

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**CABINET**

**23<sup>rd</sup> June 2014**

**MEDIUM TERM SERVICE PLANNING - UPDATE**

**COUNCIL REVENUE BUDGET 2014/15**

**REPORT OF THE CORPORATE SERVICES GROUP DIRECTOR**

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**1.0 PURPOSE OF THE REPORT**

- 1.1 This report provides Cabinet with an update on the financial impact on the Council's revenue budget of the agreed Phase 2 Service Change decisions, the recently announced Judicial Review judgment of School Admission Arrangements and the decision to re-open Rhydyfelin Library.

**2.0 RECOMMENDATIONS**

It is recommended that the Cabinet:

- 2.1 Note the financial impact of the agreed Phase 2 Service Change decisions, the outcome of the Judicial Review and the decision to re-open Rhydyfelin Library on the Council's Revenue Budget for 2014/15; and
- 2.2 Recommend to Council further use of the Medium Term Financial Planning and Service Transformation Reserve to offset the net impact on the Council's budget for 2014/15.

**3.0 BACKGROUND**

- 3.1 The Council's Revenue Budget strategy was agreed by Council on the 26<sup>th</sup> February 2014. This included the financial savings estimated to arise from a number of Service Change decisions made on the 8<sup>th</sup> January 2014 (Phase 1). Included as part of Phase 1 were the savings associated with the decision to amend School Admission Arrangements and savings arising from changes to the Library Service.

- 3.2 Subsequently, on the 14<sup>th</sup> May 2014 Cabinet agreed to a second phase of Service Change proposals (Phase 2) which, in line with implementation arrangements, will now impact, part year, on the Council's Revenue Budget in 2014/15.

#### **4.0 PHASE 2 SERVICE CHANGES**

- 4.1 Phase 2 Service Change proposals amounted to a full year saving for the Council of £2.750M (£3.965M, less £1.2M Leisure Services which was deferred).
- 4.2 Arrangements are now underway for these service changes to be implemented as promptly as possible during 2014/15.
- 4.3 The Council's Revenue Budget does not currently assume any benefit arising from Phase 2 decisions, given the timing of the original Revenue Budget approval in February 2014 (in advance of the Cabinet decision on Phase 2, ie 14<sup>th</sup> May 2014).

#### **5.0 SCHOOL ADMISSION ARRANGEMENTS - JUDICIAL REVIEW AND DECISION TO RE-OPEN RHYDYFELIN LIBRARY**

- 5.1 On the 23<sup>rd</sup> May 2014, the Court made a judgment on the above Judicial Review which found against Cabinet's decision to change school admission arrangements, specifically in relation to funding arrangements for nursery education. The Judicial Review found that additional information should have been presented to Cabinet as part of the decision making process and the decision has therefore been "quashed". As a result, from September 2014, the Council will provide funding to schools on the basis that full time provision will continue.
- 5.2 A report is to be presented to Cabinet during June 2014 which will include :
- A consideration of the judgment, noting that the current school admission arrangements in respect of nursery education will continue to apply from September 2014;
  - Consideration of how Cabinet can now approach the continued funding of nursery education in the County Borough. At this stage, nothing has been ruled in and nothing has been ruled out
- 5.3 On the 10<sup>th</sup> June 2014, a decision was also taken to re-open Rhydyfelin Library and to undertake further dialogue with the community in that area.

## **6. IMPACT ON THE 2014/15 BUDGET**

- 6.1 The Council, through its robust medium term financial planning arrangements has established a Medium Term Financial Planning and Service Transformation reserve, to provide transitional funding as the Council balances its annual budget going forward. The balance of this funding currently amounts to £4.8M (prior to a risk assessment of the adequacy of reserves being carried out as part of the annual accounts closedown process for 2013/14).
- 6.2 This reserve provides flexibility for future years and represents available resources to enable the Council to balance its budget in the short-term given the different lead in times associated with the implementation of service changes.
- 6.3 The combined effect of Phase 2 Service Changes, the Judicial Review judgment and the recent decision to re-open Rhydyfelin Library is that a further sum of £1.2M is required to be allocated from the Medium Term Financial Planning and Service Transformation reserve, to provide additional transitional funding and therefore, rebalance the Council's 2014/15 Revenue Budget. This approach has been discussed and agreed with colleagues from the Wales Audit Office.

## **7. CONCLUSION**

- 7.1 On the 8<sup>th</sup> May 2014 Cabinet agreed a number of Service Changes (Phase 2), the financial implications of which were not included in the Council's Revenue Budget for 2014/15.
- 7.2 Cabinet's decision (8<sup>th</sup> January 2014) to amend school admission arrangements in relation to nursery education, from September 2014 has been subject to Judicial Review and that decision has now been "quashed". On the 10<sup>th</sup> June 2014, the decision was also made to re-open Rhydyfelin Library.
- 7.3 The effect of Phase 2 Service Changes and the outcome of the Judicial Review must now be included in the Council's Revenue Budget for 2014/15.
- 7.4 To rebalance the balance for 2014/15 a further allocation from the Council's Medium Term Financial Planning and Service Transformation Reserve of £1.2M is now required. In line with the Council's Budget and Policy Framework, it is for Cabinet to propose this Budget amendment to Council.
- 7.5 Also, in accordance with the Budget and Policy Framework, any further amendments required to the Council's budget in 2014/15 will be reported to Cabinet and through to Council as appropriate.

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