

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

OVERVIEW & SCRUTINY COMMITTEE

TUESDAY, 4TH FEBRUARY 2014

**ITEM 3 - GENERAL BUDGET CONSULTATION FOR 2014/15
(STAGE 2)**

FEEDBACK FROM THE 4 SERVICE SCRUTINY COMMITTEES

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Feedback

Environmental Services Scrutiny Committee –27th January 2014

1. Is the uplift proposed reasonable for Schools?

One Member of the Committee commented that the 0.9% proposed increase was acceptable.

Another member commented that he was happy with the proposed figure to protect schools and commented on the difficulties experienced at this time for Governing Bodies.

The Chairman commented that although there was no requirement for schools to contribute to the efficiency saving to close the funding gap, schools should still continue to work in as an efficient manner as possible.

2 Is the Efficiency Expectation Reasonable?

Members of the committee commented on the efficiency savings and thanked the Group Director and staff for continually achieving the efficiency savings required since 2004.

One Member suggested potential savings through reduction of floral displays within town centres. The Head of Leisure, Parks and Countryside thanked the Member for the suggestion.

Officers were queried as to the involvement in staff with providing suggestions for efficiency savings and further queried whether an incentive scheme was in place to encourage staff with suggestions. The Director, Financial Services advised that staff were consulted upon and the Group Director, Environmental Services spoke of the incentive scheme within his service in respect of the monthly Directors Award. The Director, Finance also commented on the 'Bottom Up' approach within the Authority for taking forward ideas and also commented upon the corporate wide schemes in place in relation to efficiency savings, such as utilising new technology and smarter procurement.

One Member commented on the potential savings to be made within departments by reducing postage cost and utilising Email communication more efficiently. The Director, Finance Service thanked the Member for the suggestion.

The Chairman requested the £4.0M efficiency savings expected to be delivered in 2014/15 in terms of a percentage figure and the Director advised that he would come back with the detail. The Chairman also suggested a reduction in the staff working week as a potential savings option and the

Director, Finance commented that any changes of this sort would require a review of Terms and Conditions of all staff.

3. Medium Term Financial Planning – What are your views on the use of this Transitional Funding.

A member of the Committee commented that he had no problem with utilising the transitional funding; as if this was not used then the Authority would not be able to balance the budget

4 Council Tax – Views on the increased proposal.

One Member referred to his previous comments during stage 1 of the consultation in respect of keeping the Council Tax level lower than 4%, although he now recognised that given the additional £641k additional income by raising the Council Tax level by each extra 1%, so was therefore supportive of the increase proposed.

Another Member commented on the potential discontent from the public with the proposed rise in Council Tax levels in light of the recent service cuts across the Authority and the further proposed cuts to service. The Director, Finance commented that whilst the Council Tax level was only a small element of the full budget position, it was a key income element that the Council could influence. The Director referred to previous feedback received during stage 1 of the consultation in respect of support for increased Council Tax levels in exchange for continuation of services.

One Member queried the systems in place when residents default on Council Tax payments and the Director; Finance advised of the current recovery process in place and also reminded Members of the means tested Council Tax reduction scheme which supports those unable to pay in full or in part with their Council Tax. Members of the Committee further queried the percentage of residents exempt from paying Council Tax under the scheme and the Director; Finance advised that there were about thirty thousand people exempt from paying Council Tax across the Authority.

5. Any other Comments?

One Member queried the previous suggestion made by a Member of the Committee in respect of Council Tax payments being made over a 12 month period rather than 10 months to assist residents with smaller monthly contributions. The Director, Finance commented that the general rule was for a 10 month period, although individual cases could be looked into.

Following a query the Director, Finance confirmed that stage 2 of the general budget consultation was available online.

Feedback

Community and Children's Services Scrutiny Committee –28th January 2014

1. Is the uplift proposed reasonable for schools?

Before asking for Members' comments, the Director of Financial Services clarified that whilst there was no requirement for schools to contribute efficiency savings to close the funding gap, this did not mean that they should not strive to be more efficient.

A Member commented that he was glad to see the uplift in the Schools Budget and welcomed the Welsh Government's stance in this instance, pointing out that schools looked after our most important asset, our young people.

A Member raised concern that any savings made by a school through efficiency could potentially just add to their balance rather than be put to good use and suggested that some sort of guidance should be issued to schools.

The Director of Financial Services reported that the level of school balances was monitored both to assist those schools with lowering balances and also identify those with large balances. He added that it was possible to claw back funding in cases where schools had excessive balances and no commitments in place to utilise the money.

A Member pointed out that those schools with old buildings sometimes need to retain funding to support their upkeep.

A Member felt that it was important to remember that any additional support provided for schools meant that other service areas would suffer.

2. Is the efficiency expectation reasonable? Are there any specific areas / ideas / ways that efficiency actions could be delivered?

A Member pointed out that the bus shelters in her area appeared to be cleaned very regularly and questioned whether this was really necessary.

The Director of Financial Services indicated that service standards was an important consideration across a range of services.

A Member voiced his concern that the continual emphasis on efficiency savings suggested that the Council must be inefficient. Given that the biggest portion of the Council's costs was its staff, how could efficiencies be made without cutting front line services. In his opinion the inefficient organisations were the Westminster and Welsh Governments.

The Director of Financial Services suggested that it could be argued that there would always be opportunities to be more efficient as a result of new technology or through procurement for example. He felt that in recent years there had been a more honest appraisal of savings and an acknowledgment that it was becoming increasingly more difficult to identify efficiencies.

A Member questioned whether efficiency was another cut on top of cuts.

A Member suggested that there should be a proper career path for social workers with recruitment of social work apprentices which would then avoid the costs of employing agency staff.

The Service Director Direct Services, Business and Housing pointed out that the Council was one of the best in Wales in relation to developing its own social workers. He explained that the issue would also be discussed at a later agenda item but pointed out that over the last 7 years the Council had increased its number of social workers by 35 and many of these had come through the Council's development programme.

The Member added that he knew of several who had commented that they wished they had come into the profession earlier.

Another Member commented that the Council was one of the first in Wales to develop its own development programme in conjunction with the University of Glamorgan and the Service Director, Children's Services added that the Council was one of the few who still did so.

A Member pointed out that whilst the better authorities trained and invested in their staff others often reap the benefit by enticing them away with higher salaries with the charities in his opinion often being the worst offenders in this respect. He added that it was important for the Authority to 'grow' its own social workers but at the same time it was important to ensure that they were retained.

3. What are your views on the use of the Medium Term Financial Planning & Service Transformation Reserve as transitional funding?

A Member commented that it was a good job that it existed.

The Chair asked what would happen if the fund was exhausted.

The Director of Financial Services explained that it was one-off funding and potentially that could happen. He explained that whilst the fund would plug the gap for 2014/15, further savings were needed into 2015/16 and in future years to retain this as transitional resource.

A Member asked whether the absence of the fund would have led to a greater rise in Council Tax, perhaps 8%?

The Director of Financial Services reported that there would have been a need for more immediate service cuts given the need to produce a balanced budget. He also commented that whilst the Welsh Government had not imposed a cap on Council Tax increases he suspected that the Welsh Government Minister would intervene if a rise of 8% was proposed.

4. What are your views on the proposed increase in Council Tax?

The Director of Financial Services reported that the proposed rise would mean a rise of 69p per week for those in Band A and £1 per week for those in Band B. He also explained that the Council Tax Reduction Scheme placed an additional cost on the Council, whereas an increase of 1% in Council Tax used to provide around £800k in revenue it now only provides £641k additional net income.

A Member asked if it would be possible to have a statistical breakdown in terms of the number of households that were required to pay their Council Tax in full, those eligible for partial reduction and those that qualified for 100% relief.

The Director of Financial Services reported that it would be possible to provide regular information in this respect, perhaps included in the quarterly performance reports.

A Member asked how Council Tax was collected with regard to Houses in Multiple Occupation to which the Director of Financial Service reported that he would obtain the details and report back to Members.

The Member also highlighted the increase in the Police precept of 5%.

5. Any other comments?

A Member felt it was important to acknowledge that the services within the remit of the Committee had taken a hit with regard to changes to service provision and it was concerning that those most vulnerable in society would be affected. He felt that it was important that the Committee should monitor the situation.

With regard to the budget projections a Member pointed out that it was important that the figure for Looked After Children was accurate.

The Director of Financial Services responded that in his opinion the figures used for the purpose of the financial modelling were reasonable but clearly, the Looked after Children budget was extremely volatile.

The Member asked if the trend was still upward and the Service Director, Children's Services confirmed that it was. He explained that whilst the figure had stabilised for a short period of time the figures were now rising and this was reflected across Wales.

The Director of Financial Services reminded Members that the risk had been regularly highlighted within the quarterly monitoring and exception reports and agreed that the risk remained.

A Member asked what the picture was across Wales with regard to Council Tax rises.

The Director of Financial Services reported that local authorities were required to set their level of Council Tax by the 11th of March therefore it was too early to say.

Feedback

Education & Lifelong Learning Scrutiny Committee –29th January 2014

1. Is the uplift proposed reasonable for Schools?

One Member queried whether the Authority had an indication of whether the Welsh Governments direction would be continuing in future years, referencing the large diversions in potential funding levels with other Council services if it continued and also queried whether the direction was discretionary, The Director, Finance confirmed that the direction was guidance although was generally followed by all Authorities across Wales and was unsure of any future commitments.

One Member of the Committee queried the 0.9% in real terms when taking into consideration inflation and salaries. The Director, Finance indicated that it referred to the cash increase required after adjusting for pupil number changes.

One Member questioned the use of the word ‘reasonable’, commenting that in context, although 0.9% was reasonable in light of the -3.7% cut in funding, the large disparity between the levels of funding between Welsh and English students was still concerning.

The Director, Finance was queried on the formula increase for schools and the use of other external funding supplied by the Welsh Government, plus whether the school budget forum was being consulted upon during the process. The Director advised that the formula basis for the 0.9% was externally validated by Welsh Government and also confirmed that the School Budget Forum was being consulted with. The Director, Education & Lifelong Learning commented upon the various grants available to Schools and he advised of the letters sent to Head Teachers advising them of the need to spend grant funding in line with the grant conditions specified.

Members of the Committee commented on the significant rise in the Pupil Deprivation Grant and the need for Schools to be aware that the sum was for one year only, to prevent schools budgeting the sum into future plans. The Director, Education & Lifelong Learning advised that schools were aware of this fact.

2. Efficiency Savings

One Member of the Committee queried the procurement of stationery across the Authority and the potential efficiency savings to be made, following information received about potential wastage. The Director, Finance advised that he would discuss the issue with the Service Director, Procurement.

A member of the Committee referred to the potential criticism of Councils for not planning well in advance for the budget cuts, and questioned whether this was a reasonable statement to be said for RCT. The Director, Finance advised that for the last 10 years the Council were proactively aware of the potential reductions in budgets and the need for greater efficiency savings, with the Council achieving over £60M of efficiency savings since 2004/05. The Director, Finance continued by commenting on the difficulties experienced in continually achieving efficiency targets. The Director took the opportunity to briefly advise Members of the systems in place within the Council for releasing savings, with a 'Bottom Up' approach within the Authority for taking forward ideas for smarter ways of working and also commented upon the corporate wide schemes in place in relation to efficiency savings, such as utilising new technology and better procurement.

It was queried by one Member of the Committee whether the Council could charge residents for services currently unavailable to residents, such as cutting down of trees on private property and whether this could be classed as an efficiency saving. The Member also commented on the difficulties experienced by officers within the Council, where no budget was allocated for the service they provided. The Director, Finance advised that additional income or introduction of charges was not classed as an efficiency saving but was categorised as additional income. In terms of budget management he indicated that budgets and budget holders were allocated across all service areas.

3. Medium Term Financial Planning - What are your views on the use of this Transitional Funding?

Members of the Committee queried the amount of money that was available within the transition fund and it was queried how this would be replenished. The Director, Finance advised that in total £8.8m had been established to support transitional funding as part of the Council's year end accounts for 2012/13 and that a further £1.2m was proposed to be made available from the general fund balance in 2013/14, therefore equating to a total of £10m to take forward, although it was indicated that only £5.2M was needed to deliver a balanced budget for 2014/15 (therefore leaving £4.8m available). The amount of funds available to the Council was queried further by another Member of the Committee who referred to the sum of £2.4m referenced in the previous year's budget report. The Director, Finance confirmed that £2.4m was referenced in the report to Council in the previous year as the required allocation from reserves to balance the 2013/14 budget, but at the end of the financial year 2012/13, a reserve of £8.8m had also been set aside.

The Director was queried further as to whether the indicated £5.2m was a sufficient sum for the transitional savings and queried what type of transitional issues this would confront. The Officer confirmed that the £5.2m would deliver a balanced budget and spoke of the transitional changes needed in respect of the phase 1 budget cuts such as delay to changes in nursery provision.

4. Proposed Level of Council Tax – view on the proposed increase.

Members of the Committee commented upon the Police precept and its impact on the Council Tax. The Director, Finance advised that the police precept and potentially any Community Council precept would have an impact, but confirmed that the proposed level indicated within the presentation was a proposal for Rhonda Cynon Taf Council only.

Following a query the Director, Finance confirmed that the online consultation advising of the proposed increase to the Council Tax and the proposed increase to Band A properties was for illustration purposes only.

5. General Comments

One member of the Committee referenced the phase one service cut consultation and commented on the negative feedback received, commenting on the need to educate that negative responses did not necessarily result in positive action being taken.

Another Member queried the potential rise in fees and charges, commenting on the impact to residents with the combination of a rise in Council Tax to 4.5%, increase in fees and charges of potentially 5-6% and cuts to services. The Member continued by questioning how these increases would be explained to residents within the County Borough. The Director, Finance commented on the difficulties facing the Authority with the -3.7% funding from Welsh Government and the difficult decisions that would need to be made by the Council when setting the budget.

It was queried whether the Welsh Government had undertaken any research into whether the system on increasing Council Tax and Fees and Charges was an effective mechanism for increasing income for Authority's or whether it had a detrimental effect with the public choosing not to take up any services in the future. The Director, Finance advised that he was not aware of any research being undertaken.

Feedback

Corporate Services Scrutiny Committee – 30th January 2014

1. Is the uplift proposed reasonable for schools?

A Member felt that it was unfair that schools would receive an uplift but would not be subject to making efficiency savings. She also commented that many schools held large balances.

A Member commented that by protecting schools other services would suffer.

The Committee agreed that it was unreasonable that schools were not required to make the same efficiency savings as other Council departments.

2. Is the efficiency expectation reasonable? Are there any specific areas / ideas / ways that efficiency actions could be delivered?

A Member asked at what point would efficiency savings become cuts. He felt that the Council was approaching that situation.

A Member commented that she felt that Council services had been efficient in recent years and questioned how much more could be squeezed out of the system.

The Service Director, Performance and Improvement indicated that the Council is continuing its work to deliver more efficient services through for example new technology and procurement opportunities. He indicated that it was likely that this would become more challenging over time but it was incumbent for the Council to do so to protect, as much as possible, front line services.

A Member commented that the Council needed to look to gain the best value from every pound spent.

A Member suggested that the Council needed to be better at generating wealth. He felt that there was a need to learn from companies that were good at generating income and develop the skills to take advantage of economic opportunities.

The Service Director, Performance and Improvement referred to the strategies in place under the remit of the Director of Regeneration and Planning.

A Member commented that it was important to review back office operations in line with the efficiencies or service changes otherwise there was a danger that the ratio of front line staff to back office staff would be out of kilter.

3. What are your views on the use of the Medium Term Financial Planning & Service Transformation Reserve as transitional funding?

A Member commented that it was worrying the £5.2m had to be used and questioned what would happen the following year.

A Member asked whether the use of the fund was to help because the savings from Phase 1 service changes would not start coming through until later in the year.

The Service Director Performance and Improvement confirmed that the reserve was intended to assist the Council in implementing agreed service changes and at the same time support the delivery of a balanced budget. He also pointed out that if service changes were implemented sooner than anticipated or additional in year efficiencies were identified, this could reduce the amount needed from the reserve in 2014/15.

4. What are your views on the proposed increase in Council Tax?

A Member felt that it was too simplistic to say that the increase would mean an additional £1 per week for Band D properties when someone could be paying £120 a month. He pointed out that a good many people did have to pay their Council Tax and it was now costing them more than it had cost them to buy the properties. He pointed out that this was unsustainable in retirement and many were considering selling their homes.

The Director of Performance and Improvement reported that the economic climate continued to be a difficult one and the Council always aimed to balance a responsible approach to Council Tax increases with the need to protect services.

A Member commented that the Council also collected the police precept and the town/community council precepts. She pointed out that the police intended to increase theirs by 5% and she felt that it was important that people were aware that not all the money collected by the Council was retained.

It was pointed out that this was explained in the leaflets accompanying the Council Tax bill but it was agreed that most people did not read this information.

A Member commented that whilst nobody wanted to increase Council Tax he was in favour if it meant protecting, as far as possible, services.

A Member asked if the increase in the Police precept would tip the overall rise over the threshold set by the Welsh Government.

The Service Director, Performance & Improvement explained that whilst there was no specific cap in place it was likely that the Government Minister would be keeping the 2014/15 Council Tax increases of all local authorities in Wales under close scrutiny.

A Member pointed out that with reference to the public responses to the Stage 1 consultation process a large proportioned felt that a rise in Council Tax should be kept within the 0-3%.range.

Another Member responded to point out that the public did say that they were prepared to see a rise if it protected, as far as possible, front line services.

5. Any other comments?

A Member suggested that savings could be made by reducing employee terms and conditions with regard to sickness.

The Service Director, Performance and Improvement noted this point and added that many of the Council's terms and conditions are set nationally.