



## RHONDDA CYNON TPAL YEAR 2020/21

### FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

16<sup>th</sup> November 2020

<b>AGENDA ITEM 5</b>
<b>Budget Consultation 2021/22</b>

### REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

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#### 1. **PURPOSE OF THE REPORT**

1.1 To introduce the presentation on the Council's 2021/22 Budget Consultation.

#### 2. **RECOMMENDATION**

It is recommended that Members:

2.1 Provide feedback, as the Committee considers appropriate, as part of the Council's 2021/22 Budget Consultation (included as Appendix 1).

#### 3. **REASON FOR RECOMMENDATION**

3.1 To afford the opportunity for the Finance and Performance Scrutiny Committee to provide its feedback on the 2021/22 Budget Consultation, as part of its role as a consultee in the process.

#### 4. **BACKGROUND INFORMATION**

4.1 The Finance and Performance Scrutiny Committee's Terms of Reference includes being a consultee of the Council's annual budget consultation process.

4.2 On the 13<sup>th</sup> October 2020 the Council's Cabinet received and approved a report titled ['Engagement on the Council's Budget 2021/22'](#) that set out the 'digital by default' approach to budget consultation for 2021/22 and, importantly, noting that alternative means will be provided for those having reduced or no access to the internet and those who would prefer to engage through more traditional methods. The report was subsequently reported to the Finance and Performance Scrutiny Committee on the 19<sup>th</sup> October 2020, where the Committee also supported the approach to the Council's budget consultation for 2021/22.

- 4.3 Since this time, phase 1 of the consultation process has commenced and will run until 7<sup>th</sup> December 2020. An on-line questionnaire is available on the Council's website for consultees to feedback their views and can be accessed by clicking [here](#). Members will note that careful consideration has been given to the wording of the questions included in the on-line questionnaire to help ensure it can be understood and completed by a wide range of external stakeholders. This information is also being used to inform other engagement arrangements during phase 1 and include:
- A number of public meetings using Zoom and virtual engagement with the Older People's Advisory Group, Youth Forums / Schools and the Community Liaison Committee; and
  - A telephone consultation option via the Council's Contact Centre (including a call back option if required), paper surveys, consultation freepost address for postal responses and an easy read document.
- 4.4. Looking ahead, the UK Government has announced that the one-year spending review setting out, amongst other things, funding levels for the public sector for 2021/22, will be on 25<sup>th</sup> November 2020. As a result, the Welsh Government has announced the publication of its 2021/22 budget will be deferred until 21<sup>st</sup> December 2020. From the Council's perspective, this means that phase 2 of the budget consultation process will be scheduled in early 2021.

## 5. **BUDGET CONSULTATION 2021/22**

- 5.1 As stated in Section 4, the information being used for phase 1 of the consultation process has been compiled with the aim of enabling and encouraging as many people as possible to provide feedback. For the purposes of engagement with Members of the Finance and Performance Scrutiny Committee, this information has been tailored, where considered appropriate to do so, to help facilitate continued effective Member feedback.
- 5.2 The information set out at Appendix 1 will be presented via PowerPoint at the 16<sup>th</sup> November Committee meeting and Members will be requested to provide responses to the questions included.
- 5.3 For Members information, the Committee's feedback will be incorporated into a Phase 1 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 2021/22 financial year.
- 5.4 Further to a draft 2021/22 Revenue Budget Strategy being compiled, this will be subject to pre-scrutiny by the Finance and Performance Scrutiny Committee in early 2021. 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 a Revenue Budget Strategy to full Council in March 2021.

## 6. **EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 The 2021/22 Budget Consultation process aims to provide opportunities for all of the Council's stakeholders to get involved in giving their feedback, through a wide range of engagement methods.

## 7. **CONSULTATION**

- 7.1 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 Budget Consultation process.

## 8. **FINANCIAL IMPLICATION(S)**

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

## 9. **LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 The Council has a statutory duty to consult on the Council Tax Reduction Scheme each year and this requirement has been incorporated into the 2021/22 Budget Consultation process.

## 10. **LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

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

## 11. **CONCLUSION**

- 11.1 The 2021/22 Budget 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 consultation arrangements.
- 11.2 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 developing a draft Revenue Budget Strategy, that will also then be pre-scrutinised by the Finance and Performance Scrutiny Committee in early 2021.

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**16<sup>th</sup> November 2020**

**FINANCE AND PERFORMANCE SCRUTINY COMMITTEE**

**Budget Consultation 2021/22**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

**Item: 5**

Officer to contact: Paul Griffiths

## FINANCE AND PERFORMANCE SCRUTINY COMMITTEE – 2021/22 BUDGET CONSULTATION

### PART 1 – THE COUNCIL'S BUDGET

#### Schools Budget

- The Council has always sought to maximise the resources we provide to schools especially when viewed against the level of funding which the Council has received in overall terms. Since 2012/13 the overall schools' budget has increased by over 20% as compared to the Council's overall budget having reduced by over 1.1%.

The total schools budget in Rhondda Cynon Taf for 2020/21 is £161.6M. The Council is committed to continue supporting our schools and is proposing an increase in their budget next year, which will fully cover increased pay costs (such as teacher and non-teaching staff pay awards) and non-pay inflation on day-to-day running costs of schools (e.g. energy, equipment, consumables).

**Do you agree that the Council should provide sufficient resources to fully cover increased pay and non-pay cost pressures in our schools?**

#### Fees and Charges

- 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. In overall terms the Council raises approximately £19M a year from fees and charges for services. Each year the level of these charges are reviewed.

When the Council prepares its budget, it works on an increase in fees based on the Consumer Prices Index (CPI)<sup>1</sup>.

Fees and charges for 2021/22 are assumed to increase by 1.7% (CPI), but there is the opportunity to introduce higher, lower or even freeze charges in some areas.

**What are your views on fees and charges levels for next year for the following areas plus any other areas?**

	CPI (increase (1.7%))	Higher than CPI (higher than 1.7% increase)	Freeze (no increase)
Leisure Centre Pay and Play			
Summer and Winter Playing Fees (Sports Clubs)			
Car Parking Charges			

<sup>1</sup> The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Cinema (entrance fee)			
Pontypridd Lido (entry for adult users)			
Rhondda Heritage Park			
Meals on Wheels and Day Centre Meals			
Adult Social Care Charges (non-residential care services)			
Bereavement Fees			
Fixed Penalty Notice (for environmental crimes e.g. fly tipping)			

**Note. Leisure for Life membership is already frozen until January 2023 and School Meal charges are frozen until April 2023**

### **Any other comments on fees and charges?**

#### Council Service Priorities

3. The Council provides a wide range of important services – which do you think should be most protected and prioritised for additional resources in 2021/22?

	<b>Protect and Prioritise</b>	<b>Do Not Protect</b>
Schools (Current budget £161M)		
School Support Services (£42.3M)		
Libraries and Adult Learning (£2.3M)		
Apprenticeship Scheme (£0.2M)		
Youth Provision (£1.7M)		
Adult Social Care Services (£97.1M)		
Children's Social Care Services (£49.8M)		
Public Health (£4.9M)		
Housing (£1.1M)		
Parks and Play Areas (£5.1M)		
Highways, Transport and Streetcare Services (£13.9M)		
Waste and Recycling Services (£18.3M)		
Cultural, Tourism and Heritage Services (£2.5M)		
Regeneration / Supporting People Out of Work (£26.5M)		
Leisure Services (£3.9M)		
Music Service (£0.14M)		

## Council Tax

4. The Council's current modelling assumptions for 2021/22 include a Council Tax increase of 2.85% and is based on the rationale to help support the continuation of service provision in the context of rising cost pressures and demand for specific services.

### NOTE:

- A 2.85% increase, for example, would add approximately £0.55 per week to a "Band A" property in Rhondda Cynon Taf, and £0.82 per week to a "Band D" property (excluding Community Council and Police precepts)).
- Council Tax increases (average Band D excluding community council precepts and Police and Crime Commissioner)
  - 2018/19: RCT Council Tax increase = +3.3% / All Wales increase = +4.94%
  - 2019/20: RCT Council Tax increase = +3.6% / All Wales increase = +6.16%
  - 2020/21: RCT Council Tax increase = +2.85% / All Wales increase = +4.62%

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

- Less than 2.85%
- 2.85% (current proposed level)
- 3% or over
- 4% or over

### **Are there any other comments on Council Tax, for example, the level of Council Tax versus maintaining or reducing service levels?**

## Efficiencies

5. Each year in balancing the budget and ensuring the effective use of resources, all service managers are required to contribute toward a council-wide efficiency (savings) target. This means that all of our services are becoming more efficient, without impacting on front line services.
  - **Do you think this is a good strategy?**
  - **Do you think we should continue to expect our managers to deliver more efficient services?**
  - **Are there any specific areas which you think the Council should consider becoming more efficient / any examples not being efficient?**

## Council Reserves

6. Reserves play an important part of the overall financial management of the Council. The Council's General Reserve balances at 31<sup>st</sup> March 2019 amounted to £10.498M and following an approved in-year allocation of £1.5M to support the Council's recovery work from Storm Dennis coupled with an in-year overspend of £0.289M, the remaining balance at 31<sup>st</sup> March 2020 is £8.709M. The level of general reserves will be kept under on-going review and replenished going forward, as appropriate, and taking into account the financial risks the Council faces.

**Do you think the Council should continue with such a strategy?**

7. **Any other general comments on the Council's budget?**

## PART 2 – THE COUNCIL'S PRIORITIES

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

**Do you think that the Council should focus on these areas?**

## Council Investment Opportunities

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

### **Do you think the Council should invest in these areas?**

	<b>Yes</b>	<b>No</b>	<b>Don't Know</b>
21 <sup>st</sup> Century Schools (new and remodelled schools)			
Roads & Transport (repairs and resurfacing and major projects such as A4119 dualling, Llanharan bypass and Mountain Ash Cross Valley link)			
Recycling & the Environment (improving recycling performance)			
Town Centres & Regeneration			
Empty Properties (Grant to bring properties back into use)			
Leisure (improvements to facilities)			
Play Areas and Parks (upgrading the equipment and standard)			
Extra Care/Community Hubs (focus on independence for older people)			
Employment (apprenticeships and graduate placements)			
Events/Arts (investment in attractions and theatres)			
Flood Alleviation (investing in flood prevention schemes)			

### **Any further comments on investment opportunities?**

## Corporate Plan

3. In March 2020, the Council agreed a new Corporate Plan 'Making a Difference' 2020 – 2024 that set the overall direction for the Council over the four-year period. The Corporate Plan is a key component of the Council's budgetary and business planning process, and it recognises that Rhondda Cynon Taf Council and the wider public sector continue to face significant financial challenges.

The Council's vision is: "To be the best place in Wales to live, work and play, where people and businesses are independent, healthy, and prosperous".

The Council's purpose is: "To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous".

### **Do you agree with the Council's Vision and Purpose?**

4. The Council is focused on the following three priorities that have also been adopted as its Well-being objectives in line with the Well-Being of Future Generations Act:
- Ensuring People: are independent, healthy and successful;
  - Creating Places: where people are proud to live, work and play; and
  - Enabling Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.

### **Do you agree with these priorities?**

## PART 3 – COUNCIL TAX REDUCTION SCHEME

### Council Tax Reduction Scheme

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

In Rhondda Cynon Taf around 25,000 households benefit from the CTR scheme, with approximately 14,500 receiving 100% Council Tax support i.e. these households pay no council tax.

The Welsh Government's regulations allow the Council discretion to vary the CTR Scheme in 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 2020/21 did not increase this standard period. The estimated amount of CTRS paid in relation to extended payments by the Council for 2020/21 is **£15,000**.

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

**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 2020/21 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 2020/21 is **£26,500**.

**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?**

**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 2020/21 extended the period of backdating to 6 months (from 3 months). The estimated cost to the Council of backdating claims for 2020/21 is **£4,500**.

**Do you think that 6 months is a reasonable period to backdate claims for working age and pensioners?**

**ANY OTHER COMMENTS - Are there any other general comments with regard to the Council Tax Reduction Scheme?**

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