

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018-19

**FINANCE AND PERFORMANCE SCRUTINY
COMMITTEE**

11th DECEMBER 2018

AGENDA ITEM NO. 5
2019/20 Revenue Budget Strategy Consultation

REPORT OF THE GROUP DIRECTOR – CORPORATE AND FRONTLINE SERVICES

Author: Barrie Davies – Director of Financial Services

1. PURPOSE OF THE REPORT

- 1.1 To introduce the Council's presentation on the 2019/20 Revenue Budget Strategy Consultation.

2. RECOMMENDATION

It is recommended that Members:

- 2.1 Consider the Council's 2019/20 Revenue Budget Strategy Consultation (Appendix 1) and provide feedback at the 11th December 2018 Scrutiny Committee meeting on the questions included in the presentation.

3. BACKGROUND INFORMATION

- 3.1 The Council received the Provisional Local Government Settlement 2019/20 from the Welsh Government on the 9th October 2018 and an update on the likely implications for Rhondda Cynon Taf was reported to Cabinet on the [16th October 2018](#) and then full Council on [24th October 2018](#).
- 3.2 In parallel with the above, the Council's proposed approach to resident engagement in respect of the 2019/20 budget consultation process was reported to and agreed by Cabinet on [18th October 2018](#).
- 3.3 With specific regard to the Finance and Performance Scrutiny Committee, its Terms of Reference includes the annual Revenue Budget Consultation process. To meet this

requirement the Committee receives, on an annual basis, an overview of the current budget position for the forthcoming year and at the same time is requested to provide feedback on a number of areas as part of the consultation process.

4. 2019/20 REVENUE BUDGET STRATEGY CONSULTATION

- 4.1 Taking account of the information referenced in Section 3, Appendix 1 sets out the Council's 2019/20 Revenue Budget Strategy Consultation.
- 4.2 The information included within Appendix 1 will be verbally presented at the 11th December 2018 Scrutiny Committee meeting and Members will be requested to consider the presentation and provide feedback on the questions included.
- 4.3 Members will note that the Committee's feedback will be incorporated into a Budget Consultation report, alongside the feedback received from all other stakeholders, and will be considered by Cabinet as part of it developing a proposed Revenue Budget Strategy for the 2019/20 financial year.
- 4.4 Members will also note that the draft 2019/20 Revenue Budget Strategy will also be subject to pre-scrutiny by the Finance and Performance Scrutiny Committee at its January 2019 meeting. This will enable non-executive members to examine and provide feedback on the proposals, and for these to be considered by Cabinet prior to it recommending the Revenue Budget Strategy to full Council.

5. EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 The 2019/20 Revenue Budget Strategy Consultation process aims to provide opportunities for all of the Council's stakeholders to get involved in giving their feedback. These channels include on-line, roadshow events and specific engagement for young and older people, and feedback can be provided through mobile phones and tablet devices, and residents without internet access or smart phone/tablet devices can visit a local library to access the online budget simulator or request a hard copy of the budget consultation questionnaire.

6. CONSULTATION

- 6.1 In line with the Terms of Reference of the Finance and Performance Scrutiny Committee, the Committee is a consultee as part of the Council's Revenue Budget Strategy Consultation process.

7. FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications as a result of the recommendation set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The Council has a statutory duty to consult on the Council Tax Reduction Scheme each year and this requirement has been incorporated into the 2019/20 Revenue Budget Strategy Consultation process.

9. LINKS TO THE COUNCIL'S CORPORATE PLAN / OTHER CORPORATE PRIORITIES / FUTURE GENERATIONS – SUSTAINABLE DEVELOPMENT

- 9.1 The budget setting process impacts on all Council services and, in doing so, contributes to the delivery of the Council's Corporate Plan priorities.

10. CONCLUSION

- 10.1 The 2019/20 Revenue Budget Strategy Consultation process provides opportunities for all of the Council's stakeholders to get involved in giving their feedback. In addition, the Finance and Performance Scrutiny Committee, in line with its Terms of Reference, is a consultee as part of the Council's overall consultation arrangements.
- 10.2 The feedback all stakeholders provide via the consultation process will be incorporated into a Budget Consultation Report and be considered by Cabinet as part of it recommending a Revenue Budget Strategy to full Council for the 2019/20 financial year.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

11th DECEMBER 2018

Report of the Group Director - Corporate and Frontline Services

Author: Barrie Davies – Director of Financial Services

Item

5. 2019/20 Revenue Budget Strategy Consultation

Background Papers

- Cabinet Report (16th October 2018) - The Council's 2019/20 Revenue Budget – The Provisional Settlement;
- Council Report (24th October 2018) – The Council's 2019/20 Revenue Budget – The Provisional Settlement; and
- Cabinet Report (24th October 2018) – 2019/20 Budget Consultation Report.

APPENDIX 1

2019/20 Revenue Budget Strategy Consultation

Finance and Performance Scrutiny
Committee

11th December 2018



Contents

- General Approach for 2019/20
- Provisional Local Government Settlement – Headlines
- Implications for Rhondda Cynon Taf
- Consultation
 - Budget
 - Simulator
 - Corporate Plan
 - CTRS
- Budget Setting Timetable

2019/20 Budget Strategy Consultation

- Timing of Local Government Settlement
 - Provisional 9th October 2018
 - Final 19th December 2018
- Scrutiny Arrangements – Finance and Performance Scrutiny Committee
- Online Budget Simulator
- Corporate Plan, Investment Priorities and Council Tax Reduction Scheme
- Town Centre and Community Roadshow/Engagement Events
- Older Persons Advisory Group and School Budget Forum
- A young persons consultation event
- Use of Social Media to promote and capture feedback
- Formally commenced consultation on 5th November 2018
- Will End on 17th December 2018

Provisional Local Government Settlement 2019/20

- Announced on 9th October 2018
- All Wales Decrease in RSG/NDR at -0.3%
- RCT Increase at +0.3%
- Range -1.0% to +0.4%
- Funding Floor Protection at -1.0%

Provisional Local Government Settlement 2019/20 (Contd.)

- The Provisional Settlement figures Include: -
 - Teachers Pay Award agreement - Nursery to year 11 (£13.7M)
 - Increased costs of Free School Meals (£7M)
- The Settlement is one year only and does not contain an indicative 2020/21 settlement level
- Specific Grants not finalised
- General Capital Funding decrease of £0.106M to £11.108M

Implications for RCT

Budget Modelling Assumptions 2019/20 as at July 2018

Link to the latest Medium Term Financial Planning Report to Cabinet (17th July 2018) -

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2018/07/17/Reports/AgendaItem7MediumTermFinancialPlan.pdf>

	2019/20
	£'000
Budget Gap Annual	16,949
Budget Reduction Measures	
General Efficiencies - Target	-6,000
Sporting Exemption (VAT)	-600
Social Care Charges	-314
Management Structure	-113
	-7,027
Remaining Budget Gap	9,922

Implications for RCT (Cont'd)

- Budget modelling updated as a result of the positive impact of the Provisional Settlement.
- Additional costs - demographic impacts, additional service requirements and employee costs.
- Cost reductions – contract fees and impact of grant reductions.
- **Net impact of the above reduces 2019/20 budget gap to £5.920M*.**
- Better position but still a real term reduction in resources

* - link to the 24th October 2018 full Council meeting: Council's Revenue Budget – Provisional Settlement 2019/20 -

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2018/10/24/Reports/AgendaItem7COUNCILSREVENUEBUDGETPROVISIONALSETTLEMENT.pdf>

Budget Construction

- Inflation
- Budget Pressures
- Legislative Changes
- Corporate Funding Requirements
- ISB
- Council Tax Levels

Budget Construction

Budget Pressures

- Pay and inflation
- Living Wage
- LGPS
- Pupil Numbers
- Demographic service demands
- Independent Sector Fees
- Supported Living and Domiciliary Care Contract Fee uplifts
- Social Care Accommodation, transition and CHC (LD & MH)
- Children Looked After – Special Guardianship Orders
- Waste Services
- Grant funding reductions e.g. DWP, WG – SWMG
- Plus Other Pressures being absorbed

Consultation

Link to the Budget Consultation page on the Council's web-site

<https://www.rctcbc.gov.uk/EN/GetInvolved/Consultations/BudgetConsultation201920.aspx>

RCT Budget Consultation 2019/20



Help set the RCT budget!

Between November 5th and December 17th the budget simulator will be open to give you the opportunity to close the Council's remaining budget gap of £5.92M, and to set the Council's budget according to your priorities.

The release of a better than expected provisional settlement from Welsh Government, combined with the Council's proactive approach to managing its finances, has meant that the initial estimated budget gap of almost £17M has been reduced to £5.92M. Rhondda Cynon Taf CBC alone has had to save over £87M from its revenue budget over the last 10 years due to the UK Government's policy of austerity, which has led to shrinking public sector budgets and cuts to public services across the UK.

This short video outlines the budget challenge faced for 2019/20, and explains the approach the Council is taking to improve services and invest in priority areas despite the continuation of public sector funding reductions. (Video coming soon)

The Council has to set a legally balanced budget each year and the budget simulator has been set up to give you the opportunity to balance the budget the way you see fit and according to your preferences. You may want to see savings made in Leisure to allow increased spending in Education and the budget simulator allows you to do that whilst always reminding you how far you have to go to set a legally balanced budget.

For all you need to know about completing the Budget Simulator please click 'More info'. Once you have completed the budget simulator please take a few more minutes to answer some important questions regarding the Council's priorities, investment and the Council Tax Reduction Scheme.

[More info](#)

[Create your Budget »](#)

Runs from:
November 5, 2018
Until:
December 17, 2018

[Tweet](#)

[Her Cyllideb Cymru](#)

Your target is to reduce spending by £5.920M to balance the budget.

Overspend
£5.92m
Over Budget
1.5%

Total Expenses
£401.35m



Consequences

- Council Tax
- Education and Skills >
- Adult Social Care >
- Children's Services and Wellbeing >
- Frontline Services >
- Leisure, Culture and Regeneration >
- Transitional Funding >

Council Tax

No additional revenue will be raised via Council Tax meaning reductions will need to be made to services elsewhere [More](#)



Your comments on Council Tax

« Back

Review and Finish »

Add your final comments

Overspend
£5.92m

Over Budget
1.5%

Total Expenses
£401.35m

Please enter your final comments here

Consequences

Choosing to increase or reduce a service's budget will result in consequences and may impact on residents and service users. The consequences used are for demonstration purposes only to highlight examples of what could happen to services if you decide to increase or reduce their budget.

Council Tax	0%	<p>— Council Tax</p> <p>No additional revenue will be raised via Council Tax, in addition to the 3% used for modelling purposes meaning reductions will need to be made to services elsewhere. This would result in an average weekly rise for Band A properties of 54p and 81p for Band D properties.</p> <p>Note - 0% value assumes the 3% Council Tax rise that has been modelled for the Council to continue providing services at the current level. Therefore, using the slider, reducing the Council Tax rise by 3% would mean a Council Tax freeze and increasing by 3% would mean a 6% increase to Council Tax. However, the Welsh Government have set a maximum increase in Council Tax of 5% so the Council could not implement a 6% rise.</p>
Education and Skills	0%	<ul style="list-style-type: none"> — Schools (Total Budget £153,862,000)The service could be maintained at its current level — School Support Services (Total Budget £12,394,000)The service would be maintained at its current level — Libraries & Adult Learning (Total Budget £2,585,000)The service could be maintained at its current level — Apprenticeship Scheme (Total Budget £225,000)The Apprenticeship Scheme would be maintained at its current level — Youth Provision (Total Budget £2,087,000)The service would be maintained at its current level — Access, Engagement & Inclusion (Total £9,146,000)The service would be maintained at its current level
Adult Social Care	0%	<ul style="list-style-type: none"> — Assessment Care Management (Total Budget £7,372,000)The service would be maintained at its current level — Residential & Nursing Services (Total Budget £25,693,000)The service would be maintained at its current level — Supported Accommodation (Total Budget £12,597,000)The service would be maintained at its current level — Homecare (Total Budget £22,618,000)The service would be maintained at its current level — Day Care Services (Total Budget £6,697,000)The service would be maintained at its current level — Equipment and Adaptations (Total Budget £1,900,000)The service would be maintained at its current level — Care Support & Other Services (Total Budget £6,075,000)The service would be maintained at its current level

« Change Budget
Submit Budget »

Budget Consultation

- Services
- Council Tax Levels
- Schools Budget
- Fees and Charges
- The Council's Priorities
- Council Investment Opportunities
- Council Tax Reduction Scheme
- Other comments ?



Setting the Council Budget for 2019/20

This survey asks you to think about your views on Council Tax, Schools Budget, Council Priorities and Investment Opportunities. We will also ask some questions about you for statistical purposes. The 'About You' section is optional. You will still be able to complete the questionnaire without providing this information.

How we use your personal information

The legal basis for Rhondda Cynon Taf County Borough Council processing your information under data protection law for the purposes of this consultation is as part of our legal duty to consult with you about our budget. Information that you provide will be completely anonymous with collated responses being provided to the Senior Leadership Team to inform actions for improvement. To learn more about how we use your information for consultation purposes, please see the Consultation Privacy Notice and our data protection pages on the Council website.



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Snap Surveys

Setting the Council Budget for 2019/20

Every 1% rise in Council Tax provides the Council with additional revenue of £826,000.

Question 1

With a £5.92M budget gap, should the Council:

- maintain as many services at the current level as possible even if it means a reasonable increase in Council Tax to contribute towards closing the budget gap?

OR

- cut services to close the budget gap and keep any increase in Council Tax to a minimum?

Council Tax

Question 2

What would be your preferred level of Council Tax increase for next year?

0

1%

3%

5%

Over 5%

NOTE: A 5% increase, for example, would add approximately £0.90 per week to a “Band A” property in Rhondda Cynon Taf, and £1.35 per week to a “Band D” property. (excluding Community Council and Police precepts).

Schools Budget

Question 3

The schools budget is proposed to be protected and increased by £2.2M.

Is this increase reasonable for schools?

Yes

No

Don't know

Fees and Charges

(link to the Council's 2018/19 Fees and Charges schedule -

<https://www.rctcbc.gov.uk/EN/Council/Performancebudgetsandspending/RelatedDocuments/councilfeesandcharges/FeesChargesPublishedPriceList17182803.pdf>)

Question 4

Each year the Council is faced with rising cost pressures and increased demand for services. Fees and Charges provide income which can help the Council to continue to provide important services. Each year the level of these charges are reviewed.

Fees and charges for 2019/20 may be increased by Inflation, but there is an opportunity to introduce a smaller increase or freeze charges in some areas. We want to know which areas residents would prioritise. Some examples of areas where fees and charges are applied are:

- School Meals
- Summer and Winter Playing Fees (Sports Clubs)
- Leisure Centre Membership

Please state which areas you would want to protect from an increase in charge?

Council Budget

Question 5

Is there anything else you would like to add about the Council's budget?

The Council's Priorities

The Council's Corporate Plan (2016 – 2020) sets out what the Council's vision means for people across 3 **Priorities**. These priorities have been decided based on information that residents have already told us about their needs.

Priorities

Economy - Building a strong economy

People - Promoting independence and positive lives for everyone

Place - Creating neighbourhoods where people are proud to live and work

The Council's Priorities (Contd.)

To support the delivery of this plan in the context of real term funding reductions, increasing demand and rising cost pressures, the Council is focusing on five key areas to maximise resources and deliver improved services.

Digitalisation – improving services by creating an agile workforce and increasing opportunities for residents to interact with us online

Early Intervention and Prevention – invest in services which allow us to solve issues before they escalate

Commercialisation – offer some of our services on a commercial basis to lessen the impact of budget reductions

Efficiency – continue to deliver millions of pounds worth of efficiencies each year – since 2012 we have saved over £30 million in this way

Independence – invest in community based services which will support individuals and couples to remain independent

The Council's Priorities (Contd.)

Question 6

Do you think the Council should focus on

- Digitalisation
- Early Intervention and Prevention
- Commercialisation
- Efficiency
- Independence

Council Investment Opportunities

Despite reductions to public sector funding, the Council's prudent approach to financial management has ensured significant investment has taken place in priority areas.

Question 7

Do you think the Council should invest in these areas?

- Extracare - modernising accommodation for older people
- Traffic Management - Tackling congestion
- Parks and Green Spaces
- Regeneration of town centres
- Improve Strategic Roads (e.g. A4119 dualling, Llanharan bypass, Treorchy link road)
- Community Hubs – Community based services in one place
- Modern business accommodation in Aberdare and Tonyrefail
- Highways maintenance
- Bryn Pica Eco Park – facilities for businesses to make use of the recycled materials
- Community Fund – To support communities to explore alternative service delivery models

Council Investment Opportunities

Question 8

Are there other areas /facilities / infrastructure that you feel need further investment?

Council Tax Reduction Scheme

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

A. Extended Payments

- The CTR Scheme gives the Council the ability to increase the period of paying CTR support for a further 4 weeks to people who return to work (provided they have been in receipt of a relevant qualifying benefit for at least 26 weeks). The CTR Scheme adopted by the Council for 2018/19 did not increase this standard period. The estimated amount of CTRS paid in relation to extended payments by the Council for 2018/19 is **£29,500**.

Question 9

Do you think that 4 weeks is a reasonable period to continue paying Council Tax Reduction when someone returns to work?

Council Tax Reduction Scheme

B. Disregard War Disablement Pensions/War Widow's Pensions income

- Under the national CTR Scheme, the Council can exclude part, or the whole amount of War Disablement Pensions and War Widow's Pensions when calculating CTR Scheme entitlement. The CTR Scheme adopted by the Council for 2018/19 excluded all of this type of income from assessments. This means that some people receiving War Disablement Pensions and War Widow's Pensions received higher Council Tax relief than if it had been included in our calculations. The estimated additional cost to the Council of excluding all of the income for War Disablement & War Widow's Pensions for 2018/19 is **£34,500**.

Question 10

Do you think that it is reasonable for the Council to continue to totally exclude War Disablement and War Widow's Pensions income when assessing entitlement to CTR Scheme?

Council Tax Reduction Scheme

C. 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 a longer period if it wishes. The CTR Scheme adopted by the Council for 2018/19 limited the period of backdating to the statutory 3 month period. The estimated cost to the Council of backdating claims for 3 months in 2018/19 is £7,000.

Question 11

Do you think that 3 months is a reasonable period to backdate claims for working age and pensioner claimants?

Consultation

- Any comments on the process itself this year?
- Any further comments ?

Budget Timetable

- 9th October 2018 – Provisional settlement figures released by the Welsh Government
- 19th December 2018– Final settlement expected from the Welsh Government
- October to February – options for next year's budget to be considered, including consultation process to be undertaken
- Feb / March 2019 – Council sets budget and Council Tax levels for 2019/20

**Any other questions or
comments?**