report to Council.
- 6.5** Given that the financial resources currently available to the Council are finite and that future local government settlements will continue to present extremely challenging funding issues for local authorities in Wales, the Corporate Management Team sees the continuation of a robust medium-term financial strategy as being vital, if we are to maintain our core public services.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

JANUARY 2014

**A DISCUSSION PAPER PREPARED BY THE CORPORATE MANAGEMENT
TEAM (CMT) IN RESPONSE TO THE 2014/2015 LOCAL GOVERNMENT
SETTLEMENT**

AUTHOR: Steve Merritt (01443 424026)

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 Appendix 7). Following due consideration of that report, and after having conducted an appropriate budget consultation exercise (Stage 1 and Stage 2), 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 8.
- 1.2** Prior to determining its preferred budget strategy for the financial year ending the 31st March 2015, the Cabinet must consider:
- The Council's own financial position.
 - The financial and service implications of the Welsh Government's (WG) 2014-2015 local government settlement, and the indications of support from WG in future years.
 - The Single Integrated Plan - 'Delivering Change'
 - The Council's Corporate Plan.
 - The level of demand and the statutory basis for delivery of services
 - The results of the General Budget Strategy consultation exercise.
- 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 six 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 2014/2015 final local government settlement from Rhondda Cynon Taf's perspective. Information is also available in respect of available financial resources into the medium term. There is an updated Corporate Plan, we also have an agreed Single Integrated Plan for the County Borough, plus we have the results of the first stage of our 'General Budget Strategy' consultation exercise available. Members also receive comprehensive updates on the Council's financial and operational performance on a quarterly basis.

2.0 THE COUNCIL'S FINANCIAL POSITION

- 2.1 At the Council meeting on the 25th September last year, I presented the Council's audited accounts, which reported General Fund Balances amounting to £11.204M.
- 2.2 Given the continuing financial pressures the Council is working under, the continuing growth in the quantum of our budget and the potential risks that lie ahead, it remains my view that the Council should hold a minimum of £10M as General Fund Balances, (i.e. its working balance). This is at a level we have held for some years, although this minimum is set in 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. Given the current level of General Fund Reserves, the minimum level required and budget forecasts for this financial year (as reported via the Quarterly Performance Reports), it is, I feel acceptable and prudent, to reduce the present General Fund Balance by £1.2M and add this to the "Transitional Funding Reserve" that will be described in more detail below.
- 2.3 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 the Wales Audit Office. Included in these Reserves as at 31st March 2013, is a Medium Term Financial Planning and Service Transformation Reserve (totalling £8.8M) which has been established to support transitional funding as part of the Council's Medium Term Service Planning arrangements, that is, to help smooth the delivery of budget savings over a number of years, whilst still allowing an annual balanced budget to be delivered. Given the proposed additional allocation from General Fund Balances (as per 2.2 above), the total Medium Term Financial Planning and Service Transformation Reserve available to support medium term budget decisions, would equate to £10M.
- 2.4 The Wales Audit Office continues to emphasise that we must remain disciplined at this crucial time, if we are to maintain our long-term goal of driving forward continuous improvement of key services, though this becomes increasingly harder to achieve with such severe financial pressures.

- 2.5 I believe the Wales Audit Office assessment is an accurate one and it is important that Members continue to take their fiduciary duty extremely seriously. The challenge, therefore, is to construct a prudent, equitable and fair revenue budget for the financial year ending the 31st March 2015. This must involve an approach which publicly demonstrates sound financial stewardship; which does not take unnecessary risks; which maximises income generation; and which delivers the services that are needed and we can afford, as well as protecting as many jobs as possible.
- 2.6 For some ten years we have incorporated the key principle of continuing to deliver significant levels of efficiency savings which have protected jobs and services. This has meant the removal of an “efficiency” sum of over £60M from our base budget. Whilst efficiencies will still be delivered, the level that can be implemented without impacting on front line services has to be set realistically into the medium term.

3.0 THE 2014/2015 LOCAL GOVERNMENT SETTLEMENT

- 3.1 On the 11th December 2013, the Minister for Local Government and Government Business (Lesley Griffiths AM) announced the 2014/2015 local government settlement. The Minister’s statement and key tables are attached at Appendix 2.
- 3.2 The “headlines” of the final 2014/2015 settlement are as follows:-
- i. The overall decrease in Revenue Support Grant (RSG) and Non-Domestic Rates funding for 2014/2015 (of unhypothecated funding) at an all Wales level, is -3.4% but as reported at Provisional Settlement stage, adjustments for Council Tax Reduction Scheme support and Local Government Borrowing Initiative funding for Highways have not been taken into account and therefore the true adjusted position is a decrease of -3.9%.
 - ii. The final settlement for Rhondda Cynon Taf, shows a decrease in funding of -3.1%, though again, as per above, the true adjusted figure is -3.7% which needs to be set against the context of inflation currently running at around +2-3% and significant increases in service demand and subsequent financial pressures.
 - iii. The final settlement also includes an indicative decrease of -1.4% for 2015/2016. Significant financial pressures are therefore forecast to continue into the medium term for the Council.

- iv. The final settlement includes the Outcome Agreement Grant outside of RSG. This amounts to £2.504M and will only be received if the Council meets its Outcome Agreement targets.
- v. 'Reported' settlements across the 22 local authorities range from at best -1.0% to at worst -4.6%, the later of which has been held at this level through a damping / floor adjustment applied by Welsh Government. This adjustment ensures that no Council receives a reduction in funding greater than -4.6%. The 'floor' has protected three Councils – Ceredigion, Denbighshire and Powys. This Council's contribution to the floor is £0.404M.
- vi. The Settlement includes a number of stated 'transfers in'. For this Council, these equate to:
 - First Steps Improvement Package - £0.250M
 - Council Tax Reduction Scheme Administration Subsidy - £0.475M
 - Private Finance Initiative - £2.747M
- vii. As yet we have not had all of the detail in respect of the specific grants this Council will receive from the estimated total of in excess of £700M across Wales. This is very important as many of these grants support key services provided by the Council.
- viii. The Council's General Capital Funding allocation is reduced by 1.1% (£0.134M) to £11.194M. The indicative figures show no further cut in 2015/2016.

3.3 The overall impact of the Final settlement, compared with Provisional, is that funding available to the Council has increased by some £0.733M.

4.0 RECENT BASE BUDGET UPDATES

4.1 Budget assumptions used in compiling the "Base Budget" for the Council are constantly being reviewed and updated. In recent weeks a number of adjustments have been identified and proposed that will impact on the estimated budget requirement for 2014/2015. These are:

- *Funding provided to Schools* – as part of the review of school admission arrangements (Service Change, phase 1) it has become clear that we are able to amend the basis on which we allocate employee related funding to schools whilst still enabling them to carry out their statutory responsibilities. Consequently the base budget requirement for schools will be reduced by £1.5M.

- *Fire Service Levy* - The Fire Service Levy has reduced by £0.730M from the original assumption used in the budget modelling (letter received 16th December 2013). The main reason for this reduction is linked to a population fall for this Council, along with the Vale of Glamorgan, whilst the other eight Councils covered by South Wales Fire Service have seen their populations rise and hence their relative share of the costs increase.
- *Schools Protection* - Following the Final Settlement, further work has now been undertaken to update the protection requirements in respect of schools in line with the Welsh Government's direction. Updated calculations now indicate that full protection can be delivered for £0.700M less than originally estimated. This is still subject to final confirmation and further work is being undertaken in this area.
- *Senior Finance Management Structure* – As per the Council report on the 27th November 2013, changes to the Senior Finance Management structure has resulted in a £0.100M saving.
- *Transfers in* – Following review at Final Settlement, the transfer in of “First Steps” grant has been reassessed and has resulted in a £0.250M reduction to base budget requirements.
- *Fees & Charges* – As part of the original ‘Base Budget’ assumptions, Fees and Charges were increased in line with RPI. It is CMT's view that given the size of the budget gap faced by the Council over the next four years, that it is not unreasonable to increase Fees and Charges, in total, by an average of 3% above RPI during that period. This will deliver in the region of £0.500M additional income in 2014/15 and each subsequent year up to 2017/2018.
- *Pensioners Council Tax Reduction Scheme Grant* – It will be noted from the Ministers Statement that the Pensioners Council Tax Reduction Scheme Grant has now been added to the general settlement and that it has been left to individual councils to decide whether they continue to provide the additional payment to pensioners over and above the means tested Council Tax Benefit already paid to them. It is proposed that that for 2014/2015, a maximum of £50 is paid to pensioners over and above their means tested benefit, on condition that they have a remaining liability of £50 or more; or equalling the value of their remaining liability if it is less than £50. It is also proposed that this scheme does not continue beyond 2014/15. For information, the maximum individual payment in the current year, i.e. 2013/2014, is just over £90. The total cost of this proposal is £0.200M in 2014/2015

4.2 In total, the measures listed above in 4.1, plus other minor amendments will mean that the funding gap for 2014/2015 is reduced from £19.6M (at

Provisional Settlement) to £15.2M and the estimated four year gap is reduced to £64.2M.

5.0 THE FINANCIAL IMPLICATIONS OF THE 2014/2015 SETTLEMENT FOR RHONDDA CYNON TAF

5.1 The settlement indicates that our 2014/2015 RSG and NDR funding will total £367.332M, including the support for the Council Tax Reduction Scheme.

5.2 In anticipation of the 2014/2015 local government settlement, the Council's service managers have constructed base budget requirements for next financial year. Those initial calculations provided for:-

- National wage awards and pension costs;
- Non-pay (i.e. goods and services) inflation, including energy;
- Corporate financing requirements and levies;
- Full year effects of additional burdens imposed on the Council.

5.3 The aggregate outcome of Points 5.1 and 5.2 above, including a Council Tax increase set at 4.5% (1% higher than that used in the initial budget gap projections and discussed below in 6.13), using the recently agreed tax base for 2014/2015, would produce an initial gap between required and available resources of some £14.4M

6.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2014/2015

6.1 It will not be easy for us to develop an equitable and deliverable revenue budget strategy given the -3.7% cut in funding from the Welsh Government and the significant pressure 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 if at all possible protects as many key services and safeguards as many jobs as we can.

6.2 I touched upon the Council's overall financial position in Section 2 of the report. In my view, it is vital that the strategy adopted for 2014/2015, 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 Group; and
 - d) Resources to fund the Council Tax Reduction Scheme.
- 6.4 After setting aside appropriate sums for corporate financial requirements, Members can then fully assess the issues and opportunities for the budget as a whole.
- 6.5 The initial net budget position following on from the above is a “funding gap” of some £14.4M. It is also estimated that the gap will rise over four years to an estimated £63.4M if our base budget is not reduced. It is proposed that this exercise is dealt with in two parts – firstly, setting the schools budget, and secondly assessing the options for filling any remaining gap for 2014/2015.

Schools Budget (ISB)

- 6.6 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. The Council also has to give due regard to the direction by Welsh Government to protect Schools by requiring a funding increase of 0.9% as compared to decrease of -3.7% faced by the Council as a whole. The net effect of delivering the Welsh Government’s expectations is that schools will contribute nothing towards bridging the overall funding gap of £14.4M.
- 6.7 As previously referenced, this Council’s settlement from WG was a decrease in resources of 3.7%. In cash terms our schools will receive well over £4M more than they would have if they had been treated in line with other council services.

Dealing With The Remaining Revenue Budget Gap

- 6.8 The position after allowing for the Welsh Government’s required treatment of schools, leaves a gap of £14.4M.
- 6.9 Following careful consideration, the following approach is recommended:
- *Efficiencies* - It is proposed that a further tranche of £4M of efficiency savings is sought. This will mean that since 2004/2005 the budget has been reduced by over £64M (in the region of 15% of the base budget)

without cutting frontline services or introducing compulsory redundancies.

- *Service Cuts and Charges* – The gap remaining after the introduction of efficiencies and the decision on the level of school support is £10.4M. The significance of this funding gap, and taking account of the financial outlook into the medium term, necessitates that cuts/changes to services, plus increased charges for services will have to be introduced to deliver a sustainable budget over the short and medium term. At present there are two phases of budget reduction proposals documented and at various stages of consideration. Phase 1 proposals are awaiting final cabinet decision on implementation and if approved will deliver a full year saving £8.4M. Phase 2 proposals are awaiting Cabinet approval to commence consultation and subject to this consultation could deliver a full year saving of £3.9M.
- *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding)* – Notwithstanding the need to make service cuts / changes and charging decisions within a reasonable timeframe, robust analysis is needed to ensure that the right decisions are made. In addition, it is recognised that some decisions have longer lead in times than others. However, the Council does as previously indicated, have a “Medium Term Financial Planning and Service Transformation Reserve” available that can provide transitional resources to temporarily bridge any remaining gap. The opportunity to employ such transitional funding will of course need to be considered only as a short term solution and permanent cuts/changes plus possibly increased charges will have to be introduced to deliver base budget reductions.

6.10 Delivery of the range of actions proposed in paragraph 6.9, will provide a balanced budget for 2014/2015.

Service Priorities

6.11 Even within this 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. Above all we want to make Rhondda Cynon Taf a safer, healthier and wealthier place to live, work and learn.

6.12 However, we must deliver our objectives within the parameters of next year's local government settlement. For next year and into the medium term any available resources should be targeted at key service areas. Part of the first stage General Budget Consultation exercise has been to test the appropriateness of our key strategic priorities (our Wales Programme for

Improvement (WPI) priorities). Feedback has been clear that these should remain our priorities, acknowledging the limited resources available.

Council Tax Levels

- 6.13 In England the Government has set aside monies to support Councils who may wish to set very low levels of Council Tax. This direct subsidy to Councils will not happen in Wales. This Council has always acted reasonably when setting its Council Tax, balancing the impact upon services and the ability of the public to pay including the fact that in the past any person in receipt of Council Tax Benefit will not pay any increase. For 2013/2014 Members agreed an increase of 3.95%. Given the financial challenges faced in 2014/15, the proposal is to increase Council Tax in 2014/15 by 4.5%, acknowledging that those eligible, will receive support through the Local Council Tax Reduction Scheme (CTRS).
- 6.14 CTRS is a replacement for Council Tax Benefit, which was introduced in 2013/14, and will continue on the same basis into 2014/15. The same basis in this case being, full entitlement for all eligible claimants within a national framework, and disappointingly, the same "cash limited" level of funding from the Welsh Government as that provided in 2013/14. Costs therefore associated with Council Tax uplifts and increased caseloads (likely as the effects of wider Welfare Reforms impact on our communities) are not covered. To illustrate the cost implications further, a 1% increase in Council Tax will generate an additional income for the Council of £865k (at current tax base levels), but will also cost £226k in additional CTRS payments to individuals. It therefore follows that a 1% increase generates a net additional income of £639k, or stated another way, one quarter of any Council Tax increase is lost to support the increased costs associated with the Welsh Governments CTRS.

7.0 2014/2015 SERVICE GROUP BUDGETS

- 7.1 The Council adopts a comprehensive budget challenge process involving senior managers from each Service Group, with a subsequent detailed review and assessment being conducted by the Corporate Management Team, to ensure consistency and fairness across all service areas.
- 7.2 The 2013/2014 revenue budget and the regular performance monitoring reports are available to the Cabinet, to act as a benchmark to evaluate 2014/2015 service delivery options, and service change proposals. It is, of course, important to appreciate 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 provisions for next year could be more, or less, than the 2013/2014 figures, depending upon Members' decisions and

spending priorities, and on the impact of the 2014/2015 local government settlement.

- 7.3 All our services have comprehensive annually updated Business Plans, which facilitates a base review and an even greater degree of sophistication in the Council's budget prioritisation process. These Business Plans form an integral part of the Service Groups' and Corporate Management Team's deliberations, albeit the sum total of the aspirations for increased funding contained within them will have to be tailored to fit the Council's available financial resources. In this way, the Council's overall budget will be built "bottom up", on the basis of properly identified service need, within the framework provided by the Single Integrated Plan and our own Corporate Plan.
- 7.4 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 2014/2015 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 3 is an outline budget proposal, including efficiency requirements and service provision amendments. This is based on a Council Tax increase of 4.5%.
- 7.5 Members will also be aware that given the dire financial outlook for the Council, all areas of service are being reviewed. This will result in further phases of budget reduction proposals coming before Cabinet in the coming months to ensure that our base budget is reduced over time to bridge the identified significant budget shortfall.

8.0 THE 2014/2015 GENERAL BUDGET STRATEGY CONSULTATION PROCESS

- 8.1 Our General Budget Strategy Consultation approach this year has been amended to reflect the significant consultation activity already undertaken in relation to the Phase 1 Service Change proposals, and potentially the next round of consultation for Phase 2 proposals (subject to Cabinet approval). Given the degree of detailed service consultation undertaken, the General Budget Strategy consultation has been streamlined to focus on strategic service priorities, Council Tax levels and the discretions applicable in the Council's Council Tax Reduction Scheme design.
- 8.2 The consultation process for 2014/2015 is again in two stages, allowing consultees an opportunity to comment on the 2014/2015 local government settlement, as it affects Rhondda Cynon Taf, prior to Cabinet considering its

initial budget strategy. The results of this first stage consultation is attached at Appendix 5 and 6

- 8.3 After the Cabinet has reflected on the local government settlement, and taken into account the feedback from the first stage of the Council's consultation exercise, it can formulate its initial 2014/2015 revenue budget strategy. That initial strategy can then be released, immediately, to all the consultees, for further consideration (i.e. Stage II).
- 8.4 Finally, Cabinet will consider the results of the second stage of the consultation exercise, prior to it recommending a revenue budget to the Council, in accordance with our Constitution.

9.0 PRODUCING A SUSTAINABLE MEDIUM TERM BUDGET

- 9.1 Whilst the budget for 2014/2015 could be balanced through the use of some of the Medium Term Financial Planning and Service Transformation Reserve, net of efficiency requirements and service reduction decisions (to be agreed), it is evident that this is not a sustainable proposition into the future. Put simply, the base budget has to be permanently reduced. In addition the financial outlook also means that further significant base budget reductions will need to be introduced within the next year or so.
- 9.2 When this Council has made difficult decisions it has always used a number of key principles against which proposals can be tested. The principles being used are detailed below:
- I. Services are as equitable as possible across Rhondda Cynon Taf;
 - II. Proposals will result in a reasonable level of service remaining in place;
 - III. Services will remain sustainable over the medium term (3 to 5 years);
 - IV. Services will, as far as possible, be generally better or as good as the rest of Wales;
 - V. Services will continue to meet our statutory obligations.
- 9.3 All proposals for service changes / cuts will require a report to Cabinet.
- 9.4 It should be noted that even if Cabinet agree to fully implement all of the Phase 1 and 2 Service Change proposals, the medium term financial position is still one where a gap over the next four years remains significant and will require the Cabinet to take even more difficult decisions as we move through the next and subsequent financial years.

10.0 CONCLUSIONS

- 10.1 The Minister for Local Government and Government Business (Lesley Griffiths AM), announced the 2014/2015 local government settlement on the 11th December 2013 with this Council's reduction in resources set at -3.7%.
- 10.2 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 holding a minimum level of General Fund Balances of £10M, in order to mitigate any risk of future budget instability. There is though the opportunity to pragmatically use the Medium Term Financial Planning and Service Transformation Reserve as transitional funding without prejudicing the Council's financial stability, or reducing our General Fund Balances below £10M.
- 10.3 Though as detailed in the report, whilst the use of such transitional funding would produce a balanced budget for 2014/2015, it is not a sustainable strategy. Important and very difficult decisions will need to be made by Members over the next year or so to ensure the Council still delivers its core services into the future.
- 10.4 There will be a need for positive and proactive management from senior officers and clear direction from Cabinet to produce a financially sustainable budget into the medium term in this extremely difficult financial climate.



Llywodraeth Cymru
Welsh Government

APPENDIX 2

**WRITTEN STATEMENT
BY
THE WELSH GOVERNMENT**

TITLE **2014-15 Final Local Government Revenue and Capital Settlements**

DATE **11 December 2013**

BY **Lesley Griffiths AM**
 Minister for Local Government and Government Business

Today I am announcing the details of the Final Revenue and Capital Settlements for the 22 Unitary Authorities in Wales for 2014-15.

The Overall Settlement

In preparing the Final Settlement, I have given careful consideration to the responses I received to the consultation on the Provisional Settlement.

Next year, after accounting for transfers, Local Authorities in Wales will receive £4.264 billion in general revenue funding, a decrease of 3.4% compared with 2013-14. The overall change is slightly better than I announced at the Provisional Settlement, following my decision to dehypothecate £4 million of funding previously identified for the Council Tax Reduction Scheme Pensioner Grant. Whilst today's settlement represents a reduction in funding, it still reflects a balanced outcome for Local Government in Wales, given cuts imposed by the UK Government which will total a £1.7 billion reduction in the Welsh Budget by 2015-16. This Final Settlement demonstrates my commitment to increase flexibility, achieve fairness and provide additional support.

The Settlement includes £244 million for the Council Tax Reduction Scheme. It also

includes £5.2 million of additional funding for the Council Tax Reduction Scheme Administration Subsidy, which was previously provided to Local Authorities by the Department for Work and Pensions and has been passported into the Settlement.

Distribution between Authorities

Table 1 details the relative annual change in the revenue settlement for each of the 22 Authorities after adjusting for transfers.

Specific Revenue Grants

I am also providing Local Authorities with information on the specific grants they can expect to receive in 2014-15. Taken together, the information on Revenue Support Grant and specific grants provides Local Authorities with a comprehensive picture of the funding from the Welsh Government for 2014-15, and allows them to budget effectively. In addition to the funding, Local Authorities will receive through the Settlement, they will also receive over £700 million in specific grants.

Included within the RSG for 2014-15, is £39.3 million of funding previously provided through specific grants. From my own portfolio, I have decided to dehypothecate over £30 million previously identified for Private Finance Initiative (PFI) and the Public Facilities Grant. Also transferring into the Settlement for 2014-15, is an additional £3.2 million in relation to the First Steps Improvement Package and £5.2 million for the administration of Council Tax Reduction Schemes.

For the Final Settlement, I have also taken the decision to provide the funding previously identified for the Council Tax Reduction Scheme Pensioner Grant (£4 million) within the RSG instead of a specific grant.

Alongside the Settlement, additional £3.5 million which will be paid out in 2014-15 under a new Local Government Borrowing Initiative to part fund the Welsh Government element of the 21st School Programme. This will be provided outside of the settlement as a separate grant in 2014-15 as the distribution has not been finalised but will transfer into the RSG for 2015-16.

Protection for Schools

The Settlement reflects the Welsh Government's commitment to protect schools funding to ensure the delivery of the best outcomes for Welsh children. Together with an element of the Pupil Deprivation Grant, the settlement includes the resources necessary to protect funding for schools at 1% above the overall change in the Welsh Budget.

Damping

To mitigate the year-on-year impact on any individual Authority, I am implementing my proposal announced as part of the Provisional Settlement to apply a damping mechanism. After reviewing the consultation responses and the impact of recent data updates, I have taken the decision to maintain the damping threshold I set at the Provisional Settlement. This will mean no Authority will experience a reduction of more than 4.75% compared with their 2013-14 allocations when adjusted for transfers. In addition to this threshold, funding for the Local Government Borrowing Initiative for Highways and the Public Finance Initiative Grant are also being provided to Authorities in their RSG allocations. Overall, this means no Authority will experience a reduction of more than 4.6%, when adjusted for transfers.

Capital Settlement

The capital allocation for 2014-15, including specific capital grants will be £406.3 million, which represents a significantly better Settlement for Local Authorities than the indications provided last year.

The General Capital Fund totals some £143 million. This is unhypothecated capital funding, of which £54 million is paid as capital grant with the remainder, some £89 million, being provided as support for borrowing.

Further information

Further detailed tables will be published on the Welsh Government's website.

The motion for the National Assembly for Wales to approve the Local Government Finance Report for 2014-15 is scheduled for debate on 14 January 2014.

The information will provide authorities with the information they need to set their budgets and council taxes for the next financial year. I have set out clear expectations to Local Authorities regarding Council Tax increases and will be monitoring the situation closely. I remain willing to use the capping powers available to me if necessary.

WELSH LOCAL GOVERNMENT SETTLEMENT 2014-15**Table 1: Comparison between the 2014-15 Final AEF and 2013-14 AEF, after adjustments for transfers and taxbase changes**

<i>£000s</i>				
Unitary authority	2013-14 final AEF*	2014-15 final AEF	% change	Rank
Isle of Anglesey	100,352	96,432	-3.9%	16
Gwynedd	182,254	174,971	-4.0%	17
Conwy	163,574	157,855	-3.5%	10
Denbighshire	152,198	145,170	-4.6%	22
Flintshire	199,984	192,942	-3.5%	11
Wrexham	181,360	175,208	-3.4%	8
Powys	190,789	182,077	-4.6%	20
Ceredigion	108,598	103,636	-4.6%	21
Pembrokeshire	173,154	166,716	-3.7%	13
Carmarthenshire	271,233	260,859	-3.8%	15
Swansea	328,183	318,224	-3.0%	6
Neath Port Talbot	217,923	209,769	-3.7%	14
Bridgend	200,300	194,863	-2.7%	3
The Vale Of Glamorgan	165,010	157,641	-4.5%	19
Rhondda Cynon Taf	379,245	367,332	-3.1%	7
Merthyr Tydfil	93,216	91,282	-2.1%	2
Caerphilly	280,676	272,584	-2.9%	5
Blaenau Gwent	117,403	113,097	-3.7%	12
Torfaen	140,260	135,487	-3.4%	9
Monmouthshire	101,985	97,509	-4.4%	18
Newport	217,013	214,826	-1.0%	1
Cardiff	448,303	435,986	-2.7%	4
Total Unitary Authorities	4,413,012	4,264,466	-3.4%	

* The published AEF for 2013-14 is subject to a number of adjustments for transfers and taxbase

APPENDIX 3

AVAILABLE REVENUE RESOURCES 2014/15 AND PROPOSED USAGE

	£'000
Total resources available in 2014/2015	460,387
LESS: Total resources available in 2013/2014	469,203
<u>DECREASE</u> in resources available in 2014/2015	(8,816)

	£'000
Allocation Of Additional Resources	
Delegated Schools Budget	(9,023)
Education & Lifelong Learning Services (Other)	10,612
Community & Children's Services	1,672
Environmental Services	2,303
Corporate Services & Chief Executive's Division	244
Authority Wide Requirements	(4,208)
Budget Gap	(10,416)
	(8,816)

PROPOSED REVENUE BUDGET 2014/15**Education & Lifelong Learning Services****Delegated Schools Budgets**

	£'000
Net Revenue Budget 2013/14	149,394
Decrease	(525)
<i>Transfers / New Responsibilities</i>	
Transfer of Pre Compulsory School Age Budget to General Fund	(8,498)
Proposed Net Revenue Budget 2014/15	140,371

Non Delegated Budgets

	£'000
Net Revenue Budget 2013/14	29,348
Base and Inflationary Pressures	12
<i>Transfers / New Responsibilities</i>	
PFI	2,747
Transfer of Pre Compulsory School Age Budget to General Fund	8,498
Efficiency Target	(645)
Proposed Net Revenue Budget 2014/15	39,960

Total Net Revenue Budget 2014/15	180,331
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PROPOSED REVENUE BUDGET 2014/15**Community & Children's Services**

	£'000
Net Revenue Budget 2013/14	124,178
Base and Inflationary Pressures	2,995
Efficiency Target	(1,323)
Proposed Net Revenue Budget 2014/15	125,850

PROPOSED REVENUE BUDGET 2014/15**Environmental Services**

	£'000
Net Revenue Budget 2013/14	61,285
Base and Inflationary Pressures	3,577
Efficiency Target	(1,274)
Proposed Net Revenue Budget 2014/15	63,588

PROPOSED REVENUE BUDGET 2014/15**Corporate Services & Chief Executive's Division**

	£'000
Net Revenue Budget 2013/14	32,327
Base and Inflationary Pressures	574
<i>Transfers / New Responsibilities</i>	
Council Tax Reduction Scheme Admin Subsidy	475
Efficiency Target	(805)
Proposed Net Revenue Budget 2014/15	32,571

PROPOSED REVENUE BUDGET 2014/15**Authority Wide**

	£'000
Net Revenue Budget 2013/14	72,671
Base and Inflationary Pressures	(4,208)
Proposed Net Revenue Budget 2014/15	68,463

Budget Gap	- 10,416
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Appendix 4

*Rhondda Cynon Taf County Borough Council
Consultation Team / Financial Services
January 2014*



Stage 1

2014/15 General Budget Strategy | Consultation:

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1. INTRODUCTION

- 1.1 This report presents the findings of the first stage General Budget Strategy Consultation for 2014/15, including;
- Council Improvement Priorities
 - Council Tax Levels
 - Local Council Tax Reduction Scheme
- 1.2 Section 2 briefly outlines the background and objectives of the consultation process.
- 1.3 Section 3 details the methodology used, why and how the survey was conducted.
- 1.4 Section 4 outlines the facts around the Council's budget and headlines of the Provisional 2014/2015 Local Government Settlement.
- 1.5 Section 5 presents the consultation results.
- 1.6 Section 6 provides a brief summary of the consultation results.

2. BACKGROUND

2.1 For the financial year 2014/15 the County Borough Council must decide upon its Budget Strategy and priorities. The following section outlines some of the background to the budget setting process.

2.2 Against the backdrop of significant funding cuts, the Council must maintain its focus on robust financial management and stability, indeed, our very survival will depend on it. A key ingredient of this is the responsible approach taken to how we address the development of our annual budgets. Therefore, even allowing for the difficulties described earlier, we still, as in previous years, need to set parameters for producing the 2014/2015 budget and these are:-

- a) Maintain the Council's financial stability, whilst targeting any available funding, in an efficient and effective manner, towards the key services required by our residents;
- b) Look to protect those key services and jobs wherever possible;
- c) Review all areas of service provision, including eligibility to those services and charging policies in place;
- d) Take maximum advantage of all new funding opportunities made available by the Welsh Government and others;
- e) "Top slice" appropriate necessary sums to fund corporate budgets;
- f) Fully allocate any sums "earmarked" for specific services which are demonstrably the direct result of legislative changes included in the 2014/2015 Local Government Settlement, in strict accordance with the guidance issued by the Welsh Government;
- g) Allocate to our Service Groups, initially, an adequate allowance for (inflationary) movements in employee costs;
- h) Continue to deploy our procurement strategy to offset the impact of certain supplies and services' inflation, in the coming financial year;
- i) Actively pursue efficiency in all areas of the Council;
- j) Provide comprehensive support to help achieve efficiency requirements in all areas of service, including our schools.

- k) Where Service Change proposals are considered, that these are tested against the agreed guiding principles:
- i. Services are as equitable as possible across Rhondda Cynon Taf;
 - ii. Proposals will result in a reasonable level of service remaining in place;
 - iii. Services will remain sustainable over the medium term (3 to 5 years);
 - iv. Services will, as far as possible, be generally better or as good as the rest of Wales;
 - v. Services will continue to meet our statutory obligations
- 2.3 This outline strategy will provide an effective and pragmatic framework for the delivery of a fair and equitable Council budget.

The Individual Schools Budget (ISB)

- 2.4 It will be particularly important how the Council responds to School budgets, including the direction from Welsh Government to protect schools by requiring an increase of 0.9% for 2014/2015. This needs to be set in context against the overall decrease provided to this Council of -3.9%. School budgets currently account for some 32% (£149M) of the Council's overall budget.

Council Tax Levels

- 2.5 As is the case every year in respect of Council Tax levels, the Council will have due regard to the level of increase and the ability of residents to pay, but it also has to balance this against the need to fund important services. This is particularly important when viewed against significant cuts in revenue funding made available from Welsh Government.
- 2.6 The Local Council Tax Reduction Scheme (CTRS), a replacement for Council Tax Benefit, which was introduced in 2013/14, will continue on the same basis into 2014/15. The same basis in this case being, full entitlement for all eligible claimants within a national framework, and disappointingly, the same level of funding as that provided in 2013/14. Costs therefore associated with Council Tax uplifts and increased caseloads (likely as the effects of wider Welfare Reforms impact on our communities) are not covered. To illustrate the cost implications further, a 1% increase in Council Tax will generate an additional income for the Council of £865k (at current tax base levels), but will also cost £226k in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £639k, or stated another way, one quarter of any Council Tax increase is lost to support the increased costs associated with the Welsh Governments CTRS.

3. METHODOLOGY

3.1 The Council wanted to consult to seek views on three areas:

- A – Council Improvement Priorities
- B – Council Tax Levels
- C – Local Council Tax Reduction Scheme

3.2 The consultation has been conducted in-house. An online survey was developed and placed on the Council's website from 2nd December until the 18th December. A Web logo box advertising the survey was also placed on the homepage of the Council's website.

3.3 A presentation was made at the School Budget Forum and at the following meetings;

- Environmental Services Scrutiny Committee – 2nd Dec 2013
- Community & Children's Services Scrutiny Committee – 4th Dec 2013
- Education & Lifelong Learning Scrutiny Committee – 9th Dec 2013
- Corporate Services Scrutiny Committee – 10th Dec 2013
- Overview & Scrutiny Committee – 18th Dec 2013

3.4 This report presents the online survey results for the Council Improvement Priorities, Council Tax Levels and Local Council Tax Reduction Scheme. The School Budget forum feedback is being reported back separately as is the scrutiny feedback.

3.5 It should be noted that the general budget strategy survey conducted here was undertaken shortly after the recent phase 1 service change consultation, conducted in November 2013, which asked for views on a number of specific service change proposals, including School Admission Arrangements. This separate consultation exercise included detailed business cases on each proposal. A report on the outcomes of this consultation exercise was presented to the Council's Cabinet on the 8th January 2014 and feedback received supported the preparation of full Equality Impact Assessments for all proposals. Any future phases of service change proposals will also be subject to the same rigour in terms of separate consultation activities. As such this element of the General Budget Strategy consultation has been streamlined to focus on the 3 areas highlighted in 3.1 above.

4 THE FACTS

- 4.1 On the 16th October 2013, the Minister for Local Government and Government Business (Lesley Griffiths AM) announced the provisional 2014/2015 local government settlement.
- 4.2 The “headlines” of the provisional 2014/2015 settlement are as follows:-
- i. The overall reported decrease in Revenue Support Grant (RSG) and Non-Domestic Rates funding for 2014/2015 (of unhypothecated funding) at an all Wales level, is -3.5%. Closer inspection of the settlement details reveals that the decrease excludes the impact of the additional Council Tax Reduction Scheme (CTRS) support provided after the 2013/14 settlement and the new £4M Local Government Borrowing Initiative funding for highways improvement in 2014/15. The impact of these adjustments is that the overall funding reduction at an all Wales level is actually **-4.0%**.
 - ii. The provisional settlement for Rhondda Cynon Taf, shows a reported decrease of -3.3% which is marginally better than the average reported of -3.5%. As detailed above, the reported decrease should be adjusted for CTRS and the highways borrowing initiative, resulting in an actual funding decrease for this Council of **-3.9%** in 2014/15. This is a significant cut in funding, especially in the context of inflation currently at around +2-3% and significant increases in service demand and subsequent pressures. ‘Reported’ settlements across the 22 local authorities range from at best -1.2% to at worst -4.6%, the later of which has been held at this level through a damping / floor adjustment applied by Welsh Government. This adjustment ensures that no Council receives a reduction in funding greater than -4.75%. The ‘floor’ has protected three Councils – Ceredigion, Denbighshire and Powys. This Council’s contribution to the floor is £430k.
 - iii. The provisional settlement includes an indicative further decrease for 2015/2016 of -1.4% for this Council. Some caution is advised in respect of this figure, given the recent experience of Welsh Government being unable to fulfil its obligations for the 2014/15 indicative (originally set out in the 2013/14 settlement at +0.6%).

- iv. The Provisional Settlement includes the Outcome Agreement Grant outside of RSG. This amounts to £2.504M and will only be received if the Council meets its Outcome Agreement targets.

- v. The Settlement includes a number of stated 'transfers in'. For this Council, these equate to:
 - First Steps Improvement Package - £0.250M
 - Council Tax Reduction Scheme Administration Subsidy - £0.475M
 - Private Finance Initiative - £2.747M

- vi. As yet we have had little detail of what specific grants this Council will receive from the estimated total of in excess of £700M across Wales. This is very important as many of these grants support key services provided by the Council. A number of these grants do appear to be reducing at an all Wales level.

- vii. The Council's General Capital Funding allocation is reduced by 1.1% (£0.129M) to £11.199M. The indicative figures show no further cut in 2015/2016.

LOCAL COUNCIL TAX REDUCTION SCHEME

What is Council Tax?

- 4.3 Council Tax is a local tax set by the Council based on the valuation band of your property. Your home is placed in one of eight valuation bands based on its value at 1st April 2003. The Council is responsible for collecting Council Tax and this money funds about 19% of the net cost of local public services, including refuse collection, social services, environmental health and education. Some of the money collected funds police, fire and public transport services. Existing Council Tax discounts and exemptions, such as the 25% single person's discount and the exemption for people who are severely mentally impaired and live on their own will not change as part of any current welfare reform changes.

What is the Council Tax Reduction Scheme (CTRS)?

- 4.4 Under the UK Government's welfare reform changes, Council Tax Benefit was abolished on 1st April 2013 and was replaced with a national Council Tax Reduction Scheme (CTRS) by Welsh Government. At the same time the UK Government reduced funding for this new scheme by 10%. This changes the way that funds will be

provided, so that councils now have a fixed/cash limited budget to fund CTRS (in contrast to the current arrangements which sees funding increase/decrease as demand rises/falls).

- 4.5 The new CTRS is a national scheme in Wales as the main regulations for its operation are set by the Welsh Government (WG), whilst councils have limited discretion to vary the national scheme in certain areas.
- 4.6 CTRS is paid to low income households to help them meet the cost of their Council Tax bills. In a number of cases it is possible to receive 100% support, for example, if the liable person is in receipt of Income Support or Pension Credit.
- 4.7 Rhondda Cynon Taf has nearly 29,000 households who currently receive CTB and of these 23,000 do not currently have to pay any Council Tax. This year (2013/14), it is estimated that approximately £22.5 million will be spent by the Council on CTRS. Over the past five years, Council Tax Benefit payments have risen each year because more people are claiming as a result of the global financial recession.
- 4.8 Councils are required to adopt a scheme by 31st January each year should they wish to have local discretions within the CTR Scheme. The Council is therefore seeking views on the discretions it proposes to adopt for the scheme for 2014/15.

5 CONSULTATION RESULTS

5.1 This section details the responses to the online survey.

Section A – Council Improvement Priorities

5.2 Respondents were asked whether they agreed that continued work in the following Improvement Priority areas would help improve their quality of life.

Do you agree or disagree that continued work for 2014 in these areas would help improve the quality of life for you and your family?

2013 Improvement Priorities

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Children and Family centred services Keeping children and young people safe	36.4%	22.7%	31.9%	4.5%	4.5%
Public Health and Protection Protecting people from harm and supporting communities so residents feel safe	36.4%	36.4%	13.6%	13.6%	0.0%
Maintaining People's Independence Supporting adults and older people to live independently	34.8%	47.8%	4.3%	8.8%	4.3%
A Top Quality Education for All Ensuring people have the education and skills to secure employment	69.6%	26.1%	0.0%	0.0%	4.3%
Regenerating our Communities Supporting communities and businesses and helping people out of poverty	45.5%	27.3%	13.6%	4.5%	9.1%
Streetcare Services and the Natural Environment Making a cleaner, greener County Borough	17.4%	34.8%	34.8%	8.7%	4.3%

And supporting all these by **Delivering within our means** making the best use of resources

45.5%	18.2%	9.1%	22.7%	4.5%
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Figure 1

- 5.3 59.1% of respondents ‘Strongly Agreed’ or ‘Agreed’ that continued work in Children and Family Centred Services, would improve their quality of life.
- 5.4 Over 70% of respondents felt that continued work in Public Health and Protection would improve the quality of life for them and their families.
- 5.5 Over 80% of respondents supported ‘Maintaining People’s Independence’ and claimed it would improve the quality of life for them and their families.
- 5.6 95.7% of respondents ‘Strongly Agreed’ or ‘Agreed’ that continued work in ‘A Top Quality Education for All’ would improve the quality of life for them and their families.
- 5.7 72.8% of respondents supported the Council’s Improvement Priority ‘Regenerating Our Communities’ and said that they ‘Strongly Agreed’ or ‘Agreed’ with continued work in this area.
- 5.8 52.2% of respondents ‘Strongly Agreed’ or ‘Agreed’ that continued work in ‘Streetcare Services and the Natural Environment’ would improve their quality of life. 34.8% said that they neither agreed nor disagreed that making a cleaner, greener County Borough would improve their quality of life.
- 5.9 63.7% of respondents ‘Strongly Agreed’ or ‘Agreed’ with continued work for the priority ‘Delivering Within Our means’ – making the best use of resources.
- 5.10 Respondents were asked to suggest anything specific which they would like to see included within the Council’s Improvement Priority plans.

If you generally agree that the Council should continue with the improvement priorities listed above in 2014, is there anything specific that you would like to see included within our plans?

. 5.11 Comments included:

Nursery Education – maintaining current level of services (n=5)

“Full time nursery provision for 3&4 year olds”

“Continued full time schooling for children from three years!”

“Ensuring current so called 'non-essential' services are maintained at the current levels. In particular Nursery education and meals on wheels.”

Efficiencies, expenditure and funding (n=4)

“Focus on small businesses as part of any regeneration plans you are thinking about. Try and get funding from elsewhere to improve things with less money available, make the most of external funding opportunities”

“Improve efficiency & reduce unnecessary expenditure.”

“...please use the best of resources that are being offered!! You need to look closer at what you're spending as you are wasting resources.”

Consultation and Involvement (n=1)

“A focus on involving public in decision making and delivery of services”

Equalities (n=1)

“We are concerned that the equality-related aspects of issues such as mitigating the impact of welfare reforms on disabled people have been overlooked... Targeted use of programmes to tackle entrenched health, wellbeing, employment, education, housing and other inequalities for all 9 protected characteristic (equality) groups must be included in all programmes and initiatives to prevent gaps and inequalities worsening as budgets tighten.”

- 5.12 Respondents were asked to suggest other priorities that were relevant. Over 60% of respondents said that there were other priorities that the Council should have. They are listed overleaf:

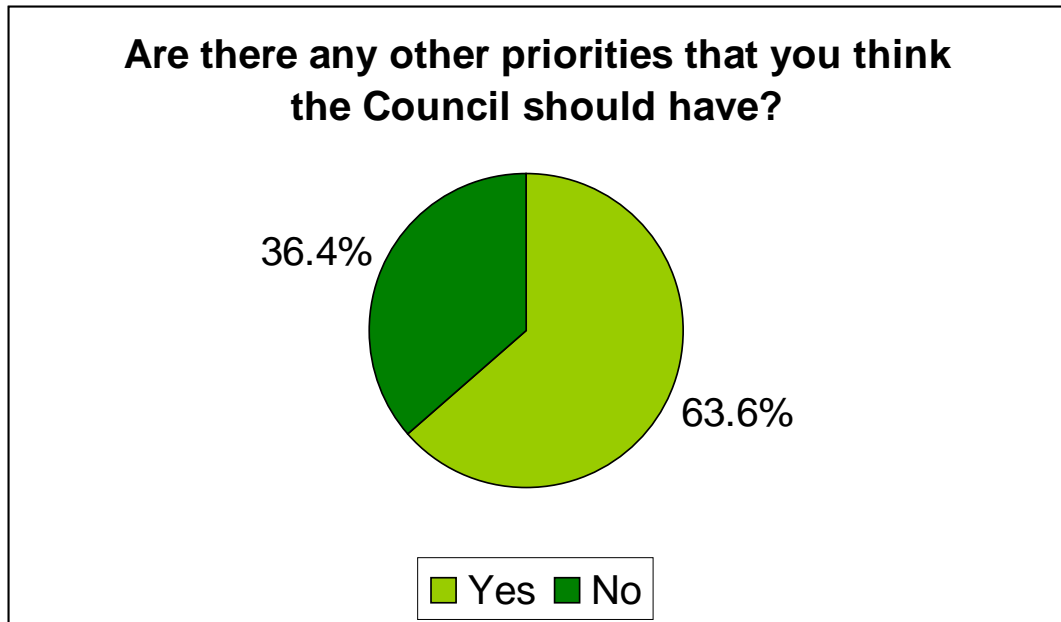


Figure 2

If yes, please list below the priorities you suggest. Comments included:

Nursery provision (n=7)

“Keeping children in school OR if unable to do this then provide a wrap round child care service.”

“Full time provision for nursery at 3&4”

“Early years education for the under 5s should be increased not decreased so children are supported to develop and lift themselves out of poverty. More council run subsidised crèches to allow parents to work.”

Supporting children (n=2)

“Supporting children young and youth to increase their knowledge using libraries, on line information and newsletters for them so they know what services are provided by the council”

“Preventing children living in poverty and harm”

Efficiencies, expenditure and funding (n=3)

“Reducing wastage from all areas of expenditure eg energy, stationary, vehicles, and other goods and services bought by the council”

“Business development and support for town centres (tax cuts).”

“Yes the council should prioritise the limited funds they have by spending less on unimportant things such as PR department, PR exercises such as Ponty in

the Park and Big bite etc and spend more money on actual things that will change peoples lives i.e. Education, Protection of vulnerable children and adults etc”

Fitness and wellbeing (n=1)

“Getting everyone fit, and then helping them to stay fit. Encourage use of resources by improving pavements for joggers/walkers, setting up walking clubs for people who want to get out and meet people whilst getting fit. We are becoming obese and the 'improvements' to the Ynys in Aberdare are off-putting at the moment.”

Social care (n=1)

“Improving social care and the provision of services by introducing new ways of working, including co-production... linking together services, equipment, support and options to meet individual wishes and outcomes, rather than investing in 10 separate ‘experts’ visiting the individual to meet a different part of an outcome or a different perceived need.”

Section B – Council Tax levels

5.13 Respondents were asked what their preferred council tax increase would be for the next financial year.

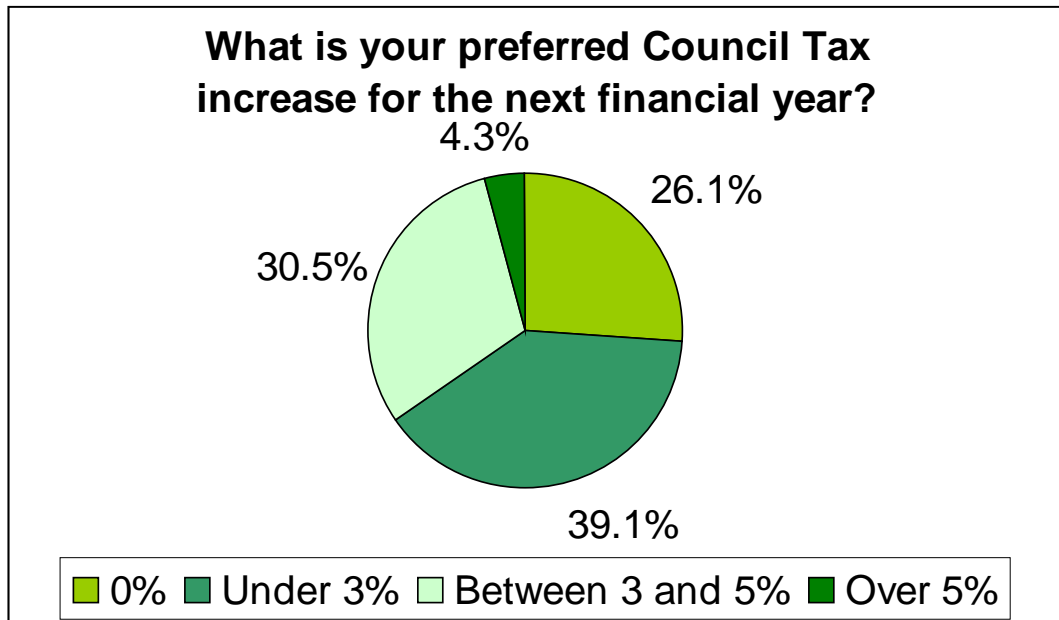


Figure 3

39.1% of respondents said their preferred council tax increase would be under 3%. 26.1% said they would rather not have a Council tax increase.

Section C – Council Tax Reduction Scheme

- 5.14 The CTR Scheme will give the Council the ability to increase the period of paying CTR support for 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 CTR Scheme adopted by the Council for 2013/14 did not increase this standard period. The estimated amount of CTRS paid in relation to extended payments by the Council in 2013/14 is £37,000.
- 5.15 Respondents were asked if the 4 week period of continued Council Tax payment was reasonable when someone returns to work. 73.9% of respondents thought this was fair.

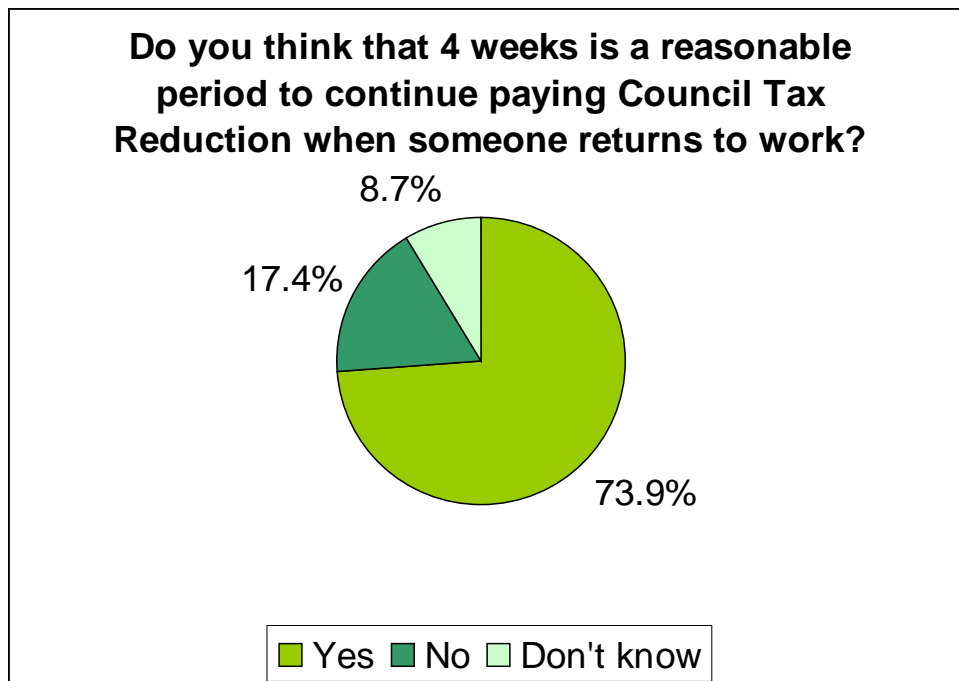


Figure 4

5.16 Disregard War Disablement Pensions/War Widow's Pensions income

Under the national CTR Scheme, the Council has discretion to continue to disregard part, or the whole amount of War Disablement Pensions and War Widow's Pensions when calculating benefit. The CTR Scheme adopted by the Council for 2013/14 disregarded all of this income from the assessment. The estimated cost to the Council of disregarding all of the income for War Disablement & War Widow's Pensions in 2013/14 is £30,000.

Respondents were asked if they thought it would be reasonable for the Council to continue to totally disregard War Disablement and War Widow's Pensions income when assessing entitlement to the Council Tax Reduction Scheme. 52.2% of respondents thought it was reasonable.

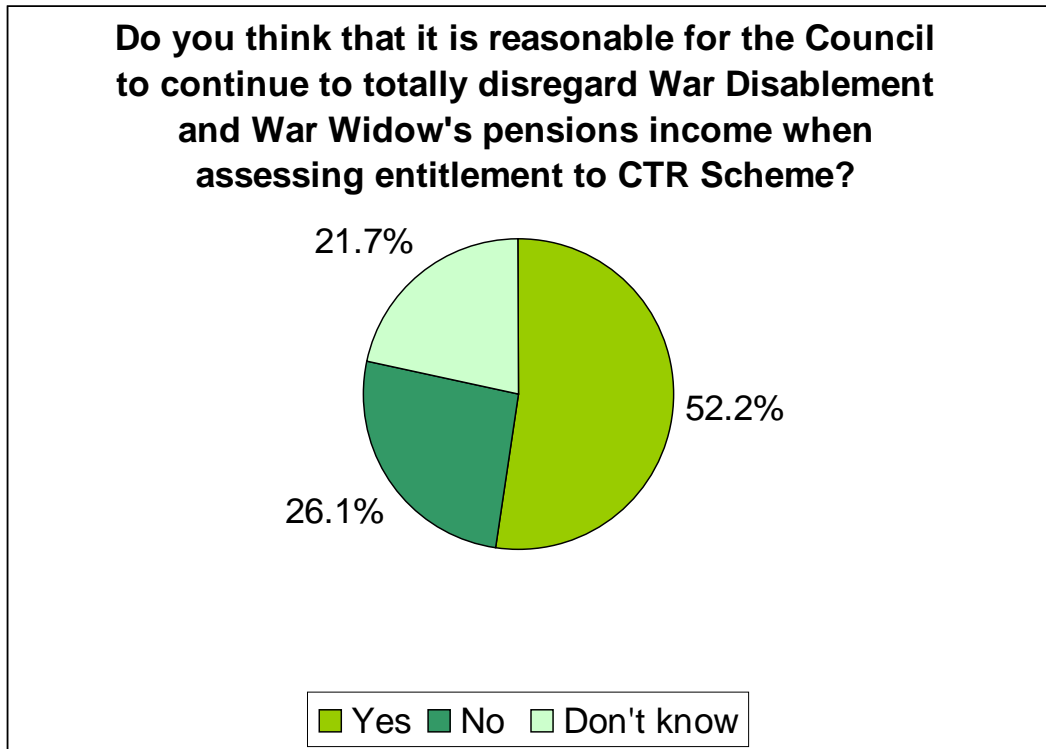


Figure 5

5.17 Backdating Claims

The existing CTR Scheme regulations specify that the standard period that a claim can be backdated is 3 months, with the Council having the discretion to backdate the claim for working age and pensioners claimants for a longer period if it wishes. The estimated cost to the Council of backdating claims in 2013/14 is £7,000.

Respondents were asked if 3 months was a reasonable period to backdate claims for working age and pensioner claimants. 73.9% agreed that it was.

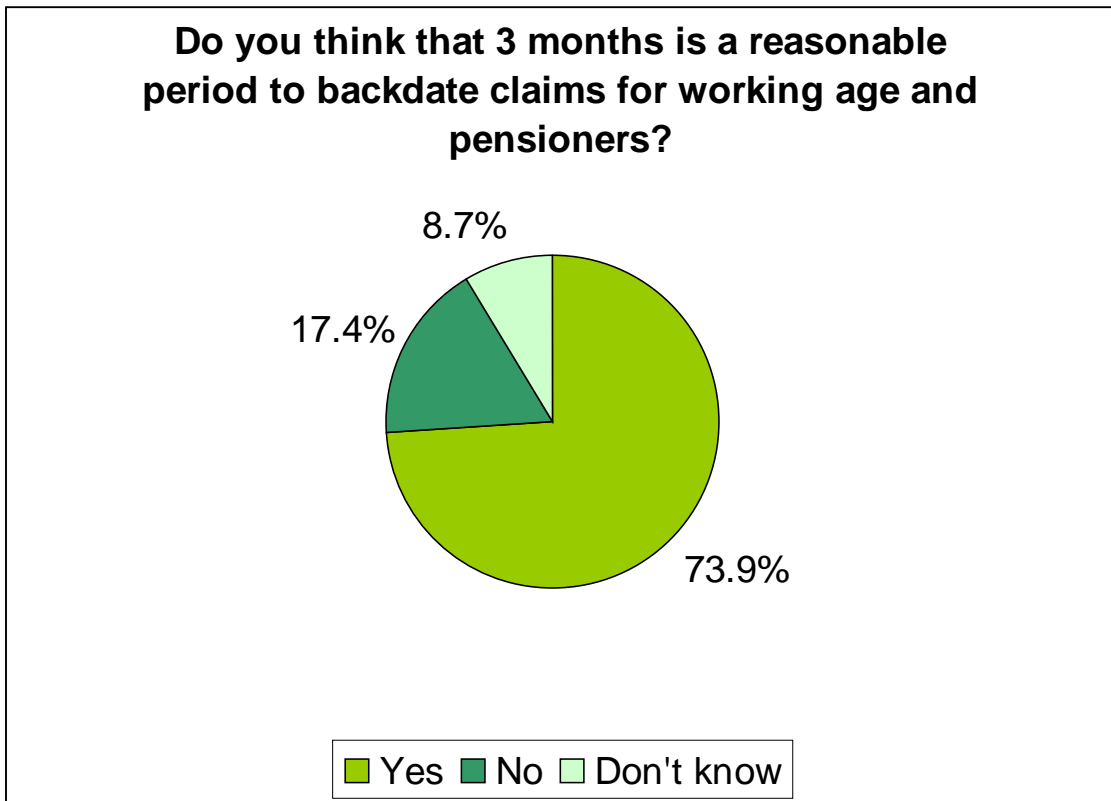


Figure 6

5.18 ANY OTHER COMMENTS - Are there any other general comments you wish to make, or any other factors you would like the Council to take into account with regard to the new scheme?

Respondents made the following comments: (full comments can be found in the appendices)

"I think income from war disablement/war widow's pensions should be treated in the same way as other income. People are disadvantaged for all sorts of reasons, so it seems unfair to single this reason out."

"i feel reducing council tax for some families means increase on council tax for others - the working poor families are struggling and there are little or no tax reductions for these."

"Stop giving students exemption from paying council tax"

"Re 8, the period should not be restricted. The amounts involved are minuscule."

“We feel that 4 weeks is generally sufficient time for an individual to continue to receive a Council Tax reduction after commencing paid employment. However we do feel that there should be a robust mechanism in place to proactively identify individuals who are in debt and/or facing financial difficulties despite finding employment. In these cases there should be recourse for individuals to discretionary Council Tax Reductions or other financial support for those who are facing difficulties paying their Council Tax, despite being in paid employment with earnings above the earnings threshold for Council Tax Reductions.”

“How much does the administration cost? Are you pursuing those people who are in arrears sufficiently vigorously?”

My preferred council tax increase would be 0% however the state of the authority I know they have to increase it! Reduce the period for backdating claims could possible make savings! Whilst I agree war veterans should be supported maybe a reduction in the length of support offered to widows could be reduced?”

“To question 8, it is only reasonable if claims are processed effective and don't take longer then 3 months to resolve”

“I would be happy to increase my council tax to receive the services I request - full time nursery education”

About You

5.18 56.5% of respondents were female, 43.5% were male.

Gender	
43.5%	Male
56.5%	Female

Figure 7

5.19 The majority of those responding were aged 25 – 34 (45.5%).

Age	
4.5%	16-24
45.5%	25-34
18.2%	35-44
22.7%	45-54
9.1%	55-64
0.0%	65+

Figure 8

5.20 99.9% of respondents were White British, English or Welsh.

5.21 13.0% of respondents said that they had a disability (*The definition of disability as defined under the Disability Discrimination Act is a 'physical or mental impairment which has a substantial and long term adverse affect on ability to carry out normal day to day activities'*). These disabilities included a learning disability, long standing illness or health condition and 'other'.

6 SUMMARY AND CONCLUSIONS

- 6.1 Of those who responded to the consultation, 56.5% of respondents were female, 43.5% were male, with the majority responding aged 25 – 34 (45.5%).
- 6.2 59.1% of respondents 'Strongly Agreed' or 'Agreed' that continued work in Children and Family Centred Services, would improve their quality of life.
- 6.3 Over 70% of respondents felt that continued work in Public Health and Protection would improve the quality of life for them and their families.
- 6.4 Over 80% of respondents supported 'Maintaining People's Independence' and claimed it would improve the quality of life for them and their families.
- 6.5 95.7% of respondents 'Strongly Agreed' or 'Agreed' that continued work in 'A Top Quality Education for All' would improve the quality of life for them and their families.
- 6.6 72.8% of respondents supported the Council's Improvement Priority 'Regenerating Our Communities' and said that they 'Strongly Agreed' or 'Agreed' with continued work in this area.
- 6.7 52.2% of respondents 'Strongly Agreed' or 'Agreed' that continued work in 'Streetcare Services and the Natural Environment' would improve their quality of life.
- 6.8 63.7% of respondents 'Strongly Agreed' or 'Agreed' with continued work for the priority 'Delivering Within Our means' – making the best use of resources.
- 6.9 Over 60% of respondents said that there were other priorities that the Council should have, namely nursery provision, supporting children, efficiencies, expenditure and funding, fitness and wellbeing and social care.
- 6.10 39.1% of respondents said their preferred council tax increase would be under 3%.
- 6.11 73.9% of respondents thought the 4 week period of continued Council Tax payment was reasonable when someone returns to work.
- 6.12 52.2% of respondents thought it was reasonable for the Council to continue to totally disregard War Disablement and War Widow's Pensions income when assessing entitlement to the Council Tax Reduction Scheme.

- 6.13 73.9% of respondents agreed that it was reasonable to backdate claims for working age and pensioners for 3 months.
 - 6.14 Other comments suggested that the Council Tax system was unfair to other people struggling to pay their Council Tax, therefore the same rules should apply to all in this case. Other comments suggested that residents would be happy to pay more Council Tax if it meant maintaining current services.
 - 6.15 The Cabinet will review the feedback received from this initial general budget strategy consultation (stage 1) and then, with the Council's Corporate Management Team use this and the data in the Medium Term Financial Plan to produce a draft budget that can be used to consult upon during January 2014 (stage 2).
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**SCHOOLS BUDGET FORUM
MONDAY, 16TH DECEMBER 2013
COUNCIL CHAMBERS, CLYDACH**

MINUTES

PRESENT:	Councillor P. Cannon Councillor C. Willis Councillor A. Morgan Lisa Bailey (Tonysguboriau Primary) David Davies (YGG Aberdar) Elaine Keeble (Tonyrefail School) Ian Machin (Aberdare High) Paul Morgan (Pengeulan Primary) Simon Phillips (Llwyncrwn Primary) Mark Powell (Y Pant Comprehensive) Hywel Price (Ysgol Gyfun Rhydywaun) Andy Henderson (Ysgol Hen Felin) Susan Allan (Ynyscynon Early Years Centre)
IN ATTENDANCE:	Chris Bradshaw (Director of Education and Lifelong Learning) Chris Lee (Director Of Financial Services) Catrin Edwards (Head of Education Financial Services) Steve Mithan (Education Group Accountant) Elizabeth Randall (LMS Development Officer) Claire Jones (NUT Representative) Alan Minton (NUT Representative)
APOLOGY FOR ABSENCE:	Councillor A. Christopher Councillor E. Hanagan Rhian Ellis (YG Cymer) Rhian Rees (Pontrhondda Primary)

Extract in relation to Agenda Item 9 – General Budget Consultation 2014/15

No.	Discussion/Action	Action	By who
9.	<p>General Budget Consultation The Director of Financial Services presented to the Forum the General Budget Strategy Consultation Exercise 2014/15. An opportunity to comment on this or any other factors in relation to the consultation exercise was given at the end of the presentation. No specific comments were made.</p> <ul style="list-style-type: none"> • General budget strategy consultation will be focussed on 3 key areas: <ul style="list-style-type: none"> – Services & Priorities – Council Tax Levels – Council Tax Reduction Scheme (CTRS) • Links to other consultation activity <ul style="list-style-type: none"> – This does not include consultation activity in respect of Service Change Proposals – <u>to be reported separately as appropriate</u> 	Noted	Forum

No.	Discussion/Action	Action	By who
	<ul style="list-style-type: none"> • Who we are consulting with this year: <ul style="list-style-type: none"> – Scrutiny Committees – Schools Budget Forum – Public via online / hard copy questionnaires <p><u>Budget Timetable</u></p> <ul style="list-style-type: none"> • August to December – Services consider their budget requirements for the following year • 16th October 2013 – Provisional settlement figures released by the Welsh Government • 11th December 2013– Final figures expected from the Welsh Government • November to February – options for next year’s budget to be considered, including consultation processes to be undertaken • March 2014 – Council sets budget and Council Tax levels for 2014/15 <p><u>Provisional Settlement Details</u></p> <ul style="list-style-type: none"> • Average cash reduction across Wales -4.0% (after adjustments) for 2014/15 • Reduction for Rhondda Cynon Taf -3.9% • Cost of ‘floor’ protection for the Council £0.430M • Indicative -1.4% for the Council in 2015/16 • ‘Transfers in’ identified: <ul style="list-style-type: none"> – First Steps (£0.250M) – Council Tax Reduction Scheme Admin (£0.475M) – Private Finance Initiative (£2.747M) • Many specific grant details to be confirmed • Capital funding cut of -1.1% in 2014/15 <p><u>Preliminary Assessment of Budget Gap 2014/15</u></p> <ul style="list-style-type: none"> • Decrease of -3.9% in funding gives an estimated budget gap of £19.6M in 2014/15 • Funding cut at a time of increasing costs <ul style="list-style-type: none"> – Inflation – Demographics – Statutory requirements • Medium Term Financial Planning assessment is a funding gap of £70M by 2017/18 <p><u>Development of an Equitable Budget Strategy</u></p> <ul style="list-style-type: none"> • Key parameters must be set: <ul style="list-style-type: none"> – Financial stability – Protection of key services / jobs where possible – Review of all service areas – Funding for legislative changes, corporate requirements and inflation – Pursue all opportunities for efficiency – Where service changes are necessary, ensure adherence to guiding principles: <ul style="list-style-type: none"> • Equity • Levels of service • Sustainability • Service remaining is better / as good as rest of Wales • Services meet statutory requirements 		

No.	Discussion/Action	Action	By who
	<ul style="list-style-type: none"> • Individual Schools Budget <ul style="list-style-type: none"> – Direction from Welsh Government to increase schools budget by 0.9% in 2014/15 • Council Tax Levels <ul style="list-style-type: none"> – Key strategy consideration – Council Tax Reduction Scheme (CTRS) continuing in 2014/15 <ul style="list-style-type: none"> • No increase in funding for 2014/15 • Will impact on available income for Council through any agreed increases – 1% increase in Council Tax will cost £0.226M in additional CTRS <p><u>Services & Improvement Priorities</u></p> <ul style="list-style-type: none"> • Following a review with residents of the County Borough, the Council agreed seven improvement priority areas for 2013/14: <ul style="list-style-type: none"> – Protecting people from harm – Keeping children & young people safe and improving the life of vulnerable children – Supporting adults and older people to live independently – Top quality education for all – Physical and social regeneration – A cleaner, greener County Borough – Delivering within our means <p><u>Local Council Tax Reduction Scheme (CTRS)</u></p> <ul style="list-style-type: none"> • Scheme implemented 1st of April 2013 to replace Council Tax benefit • CTRS is a national scheme in Wales with limited discretion to vary the scheme in 3 areas locally <ul style="list-style-type: none"> – Extended payments – Disregard War Disablement Pensions / War Widows Pensions Income – Backdating claims • Councils must adopt their CTRS by 31st of January each year 		

APPENDIX 6

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

**GENERAL BUDGET CONSULTATION FOR 2014/15 - FEEDBACK FROM
THE 4 SERVICE SCRUTINY COMMITTEES AND THE OVERVIEW &
SCRUTINY COMMITTEE**

At the meeting held on 18h December 2013, the Overview and Scrutiny Committee considered the comments provided by each of the 4 Service Scrutiny Committees, which are contained within Appendices A - D of this report:

- Appendix A Environmental Services Scrutiny Committee
- Appendix B Community & Children's Services Scrutiny Committee
- Appendix C Education & Lifelong Learning Services Scrutiny Committee
- Appendix D Corporate Services Scrutiny Committee

The Director of Financial Services provided the Committee with an overview of the consultation process which had considered the provisional settlement for 2014/15, the budget gap, service improvement priorities, Council Tax levels and the Local Council Tax Reduction Scheme. The Committee had been provided with the comments from the four service scrutiny committees for consideration and the Members were asked if they had any additional comments to make. These additional comments are set out below.

- In response to a query the Director of Financial Services confirmed that due to the additional public consultation process taking place in relation to proposed service changes, the General Budget Consultation had not included the usual focus groups. The Member pointed out that as these forums had become annual events many of the usual participants might have expected to be called upon. The Director of Financial Services indicated that the online survey had been made available to all, but that the Member's comment would be considered as part of planning for the second stage of the process.
- The Chairman asked the Director of Financial Services to confirm whether he was right in thinking that the figures used for the presentation were modelled on the assumption of a 3.5% uplift in Council Tax and therefore should Members decide that there would be no rise this would increase the budget gap by just over £2m. The Director of Financial Services confirmed that this was the case.

The Overview & Scrutiny Committee resolved that the feedback from the 4 service scrutiny committees along with the additional comments of the Committee be provided to the Cabinet in respect of the General Budget Consultation process.

Appendix A

Environmental Services Scrutiny Committee –2nd December 2013

1. Service & Improvement Priorities

One Member of the Committee commented that he agreed that the current seven proprieties were the right priorities to be looked at and felt that these should not be changed in the future.

2 Budget Consultation 2014/15 – Views on the level of support proposed by the Welsh Government for next year?

The Chairman queried whether there was an increase in grants aposed to general funding. The Director of Finance confirmed that there had been an increase, although the grants were set aside for specific purposes.

3. Budget Consultation 2014/15 – What are your views on Council Tax levels for 2014/15?

Members of the Committee commented that the position was ‘grim’ and commented on the difficulties in providing their views when the picture was so bleak. Members commented that the Council Tax could not be increased by too much; due to the current austerity measures and its impact on the County Borough, yet neither could the Council Tax be set too low, as services would not be delivered. One Member commented that he felt he was unable to express a view on the area. The Director of Finance advised Members that setting of the Budget and Council Tax would need to be considered by Members at Council during March 2014, so views would be needed in the future.

One Member commented on the additional precepts that would be added to the Council Tax, which would be out of their control.

The Chairman expressed his view that he would consider a 1% increase to Council Tax rates if this meant additional finances were available to save services such as libraries. The Director of Finance advised that increasing the Council Tax level alone was not sufficient to bridge the funding gap projected for 2014/15.

One Member commented on the unpopular decisions that would need to be made with reference to Council Tax, but commented on the need for services to be preserved, which would not be achieved if Council Tax levels were reduced or stayed the same.

4 Local Council Tax Reduction Scheme – Views on the Councils Discretionary decisions that may be added to the National Council Tax Reduction Scheme.

The Chairman commented that the 4 week period of Council Tax Reduction was a reasonable period for those individuals going back to work. He commented that this period still encouraged individuals back into work.

5. Any other Comments?

One Member queried whether Council Tax payments could be made over a 12 month period rather than 10 months to assist residents with smaller monthly contributions. The Director of Financial Services advised that whilst the standard was a 10 month payment arrangement, individual circumstances could be looked at and arrangements made to offer 12 months payment if this supported full payment by individuals.

Appendix B

Community and Children's Services Scrutiny Committee –4th December 2013

1. Service & Improvement Priorities

A Member commented that it was important to appreciate that the priority 'A Quality Education for All' was not just the responsibility of the Education & Lifelong Learning Scrutiny Committee but was a cross cutting theme and of particular importance in relation to children in care.

Another Member commented that the priority area 'Delivering within our means' was of key importance in the current climate.

2 Budget Consultation 2014/15 – Views on the level of support proposed by the Welsh Government for next year?

A Member questioned whether the Welsh Government was aware that the current level of funding made the provision of services unsustainable

The Director of Financial Services informed the Committee that the Welsh Government funding given to the Council was formula based. Of particular concern to the Council was the need to be able to plan over a 2 – 3 year period. In response to a query he indicated that he was not aware of the level of Welsh Government general reserves.

A Member commented that as a result of the Welsh Government's budget being cut they had less to share out. However, she feared that in the next few years there would be nothing left to cut.

A Member suggested that there was a lack of proper dialogue with the public sector to establish budget requirements.

A Member asked whether it was likely that the final settlement for Rhondda Cynon Taf would be an improvement on the provisional figures.

The Director of Financial Services indicated we needed to await news of the final settlement, although he had not seen a great deal of difference between the provisional figures and the final settlement figures in the past.

3. Budget Consultation 2014/15 – What are your views on Council Tax levels for 2014/15?

A Member queried the percentage of households that paid Council Tax and was informed that approximately 30% received some benefit relief. However, within this figure approximately two thirds paid nothing.

A Member pointed out that given the number of households that paid Council Tax and the low rateable value of the majority of the housing stock, an increase in Council Tax did not generate much revenue and was counter-productive if it led to an increase in arrears and collection costs.

A member suggested that there was a need to consider what the market could bare and felt that anything above 3 -3.5% would place families under too much pressure.

4 Local Council Tax Reduction Scheme – Views on the Council’s Discretionary decisions that may be added to the National Council Tax Reduction Scheme.

A Member commented that he would support the current arrangements continuing.

One Member commented that in his opinion any extended payments and backdating payments should stop.

However, a Member countered this argument by pointing out that this would result in arrears building up and cause more problems in the future. She also pointed out that some people had difficulty understanding the forms and needed assistance in completing them. These comments were also supported by another Member.

6. Any other Comments?

A Member raised concerns regarding public access to the Budget Consultation pointing out that the use of on-line only processes excluded many from contributing. Whilst there may have been paper copies of the consultation document available he questioned whether the public would have been aware of this.

A Member agreed with this comment pointing out that if Members themselves had been provided with a paper copy they could have made their constituents aware through their work with community groups.

Appendix C

Education & Lifelong Learning Scrutiny Committee –9th December 2013

1. Service & Improvement Priorities

One Member of the Committee commented that although all the priorities listed were reasonable, he queried whether the Authority would be forced to do something more radical due to the current financial climate. The Director, Financial Services commented that the priorities set out the overall strategic direction and these needed to be delivered whilst living within available means.

2. Budget Consultation 2014/15 – Views on the level of support proposed by the Welsh Government for next year?

One Member commented on the problem with illustrating figures through percentages in relation to the settlements received over the past years rather than actual pounds. The Director, Financial Services advised that he did not have the exact pound figures available for each year, but clearly, 2014/15 was likely to be only the second year ever the Council has seen a reduction in available funding.

3. Budget Consultation 2014/15 – What are your views on Council Tax levels for 2014/15?

One Member commented that the question was impossible to answer, especially with the outcome of the phase one service cuts consultation being unknown.

4. Local Council Tax Reduction Scheme – Views on the Councils Discretionary decisions that may be added to the National Council Tax Reduction Scheme.

One Member commented that they felt the backdating of claims for 3 months was a little excessive and felt that this figure should be halved.

The 4 week extended payment for individuals returning to work was felt by Committee Members to be a reasonable period.

5. Any other Comments?

Following a query the Director, Financial Services confirmed that the process for the general budget consultation involved consulting with Scrutiny Committees, the School Budget forum and the public via online and hard copy questionnaires.

Appendix D

Corporate Services Scrutiny Committee – 10th December 2013

1. Service & Improvement Priorities

A Member commented that whilst he agreed with the seven priorities and thought that they should be retained, he felt that there should be an additional priority, namely, that the Council should look for opportunities to increase revenue. Potential areas could be Biomass energy through utilising the Council's Countryside services

The Director of Financial Services agreed that income generation was important and this was a key element within the remit of the priority - 'Delivering within our means'.

A Member questioned whether enough was being done to promote the County Borough as a destination for tourists, for example, walkers.

2 Budget Consultation 2014/15 – Views on the level of support proposed by the Welsh Government for next year?

When comparing the provisional settlement figures for the last 10 years a Member queried whether there had been too much funding in the past.

The Director of Financial Services indicated that he was only able to set out the figures as fact in the graph. He did indicate some caution in interpreting the graph, particularly around the impact of transfers that may have occurred during the years which can distort comparisons on an annual basis. However, whilst these anomalies do exist, it was clear that the budget was now significantly reduced. In response to a further query he explained that any revenue impact of Housing pre transfer was not included as this had previously been accounted for as part of a separate Housing Revenue Account.

3. Budget Consultation 2014/15 – What are your views on Council Tax levels for 2014/15?

A Member pointed out that increasing the level of Council Tax would not produce enough revenue to bridge the funding gap.

The Director of Financial Services explained that whilst the Welsh Government had not imposed a cap the underlying message from the Minister was that there should be no large increases in Council Tax.

A Member commented that the level should be kept under 4%.

Another Member commented that it had to be appreciated that the level of unemployment was high.

For clarification the Director of Financial Services explained that of the 100,000 households in Rhondda Cynon Taf, 30,000 received some sort of Council Tax relief whilst 20,000 of these received full support.

4 Local Council Tax Reduction Scheme – Views on the Council’s Discretionary decisions that may be added to the National Council Tax Reduction Scheme.

A Member suggested that the current discretions were reasonable and should remain and this view was generally held by most Members.

A Member did comment that in her opinion there should be no backdating of claims.

7. Any other Comments?

There were no further comments.

BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

1. The Framework for Executive Decisions

The Council will be responsible for the adoption of its policy framework and budget as set out in article 4. The policy framework and budget adopted by the Council will be based on that proposed by the Executive. Once a budget or a policy framework is in place, it will be the responsibility of the Executive to implement it.

2. Process for Developing the Framework

(a) The Cabinet, following detailed reports from respective Chief Officers, (following appropriate consultation with stakeholders) will present to Council, proposed plans, policies and the associated annual budgets. This will be done allowing adequate time for Council to deal with the matter and, if needed, refer the matter back to the Executive for further consideration.

(b) The Council will consider the proposals of the Cabinet and may adopt them, amend them, refer them back to the Cabinet for further consideration, or substitute its own proposals in their place. In considering the matter, the Council shall have before it the Executive's proposals and any related report from the Overview and Scrutiny Committee.

Any amendments to the proposals of the Cabinet to be proposed by members at Council may not be considered by Council unless notice of the proposed amendment has been given to the proper officer in writing and signed by the proposer and seconder not later than 5:00pm at least 8 calendar days (not including the date of the meeting) before the date of the Council meeting.

(c) Any proposed amendment by a Member of the Council to the proposals of the Cabinet and made in accordance with paragraph 2 (b) above shall only be accepted and submitted to full Council for consideration if in the opinion of the Proper Officer (in consultation with advice sought from the s151 Officer) it is deemed to be legal and within the competence of the Council.

(d) The Council's decision will be publicised and a copy shall be given to the Leader. The notice of decision shall be dated and shall state either that the decision shall be effective immediately (if the Council accepts the Cabinet's proposals without amendment) or (if the Cabinet's proposals are not accepted without amendment), that the Council's decision will become

effective on the expiry of 5 working days after the publication of the notice of decision, unless the Leader objects to it in that period.

(e) If the Leader objects to the decision of the Council, he/she shall give written notice to the Chief Executive to that effect, prior to the date upon which the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Chief Executive shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting.

(f) The Council meeting must take place within 21 working days of the receipt of the Leader's written objection. At that Council meeting, the decision of the Council shall be reconsidered in the light of the objection, which shall be available in writing for the Council.

(g) The Council shall, at that meeting, make its final decision on the matter on the basis of a simple majority. The decision shall be made public in accordance with Article 4 and shall be implemented immediately.

(h) All policy and budget reports presented to Council for decision shall subsequently be presented to the next calendar Overview & Scrutiny Committee.

APPENDIX 8

2014/2015 BUDGET AND COUNCIL TAX SETTING TIMETABLE

21st January 2014

Cabinet Meeting – Consideration of reports from “respective Chief Officers” to allow Cabinet to formulate their budget proposals, taking into account the consultation (Stage 1) feedback, and views of Scrutiny Committees.

Cabinet Decision required:

- i. Cabinet budget proposals for recommendation to Council to be determined, subject to the results of the consultation exercise.
- ii. Authorisation to take undertake Phase 2 of the consultation process.

22nd January 2014

Consultation Exercise: Stage 2 - The Cabinet's draft budget proposals for the Council's 2014/2015 Budget and the Council Tax increase to be used, for consultation purposes.

12th February, 2014

Cabinet Meeting – Determination of the Cabinet's final budget proposals to Council, after having taken into account the responses from Stage 2 of the Consultation Process.

Cabinet Decision required:

Cabinet agree budget proposals for recommendation to Council.

26th February 2014

Council Meeting – Cabinet to submit final proposals to the Council for the 2014/2015 Budget and the Council's Council Tax increase, following consideration of the results of Stage 2 of the consultation exercise.

Council Decision required:

Approve the 2014/2015 Revenue Budget.

Approve the 2014/2015 Council Tax increase.

