

AGENDA ITEM 9**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL****CABINET****12th FEBRUARY 2015****THE COUNCIL'S 2015/2016 REVENUE BUDGET****REPORT OF THE GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES****AUTHOR: Chris Lee (01443 424026)****1.0 PURPOSE OF THE REPORT.**

Following its meeting on the 22nd January 2015 Cabinet prepared its draft budget strategy that was then used for the second stage of the consultation process. With the second stage consultation now complete, Cabinet can consider the results of this exercise and amend as necessary the report detailing the proposed budget strategy for Council.

2.0 RECOMMENDATIONS.

It is recommended that the Cabinet :

- 2.1 Review and amend, as necessary, their 2015/2016 budget strategy proposals so that it can then be presented to Council on the 4th March 2015.
- 2.2 Request the Group Director Corporate and Frontline Services to update the draft 2015/16 budget strategy to reflect the financial implications of any budget related decisions made by Cabinet prior to Council on the 4th March 2015. As part of this update, any savings achievable in 2015/16 should be used to reduce the level of Transitional Funding (i.e. use of the Medium Term Financial Planning and Service Transformation Reserve) needed to deliver a balanced budget for that year.

3.0 BACKGROUND.

- 3.1 Following the Cabinet meeting on the 22nd January 2015 the draft budget strategy for 2015/2016 was prepared by the Cabinet. This document was then used for the second stage of the budget consultation process. Attached at Appendix 1 is that report including amendments now made following Cabinet's decision (again on the 22nd January 2015) to implement the Service Change Proposal – 'Introduction of Charges For The Use of Sports Pitches'.
- 3.2 The second stage consultation is now complete and the results are attached at Appendix 2, 3 & 4.

4.0 ACTION REQUIRED

Cabinet are now requested to review and if required amend their initial budget strategy report in view of the results from the second stage of the Budget Consultation process. In addition, updates as appropriate can also be made in respect of any further budget related saving decisions made by Cabinet. Once completed, the final budget strategy report for 2015/16 can be presented to Council on the 4th March 2015.

APPENDIX 1

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**MUNICIPAL YEAR 2014-2015- REPORT NO.**

**COMMITTEE:
COUNCIL**

4th March 2015

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| PART 1 | AGENDA ITEM NO. |
| THE COUNCIL'S 2015/2016 REVENUE BUDGET STRATEGY | |

DRAFT REPORT OF:**THE CABINET**

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1.0 PURPOSE OF THE REPORT

This report provides information on the implications for the Council of the local government settlement for 2015/2016. It also sets out the recommendations of the Cabinet in response to this Council's resourcing requirements, in order to assist Members to determine specific service allocations within the Council's Revenue Budget, together with the level of Council Tax, for the year ending 31st March 2016.

2.0 RECOMMENDATIONS

It is recommended that Members:

- 2.1** Note the written statement from the Minister for Public Services and the table on the 2015/2016 local government settlement, reproduced at Appendix 1;
- 2.2** Note the allocation of £0.200M from General Fund Balances to the Medium Term Financial Planning & Service Transformation Reserve as detailed at Section 3;
- 2.3** Note the base budget adjustments impacting in 2015/16 as summarised in Table 1;
- 2.4** Approve the budget strategy proposals as summarised in Table 3, including:
 - I. An agreed general efficiency target of £5M for 2015/16;
 - II. The delivery of Service Specific Efficiency Reviews totaling £1.280M for 2015/16 in the following areas:

- Marketing and Tourism
- Special Education
- Corporate Finance
- Adult Education
- Sports Development
- Business Support
- Highways Maintenance

- III. An increase in Trade Waste charges to deliver additional income of £0.200M in 2015/16;
- IV. Implementation of the Service Change Proposal in respect of Charging for Sports Pitches to deliver additional income of £0.107M in 2015/16;
- V. A net reduction in the Capital Programme of £0.900M for 2015/16;
- VI. Use of the 'Medium Term Financial Planning & Service Transformation Reserve' as transitional funding, totaling £6.485M in 2015/16.

- 2.5 Approve Tables 4 and 5 in Section 12 of the report as the basis of allocating resources to the Individual Schools Budget (ISB), to other Council Services, and to meet its corporate financing requirements;
- 2.6 Agree the Council Tax increase for the financial year ending the 31st March 2016 at 3.8%;
- 2.7 Agree the Council's overall budget for 2015/2016, in order to set the Council Tax for the forthcoming financial year by the statutory deadline of the 11th March 2015.

3.0 **BACKGROUND**

- 3.1 At the Council meeting on the 24th of September last year, the Council's audited accounts were presented, which reported General Fund Balances amounting to £10.282M.
- 3.2 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 the view of the Section 151 Officer that the Council should hold a minimum of £10M as General Fund Balances (i.e. its working balance). This is at a level 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.

3.3 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 is a Medium Term Financial Planning and Service Transformation Reserve that has successfully supported transitional funding as part of the Council's Medium Term Service Planning arrangements. It has achieved this through helping to smooth the delivery of budget savings over a number of years, whilst still allowing an annual balanced budget to be delivered. The balance of the Medium Term Financial Planning and Service Transformation Reserve as at the 31st March 2014 was £6.8M. Further draw down from this reserve was actioned during 2014/15 and opportunities have also been taken to replenish this reserve as follows:

- At the 25th June 2014 Council, Members agreed an additional allocation from the reserve of £1.2M to 'rebalance' the budget strategy for 2014/15 following the Judicial Review judgment in respect of how nursery education is funded by the Council.
- Members have been updated through the quarterly performance monitoring framework that decisions taken in-year during 2014/15 have resulted in savings being generated that can now provide one off cash benefit to the transitional funding reserve as well as a positive base budget impact in 2015/16. The latest estimate of this 2014/15 benefit (Quarter 2 performance report, reported to Cabinet on the 20th November) equates to £1.3M.
- As per paragraph 3.2 above, £10M is considered to be a minimum level of General Fund Balances that this Council should hold and as at the 31st March 2014, that level equated to £10.282M. It is appropriate therefore to allocate a further £0.200M from General Fund Reserves to transitional funding and leave £10.082M as a General Fund Balance pre the year end assessment for 2014/15 that will be undertaken as part of preparing this year's statement of accounts at financial year end.

3.4 The net effect of actions proposed above would mean that the Medium Term Financial Planning and Service Transformation Reserve available to support the 2015/16 budget strategy at this time equates to **£7.1M.**

3.5 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, albeit this becomes increasingly more difficult with such severe financial pressures.

- 3.6 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 2016. 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.
- 3.7 For many years we have incorporated the key principle of continuing to deliver significant levels of efficiency savings which have protected jobs and services. This has led to the removal of an “efficiency” sum of over £64M 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.
- 3.8 Following the establishment of the overall financial position, the Cabinet, assisted by the senior management team was able to commence initial work on its budget strategy for 2015/2016. The broad objectives of next year’s proposed strategy are to:
- (i) Retain the support of the Wales Audit Office for the approach the Council has adopted to securing strong financial management;
 - (ii) Continue with the delivery of our key services and protect as many local jobs as possible even with diminishing financial resources; and
 - (iii) Take a responsible attitude towards agreeing the level of the Council Tax.

4.0 THE 2015/2016 LOCAL GOVERNMENT SETTLEMENT

- 4.1 On the 10th December 2014, the Minister for Public Services (Leighton Andrews AM) announced the 2015/2016 local government settlement. The Minister’s statement and key tables are attached at Appendix 1.
- 4.2 The “headlines” of the final 2015/2016 settlement are as follows:-
- a. The overall reported decrease in Revenue Support Grant (RSG) and Non-Domestic Rates funding for 2015/2016 (of unhyphocated funding) at an all Wales level, is -3.4%. Closer inspection of the settlement details reveals that the decrease excludes the impact of the additional Local Government Borrowing Initiative (LGBI) for the 21st Century schools programme totalling at an all Wales level, £4.5M. The impact of

this adjustment is that the overall funding reduction at an all Wales level is actually -3.5%.

- b. The settlement for Rhondda Cynon Taf, shows a reported decrease of -3.6% which is worse than the average reported of -3.4%. As detailed above, the reported decrease should be adjusted for the 21st Century schools LGBI, resulting in an actual funding decrease for this Council of **-3.7%** in 2015/16. 'Reported' settlements across the twenty two local authorities in Wales range from at best -2.4% to at worst -4.5%, the latter of which has been held at this level through a damping / floor adjustment applied by Welsh Government.
 - c. The Settlement includes a number of stated 'transfers in'. For this Council, these equate to:
 - LGBI 21st Century Schools - £0.936M
 - Integrated Family Support Services - £0.280M
 - Autistic Spectrum Disorder - £0.040M
 - d. The Settlement includes a number of stated 'transfers out'. For this Council, these equate to:
 - Student Finance Wales - £0.198M
 - Feed Safety Controls - £0.039M
 - National Adoption Service - £0.022M
 - e. The Final settlement now contains details of our share of Outcome Agreement grant for next year (this was not included at Provisional settlement stage). The amount available for 2015/16 (subject to appropriate performance targets being achieved) totals £2.467M, which is a reduction of £0.037M compared with 2014/15.
 - f. The settlement contains no indication of future year projections i.e. 2016/17 and beyond.
 - g. We are still awaiting details on many specific grants. At an all Wales level many grants are reducing, some significantly and some are being replaced altogether by other grants (at a lower value). Some grants are ending altogether most notably the Intermediate Care Fund (at £35M all Wales).
 - h. The Council's General Capital Funding allocation is reduced by 0.3% (£0.040M) to £11.154M.
- 4.3 The overall impact of the Final settlement, compared with Provisional, is that funding available to the Council has increased by some £0.269M.

5.0 RECENT BASE BUDGET UPDATES

- 5.1 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 that will impact on the estimated budget requirement for 2015/2016. These are:
- a. *Fire Service Levy* - The Fire Service Levy has reduced by £0.428M from the original assumption used in the budget modelling. This reduction reflects changing population levels and a general reduction in the fire service levy chargeable for 2015/16.
 - b. *Senior Management Structure* – As per the Council report on the 29th October 2014, changes to the Senior Management structure agreed will result in a further £0.723M base budget saving in 2015/16.
 - c. *Expressions of Interest Exercise 2014/15* – During 2014/15 a comprehensive exercise was undertaken inviting expressions of interest from staff who wished to consider opportunities for voluntary retirement / redundancy, reduced hours and flexible retirement. As a result, services have been able to restructure teams and deliver efficiencies. These are in addition to the base efficiency targets and any reductions linked to the implementation of agreed services changes. Employee cost reductions achieved will deliver base budget savings of £1.925M for 2015/16.
 - d. *Changes agreed to the delivery of One4all Services across the County Borough* – As per the Cabinet decision on the 20th November 2014, changes in the One4all Service will deliver savings of £0.245M in 2015/16.
 - e. *Ongoing reassessment of base budget pressures* – As part of updating the base budget assumptions over recent weeks, changes have been made in cost and risk calculations and in particular, this has resulted in lower estimated cost pressures within Social Care Services. A review has concluded that action can be taken to lower the assumptions around 2015/16 demographic pressures within Adult Social Care. This will reduce the additional base requirement by £1M in 2015/16. In addition, the service is reviewing the requirements of the Social Care and Wellbeing Act and will, during 2015/16, set out plans for service transformation linked to these new requirements.

- f. *Council Tax Reduction Scheme (CTRS) Requirements* – CTRS as Members are aware was introduced in 2013/14 as a replacement for Council Tax Benefit. Based on caseload and spend during 2014/15, it is considered appropriate to lower the budget for this scheme by £0.500M in 2015/16. It should be noted that the cost of supporting CTRS, even after this reduction is in excess of the Welsh Government funding level included in the settlement which has been fixed in cash terms since 2013/14 (in 2014/15 whilst the amount identified within the settlement totalled £21.960M, the actual projected spend for the Council this year is estimated to be £22.985M).
- g. *Capital Charges* – Capital Charges represent the revenue cost implications of the costs of borrowing that we are required to undertake to fund investment in infrastructure, such as our schools and roads. The Treasury Management Mid-Year Review report was recently presented to Council (10th December 2014) which documented the robust processes we have in place. As part of the ongoing assessment of capital charge requirements, including views on likely borrowing rate changes, we are able to reduce the budget allowance by £0.500M for 2015/16.
- h. *Miscellaneous Items* - During 2014/15, a number of decisions have been taken operationally that will deliver base budget savings in 2015/16. These include restrictions on provision of buffets, removal of the council newspaper and forgoing of increases in Members allowances. In addition, following another successful Nos Galan event in December 2014, the Chair of the Organising Committee has indicated that a further reduction in the core budget for this event is possible for 2015/16 (over and above that agreed previously). The total of these decisions reduces base budget requirements by £0.137M in 2015/16.

- 5.2 In summary, the measures listed above in 5.1 are shown in Table 1 below:

Table 1: Recent Base Budget Updates Impacting on the 2015/16 Base

| | £M |
|---|--------------|
| Fire Service Levy | 0.428 |
| Senior Management Structure | 0.723 |
| Expressions of Interest Exercise 2014/15 | 1.925 |
| Changes to the Delivery of One4all Services | 0.245 |
| Ongoing Reassessment of Base Budget Pressures | 1.000 |
| Council Tax Reduction Scheme | 0.500 |
| Capital Charges | 0.500 |
| Miscellaneous Items | 0.137 |
| Total Reduction in Base Budget Requirement | 5.458 |

6.0 THE FINANCIAL IMPLICATIONS OF THE 2015/2016 SETTLEMENT FOR RHONDDA CYNON TAF

- 6.1 The settlement indicates that our 2015/2016 RSG and NDR funding will total £354.675M.
- 6.2 In anticipation of the 2015/2016 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 (the former based on the recently agreed 2 year deal running from January 2015);
 - 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.
- 6.3 The aggregate outcome of Points 6.1 and 6.2 above, including a Council Tax increase set at 3.8%, using the final tax base for 2015/2016, would produce an initial gap between required and available resources of some £16.526M.

7.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2015/2016

- 7.1 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.
- 7.2 The Council's overall financial position was highlighted in Section 3 of the report. It is vital that we continue with the strategy adopted thus far that 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.
- 7.3 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.
- 7.4 After setting aside appropriate sums for corporate financial requirements, Members can then fully assess the issues and opportunities for the budget as a whole.
- 7.5 The initial net budget position following on from the above is a "funding gap" of some £16.526M. It is also estimated that the gap will rise over the three years to 2017/18 to an estimated £56M 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 bridging any remaining gap for 2015/2016.

8.0 THE INDIVIDUAL SCHOOLS BUDGET (ISB)

- 8.1 How the Council deals with the allocation of resources to be delegated to schools will, as always, be particularly important.
- 8.2 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 0.6% for 2015/16 as compared to a decrease of -3.7% faced by the Council as a whole. This protection is applied in full against the initial school budget base requirements where full costs of pay inflation and other running costs have initially been assumed. The result of providing a 0.6% uplift, adjusted for items such as pupil number changes and changes in employee cost requirements is that the overall schools 'requirement' reduces by £2.554M, leaving a remaining overall gap for the Council of **£13.972M**. Schools will not be required to contribute to the Council's general efficiency targets and whilst the budget 'requirement' is lowered, the actual change in the school budget year on year (2014/15 to 2015/16) equates to an increase of £0.963M.
- 8.3 It will then be for schools' governing bodies to manage the service implications in the same way that the Cabinet has to do with the rest of the Council budget, but in the knowledge that they have received funding at a level well above the Welsh Government's 2015/2016 local government settlement.
- 8.4 As previously referenced, this Council's settlement from WG was a decrease in resources of -3.7%. In cash terms our schools will receive over £6M more than they would have received if they had been treated in line with other Council services.

9.0 DEALING WITH THE REMAINING REVENUE BUDGET GAP

- 9.1 The position after allowing for the Welsh Government's required treatment of schools, leaves a gap of £13.972M.
- 9.2 Following careful consideration, the following approach is recommended:

- a. *Efficiencies* –Whilst the generation of efficiency savings becomes increasingly difficult over time, new technology, collaboration and new ways of working are examples of where such gains can still be delivered. As in previous years, services have been tasked with identifying ‘general’ base budget efficiency savings. Originally this target was set at £4M for 2015/16, but extensive work across services has allowed for this target to be exceeded, in part by bringing work planned for 2016/17 forward to 2015/16, and plans are now in place to deliver £5M of savings in 2015/16. This will mean that since 2004/2005 the budget has been reduced by over £69M (in the region of 15% of the base budget) without cutting front line services or requiring compulsory redundancies.

In addition to ‘general’ base budget efficiency, service reviews have also been undertaken across a range of services which will deliver savings in 2015/16. These are classed as ‘efficiency savings’ not ‘service cuts’, given that they represent no visible front line / customer impact. Prudently, it is assumed that each of the proposals will have a part year impact for 2015/16.

The service review efficiency areas are:

- I. **Marketing and Tourism** – A service review has identified an opportunity for cost savings. Service redesign, including bringing together the functions of tourism and marketing will deliver economies of scale and a more effective service.

If agreed, this proposal would deliver savings of £0.113M in 2015/16 (full year impact £0.150M).

- II. **Special Education** – A staffing restructure to reflect the changing needs of pupils and schools will be undertaken. Staff resources will be deployed more effectively to become more efficient, along with a review of charges to schools for the provision of placements or alternative education outside of mainstream schools.

If agreed, this proposal would deliver savings of £0.357M in 2015/16 (full year impact £0.476M).

- III. **Corporate Finance** – A service review has identified a number of opportunities to restructure areas of the service to deliver more focussed and integrated services. It will include the merger of performance and finance teams, restructuring of payroll services, the removal of the service improvement function, a transfer of the Council's Insurance function to Legal Services (to provide economies of co-location) and the centralisation of the mail room function to Ty Elai. The front line functions within the service will not be adversely affected by the proposal.

If agreed, this proposal would deliver savings of £0.415M in 2015/16 (full year impact £0.553M).

- IV. **Adult Education** – Delivery of the 'Bridges into Work' European Social Fund programme finished on 31st December 2014 with project closure to be completed by 31st March 2015. No extension to this programme has been granted therefore the match funding previously committed from council budgets is no longer required. Any new initiatives would have to be funded via alternative sources of external funding.

If agreed, this proposal would deliver savings of £0.045M in 2015/16 (full year impact £0.060M).

- V. **Sports Development** – Sports Development promotes and facilitates community participation in sport. For 2014/15, gross expenditure for the Service is £1.187M with income estimated at £0.947M of which £0.786M is delivered through grant funding from Sport Wales, Public Health Wales NHS Trust & Cwm Taf Local Health Board and other grant bodies.

The proposal is to reduce the net budget through service restructuring, mindful of avoiding any changes which could impact on specific grants receivable and used by the service.

If agreed, this proposal would deliver savings of £0.150M in 2015/16 (full year impact £0.200M).

- VI. **Business Support** – The savings will be achieved through restructuring and reduction of non pay budgets in the business support functions within Education and Environmental Services.

If agreed, this proposal would deliver savings of £0.050M in 2015/16 (full year impact £0.066M).

- VII. **Highways Maintenance** - The service undertakes a range of highway maintenance activities as well as providing a construction service for capital highway projects and any highway construction works for other Council services. A service review has been undertaken based on future budget projections and workforce capacity and efficiencies and cost savings are deliverable without the need to impact on current maintenance service levels.

If agreed, this proposal would deliver savings of £0.150M in 2015/16 (full year impact £0.200M).

Specific service reviews are projected to deliver £1.280M in 2015/16 (full year impact £1.705M). In total therefore, efficiency savings amounting to £6.280M are being targeted for 2015/16 (in addition to the £1.925M expressions of interest exercise highlighted earlier in paragraph 5.1c).

- b. *Staff Panel Ideas* – In June of last year, the Leader of the Council, established the Staff Panel. The panel included staff members from across a range of services, Trade Union representatives, councillors and appropriate support staff. The Panel has proved to be an extremely valuable resource for assessing the savings ideas submitted by staff and the public (over 700 received to date) and in working these up to deliverable proposals. The panel is due to meet shortly to agree recommendations for savings that if agreed, will have an impact in 2015/16. Once considered, a report will be prepared and presented to Cabinet for approval.
- c. *Fees & Charges* -

The budget strategy for 2014/15 agreed to increase fees and charges by, on average, 3% above RPI for four years, that is to 2017/18. Over and above the general increase, a review has also been undertaken on the introduction of charges for any services currently delivered free and whether there are any areas where specific fee levels should be set. In this respect, two specific proposals are highlighted:

I. **Parks Fees & Charges**

Following a comprehensive consultation exercise, Cabinet took the decision on the 22nd January 2015 to implement the Service Change Proposal in respect of 'Charging for the Use of Sports Pitches'. A charging schedule and changes to operational practices linked to pitch inspection requirements was agreed. The impact of these changes is estimated to deliver a saving of £0.107M in 2015/16.

II. Trade Waste

The Council's Trade Waste charges are currently some way below the levels charged by other councils in Wales and do not provide an appropriate incentive for businesses to recycle. The Council's strategy in this regard is to work with businesses to encourage increased recycling levels, with a charging structure which would make it cheaper for them if they do so. Increasing their recycling levels would enable businesses to have their bins removed and change to a more cost effective bag collection system for residual waste materials where they would pay for bags and only put the bags out for collection when they need to.

The proposed increases in **trade waste** charges are shown in Table 2 below:

Table 2: Proposed Trade Waste Charges 2015/16

| | CURRENT CHARGE £ | PROPOSED CHARGE £ |
|---|---------------------------------|----------------------------------|
| Trade Waste Bags (cost per bag) | 1.30 | 1.75 |
| 240L Bin (cost per week) | 3.40 | 8.20 |
| 660L Bin (cost per week) | 9.95 | 18.70 |
| 1100L Bin (cost per week) | 15.25 | 29.00 |
| Trade Recycling Bags (cost per bag) | 0.30 | 0.35 |
| Food Recycling: | | |
| 240L Bin (cost per week) | N/A | 7.00 |
| Nappy Collections & Incontinence Pads: | | |
| 240L Bin (cost per week) | N/A | 7.00 |

The proposed level of charges would bring us to a level more comparable with other councils and would remain favourable compared with private sector comparators. The proposal would increase income levels by £0.200M in 2015/16.

A report will be presented to Members shortly setting out in detail the general uplift to fees and charges for 2015/16.

- d. *Capital Programme Considerations* – Whilst the majority of the Council's Capital Programme is funded via the Welsh Government's general capital grant, capital receipts and specific grants, there is an element of direct revenue funding support into the programme that for 2014/15 equates to £2.2M. As part of assessing the revenue budget position, the sustainability of this level of Direct Revenue Financing has to be reviewed. Alongside this it is also appropriate to consider the ongoing infrastructure needs we face into the medium term, which we have sought to target in recent years through additional funding, particularly for investment in our roads. It is proposed therefore that as part of the revenue budget strategy for 2015/16, a net reduction in revenue funding is actioned of £0.900M. This equates to a £1M reduction in revenue funding of existing programme elements, offset by a further investment of £0.100M revenue to support prudential borrowing and investment in our infrastructure. The detailed analysis and implication of this net reduction will be part of the updated three year capital programme that will be reported to Council in March.
- e. *Service Changes / Cuts*– Service changes have been agreed and implemented throughout the year as part of the Council's proactive approach to the financial challenges faced over the medium term. Currently, two service change proposals remain subject to consultation, that is, the funding for Nursery Education and changes to the Music Service. Until such time that Cabinet review the outcomes of the consultation and the decisions it wishes to take with regards to these proposals, no impact can be considered as part of this budget strategy. In terms of further proposals, these will continue to be developed during 2015/16 and will be reported to Members for consideration as appropriate.
- f. *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding)* – Whilst significant service changes and cost reduction measures are already in place for 2015/16, it is recognised that further in year decisions are necessary to close future year budget gaps. The notion of an annual budget setting process has clearly been assigned to the past and experience from 2014/15 indicates that a proactive and ongoing approach to identifying and implementing service changes is the right and only approach to take. In doing so, we are able to replenish transitional funding in year and secure base budget savings in the following year. As previously indicated, we have a "Medium Term Financial Planning and Service Transformation Reserve" that provides the tool, albeit short term and one off in nature (unless replenished), for such an approach and this equates currently to £7.1M. To balance the 2015/16 budget, it is proposed that an allocation of £6.485M is made from this reserve for 2015/16. Whilst this balances the budget

for 2015/16, this would only leave £0.615M in the reserve (subject to the year end assessment of reserves post March 31st 2015).

A consequence of using one off funding at this level in 2015/16 is that £6.485M would immediately add to the budget gap in 2016/17. There would therefore be an urgent need to replenish this reserve next year through further service change decisions. It is recognised that further reductions in service levels and standards require difficult decisions to be taken, but the alternative, that is, not taking in year decisions would result in very limited flexibility for our medium term financial strategy and threaten our overall financial stability.

- 9.3 In summary, Table 3 lists the proposals recommended to close the remaining budget gap for 2015/16, that will deliver a balanced budget for next year:

Table 3 : Budget Strategy Proposals 2015/16

| | £M | £M |
|---|---------|---------------|
| Budget Gap | | 13.972 |
| Cabinet Decision 22nd January 2015 | | |
| Charging for Use of Sports Pitches | | (0.107) |
| Strategy Proposals: | | |
| General Efficiency Target | (5.000) | |
| Service Specific Efficiency Reviews | (1.280) | |
| Trade Waste Charges | (0.200) | |
| Capital Programme | (0.900) | |
| | | (7.380) |
| Remaining Budget Gap | | 6.485 |
| Use of 'one off' funding: | | |
| Medium Term Financial Planning and Service Transformation Reserve | | (6.485) |
| Total | | 0.000 |

10.0 SERVICE PRIORITIES

- 10.1 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.

- 10.2 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.

11.0 THE 2015/2016 GENERAL BUDGET STRATEGY CONSULTATION PROCESS

- 11.1 Our General Budget Strategy Consultation approach this year has been designed having regard to the other consultation activity which has been taking place both in general terms and related to specific service changes. The consultation process for 2015/2016 was again in two stages.
- 11.2 The first stage allowed consultees an opportunity to comment on the 2015/2016 local government settlement, as it affects Rhondda Cynon Taf, prior to Cabinet considering its initial budget strategy. The first stage focused on strategic service priorities, Council Tax levels, the discretions applicable in the Council's Council Tax Reduction Scheme design and budget saving ideas.
- 11.3 After the Cabinet itself had reflected on the local government settlement, and taken into account the feedback from the first stage of the Council's consultation exercise, it formulated its initial 2015/2016 revenue budget strategy. That initial strategy was then released, immediately, to all the consultees, for further consideration (i.e. Stage Two).
- 11.4 Finally, Cabinet considered the results of the second stage of the consultation exercise, prior to it recommending this revenue budget strategy to the Council. A summary of the views expressed during the second stage consultation exercise are included at Appendices 2 to 4.

12.0 THE 2015/2016 MACRO REVENUE BUDGET

- 12.1 In arriving at a sensible strategy for 2015/2016, the Cabinet has taken into consideration its key commitments, its views on service delivery and relevant charges for services and the need to minimise the tax burden on local residents. Consequently, and after careful deliberation, the Cabinet has concluded that it can devise a balanced revenue budget which will meet all of the fundamental requirements of its preferred strategy and set the Council Tax increase for next year at **3.8%**.

- 12.2 Table 4 below illustrates how the revenue resources available to the Council could be utilised, in order to restrict the Council's 2015/2016 Council Tax increase to 3.8%:

Table 4: Suggested Resources in 2015/2016

| | (£M) |
|---|---------------|
| 2015/2016 Net Revenue Spending | 458.583 |
| LESS: Revenue Support Grant & NDR Contribution | 354.675 |
| Sub total | 103.908 |
| LESS: Outcome Agreement Grant | 2.467 |
| LESS: Release of Earmarked Reserves | 6.485 |
| To be met from Council Taxpayers | 94.956 |

- 12.3 Table 5 below, shows the overall effect on services of applying the principles of the Cabinet's recommended 2015/2016 budget strategy.

Table 5: Application of the 2015/2016 Outline Budget Strategy

| BUDGET REQUIREMENTS | 2014/15 ** | 2015/16 | Increase / (Decrease) |
|---|----------------|----------------|-----------------------|
| | | £M | £M |
| Corporate Requirements | | | |
| Capital Financing | 23.766 | 23.364 | (0.402) |
| Levies | 11.665 | 11.471 | (0.194) |
| Council Tax Reduction Scheme | 23.504 | 23.897 | 0.393 |
| Miscellaneous | 11.967 | 12.114 | 0.147 |
| | 70.902 | 70.846 | (0.056) |
| Individual Schools budget (ISB) | | | |
| Individual Schools Budget | 141.755 | 142.718 | 0.963 |
| Other Council Services | | | |
| Community & Children's Services | 141.990 | 138.423 | (3.567) |
| Corporate and Frontline Services & Chief Executive's Division | 76.670 | 73.119 | (3.551) |
| Education & Life Long Learning Services | 35.462 | 33.477 | (1.985) |
| Net Revenue Spending | 466.779 | 458.583 | (8.196) |

** 2014/15 has been restated to reflect the Council group structure following the review of the Chief Officer structure (Council, 29th October 2014)

13.0 COUNCIL TAX LEVELS

- 13.1 Because of the (Council Tax) gearing effect in Rhondda Cynon Taf, a 1% increase in the Council Tax would raise only an extra £0.686M for the Council (after the impact of increased costs of the Council Tax Reduction Scheme) . Put another way, to balance the budget without the use of earmarked reserves (£6.485M) would result in an additional Council tax increase of 9.5% above that proposed (a total increase of 13.3%). In any event, any excessive increase would no doubt result in intervention by the Minister for Public Services (Leighton Andrews AM). Taking all this into account and the impact upon Council Tax payers and service levels an increase of 3.8% is proposed.
- 13.2 This proposed increase of 3.8% equates to 91p per week for someone living in a Band D property, and 61p for a person living in a Band A home. 43% of properties in Rhondda Cynon Taf are Band A.

14.0 SPECIFIC GRANTS

- 14.1 For next year, the Welsh Government is to provide over £750M in Specific Grants to Welsh Local Authorities.
- 14.2 The Cabinet, of course, are mindful of the opportunities that are likely to accrue, by the Council attracting specific grants to supplement its base revenue budget. Whilst specific grants dilute local accountability, the fact remains that in attracting such funding, it allows us to undertake projects that otherwise we may have had to defer, or cancel.
- 14.3 By their nature, specific grants tend to be time-limited, and involve an assessment process. It is important, therefore, that any specific grant funded programme complements the Council's locally determined priorities. In addition, even if they are initially successful in attracting specific grants, authorities are restricted in their ability to confidently forward plan, as they have no guarantee of ongoing (specific grant) funding. Consequently, because specific grants are time limited it is vital to develop appropriate "exit strategies".
- 14.4 The allocation of specific grants remains a key feature of the Welsh Government's annual local government settlements, albeit the WG is committed to reduce such hypothecation.

15.0 EQUALITY IMPACT ASSESSMENT

- 15.1 In developing these proposals an Equality Impact Assessment (EIA) has been undertaken to ensure that:
- i the Council meets the requirements of the Public Sector Equality Duties; and
 - ii due regard has been taken of the likely impact of the decision in terms of equality and discrimination.

16.0 CONCLUSIONS

- 16.1 The Council's overall financial position remains sound, with the level of General Reserves maintained at the minimum level of £10M.
- 16.2 The Minister for Public Services (Leighton Andrews AM), announced the 2015/2016 local government settlement on the 10th December 2014 with this Council's reduction in resources set at -3.7%.
- 16.3 The Cabinet's proposals properly address the corporate financial requirements of the Council and, after allocating an adequate financial uplift to the Individual Schools Budget, the sum £245.019M would remain to fund all other services in 2015/2016. This resource can then be used to adequately fund the cost of our services and to support our key priorities.
- 16.4 As in the current year, Service Groups must adopt a vigorous procurement strategy to offset the effects of price inflation on non-employee related budgets.
- 16.5 The Cabinet has recommended setting 2015/2016 revenue spending at a level that will result in a Council Tax increase of 3.8%, for the financial year ending the 31st March 2016.
- 16.6 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 Councils financial stability, or reducing our General Fund Balances below £10M, albeit there is a need to focus on actions to replenish the level of the reserve if it is to support the Council beyond the short term.

- 16.7 Whilst the use of some £6.485M of transitional funding has been used to produce a balanced budget for 2015/2016, ongoing reliance on this funding source is clearly not a sustainable strategy without actions to replenish as referenced above. 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.
- 16.8 There will be a need for positive and proactive management from senior officers and clear direction from Members to produce a financially sustainable budget into the medium term in this extremely difficult financial climate.

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APPENDIX 1 A

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Llywodraeth Cymru
Welsh Government

**WRITTEN STATEMENT
BY
THE WELSH GOVERNMENT**

TITLE **Final Local Government Revenue and Capital Settlements
for 2015-16**

DATE **10 December 2014**

BY **Leighton Andrews AM, Minister for Public Services**

Today I am publishing details of the Final Revenue and Capital Settlements for Local Government funding in 2015-16. They include allocations of core funding for individual Local Authorities.

In preparing the Final Settlement, I have given careful consideration to the responses I received to the consultation on the Provisional Settlement. I am confident it provides a robust basis for Local Authority financial planning for the coming financial year.

For next year, I am setting Local Government revenue funding at £4.125 billion. This is slightly higher than I announced in the Provisional Settlement.

The total represents a decrease of 3.4% (£145 million) compared with 2014-15, after adjusting for transfers.

As I announced in the Provisional Settlement, to limit the change for any individual authority, I will again apply a damping mechanism so that no Authority will see a reduction of more than 4.5% in its core provision compared to 2014-15. Whilst the unhypothecated Settlement is the largest single source of funding available to authorities, it is not the only one. Authorities must take account of all the income streams available to them in setting their budgets and making decisions about service provision for 2015-16.

Alongside the Settlement, I am publishing the latest information on Welsh Government grant schemes planned for 2015-16. This provides Local Authorities with a comprehensive picture of the funding from the Welsh Government for 2015-16, allowing them to budget effectively.

Table 1 sets out the final distribution of Aggregate External Finance between the 22 Authorities for 2015-16.

In the absence of information regarding the UK Government's spending plans, I am unable to provide indications beyond 2015-16.

The motion for the National Assembly for Wales to approve the Local Government Finance Report for 2015-16 is scheduled for debate on 13 January 2015.

[Words – 293]

Table 1: 2015-16 Final Settlement - Comparison of the 2014-15 AEF (adjusted for transfers and tax base) and the 2015-16 Final AEF and Distribution of the 2015-16 Council Tax Reduction Schemes funding (distributed within AEF)

| Unitary authority | £000s | | | | | |
|----------------------------------|--|----------------------|------------------------|------|--|---------------------|
| | 2014-15 AEF (adjusted for transfers) | 2015-16 Final AEF | % change on 2014-15 | Rank | Council Tax Reduction Schemes (distributed within AEF) | Percentage share |
| Isle of Anglesey | 96,709 | 92,966 | -3.9% | 16 | 5,228 | 2.1% |
| Gwynedd | 175,271 | 168,312 | -4.0% | 17 | 8,899 | 3.6% |
| Conwy | 158,174 | 151,343 | -4.3% | 20 | 8,911 | 3.7% |
| Denbighshire | 145,441 | 140,139 | -3.6% | 14 | 9,243 | 3.8% |
| Flintshire | 193,052 | 186,419 | -3.4% | 11 | 9,958 | 4.1% |
| Wrexham | 175,491 | 170,513 | -2.8% | 5 | 10,035 | 4.1% |
| Powys | 182,395 | 174,316 | -4.4% | 21 | 8,068 | 3.3% |
| Ceredigion | 103,889 | 99,256 | -4.5% | 22 | 4,732 | 1.9% |
| Pembrokeshire | 167,074 | 160,045 | -4.2% | 18 | 7,192 | 2.9% |
| Carmarthenshire | 261,129 | 252,481 | -3.3% | 7 | 14,244 | 5.8% |
| Swansea | 318,314 | 307,634 | -3.4% | 9 | 18,981 | 7.8% |
| Neath Port Talbot | 210,068 | 205,077 | -2.4% | 1 | 15,644 | 6.4% |
| Bridgend | 194,983 | 188,409 | -3.4% | 10 | 12,577 | 5.2% |
| The Vale Of Glamorgan | 157,920 | 152,481 | -3.4% | 12 | 8,957 | 3.7% |
| Rhondda Cynon Taf | 367,910 | 354,675 | -3.6% | 13 | 22,161 | 9.1% |
| Merthyr Tydfil | 91,600 | 89,288 | -2.5% | 2 | 5,872 | 2.4% |
| Caerphilly | 272,808 | 263,692 | -3.3% | 8 | 13,436 | 5.5% |
| Blaenau Gwent | 113,345 | 110,204 | -2.8% | 4 | 8,440 | 3.5% |
| Torfaen | 135,517 | 130,545 | -3.7% | 15 | 7,984 | 3.3% |
| Monmouthshire | 97,766 | 93,557 | -4.3% | 19 | 5,902 | 2.4% |
| Newport | 214,685 | 209,254 | -2.5% | 3 | 10,177 | 4.2% |
| Cardiff | 436,620 | 424,104 | -2.9% | 6 | 27,360 | 11.2% |
| Total Unitary Authorities | 4,270,161 | 4,124,709 | -3.4% | | 244,000 | 100.0% |

Appendix 2

*Rhondda Cynon Taf County Borough Council
Consultation Team / Financial Services
February 2015*



Stage 2

2015/16 General Budget Strategy | Consultation:

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EXECUTIVE SUMMARY

- 73.8% of respondents felt that the increase of 0.6% to school budgets was reasonable.
- 75.6% of respondents felt that the efficiency target was reasonable, 24.4% thought it was not reasonable.
- When asked if there were other ways that the Council could become more efficient, comments received from respondents included;
 - Reducing pay or level of management
 - Environmental Services specific suggestions
 - Reducing Office Expenses/Accommodation
 - Changes to Procurement
 - Reducing Staff
 - Reducing the number of Councillors
 - Council Merge / joining up with another Council
 - Changes to who can receive Adult Education
 - Cutting Benefits (changes to who can receive them)
 - Streamlining services
- The majority of respondents were in favour of using the Service Transformation Reserve as transitional funding (£6.6m) to support changes in the budget going forward, although some concern was expressed as to how the Council would manage in unforeseen circumstances.
- 63.4% of respondents felt that the proposed Council Tax increase (3.8%) was fair. 36.6% thought it was unfair.
- When asked if they would prefer an increase in Council Tax or the resultant cuts in Council services, 28.6% of respondents said they would prefer a lower increase in Council tax, with the resultant cuts in services.

- Suggested improvements to the Budget Consultation process included;
 - Sending out questionnaires to everyone
 - Opening up the consultation (advertise more) to the public to get constructive ideas
 - Taking on staff from private sector for fresh ideas
 - Holding further sessions with the Leader so people can ask questions face to face to really understand the issues the Council faces.
 - Taking more notice of respondents' views
 - Meetings in local communities
 - More face to face engagement

- The Proposed Budget Strategy has been consulted upon through Stage 1 & 2 of the process and comments can now be presented to the Cabinet for consideration before Council set the final budget for 2015/16.

1. INTRODUCTION

- 1.1 This report presents the findings of the second stage General Budget Strategy Consultation for 2015/16, which was undertaken to support the decision making process, required to set the Council's budget for the coming year including:
- The schools budget
 - Efficiencies
 - Medium Term Financial Planning (reserves & transitional funding)
 - Council Tax Levels
- 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 provides some context and outlines the facts around the Council's budget which were used to design an online survey.
- 1.5 Section 5 presents the consultation results.

2. BACKGROUND

- 2.1 For the financial year 2015/16 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 The consultation is an essential part of the budget setting process and assists the Cabinet with its deliberations, prior to constructing the final revenue budget strategy for the financial year ending 31st March 2016.
- 2.3 The Council has already undertaken thorough spending reviews but has not yet made a final decision. The purpose of the consultation was therefore to seek the views of the residents of Rhondda Cynon Taf.
- 2.4 As in previous years the consultation process was conducted in 2 stages. Stage 1 gathered consultees' views before Cabinet met and the results were used to assist deliberations in constructing a Draft Budget Strategy.
- 2.5 Stage 2 asked for Consultees' views on the Cabinet's "draft" proposals, prior to it being confirmed and recommended to Council.
- 2.6 Stage 3 of the process involves feedback. In the past we have had events, which will allow key service managers to outline spending in the areas where investment has been made and to look at improvements in services.
- 2.7 This report covers Stage 2 only.
- 2.8 This outline strategy will provide an effective and pragmatic framework for the delivery of a fair and equitable Council budget.

3. METHODOLOGY

- 3.1 The Council wanted to consult to seek views on the following;
- The schools budget
 - Efficiencies
 - Medium Term Financial Planning (reserves & transitional funding)
 - Council Tax Levels
- 3.2 The consultation has been conducted in-house. An online survey was developed and placed on the Council's website from 22nd January 2015 until the 4th February 2015. 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 – 26th Jan 2015
 - Community & Children's Services Scrutiny Committee – 27th Jan 2015
 - Education & Lifelong Learning Scrutiny Committee – 28th Jan 2015
 - Corporate Services Scrutiny Committee – 29th Jan 2015
 - Overview & Scrutiny Committee – 4th Feb 2015
- 3.4 Discussions were also held with a meeting of the older persons Advisory Group (OPAG) on the 28th January 2015.
- 3.5 An email was sent to the Citizens' Panel (over 400 members).
- 3.6 This report presents the online survey results and any comments from the meeting with OPAG.
- 3.7 It should be noted that the General Budget Strategy survey conducted here was undertaken, in part during the service change consultations on Funding for Nursery Education and the Council Funded Music Service. This separate consultation exercise included detailed business cases on each proposal. A report on the outcomes of this consultation exercise will be presented separately to the Council's Cabinet.

4 THE FACTS

- 4.1 On the 10th December 2014, the Minister for Public Services (Leighton Andrews AM) announced the 2015/2016 local government settlement.
- 4.2 The overall impact of the Final settlement, compared with Provisional, is that funding available to the Council has increased by some £0.269M.

DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2015/2016

- 4.3 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.
- 4.4 It is vital that we continue with the strategy adopted thus far that 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.
- 4.5 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.
- 4.6 After setting aside appropriate sums for corporate financial requirements, Members can then fully assess the issues and opportunities for the budget as a whole.
- 4.7 The initial net budget position following on from the above is a "funding gap" of some £16.526M. It is also estimated that the gap will rise over the three years to 2017/18 to an estimated £56M 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 bridging any remaining gap for 2015/2016.

THE INDIVIDUAL SCHOOLS BUDGET (ISB)

- 4.8 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 0.6% for 2015/16 as compared to a decrease of -3.7% faced by the Council as a whole. This protection is applied in full against the initial school budget base requirements where full costs of pay inflation and other running costs have initially been assumed. The result of providing a 0.6% uplift, adjusted for items such as pupil number changes and changes in employee cost requirements is that the overall schools 'requirement' reduces by £2.554M, leaving a remaining overall gap for the Council of **£13.972M**. Schools will not be required to contribute to the Council's general efficiency targets and whilst the budget 'requirement' is lowered, the actual change in the school budget year on year (2014/15 to 2015/16) equates to an increase of £0.963M.

DEALING WITH THE REMAINING REVENUE BUDGET GAP

- 4.9 The position after allowing for the Welsh Government's required treatment of schools, leaves a gap of £13.972M. Following careful consideration, the following approach is recommended:

- a. *Efficiencies – Whilst the generation of efficiency savings becomes increasingly difficult over time, new technology, collaboration and new ways of working are examples of where such gains can still be delivered. As in previous years, services have been tasked with identifying 'general' base budget efficiency savings. Originally this target was set at £4M for 2015/16, but extensive work across services has allowed for this target to be exceeded, in part by bringing work planned for 2016/17 forward to 2015/16, and plans are now in place to deliver £5M of savings in 2015/16. This will mean that since 2004/2005 the budget has been reduced by over £69M (in the region of 15% of the base budget) without cutting front line services or requiring compulsory redundancies.*

In addition to 'general' base budget efficiency, service reviews have also been undertaken across a range of services which will deliver savings in 2015/16. These are classed as 'efficiency savings' not 'service cuts', given that they represent no visible front line / customer impact. Prudently, it is assumed that each of the proposals will have a part year impact for 2015/16.

The service review efficiency areas are:

- Marketing and Tourism
- Special Education
- Corporate Finance
- Adult Education
- Sports Development
- Business Support
- Highways Maintenance

Specific service reviews are projected to deliver £1.280M in 2015/16 (full year impact £1.705M). In total therefore, efficiency savings amounting to £6.280M are being targeted for 2015/16 (in addition to the £1.925M expressions of interest exercise highlighted earlier in paragraph 5.1c).

- b. *Staff Panel Ideas – In June of last year, the Leader of the Council, established the Staff Panel. The panel included staff members from across a range of services, Trade Union representatives, councillors and appropriate support staff. The Panel has proved to be an extremely valuable resource for assessing the savings ideas submitted by staff and the public (over 700 received to date) and in working these up to deliverable proposals. The panel is due to meet shortly to agree recommendations for savings that if agreed, will have an impact in 2015/16. Once considered, a report will be prepared and presented to Cabinet for approval.*
- c. Fees & Charges -

The budget strategy for 2014/15 agreed to increase fees and charges by, on average, 3% above RPI for four years, that is to 2017/18. Over and above the general increase, a review has also been undertaken on the introduction of charges for any services currently delivered free and whether there are any areas where specific fee levels should be set. In this respect, two specific proposals are highlighted:

- I. Parks Fees & Charges*
- II. Trade Waste*

The Council's Trade Waste charges are currently some way below the levels charged by other councils in Wales and do not provide an appropriate incentive for businesses to recycle. The Council's strategy in this regard is to work with businesses to encourage increased recycling levels, with a charging structure which would make it cheaper for them if they do so. Increasing their recycling levels would enable businesses to have their bins removed and change to a more cost effective bag collection system for residual waste materials where they would pay for bags and only put the bags out for collection when they need to.

- d. *Capital Programme Considerations – Whilst the majority of the Council’s Capital Programme is funded via the Welsh Government’s general capital grant, capital receipts and specific grants, there is an element of direct revenue funding support into the programme that for 2014/15 equates to £2.2M. As part of assessing the revenue budget position, the sustainability of this level of Direct Revenue Financing has to be reviewed. Alongside this it is also appropriate to consider the ongoing infrastructure needs we face into the medium term, which we have sought to target in recent years through additional funding, particularly for investment in our roads. It is proposed therefore that as part of the revenue budget strategy for 2015/16, a net reduction in revenue funding is actioned of £0.900M. This equates to a £1M reduction in revenue funding of existing programme elements, offset by a further investment of £0.100M revenue to support prudential borrowing and investment in our infrastructure. The detailed analysis and implication of this net reduction will be part of the updated three year capital programme that will be reported to Council in March.*
- e. *Service Changes / Cuts– Service changes have been agreed and implemented throughout the year as part of the Council’s proactive approach to the financial challenges faced over the medium term. Currently, two service change proposals remain subject to consultation, that is, the funding for Nursery Education and changes to the Music Service. Until such time that Cabinet review the outcomes of the consultation and the decisions it wishes to take with regards to these proposals, no impact can be considered as part of this budget strategy. In terms of further proposals, these will continue to be developed during 2015/16 and will be reported to Members for consideration as appropriate.*
- f. *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding) – Whilst significant service changes and cost reduction measures are already in place for 2015/16, it is recognised that further in year decisions are necessary to close future year budget gaps. The notion of an annual budget setting process has clearly been assigned to the past and experience from 2014/15 indicates that a proactive and ongoing approach to identifying and implementing service changes is the right and only approach to take. In doing so, we are able to replenish transitional funding in year and secure base budget savings in the following year. As previously indicated, we have a “Medium Term Financial Planning and Service Transformation Reserve” that provides the tool, albeit short term and one off in nature (unless replenished), for such an approach and this equates currently to £7.1M. To balance the 2015/16 budget, it is proposed that an allocation of £6.592M is made from this reserve for 2015/16. Whilst this balances the budget*

for 2015/16, this would only leave £0.508M in the reserve (subject to the yearend assessment of reserves post March 31st 2015).

- 4.10 In summary, the table lists the proposals recommended to close the remaining budget gap for 2015/16, that will deliver a balanced budget for next year:

Table 1: Budget Strategy Proposals 2015/16

| | £M | £M |
|---|---------|---------------|
| Budget Gap | | 13.972 |
| <i>LESS Strategy Proposals:</i> | | |
| General Efficiency Target | (5.000) | |
| Service Specific Efficiency Reviews | (1.280) | |
| Trade Waste Charges | (0.200) | |
| Capital Programme | (0.900) | |
| | | (7.380) |
| Remaining Budget Gap | | 6.592 |
| | | |
| Use of 'one off' funding: | | |
| Medium Term Financial Planning and Service Transformation Reserve | | (6.592) |
| | | |
| Total | | 0.000 |

Council Tax Levels

- 4.11 Because of the (Council Tax) gearing effect in Rhondda Cynon Taf, a 1% increase in the Council Tax would raise only an extra £0.686M for the Council (after the impact of increased costs of the Council Tax Reduction Scheme) . Put another way, to balance the budget without the use of earmarked reserves (£6.592M) would result in an additional Council tax increase of 9.6% above that proposed (a total increase of 13.4%). In any event, any excessive increase would no doubt result in intervention by the Minister for Public Services (Leighton Andrews AM). Taking all this into account and the impact upon Council Tax payers and service levels an increase of 3.8% is proposed.
- 4.12 This proposed increase of 3.8% equates to 91p per week for someone living in a Band D property, and 61p for a person living in a Band A home. 43% of properties in Rhondda Cynon Taf are Band A.

CONCLUSIONS

- 4.13 The Council's overall financial position remains sound, with the level of General Reserves maintained at the minimum level of £10M.
- 4.14 The Minister for Public Services (Leighton Andrews AM), announced the 2015/2016 local government settlement on the 10th December 2014 with this Council's reduction in resources set at -3.7%.
- 4.15 The Cabinet's proposals properly address the corporate financial requirements of the Council and, after allocating an adequate financial uplift to the Individual Schools Budget, the sum £245.126M would remain to fund all other services in 2015/2016. This resource can then be used to adequately fund the cost of our services and to support our key priorities.
- 4.16 As in the current year, Service Groups must adopt a vigorous procurement strategy to offset the effects of price inflation on non-employee related budgets.
- 4.17 The Cabinet has recommended setting 2015/2016 revenue spending at a level that will result in a Council Tax increase of 3.8%, for the financial year ending the 31st March 2016.
- 4.18 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 Councils financial stability, or reducing our General Fund Balances below £10M, albeit there is a need to focus on actions to replenish the level of the reserve if it is to support the Council beyond the short term.
- 4.19 Whilst the use of some £6.6M of transitional funding has been used to produce a balanced budget for 2015/2016, ongoing reliance on this funding source is clearly not a sustainable strategy without actions to replenish as referenced above. 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.
- 4.20 There will be a need for positive and proactive management from senior officers and clear direction from Members to produce a financially sustainable budget into the medium term in this extremely difficult financial climate.

5. CONSULTATION RESULTS

- 5.1 This section details the 42 responses to the online survey and comments made from the discussion with OPAG.

Section A – Schools Budget

- 5.2 The individual schools budget is proposed to increase by 0.6% (as compared to a 3.7% reduction in funding for the Council); this is in line with Welsh Government requirements, provides funding for pupil number changes and is set against cost pressures for schools (pay etc). Respondents were asked whether they felt this was a reasonable increase.

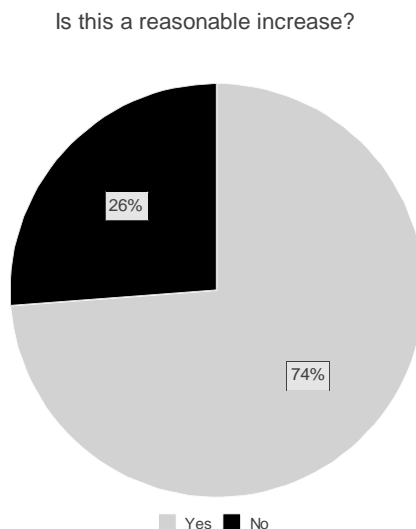


Figure 1 - Agreement or disagreement with the increase to the schools budget

- 5.3 73.8% of respondents felt that the increase of 0.6% to school budgets was reasonable, with 26.2% feeling that the increase was not reasonable.

Section B – Efficiencies

- 5.4 The Council has to deliver £5m of general efficiency savings in 2015/16 across Council services, excluding schools. The Council has carried out service specific efficiency reviews (targeting £1.7m full year savings) and a senior management restructure plus reduced staff numbers where people wanted to voluntarily leave employment with the Council (saving £2.6m). A total of £9.3m of efficiencies where there is no visible front line service impact. Respondents were asked whether they thought a £5m general efficiency target was reasonable.

Is this efficiency target reasonable?

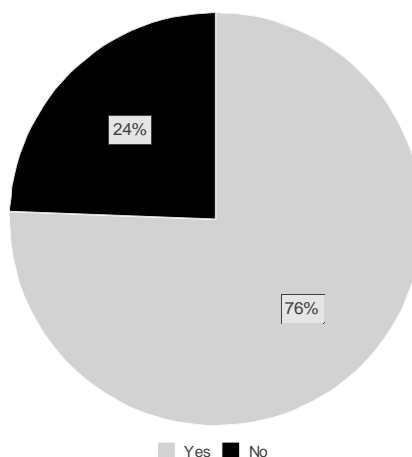


Figure 2 - Efficiency targets

- 5.5 75.6% of respondents felt that the efficiency target was reasonable, 24.4% thought it was not reasonable.
- 5.6 A number of service specific efficiencies were outlined and respondents were asked if they agreed with them. As can be seen clearly in the table below, a high percentage of respondents felt that efficiency savings could be made in Marketing and Tourism (83.3%), Corporate Finance (88.1%) and Business support (70.7%). Over 60% of respondents said that efficiency savings should not be made in areas such as Special Education (63.4%) and Highways maintenance (70.7%).

Table 2: Proposed Efficiency Areas

| Proposed Efficiency Areas | Yes | No | Don't know |
|---------------------------|------------|------------|------------|
| Marketing and Tourism | 35 (83.3%) | 6 (14.3%) | 1 (2.4%) |
| Special Education | 9 (22.0%) | 26 (63.4%) | 6 (14.6%) |
| Corporate Finance | 37 (88.1%) | 3 (7.1%) | 2 (4.8%) |
| Adult Education | 21 (51.2%) | 18 (43.9%) | 2 (4.9%) |
| Sports Development | 16 (39.0%) | 18 (43.9%) | 7 (17.1%) |
| Business Support | 29 (70.7%) | 9 (22.0%) | 3 (7.3%) |
| Highways Maintenance | 11 (26.8%) | 29 (70.7%) | 1 (2.4%) |

- 5.7 Respondents were asked if the Council could continue to be more efficient. 85.7% thought that it could.

Can the Council continue to be more efficient?

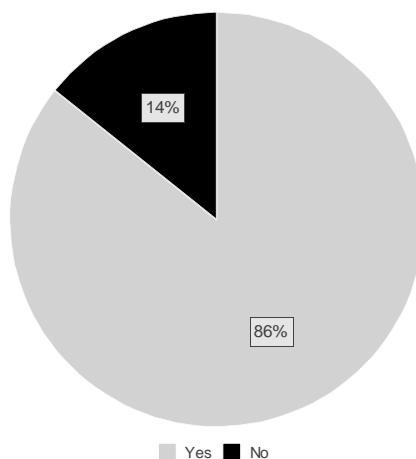


Figure 3 – Can the Council continue to be more efficient?

- 5.8 Respondents were asked if they could provide any efficiency suggestions or ideas. The following outlines some of the comments received;

Reduce pay or level of management

“get rid of top earners who contribute nothing to RTC”

“Look @ cost of Council Management numbers & Salaries. Are they required? Are they cost effective?”

“Management restructuring”

Environmental Services

“Trust front line staff to do the work without over inspection. Provide sanctions for poor work with spot checks and appropriate action. e.g. Highways maintenance - no need for inspectors to paint around potholes just let the workforce fill them in but by spot checks highlight any poor workmanship or excessive amount of repair. Use this same principle generally for front line staff and reward the best achievers publicly. [This will improve trust and most likely gain more respect from the workforce generally.”

“As recycling of rubbish becomes more effect reduce general household collection to 3 weekly. Look at reducing street lighting after midnight to every other light”

“grass cutting – could this be done via probation services/community service, rather than at a cost to the authority”

“consider fortnightly collections for recycling as well as rubbish”

“consider street lighting hours”

Office Expenses/Accommodation

“Paperless offices - where possible, introduce targets to reach so people don't go overboard. –Each department / Team to reduce their budget by a further £500 - £1000 (stationary, computer systems etc - share the cost of expensive annual fees and subscriptions) -As more staff leave, there must be loads of extra office space? Either combine everyone left and sell off the office or rent the space to private companies or self-employed people. -Introduce hot desking where possible so staff can work from an office nearer home every now and again or call back into a local office nearer to home to cut down on expenses paid -Allow staff to work from home during bad weather (snow) so work gets done rather than paying them for nothing, even if they just work for half day.”

“Cutting back on waste of electricity in non used rooms and facilitate a sensor to turn off lights etc when not being used”

“reduce paper....effective use of computers and paperless systems”

“All council photocopiers should use cheap photocopier paper”

“Reduce paper reduce admin staff. Effective use of computers and paperless systems.”

Procurement

“With the Council's huge buying power more emphasis should be put on obtaining discounts for goods and services. Also researching budget buy items (as most people need to) rather than inevitably purchasing top of the range. More efficient forward planning as to community needs and affordability - examples swimming pools that are developed and opened only to be closed within a decade - likewise public libraries. Huge amounts have been spent on such projects which were not necessary in the first place. “

Staff

“Get someone to become a cost saving champion alongside their normal role.”

“Cut out the middlemen. If instructions come from the top to the person in the middle who then tells another person what to do then wouldn't it be faster and more efficient for them to contact that person in the first instance?”

“Review staff absence policies including education”

“monitor staffing levels to become more cost effective”

Councillors

“Cut the number of councillors; impose a pay free freeze on serving councillors”

“Cllr. Expenses should be cut or even abolished”

Council Merge

“Amalgamate with neighbouring council, “

Adult Education

“Free adult education for people on benefits should be stopped, as some individuals do the course and then fail to turn up for an exam wasting tax payers money”

Benefits

“Cut benefits for drug users and alcoholics and thin out payments in general for the layabouts etc. the local authority know who these people are a lot more can be done to make these types of people earn their benefit to help all kinds of services in the valleys”

Streamlining

“Corporate estates maintenance department. Streamline senior staff/engineers and each callout is approx £130. smaller companies could be contacted and more competitive prices sought. Or qualify building staff at their rate of pay to undertake such tasks.”

“you could look at running schools and other council departments more like businesses. Reducing stocks and getting staff to work in a more coordinated manner.”

- 5.9 A number of other elements of the budget strategy were outlined in the questionnaire and people were asked if they agreed with these elements. The following table shows that 61.9% of respondents agreed that there should be an overall reduction in the Council's Capital Programme. 58.5% agreed that there should be a targeted increase in capital spending on highways infrastructure and 76.2% agreed with an increase to Trade Waste Charges, to encourage more trade recycling.

Table 3: Do you agree with the other elements of the budget strategy?

| Elements of Budget Strategy | Yes | No | Don't know |
|--|------------|------------|-------------------|
| a.) An overall reduction in the Council's Capital Programme? | 26 (61.9%) | 5 (11.9%) | 11 (26.2%) |
| b.) A targeted increase in capital spending on our highways infrastructure (roads, bridges)? | 24 (58.5%) | 12 (29.3%) | 5 (12.2%) |
| c.) Increases to Trade Waste Charges, to encourage more trade recycling? | 32 (76.2%) | 7 (16.7%) | 3 (7.1%) |

5.10 A number of other comments were received on the other elements of the budget strategy.

"Sounds reasonable"

"They are a bit too complicated without any additional information other than the decision notice, it's hard to understand."

"We should of course be investing for the future but we should not be doing so at expense of vital people centred services. We can probably manage with the estate and roads we have already. It's nice to have up to date infrastructure and buildings etc but we can wait until finances are improved."

"I would like an extension on my house but I just can't afford it, so I will manage. So must the council"

"There needs to be a far more proactive effort to encourage business to recycle, simply increasing the charge to empty an 1100 litre bin does nothing to alter the amount of waste it contains. Furthermore it simply adds to business costs without any discernible benefit to them, so should be viewed simply as a tax increase on those businesses"

"Significant investment has been made in our highways infrastructure over recent year and it would be good to see an overall assessment of the impact it has had in order to be able answer (b). The general condition of our highways is noticeably improved over recent years. Well done!"

"I disagree strongly with the music and education cuts. They can only have an adverse effect on our children's education. In an area where earlier schooling is being encouraged via flying start, why would you increase one part of education while decreasing others?"

"Encourage more recycling whether it's commercial or household make it easy to recycle"

Section C – Medium Term Financial Planning

- 5.11 The Council has a Medium Term Financial Planning & Service Transformation Reserve as transitional funding to support changes in the budget going forward. The draft strategy proposes to use £6.6m of this reserve. Respondents were asked for their views on the use of transitional funding.

What are your views on the use of this transitional funding?

In Agreement

“Ok as long as desired outcomes are achieved and publicly stated. Golden handshakes must go.”

“Do what you have to do, although when you run out of this and still have to save a further £Xm over the next two years, what happens then?”

“If it's available at no cost use it.”

“Provided it is used carefully and targeted correctly, then it is worth using, as part of efficiency improvements.”

“I don't know what proportion this is of overall budget. If it is a safe way ahead within financial guidelines and doesn't expose the authority to risk then I agree yes the the council should use the fund to support the budget”

“Should have been done before”

“The reserves are there to be used in hard times”

“Reasonable proposal.”

“We should use it to continue improvements to our children's education and adult educational services as well as tackling social issues with sports clubs, youth centres for teens. Decreasing these services will harm children's development and their chance to be productive members of society. Help the elderly and encourage youngsters that are leaving school that the benefits system is not a free for all its there to help the vulnerable”

“presumably this is the sort of use that this money is for”

Unsure

“Hard to say as you haven't told me the overall size of the reserve”

“Depends how much the reserve is”

“I support financial planning, I will need a lot more convincing though”

Not in agreement

“Is this sustainable?”

“surely you should use that reserve to fund services needed rather than cutting services”

“How can money be saved if you use reserve funds”

Section D – Council Tax levels

- 5.12 The Council proposes to increase Council Tax by 3.8% for 2015/16 which means an additional 61p per week at Band A. Respondents were asked whether or not they felt that this increase was reasonable.

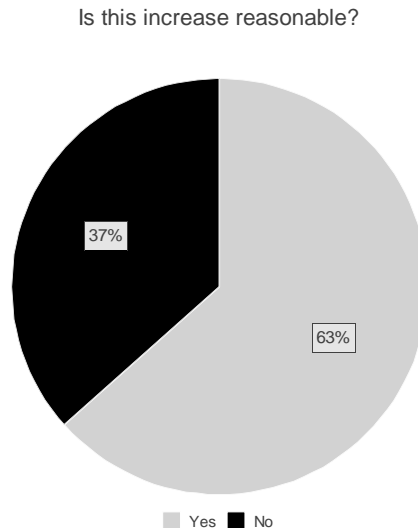


Figure 4) Council Tax increases

- 5.13 63.4% of respondents felt that the Council Tax increase was reasonable. Respondents were asked for their views on the increase proposed. The following comments were received:

What are your views on the increase proposed?

The majority of respondents thought the increase was reasonable;

“The increase is understandable and fair”

“Everything increases - there's no getting away from it. At under £1 a week extra, I'm sure people waste that on other unnecessary rubbish anyway”

*“With cost of living falling due to reduced oil prices etc leaving more in the pocket to spend, the proposed increase appears reasonable”
A manageable increase for most people even those on a low income
I.e. under £12,000 Council tax needs to increase to cover resources”*

“Council tax needs to increase to cover resources”

“perfectly reasonable – what's the point in cutting things just to keep Council tax the same.....”

A number of respondents suggested that there would need to be an associated increase in service;

"If its increase I want an increase in service, simple as that!"

"It is a necessary evil under current circumstances but continuous efficiency improvements have to be made so that future increases can be reduced to more closely match inflation."

Those that disagreed included the following comments;

"I disagree with this increase. The waste collection is less, than ever before, we still do not see an increase in service for our money so why are we being penalised for mis-management in the past."

"Reduce the general increase but charge for specific services to meet any shortfall"

"Too high"

"Should be absolutely no more than inflation - around 1%"

"Services are being cut..... apart from rubbish being collected once fortnightly, I do not know what I paid council tax for"

"In line with the static wages within the borough this percentage of increase seems unreasonable"

"...I would like to see a definitive list of what and how the Council Tax money is spent on.."

Other Comments:

"We should be prepared to pay up for ours services and this is the fairest way. No one wants bigger bills but I don't mind paying more provided I can be assured that maximum economies are being made by officers under the careful scrutiny of members. I will not be receiving an increase of 3.8% in my pension it should be noted."

5.14 Respondents were asked whether they would prefer a lower increase and the resultant cuts in services.

Would you prefer a lower increase and the resultant cuts in services?

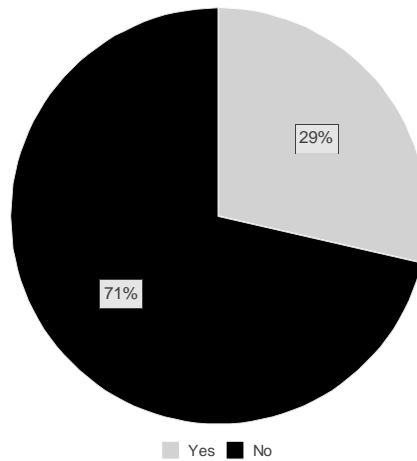


Figure 5 - Lower Council Tax or cuts in services

5.15 28.6% said they wouldn't prefer a lower increase which resulted in service cuts. Those who were in favour of this approach suggested the following:

"Welsh language work"

"No cuts should be necessary"

5.16 Respondents were asked if there were any other comments they would like to make on the budget strategy for 2015/16.

Efficient/Leaner working

"Don't penalise the public for mis-management. Get the council working more efficient like the private sector workers have done for years!"

"It pains me to say this. I hate what is being done to our local services because of unfair budget allocations from central government. But I do believe that we must have leaner local authorities. I am not a lover of the private sector but we must let some gaps be filled. I care most about vulnerable people in our society and their support and protection"

"Introduce targets and performance based wages"

Maximising Existing Resources

"Need to maximise use of local council buildings - schools - why can't these be use after school hours to provide other council services - adult"

education, local sports classes (yoga etc which don't require a leisure centre)."

Staff

"What about staff pay and expenses - you don't seem to think about the Obvious - petrol prices have gone down so why not reduce mileage rates?"

Leisure

"I would want to see the Hawthorn swimming pool reopened, this is a well used pool and well missed, you have given the pool in Porth another chance why not Hawthorn pool???"

Other

"I have to trust elected members to be aware of the financial issues in the budget and make sensible decisions. It is difficult for Josie Public to get fully involved. I think that the authority must not salami slice but must take a hard look at what MUST be provided and not be afraid to cut complete services."

"Cut back on publications. I've recently received a high gloss, full colour booklet from my child's school informing me of new proposals. This could be easily administered via social media, email or if a hard copy is needed then a photocopy would surely suffice. Cut backs in areas such as this would not only benefit the authority financially but have added kudos of environmentally friendly."

OPAG

- 5.17 The OPAG members discussed the service cuts and the budget proposals with the Group Director Corporate and Frontline Services. There was agreement that it was a difficult time for the Council financially.

"...difficult times... fighting a difficult battle"

The proposed Council tax increase of 3.8% (in the context of older people) was seen as though they are not getting anything from their savings with the low interest rates, with a feeling that they were *"getting hit across the board"*.

There was a discussion on the ways that the Council can work more with the voluntary sector and the Health Board to provide savings. There was a feeling that this was not being done enough at present. However, it was noted that there was good progress being made in relation to the collaboration on the transformation agenda, with regards to the Social Care and Wellbeing Act.

With regard to future service cuts, the group made a plea that the Council think of the wellbeing of residents and the impact of loneliness and isolation for older people, when making their decisions.

- 5.18 In terms of improving the budget consultation process next year, the following comments were received;

“Send out questionnaires to everyone”

“I think the process is quite good at the moment but to involve the public, businesses and partners on a continual basis to look at the items mentioned in section 9 should in my view be an established good practice.

“How about holding further sessions with the Leader (as you did last year) so people can ask questions face to face and really understand the issues you face. People getting together like that help to come up with great ideas.”

“The present process seems adequate.”

“The Police did an interesting exercise by giving people outside supermarkets pretend money and then allocate it to a range of services. Interesting outcomes and some very engaged people.”

“meetings in local communities”

“more face to face engagement”

- 5.19 The following are a selection of other comments received:-

“Controversial for some people, but a lot are better in the long run. The Council should act more like a business in some ways. You can only spend what you have.”

“My council tax is more than my mortgage, work that out!”

“We all saw these hard times coming so why on earth didn't the planning start earlier?”

“Instil in all staff the need to serve and shave and listen to their ideas on greater efficiency, what things do not need to be done and what is essential.”

“It's going to get tougher I'm sure in future years”

APPENDIX 3**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL****CABINET****12th FEBRUARY 2015****FEEDBACK FROM THE OVERVIEW AND SCRUTINY COMMITTEE AND THE FOUR SCRUTINY COMMITTEES: GENERAL BUDGET CONSULTATION FOR THE FINANCIAL YEAR 2015/2016: STAGE 2****REPORT OF THE DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES****1. PURPOSE OF THE REPORT**

The purpose of this report is to provide Elected Members with the budget consultation feedback from the Overview and Scrutiny Committee and the four Scrutiny Committees in relation to Stage 2.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the feedback set out at paragraph 4.3 of the report and the attached appendices A – D.
- 2.2 To take into consideration the comments of the Overview and Scrutiny Committee and four Service Scrutiny Committees when proposing the budget for 2015/2016 to Council.

3 BACKGROUND

- 3.1 This report provides the Cabinet with the findings of the Overview and Scrutiny Committee and the four Scrutiny Committees regarding the Council's General Budget Consultation process for the financial year 2015/16 (stage 2)
- 3.2 The Cabinet Meeting of the 22nd January 2015 received the feedback from the Overview and Scrutiny Committee and the four Service Scrutiny Committees following Stage 1 of the consultation exercise.
- 3.3 During Stage 2 of the process the Scrutiny Committees were provided with a presentation that updated Members on the feedback from Stage 1 of the consultation process, outlined the process for Stage 2, set out the final funding levels and the proposed Council's 2015/2016 Draft Revenue Budget Strategy, which was endorsed by Cabinet on the 22nd January 2015. Members were given the opportunity to comment on various areas relating to the draft Strategy.

- 3.4 Table A outlines the schedule of scrutiny meetings in relation to Stage 2 of the consultation process.

**TABLE A: STAGE 2 – BUDGET CONSULTATION
SCRUTINY TIMETABLE**

| COMMITTEE | DATE |
|--|-----------------|
| Environmental Services Scrutiny Committee | 26 January 2015 |
| Community & Children's Services Scrutiny Committee | 27 January 2015 |
| Education & Lifelong Learning Scrutiny Committee | 28 January 2015 |
| Corporate Services Scrutiny Committee | 29 January 2015 |
| Overview & Scrutiny Committee | 4 February 2015 |

- 3.5 For consistency, each Committee was asked the same questions and outlined below are the points for comment that Members were asked to focus upon during the round of meetings.

- Strategy elements
 - Treatment of Schools
 - Efficiency Requirements
 - Other elements of the budget strategy
 - Medium Term Financial Planning
 - Proposed Level of Council Tax
- The Consultation Process
- Any Other Comments

4. FINDINGS OF THE OVERVIEW AND SCRUTINY COMMITTEE

- 4.1 At the meeting held on 4th February 2015, 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

- 4.2 The Director of Financial Services, with the aid of PowerPoint slides that had been presented to the four Scrutiny Service Committees reminded Members of the key elements of the proposed revenue budget strategy and reported that there had been a wide range of comments made in respect of the proposals at the meetings of the Scrutiny Committees as shown at the

appendices circulated and which would be fed back to the Cabinet on the 12th February, 2015.

- 4.3 The Chairman asked Members whether they had any further comments that they wished to add for consideration and the following discussion points are set out below:

1. Is the uplift proposed reasonable for schools?

The Chair of the Education and Lifelong Learning Scrutiny Committee reiterated the comment that was made at her Committee, in that whilst Members felt it was reasonable it was difficult to comment upon when not knowing the detail of the Education Improvement Grant, so therefore could not have an overall view.

A Member also raised concerns on the proposed service cuts to the Music Service, which formed part of the Education budget, on which a decision had not been made.

2. Is the efficiency expectation reasonable?

A Member referred back to the points that he had made at the Community and Children's Services Scrutiny Committee that whilst it seemed reasonable to put the £5M of general efficiency forward but posed the question could it be achieved as in his view it led to (1) a gradual erosion of a service and (2) it gives out the message that local government is inefficient. In response the Director of Financial Services again confirmed that the £5M of general efficiency is supported by detailed and robust plans for delivery and confirmed that the current year's £4M of efficiencies had been realised.

3. Do you agree with the other elements of the budget strategy?

In respect of Trade Waste collections, Members were generally of the view that as a result of the increase in charges, businesses should be encouraged to participate more in recycling which would have a positive effect on the Council's recycling performance figures. However, it was pointed out by one Member that some businesses could be penalised due to some waste materials not being recyclable e.g. contaminated waste such as from butchery / fishmongery businesses whereby contaminated waste could not be recycled and the businesses concerned would have no choice other than to use landfill. The possibility of trade waste being collected in the evenings to avoid peak time collections was also generally welcomed.

4. Medium Term Financial Planning – What are your views on the use of transition funding?

A Member commented on the feedback provided at the service scrutiny committee that "if you are skint then you have to use your savings".

Another Member questioned whether there were any other reserves available if the transitional funding could not be replenished next year as the problem would be exacerbated year on year. In response, the Director of Financial Services reported that a review of earmarked reserves will again be undertaken as part of the closure of this year's accounts.

A further query was raised as to whether some of the revenue could be converted to capital expenditure e.g. underwriting some of the highways projects and funding out of capital receipts. The Director of Financial Services indicated that the capital receipts that are generated were fully needed to fund the existing capital programme.

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

Members raised concern on the precept of 5% set by the South Wales Police, which whilst it was appreciated that it is shown separately on the bills that are sent to residents, people were of the mindset that the whole amount is down to the Council.

One Member referred to the comments made by the Director of Financial Services at the meeting of the Corporate Services Scrutiny Committee "*that based on the information currently available the Council's proposed 3.8% increase would put the Authority in the bottom quartile for Council Tax increases*", however, she indicated that this did not reflect on the current level of charges made by neighbouring authorities and provided the example of Cardiff whereby on a Band A property the Council Tax is £771 compared to Rhondda Cynon Taf which is £974. She further stated that although the Council was in the bottom quartile for Council Tax, it was the fourth highest Council Tax in Wales and whereas Bridgend was classed as the fifth highest Council Tax in Wales, for a Band D property the Council Tax charge was £48 less than for a Band D property in Rhondda Cynon Taf. She was also of the view that more and more people will become entitled to council tax relief.

- 4.4 The Overview and Scrutiny Committee **RESOLVED** to endorse the views of the four Scrutiny Committees and submit them for consideration by the Cabinet along with the additional comments set out above.

Appendix A**Environmental Services Scrutiny Committee – 26th January 2015****1. Is the uplift proposed for schools reasonable?**

Most Members were content with the proposal.

One Member commented that it is money well spent, however, will there come a time when year after year we have to consider saying 'no'?

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

Members sought clarification in terms of the expressions of interest and senior management structure equating to savings of £2.6M and commented that it should be made clearer and presented on an annual basis. The Director of Financial Services explained that there are two elements as follows included in next year's savings:-

- General invitation to staff - expressions of interest £1.9M; and
- £0.7M further savings as a result of the Chief Officer Restructure

A Member queried when the expressions of interest would be implemented? April 2015? The Director of Financial Services explained that those employees who expressed an interest have already left their employment and therefore savings are already being made in the current year and referenced the quarter 2 performance report.

The Director of Highways and StreetCare Services confirmed that the Business Support review aims to rationalise support and with regard to the Highways Maintenance Service review it is clear that efficiencies and cost savings can be achieved whilst maintaining levels of service.

3. Budget Strategy - Do you agree with the other elements of the budget strategy?

A Member requested an update in respect of the changes to the Trade Waste recycling and the Director of Highways and StreetCare provided a response which confirmed the change would be implemented on the 1st April 2015. Members were informed that consideration is also being given to the timing of Trade Waste collections such as having evening collections which would minimise the disruption to the public.

A Member asked whether the proposed increases to the Trade Waste could mean that private providers could step in. The Director of Highways and Streetcare added that if that happened it would be to our advantage as it would have a positive impact on our recycling performance.

A Member raised concerns regarding the number of businesses spreading out their Trade Waste bags to avoid charges; more businesses should be joining the Council Trade Waste Scheme.

One Member commented that if everyone recycled there would be no need to increase the prices and therefore there should be legislation to force people and businesses to recycle.

4. Medium Term Financial Planning - What are your views on the use of the Transition Funding?

A Member raised a query in respect of the earmarked reserves and how much of the general fund balance remains. The Director of Financial Services explained that decisions taken in year 2014/15 have resulted in savings being generated therefore replenishing the medium term transitional funding reserve. The remaining Medium Term Financial Planning and Service Transformation Reserve available to support the 2015/16 budget strategy equates to £7.1M. The general fund balance remains at £10m.

A Member commented that it has to be done as long as the money can come back into the fund

The Chairman voiced his concern for the future with the lack of budget for future years

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

Members questioned the amount of council tax which is lost through high numbers of council tax exemptions and queried the banding differences with other Local Authorities such as Cardiff. The Director of Financial Services responded that the Council tax base in Rhondda Cynon Taf CBC is very low and highlighted the differences between authorities. Members were informed that 43% of homes within RCTCBC are classed in valuation Band A with Cardiff for example having a significantly higher tax base.

One Member asked whether the Council is relying on more affluent areas to balance the books in respect of the Council Tax payments as it is linked to property price increases - The Director of Financial Services clarified that the Councils proportion of the Council Tax goes up universally (across the County Borough).

A Member added that there are so many properties in Band A that 3.8% is negligible in terms of income for the Council.

The Chairman commented that the proposed level of Council Tax of 3.8% will be more with a 5% Police Authority increase.

One Member commented that in comparison with some Local Authorities RCT has one of the lowest proposed increases and asked where we stand against others? The Director of Financial Services confirmed that based on

early indications RCT would be in the bottom quartile for Council Tax increases.

6. Other Comments?

Members questioned the impact of service changes on the delivery of Highways & Streetcare and Public Health & Protection services. The Service Director Public Health & Protection informed Members that key services will continue to be delivered and the Director of Highways and Streetcare confirmed that with regard to Highways Maintenance efficiencies could be achieved whilst maintaining levels of service. The Director also confirmed that the Fleet Utilisation Board was currently undertaking a review of the use of fleet vehicles.

Appendix B**Community & Children's Services Scrutiny Committee – 27th January 2015****1. Is the uplift proposed reasonable for schools?**

A Member felt that in the current climate the proposal was reasonable.

A Member questioned whether any savings which might occur as a result of the planned re-configuration of education for example in the Rhondda area had been considered as part of the budget strategy. The Director of Financial Services explained that savings from school remodelling are being set aside to match fund Welsh Government 21st Century Schools funding as part of plans to improve the overall school stock.

A Member wished to point out that in his opinion, education was the way out of poverty and he stressed the importance of ensuring that children and young people had the education they deserved.

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

A Member suggested that delivering on the proposed £9.3M efficiency savings would be commendable.

A Member referred to the Staff Panel and the Director of Financial Services explained that this had been formed to consider staff and public suggestions with regard to making savings and these would be factored in as appropriate and once recommendations and decisions are made. He informed the Committee that the Cabinet Member for Council Business & Corporate Affairs sat on the Panel.

A Member voiced his concern with regard to the continued quest for efficiency savings on two counts. Firstly, he was concerned that it could lead to a gradual erosion of a service and secondly that it added to the suggestion that local government is inefficient.

3. Do you agree with the other elements of the budget strategy ?

A Member asked whether any consultation had taken place with businesses with regard to the increases in Trade Waste Charges which were significant. She also commented that these users of the service were usually adept at lobbying.

The Director of Financial Services explained that the General Budget Consultation process (which includes an on line questionnaire) is being used for this purpose. He further clarified the objectives of the charges namely to encourage traders to recycle (and relayed feedback provided to the

Environmental Services Scrutiny Committee by the Director Highways and Streetcare Services).

A Member explained that the traders would not be happy about the increase in charges and that not all their waste would be recyclable.

Another Member questioned how the Council's fees compared with private waste contractors.

The Director of Financial Services reported that the Director of Highways & Streetcare Services had explained that it was difficult to have accurate information in relation to private sector charges. However, should traders wish to move to private contractors it would still be beneficial to the Council as their residual waste would not be counted against the Council in terms of recycling performance..

A Member questioned whether the revenue from the sale of properties had been included as part of the strategy and the Director confirmed that capital receipts could only be used to support capital expenditure.

A Member commented that if asking the public to recycle the Council needed to ensure that there was an adequate supply of recycling bags available in all areas of the County Borough.

Another Member emphasised the need to ensure that people were properly informed.

4. Medium Term Financial Planning & Service – what are your views on the use of the transition funding?

The Chair asked how this Transformation Reserve could be replenished to which the Director of Financial Services explained that could mean taking action to deliver services differently and making difficult decisions leading to a reduction in services. He added that making decisions early would provide more opportunity to make savings and to replenish the reserve.

A Member questioned what would happen if the transition fund could not be refilled for next year and it was explained that the Council had a legal obligation to produce a balanced budget each year, that the starting point for 2016/17 is a gap of £27M and that this would need to be fully dealt with by reducing base budget spend.

A Member pointed out that there would be little left in the Transitional Fund and questioned how the Council would be able to deal with any other contingency. The Director of Financial Services explained that the Council would continue to hold £10m in its General Fund Reserves which was separate from the Transition Funding.

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

A Member asked how many in Band A of Band B properties paid Council Tax. The Director of Financial Services explained that a significant proportion of households either paid no Council Tax or received some support through the Council Tax Reduction Scheme.

6. Any other comments?

A Member referred to the comments made in the media the previous evening by the Minister for Health and Social Services which suggested that money had been diverted from health to social care.

The Group Director, Community & Children's Services commented that he was only aware of the Transformation Grant at this point. The Director of Financial Services explained that in total there was £750M in specific grant funding to be allocated across Wales, the detailed allocations of which were still largely to be confirmed.

Appendix C

Education & Lifelong Services Scrutiny Committee – 28th January 2015

1. Is the uplift proposed for schools reasonable?

One Member commented that it is difficult to agree and that he was 'stuck between two stones'

Another member said it is difficult to comment without knowing the detail of the Education Improvement Grant but added that schools are under more pressure this year and questioned whether they are using the grant effectively?

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

One Member asked how many of the efficiency expectations are realistically achievable? The Director of Financial Services confirmed that the £5M of general efficiency is supported by detailed and robust plans and that the expressions of interest and senior management re structure reflect the financial implications of decisions already made.

A Member of the committee described the graph as 'catastrophic' which requires drastic action and felt that this should be driving the budget review?

One Member described the discretionary element of the budget as not straightforward and an area on which the council will have to focus in order to balance the budget and reduce the £16M shortfall.

Another Member commented that it is right and proper that the Council give due regard to staff and the community when considering cuts to services and that working with the Trade Unions helps the Council in this regard.

3. Budget Strategy - Do you agree with the other elements of the budget strategy?

A comment was made in relation to those 'green' businesses avoiding added charges and how they should be rewarded more.

A question was asked of the Director of Financial Services with regard to capital receipts was and the Director explained that capital receipts can only be used to support capital expenditure.

Clarification was requested on the revenue savings as a result of reducing the capital programme and the Director outlined that revenue budgets are currently in place to fund capital expenditure and that these could be released.

A Member of the committee asked whether there was a danger of pricing ourselves out of the market with other providers stepping in following the proposal to increase Trade Waste Charges. The Director of Financial Services commented that trade waste continue to benefit the Council as residual waste

counts against our recycling activities and would have a positive impact on our recycling targets.

A Member of the committee asked whether we could see increased avoidance of the scheme by some if the trade waste charges were increased too much. The Director of Financial Services commented that greater enforcement activities may be required if necessary. It was added that other elements of the review include opportunities for trade waste being collected in the evenings to avoid peak time collections for example in town centres.

4. What are your views on the use of the Transition Funding?

A Member commented that we have no option in this case.

Another Member agreed that we have no choice but to use the transitional funding and if we can't remodel our services we have to use the funding.

A comment was made that all other avenues have been explored rather than looking at using the transitional funding.

An observation was made that 'if you're skint, you use your savings'.

A question was raised in respect of whether the Community Infrastructure Levy had been factored in to the revenue budget for next year? It was confirmed that there was no income currently included in this regard.

A Member described the budget as being high level but added that the legal challenges faced by the Council have caused delays to decisions and cost money and that is the real reason why it is at this level. Some people will be wondering if they'll have a job on the 1st April 2015.

A further query was raised in respect of the origin of the reserve and the Director of Financial Services responded that the medium term financial planning and service transformation reserve (transition funding) has been in place for a number of years and was funded as a consequence of being able to reallocate funding as part of the annual review of earmarked reserves (for example from funds originally set aside for job evaluation and equal pay liabilities).

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

One Member asked how the proposed Council Tax increase compares with other Local Authorities and the Director of Financial Services responded that based on early indications RCT would be in the bottom quartile for Council Tax increases.

One Member described the council tax level as reasonable in the current climate but added that its a shame that the SWP Authority don't share the same view as with their 5% precept which is considered by many as unreasonable especially in view of the fact that South Wales Fire Service have taken a reduction.

Another Member agreed with the earlier comment and added that South Wales Police should be invited to Committee to explain the reasons for setting their precept at 5%

Another Member queried the comments of the Director of Financial Services from the minutes of the previous meeting of the Education & Lifelong Learning Services Scrutiny Committee in respect of the level of Council Tax base growth which was factored in to the budget. The Director of Financial Services confirmed that a level of tax base growth had been factored in and that a Council Tax increase was previously modelled at 3.5%.

Appendix D**Corporate Services Scrutiny Committee – 29th January 2015****1. Is the uplift proposed reasonable for schools?**

A Member asked whether the Council would be able to 'top-slice' the balances held by schools if they were holding very large amounts. The Director of Financial Services explained that the Council did have the power to ask Headteachers and the Governing Bodies for their plans for the use of their reserves and pointed out that the overall balance of reserves across primary and secondary schools had reduced in recent years. Members also pointed out that often the money was being saved to fund a significant programme of work in future years.

A Member pointed out that the Council has no alternative other than to provide the uplift to schools. He asked whether the £2.554M reduction in the overall schools' budget requirement had been included in the previous slide. The Director of Financial Services confirmed and explained that the overall schools' 'requirement' will reduce by £2.554M based on the 0.6% uplift after including future cost pressures.

A Member commented that given the circumstances the uplift was reasonable.

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

A Member referred to the current reduction in energy costs and asked if the Council was taking advantage of this. The Director of Financial Services confirmed that this would be the case and that it would be done through national procurement arrangements.

A Member asked at what point do efficiencies become cuts. The Director of Financial Services responded by explaining that this would be when they impacted on front line services. However, he agreed that it would be more difficult year on year to make these efficiency savings going forward.

A Member referred to schools not being asked to make efficiency savings. The Director of Financial Services explained that around 80% of school costs relate to staff and as a result there is often limited opportunity to make savings other than in employee related costs.

A Member sought clarification with regard to the 'Expressions of Interest' mentioned on the slide and the Director duly explained.

A Councillor questioned what measures were being put in place to generate revenue and suggested that more should be done to promote tourism in the area.

3. Do you agree with the other elements of the budget strategy ?

In relation to the Trade Waste charges, a Member asked how the Council compared with other authorities. The Director of Financial Services reported that the Council's current charges are significantly lower and that the proposals would bring them more in line with other authorities. He added that it was difficult to obtain direct comparative costs for commercial contractors but explained that should traders wish to move to private contractors it would still be beneficial to the Council as their residual waste would not be counted against the Council in terms of recycling performance.

A Member questioned whether these commercial contractors were required to pay a licence fee.

4. What are your views on the use of the transition funding?

A Member pointed out that if the Transition Reserve was not used the money would have to come from the Council's General Reserves and he therefore agreed with its use.

Another Member suggested that the Council had no option but to use the Transformation Reserve,

The Chairman commented that ideally the Council would not need to use a Reserve and that for the future the Council needed to reduce its core budget.

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

A Member suggested that under the circumstances it was reasonable.

A Member referred to the potential difficulties which could result in the future with regard to council mergers and differing rates of Council Tax.

The Director of Financial Services reported that based on the information currently available the Council's proposed 3.8% increase would put the Authority in the bottom quartile for Council Tax increases.

A Member commented that there was a need to compare the actual level of Council Tax paid.

Members commented that due to the Council Tax base of the Authority, a 1% increase in Cardiff would generate much greater income than a 1% increase in Rhondda Cynon Taf.

A Member voiced his concern that over time the public would become more and more disenfranchised with local government if there are yearly above inflation rises in Council Tax whilst at the same time services are reduced. He

also referred to the police precept which again is increasing whilst the public perception is that the level of policing is being reduced.

6. Any other comments?

A Member questioned the effectiveness of the public engagement process for the budget consultation and the Director of Financial Services explained that there had been a mixed level of response to the organised service change consultation events despite efforts to raise awareness.

A Member suggested that the public were suffering from consultation fatigue especially so as they felt that they were not being listened to.

The Chairman commented that several of the service change proposals had been modified as a result of the public consultation exercises. Another Member pointed out that someone affected by a proposal is more likely to take part in a consultation exercise than someone who is not.

The Members discussed the use of new methods of consultation such as Twitter and the Chairman also pointed to the use of the Cwm Taf Consultation Hub and the Council Leader's recent take over of the Council's Twitter account was also noted.



APPENDIX 4

SCHOOLS BUDGET FORUM
THURSDAY, 29th JANUARY 2015
COUNCIL CHAMBERS, CLYDACH

MINUTES

| PRESENT: | Councillor E Hanagan Councillor G Hopkins Clair Jones (Tref-y-Rhyg Primary) Claire Tynan (Tonyrefail Primary) Elaine Keeble (Tonyrefail School) Rhian Ellis (YG Cymer) Rhian Rees (Pontrhondda Primary) Susan Allan (Ynyscynon Early Years Centre) | | |
|-----------------------------|--|--------|--------|
| IN ATTENDANCE: | Chris Bradshaw (Director of Education and Lifelong Learning) Barrie Davies (Director of Financial Services) Catrin Edwards (Head of Service Transformation) Stephanie Davies (Head of Education & Financial Reporting) Liz Randall (LMS Development Officer) | | |
| APOLOGY FOR ABSENCE: | Councillor M Webber Andy Henderson (Ysgol Hen Felin) David Davies (Ysgol Gynradd Gymraeg Aberdar) Simon Phillips (Llwynocrwn Primary) Hywel Price (Ysgol Gyfun Rhydywaun) Lisa Bailey (Tonysguboriau Primary) Mark Powell (Y Pant Comprehensive) Paul Morgan (Pengeulan Primary) Sue Davies (Aberdare Community School) Claire Jones (NUT Representative) Mark Cleverley (NASUWT Representative) | | |
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| No. | Discussion/Action | Action | By who |
| 1. | Welcome and Apologies Apologies for absence and introductions from Forum attendees were received. | | |

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| 2. | <p>Minutes of previous meeting</p> <p>The minutes of the meeting held on 2nd December 2014 were received and agreed as an accurate record subject to a correction to the attendance list where Mark Cleverley was noted as an NUT representative rather than an NASUWT representative.</p> <p>The Director of Education & Lifelong Learning noted that at the December School Budget Forum (SBF), the Council made a commitment to provide further financial information to schools to inform each school's 2015/16 financial planning.</p> <p>To provide reasonably accurate figures clarification on pupil numbers is needed, as well as certainty on the grant funding streams. At present, the consolidation of 11 grants into the Education Improvement Grant is being undertaken by Welsh Government (WG) and new grant conditions are being prepared. This information is crucial to the development of primary school budgets as 65% of the Educational Improvement Grant is likely to comprise Foundation Phase funding.</p> <p>Furthermore, the Consortium and local authorities are seeking ways to minimise the impact of the 10% reduction in the new Education Improvement Grant on schools.</p> <p>Therefore, given the current level of uncertainties there would be significant risk of variation inherent in any budget indications provided.</p> <p>It is more appropriate, at this stage, to provide schools with what are considered to be the key changes that will affect resources and spend requirements for next year.</p> <p>An email highlighting the factors that schools need to be aware of when considering potential budgets for 15/16 has been sent to all schools.</p> | | |
| 3. | <p>General Budget Consultation: Stage 2</p> | | |
| | <p>The Director of Financial Services presented to the Forum the Stage 2 General Budget Strategy Consultation Exercise 2015/16.</p> <p><u>Stage 1 Consultation Feedback</u></p> <ul style="list-style-type: none"> • Phase 1 took place during the period 10th November to 16th December 2014 with engagement with the following groups : <ul style="list-style-type: none"> • At service change engagement events (x6); • School Budget Forum; • Scrutiny Committees; • Older Persons Advisory Group; • School Councils (St John Baptist CIW, Treorchy Comprehensive, Ysgol Llanhari, Cwmclydach Primary, Maesybryn Primary, YGG Aberdar) | Noted | Forum |

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| | <ul style="list-style-type: none"> • On-line Survey. <p>102 responses to the consultation were received. 27 paper copies were received and 75 completed online.</p> <ul style="list-style-type: none"> • Views were sought on: <ul style="list-style-type: none"> • Council Priorities • Council Tax Levels • Council Tax Reduction Scheme • Budget Saving Ideas <p>Feedback was summarised as:</p> <ul style="list-style-type: none"> • Generally positive in that priority areas had made sufficient improvements in 2014 • Feeling that priorities should remain for 2015 • Some suggestions for further priorities, such as new ways of working and more innovation in delivering services (some suggestions were components of existing priorities) • Managing a programme of service changes and cuts to reduce expenditure • Majority preferred a Council Tax increase of less than 3% • CTRS <ul style="list-style-type: none"> • 4 weeks extended payment period majority thought was fair • Just over half thought it was reasonable to totally disregard War Disablement and War Widows Pensions • 70% thought it reasonable to backdate 3 months • Budget Saving ideas included: <ul style="list-style-type: none"> • New ways of working • Staff wages and cutting down on management and admin • Back office costs • Income Generation ideas included: <ul style="list-style-type: none"> • Increasing charges • More enforcement and fines • Electricity generation • School Budget Forum - No Specific comments made • Detailed feedback received across Scrutiny Committees <p><u>The Process for Stage 2</u></p> <ul style="list-style-type: none"> • Report presented to Cabinet 22nd January included: <ul style="list-style-type: none"> • Corporate Management Team proposals • Stage 1 consultation results • Recommendations to Cabinet: <ul style="list-style-type: none"> • Draft strategy endorsement • Undertake Stage 2 of the consultation • Meetings taking place between 23rd January and 4th February 2015 | | |
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| | <ul style="list-style-type: none"> • Engagement Events – Ystrad SC 26th Jan (1-7pm); Llantrisant LC 27th Jan (1-7pm); • Cabinet meeting to review Stage 2 outcomes in mid February <p><u>Final Settlement</u></p> <ul style="list-style-type: none"> • WG Final Funding announcement 10th December 2014 <ul style="list-style-type: none"> • All Wales decrease = -3.5% • RCT decrease = -3.7% • Funding Floor (at - 4.5%) • No Indication of Future Year Settlement levels • Outcome Agreement Grant £2.467M (£0.037M reduction) • Transfers in / Transfers out confirmed <ul style="list-style-type: none"> • IN : LGBI 21st C Schools; Integrated Family Support Services; Autistic Spectrum Disorder • OUT : Student Finance Wales; Feed Safety Controls; National Adoption Service • Capital funding reduced by 0.3% for 2015/16 (£0.040M) <p><u>Actions Taken to Date</u></p> <ul style="list-style-type: none"> • One off annual budget setting process no longer appropriate • Actions taken pre Christmas <ul style="list-style-type: none"> • Leisure • Phase 2 Service Changes • October 10th Cabinet Decisions • Recent Base adjustments (including senior mgt structure, expressions of interest, changes in customer care) £5.458M • Pay award impact +2.2% against a backdrop of - 3.7% • Overall budget gap for Cabinet consideration 22nd January £16.526M for 2015/16 <p><u>Proposed Strategy Elements 2015/16 (subject to Cabinet Approval)</u></p> <ul style="list-style-type: none"> • Schools – set at protection levels • General Efficiency Target £5M • Service Review Efficiency Proposals <ul style="list-style-type: none"> • Marketing & Tourism • Special Education • Corporate Finance • Adult Education • Sports Development • Business Support • Highways Maintenance • Fees & Charges, including Trade Waste • Capital Programme considerations • Council Tax Increase 3.8% | | |
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| <ul style="list-style-type: none"> • Use of Transitional Funding <p><u>Points for Discussion/Comment</u></p> <ul style="list-style-type: none"> • <u>The proposed treatment of the Individual Schools Budget (ISB)</u> • 0.6% increase proposed (as compared to -3.7% Council) • In line with WG protection requirements • Funding for pupil number changes • Is set against cost pressures (Pay, Pensions etc) <p>No specific comments were made to the question: is the uplift proposed for schools reasonable?</p> <ul style="list-style-type: none"> • <u>Efficiency Expectations:</u> • Requirement is for reduced costs but with no visible front line service impact • Council Services (excluding schools) to deliver £5.0M of general efficiency savings in 2015/16 • Service specific efficiency reviews £1.7M full year savings • Expressions of Interest and Senior Management Structure £2.6M • Total £9.3M of “efficiencies” <p>The Director of Education & Lifelong Learning stated that these savings are classed as efficiency savings rather than service cuts as they have no visible front line impact. With a reduction in staffing, and workload remaining the same, the Council will strive to retain the same level of service to the schools.</p> <p>Councillor Hopkins agreed that the time will come when funds are reduced to such an extent that expectations will need to change as it isn't realistic to expect the same the level of service to be provided.</p> <p>A secondary Head Teacher commented that it is a constant drive to keep standards, let alone improve them. The austerity cuts have impacted both schools and the Council greatly, making for a difficult time ahead.</p> <ul style="list-style-type: none"> • <u>The Budget Strategy also proposes:</u> • Overall Reduction in the Capital Programme • Targeted Capital Investment in our highways infrastructure • Increases to Trade Waste Charges <p>The Director of Finance explained that the Council's strategy is to work with schools and businesses to encourage increased recycling levels, with a charging structure which would incentivise recycling.</p> <p>The Head of Service Transformation reported that Nicola</p> | | |
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| | <p>Jones (Waste Services Strategic & Ops Officer) attended the Primary Traded Services Board on the 23rd January and informed Head Teachers of the proposed revised pricing structure. Waste Services are also working with schools on opportunities for Recycling waste being collected weekly and residual waste being collected fortnightly. This system may be initially piloted in the Rhondda area before possibly being rolled out to all primary schools.</p> <p>The team is currently working closely with the Secondary Schools' Bursar group on this.</p> <p>The Chair, Councillor Hanagan, asked if Tonyrefail schools would be included in the Rhondda pilot.</p> <p>An opportunity was given to also comment on the use of transitional funding, the proposed increase in Council Tax and the consultation process. No further comments were made.</p> | <p>Enquire which schools will be included in the Rhondda tranche.</p> | <p>Education Finance Team</p> |
| <p>4.</p> | <p>Any other comments?</p> <p><u>Pupil Numbers</u> Forum Members were notified that every Primary & Nursery school had received a pre-populated pupil list, listing every pupil from Nursery to Year 6. Schools are required to return a proforma listing the details of all additional Pre Nursery pupils and to include details of known starters and leavers. Proformas are to be returned by tomorrow Friday, 30th January.</p> <p><u>Welsh Government School Ratings</u> Councillor Hopkins asked the Director of Education & Lifelong Learning to comment on the colour-coded bandings system produced by WG.</p> <p>The Director of Education & Lifelong Learning expressed his disappointment at changes made by WG at short notice to the new secondary school categorisation system which as a result unfairly penalises those schools with more pupils entitled to free school meals, compared to low free school meal schools.</p> <p>A secondary school Head Teacher commented that staff are working extremely hard to improve results and this new system has discouraged that, undermining results and affecting the morale of teachers and pupils alike.</p> <p>Another Head Teacher added that there appeared to be a lack of joined up thinking as it conflicts with Estyn's system.</p> | <p>Pupil numbers proformas to be returned by 30th January.</p> | <p>Primary & nursery school Head Teachers</p> |
| <p>5.</p> | <p>Next Meeting Date to be arranged for the Summer Term.</p> | | |