



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

18th JULY 2019

MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2022/23

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES IN DISCUSSION
WITH THE RELEVANT PORTFOLIO HOLDER, COUNCILLOR M NORRIS**

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1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with an update on the Medium Term Financial Plan for 2019/20 to 2022/23, based on current modelling assumptions in advance of formulating the detailed budget strategy proposals for 2020/21 during the autumn.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Cabinet:
- i. Note the current position modelled in respect of the 'Medium Term Financial Plan 2019/20 to 2022/23' and receive further updates in the autumn as part of the annual budget setting process; and
 - ii. Determine any requirements for wider communication and engagement with full Council and the Finance and Performance Scrutiny Committee.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The need to keep Members informed of the budget modelling work being undertaken as part of the Council's Medium Term Financial Planning arrangements. This work is in advance of the Provisional Local Government Settlement, due from Welsh Government later this year.

4. BACKGROUND

- 4.1 Each year as part of the Council's robust financial management arrangements, an update on the Medium Term Financial Planning assumptions is provided to Members in advance of the detailed budget strategy work in the autumn.

- 4.2 The Public Sector continues to face a prolonged period of real term reductions in funding levels with challenging times expected for services across local government. This is coupled with increasing demand and costs associated with many services, in particular Social Care Services.
- 4.3 Locally, this Council has demonstrated its ability and willingness to invest in services, linked to our priorities as set out in the 'Corporate Plan – 2016 – 2020', in order to meet the changing needs of our people and communities. The significant 'additional' investment already agreed by Members during recent years is providing real improvements across many areas including Leisure Centres, Roads and Information Technology. During 2019/20 work will be undertaken to develop, consult and agree a new Corporate Plan for the period 2020 to 2025 that will continue to complement the Council's Medium Term Financial Planning arrangements.
- 4.4 Whilst investment through the use of one off funds has been very positive, the Council recognises that it must still address base budget shortfalls and make difficult decisions to balance its ongoing revenue budget into the medium term. This report provides an interim view on the scale of the challenge faced and the actions and arrangements being put in place to address any shortfalls across the planning period.
- 4.5 Members will note the latest indication from the UK Central Government is that the Comprehensive Spending Review, setting public sector expenditure / funding limits, is not likely to happen in line with the original timescale of autumn 2019. The implications of this delay on the 2020/21 local government settlement in Wales will be key to our planning assumptions.

5. CURRENT MODELLING ASSUMPTIONS

- 5.1 The detailed modelling assumptions are included as part of the up-dated 'Medium Term Financial Plan 2019/20 to 2022/23' and is attached at **Appendix 1**. The updated plan sets out the detailed basis of the medium term strategy with references to revenue spending, capital plans, income levels and reserves.
- 5.2 Key assumptions used in the construction of the revenue budget modelling to 2022/23 are shown below:

5.3 Income

- Local Government settlement levels are projected to be:

Year	Potential Settlement
2020/21	0%
2021/22	0%
2022/23	0%

- Council Tax increases are currently being modelled at 3% per annum.
- One-off funding from Welsh Government assumed to be mainstreamed into core funding (see para 7.4 below).
- Fees and charges uplifted by inflation only.

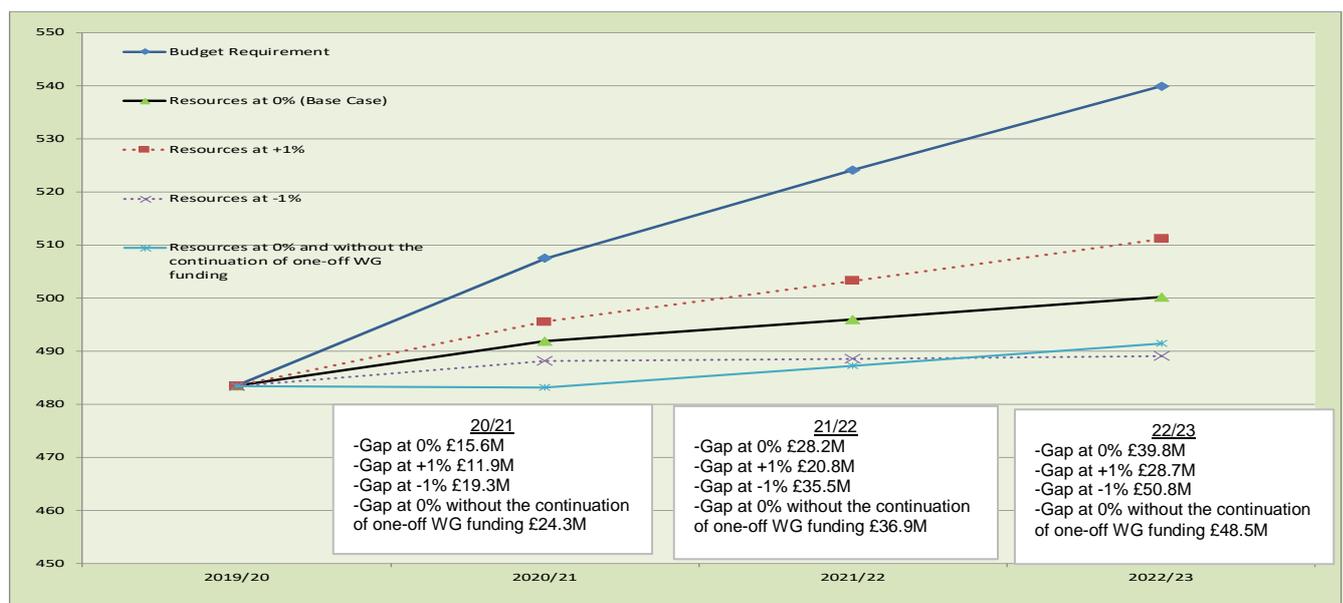
5.4 Expenditure

- Service area pressures reflected which arise from statutory requirements, demand led pressures, demographics etc.
- Uplifts included for pay and non-pay inflation.
- Authority wide requirements reflected including Capital Financing, Levies and the Council Tax Reduction Scheme.
- Schools budget is modelled to receive a cash uplift of £1.5M per year plus the continuation of passported funding for pay and pension pressures (and in the context of the projected level of Welsh Government settlements).

6. CURRENT MODELLING OUTCOMES

6.1 The modelling uses a number of assumptions which are all subject to change and will be reviewed as part of the detailed budget strategy work in the autumn. The 'base case' includes Welsh Government funding being maintained at the 2019/20 level (i.e. a 0% increase for 2020/21, 2021/22 and 2022/23). The variability of the potential level of the Settlement from Welsh Government has a significant impact on the budget gap, at £3.6M per 1%. Figure 1 illustrates the outcome of the current 'base case' modelling (pre Provisional Settlement announcement), plus some sensitivity analysis should the Settlement be more positive (set at +1%), worse (set at -1%) and at 0% alongside if the one-off Welsh Government funding received during 2019/20 to fund permanent budget pressures does not continue:

Figure 1 : Modelled Budget Gap 2020/21 to 2022/23



Note: a 3% Council Tax increase per year is assumed as part of the modelled gap

7. **BALANCING THE BUDGET**

- 7.1 The Council continues to focus on the budget gap position over the medium term and has successfully implemented a strategy of early identification and delivery of base budget reducing measures in-year. This has enabled the Council to deliver financial savings early and to replenish the Medium Term Financial Planning and Service Transformation Reserve which has been used proactively as part of the budget strategy for a number of years.
- 7.2 Plans are already being developed across a number of areas to balance the projected budget gap for 2020/21 and the medium term. In particular the focus thus far has been on the continued delivery of an annual efficiency target which protects frontline services. Inevitably the focus at annual budget setting time is for the forthcoming financial year, that is, 2020/21, and the savings quantum required is still to be confirmed pending receipt of the Local Government Settlement from Welsh Government.
- 7.3 Using our 'base case' (0%) modelling forecast, Figure 2 summarises the current savings requirement position, after taking into account an efficiency target for 2020/21 and after factoring in the impact of decisions already made.

Figure 2: Budget Gap and Savings

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Budget Gap Annual	15,591	12,603	11,565
Budget Reduction Measures			
Materials Recycling Facility (part year saving)	- 642		
Office Accommodation (part year saving)	- 39		
Day Centres	- 204		
Social Care - Non-Residential Care charges	- 314		
Remaining Budget Gap	14,392		
Efficiency Target	- 6,000		
Remaining Budget Gap	8,392	12,603	11,565

- 7.4 The forecasted Budget Gap at Figure 2 assumes that the one-off funding made available by the Welsh Government in 2019/20 to fund on-going additional costs associated with Teachers Pension, Teachers Pay and Social Care **will be**

included in local government settlements as permanent funding from 2020/21 onwards. This equates to approximately £8.7M per year for Rhondda Cynon Taf.

- 7.5 To close the remaining budget gap identified in Figure 2, work is progressing urgently and will be reported to Members as part of the budget strategy work this autumn.
- 7.6 We continue to focus and prioritise our efforts on a number of key themes over the medium term to identify and deliver a transformation agenda across all of our services. These are:
- *Digitalisation* – taking the opportunity new technology provides to deliver better services for residents, visitors, businesses and how we operate internally.
 - *Commercialism* – utilising our scale and expertise to deliver services for other organisations and customers and thereby generate income.
 - *Early Intervention and Prevention* – investing in preventative services to deliver savings in the medium term.
 - *Independence* – reshaping our services for vulnerable residents to ensure that we promote independence and deliver first class care services.
 - *Efficient and Effective Organisation* – challenging our ongoing service delivery and driving out further efficiencies through for example, a reduction in administration costs and reducing property costs linked to new ways of working, for example through agile working.
- 7.7 As work develops through the themes described in 7.6 above, this will be reported to Members as appropriate.
- 7.8 Greater clarity will be available on the level of savings required post the Provisional Local Government Settlement later in the year. The position will be reported to Members as soon as possible after the settlement publication.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 There are no immediate equality and diversity implications to consider as an Equality Impact Assessment will be an integral part of the budget strategy itself that will be reported on later in the year.

9. CONSULTATION

- 9.1 There are no specific consultation requirements at this time.

10. FINANCIAL IMPLICATIONS

- 10.1 The financial modelling assumptions and implications are set out in the detail of the report. At this stage, the Council or Cabinet is not being asked to make any new financial decisions in respect of the Medium Term Financial Plan.

11. LEGAL IMPLICATIONS

- 11.1 There are no legal implications aligned to this report.

12. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 12.1 The report supports our Corporate Plan cross-cutting priority of 'Living within our Means'.
- 12.2 The Medium Term Financial Plan is a key enabler for the delivery of the Council's Corporate Plan and its obligations to support wider partnership objectives.

13. CONCLUSIONS

- 13.1 This report and the accompanying 'Medium Term Financial Plan 2019/20 to 2022/23' sets out the current position on the financial challenges facing the Council in the medium term. The report notes, that subject to the level of funding from Welsh Government, a significant budget gap is likely to be faced in 2020/21 and for the following two years.
- 13.2 The report clearly states that the proactive strategy adopted in recent years through early identification of savings and the targeting of key areas such as procurement and new ways of working can still deliver significant efficiency savings.
- 13.3 The focus will switch to the 2020/21 budget strategy upon receipt of the Provisional Local Government Settlement. Given the actions already being worked through, any budget gaps will in the first instance be addressed through efficiency actions and process changes thereby protecting, as far as possible, our much valued frontline services.

Other information

Relevant Scrutiny Committee – Finance and Performance Scrutiny Committee

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

18th July 2019

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Item:

Background Papers

- Medium Term Financial Plan 2018/19 to 2021/22 - <https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2018/07/17/Reports/AgendaItem7MediumTermFinancialPlan.pdf>
- Quarterly Performance Reports during 2018/19 ([Quarter 1](#), [Quarter 2](#), and [Quarter 3](#)).

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**Rhondda Cynon Taf
County Borough Council**

Medium Term Financial Plan

**2019/20 – 2022/23
(updated July 2019)**

Medium Term Financial Plan - Contents

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INTRODUCTION AND PURPOSE

Medium Term Financial and Service Planning is an essential component of the effective financial management of this Council. It is the cornerstone of good governance and an enabler of service delivery and service improvement within the constraints of available resources.

This Medium Term Financial Plan sets out, holistically, the financial context within which the Council is operating and forward projects the financial challenge facing the Council over a 3 year planning period.

It will also align and link our financial resources to our Corporate Plan Priorities and will enable us to track resource allocation in this way over future years.

Section 1 Background and Context

- 1.1 Rhondda Cynon Taf has a track record of strong and effective financial management. Medium Term Financial Planning is an essential part of these arrangements.
- 1.2 The austerity measures emanating from the actions of Central Government continue to impact on the resources available to Welsh Government and consequently local government in Wales. At a national level, the overall local government settlement for Wales over the last 6 financial years is shown below in Table 1.1.

Table 1.1

Financial Year	All Wales Settlement
2014/15	-3.9%
2015/16	-3.5%
2016/17	-1.4%
2017/18	+0.2%
2018/19	+0.2%
2019/20	+0.2%

- 1.3 For Rhondda Cynon Taf the real term reductions in funding over many years has translated into a need to make budgetary savings in excess of £90M over the last 10 years, equating to a reduction of approximately 19% of the Council's net budget.
- 1.4 In February 2016, the Council agreed a new Corporate Plan for the period 2016-2020 and in November 2016 Cabinet adopted the Council's Corporate Plan priorities as its Well-being objectives in line with the Well-being of Future Generations Act. Key information set out within the Council's Corporate Plan is reproduced in the following paragraphs.
- 1.5 The Corporate Plan 2016-2020 set the overall direction for the Council over the four year period, describing its vision, purpose and ambition for the County Borough.
- 1.6 The Council's vision is:

“For a County Borough that has high aspirations, is confident and promotes opportunity for all”.

1.7 The Council's purpose and the reason why it exists is:

“To provide strong community leadership and effective services for the people of Rhondda Cynon Taf to enable them to fulfil their potential and prosper”.

1.8 The Council is focused on the following three priorities:

- 1. Economy - Building a strong economy;***
- 2. People - Promoting independence and positive lives for everyone; and***
- 3. Place - Creating neighbourhoods where people are proud to live and work.***

1.9 The Corporate Plan is a key component of the Council's budgetary and business planning process. The Plan recognises that Rhondda Cynon Taf Council and the wider public sector continue to face significant financial challenges, even though macro-economic conditions have begun to improve. The improved position is not reflected in the wider public sector and the challenges for services and ultimately residents continues to be significant. The position was summarised in the Corporate Plan as follows:

- *Further spending cuts to come: Despite nearly £100 billion of spending cuts since 2010, the UK budget deficit still stands at around £90 billion meaning that austerity will continue.*
- *Increasing pressure on services: increasing demand on services is driven by a changing population. Rhondda Cynon Taf's population is relatively static but health and social services in particular are facing acute challenges due to the growth in older cohorts, as people live for longer.*
- *Wider financial pressure on households: from energy bills, housing costs, wage restraint, and benefit reforms.*
- *Increasing public expectations: with residents expecting better services and more prompt responses. This means that the Council must plan for the fact that spending reductions will affect all parts of the public sector to the end of the decade and that increasing levels of demand will not be met from simply doing more of what it is currently doing.*
- *The impact on the Council's finances – past and future: In Rhondda Cynon Taf, the impact of austerity has translated to the Council needing to save or generate £76m over the period 2011 – 2015, equivalent to 16% of the Council's budget. Looking ahead, based on assumptions about future public spending and rising demand, the Council is forecasting the need for further savings of over £60million in the latter half of the decade. In real terms, by the end of the decade, the council's total spending power will be nearly half of what it was at the start.*

1.10 During 2019/20 work will be undertaken to develop a new Corporate Plan for the period 2020 – 2025 to deliver the Council's future ambitions and taking into

account the challenging financial climate the Council will be operating within over this period.

- 1.11 Despite austerity, the economy is now growing, with the Cardiff Capital City Region one of the fastest growing areas outside of London. This creates opportunities for the Council; for residents; and for business. In Rhondda Cynon Taf the benefits are already being seen through an improving employment rate and reduced demand for the Council Tax Reduction Scheme. Despite the recession more new homes are being built in the County Borough and we are actively working with developers in areas such as Llanilid, Robertstown, Hirwaun and Tonyrefail to continue to support the provision of new homes and new jobs. Furthermore, the ten local authorities of South East Wales, Welsh Government and the UK Government have agreed plans for a £1.2 billion investment in boosting the local economy in the Cardiff Capital City Region that will benefit residents of Rhondda Cynon Taf.
- 1.12 The Council's agreed budget for 2019/20 amounts to £483.4M. Annex 1 sets out the Council budget for 2019/20 as allocated across services.
- 1.13 The budget has also been analysed across the 3 priority areas of Economy, People and Place as set out in the Corporate Plan (referenced in paragraph 1.8) in order to demonstrate the allocation of Council Revenue resources to these priority areas. Whilst some allocation has been necessarily subject to a degree of 'best fit', this is still felt to be a helpful analysis and provides a basis to track resource allocation over time. This is attached at Annex 2. A similar analysis is also included for the 3 year capital programme at Annex 3.

Section 2 Local Government Settlement – Prospects

- 2.1 As referenced in Section 1, local government as a whole has received negative settlements from Welsh Government in overall terms for 3 of the last 6 financial years and whilst the last 3 years have seen positive settlements, they are still at levels some way below inflation. For Rhondda Cynon Taf the level of settlements received, in comparison to the all Wales average, are shown below in Table 2.1.

Table 2.1

Financial Year	RCT Settlement	All Wales Settlement
2014/15	-3.7%	-3.9%
2015/16	-3.7%	-3.5%
2016/17	-0.9%	-1.4%
2017/18	+0.4%	+0.2%
2018/19	+0.5%	+0.2%
2019/20	+0.8%	+0.2%

- 2.2 Welsh Government have not provided any definitive indication of future year financial settlements, leaving local government to themselves model potential scenarios. The Welsh Local Government Association (WLGA) support local government in this regard.
- 2.3 Nationally, the outcome of the 2017 general election, Brexit and national government leadership changes, along with a forthcoming Comprehensive Spending Review have increased the uncertainty over the future of austerity and likely funding scenarios.
- 2.4 The level of Welsh Government funding is a key factor in the Council’s overall resource availability, accounting for 76.5% of our budget. Each 1% change in the level of Welsh Government funding amounts to £3.6M of funding for this Council.
- 2.5 For planning purposes, this Council has developed a base case built upon planning assumptions as summarised in Table 2.2 below.

Table 2.2: RCT Planning Assumptions – Welsh Government Settlement

Year	Potential Settlement
2020/21	0.0%
2021/22	0.0%
2022/23	0.0%

- 2.6 The provisional local government settlement for 2020/21 is anticipated to be received during the autumn (subject to any impact on timing as a result of the delay to the UK Central Government’s Comprehensive Spending Review).

Section 3 Council Tax

- 3.1 Council Tax income accounts for 23.2% of the Council's net budget, generating £111.9M from local taxpayers in 2019/2020.
- 3.2 The total yield from Council Tax is determined by a combination of the level of the tax base and the level at which Council Tax is set.
- 3.3 The Tax Base is the measure of the relative taxable capacity of different areas within the County Borough and is calculated in accordance with prescribed rules. The Gross Tax Base is the number of chargeable dwellings in the area expressed as Band D equivalents after allowing for exemptions, disablement reductions and discounts. This is then adjusted for an assumed collection rate to give the Net Tax Base.
- 3.4 The Tax Base is provided to Welsh Government and is used as part of the distribution formula for the Local Government Settlement. The Tax Base is calculated for the County Borough as a whole and for those areas that have a Community Council.
- 3.5 The Tax Base movement over recent years is shown in Table 3.1 below.

Table 3.1

Year	Gross Tax Base (£)	Collection Rate	Net Tax Base (£)
2014/15	75,189	96.5%	72,557
2015/16	75,565	97.0%	73,298
2016/17	76,207	97.5%	74,302
2017/18	76,901	97.5%	74,978
2018/19	77,608	97.5%	75,668
2019/20	78,844	97.5%	76,873

- 3.6 The level of any increase or decrease of Council Tax is considered each year as part of the annual budget consultation processes, and subsequently determined by Council as part of the annual budget strategy. The formal resolution is also agreed by Council.
- 3.7 Council Tax levels over recent years are shown in Table 3.2.

Table 3.2

Year	Band D Council Tax £	Increase over Previous Year
2014/15	£1,248.00	4.5%
2015/16	£1,295.48	3.8%
2016/17	£1,331.17	2.75%
2017/18	£1,361.18	2.25%
2018/19	£1,406.17	3.3%
2019/20	£1,456.85	3.6%

- 3.8 The total amount raised through Council Tax is derived by multiplying the net tax base by the band D Council Tax charge, which for 2019/20 amounts to (76,873 x £1,456.85) £111.9M.
- 3.9 For modelling purposes as part of this report, a Council Tax increase of 3% per annum is currently being used in our medium term calculations, noting of course that this is a key decision for Members to make as part of setting each year's budget. In terms of generating resources, a 1% increase in the level of Council Tax will raise an extra £843k¹ of additional income each year (this is net of the costs associated with the Council Tax Reduction Scheme described in more detail below).

Council Tax Reduction Scheme (CTRS)

- 3.10 During 2018/19 the Council paid CTRS to 24,866 eligible applicants at a cost of £22.938M. For 2019/20 the Council has estimated the cost to be £24.336M.

Tax Base

- 3.11 On 19th December 2017 Cabinet approved a policy which enabled the Council to reduce the Council Tax bill for Care Leavers up to the age of 25 who were resident in Rhondda Cynon Taf to zero. The policy has been operational during 2018/19.
- 3.12 During 2018/19 the Welsh Government introduced legislation, effective from 1st April 2019, making all properties in Wales that are occupied by Care Leavers (up to the age of 25) exempt from paying Council Tax. This will remove the requirement for the Council to have its own discretionary policy for this category of residents.
- 3.13 All awards of this new exemption type will be subsequently reflected in the Council Tax Base.

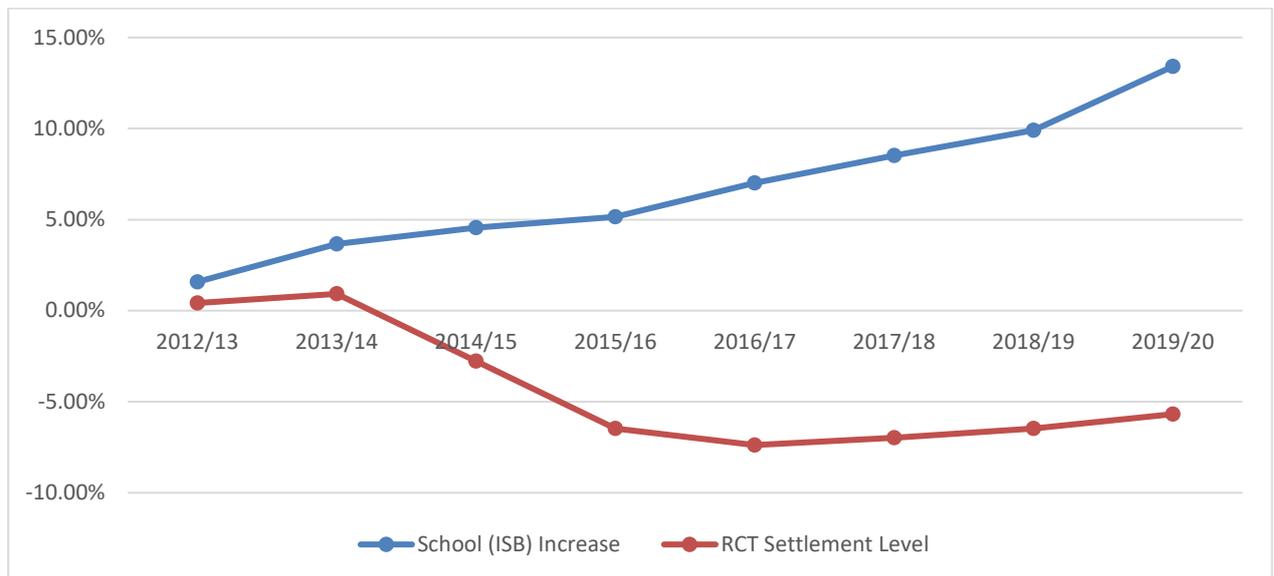
¹ Based on 2019/20 Council Tax Income

Section 4 Individual Schools Budget (ISB)

- 4.1 The total Individual Schools Budget (ISB) for the Council in 2019/20 amounts to £151.6M² and represents over 31% of the Council's net budget.
- 4.2 Since 2012/13, the ISB has increased at a level above other Council services and above the level of the Council's own settlement from Welsh Government. The ISB has been subject to protection requirements by Welsh Government over this period which ended in 2016/17. The comparative ISB increases over the last eight years are shown in Table 4.1 and graphically below:

Table 4.1

Year	School (ISB) Increase	RCT Settlement Level
2012/13	+1.58%	+0.42%
2013/14	+2.08%	+0.5%
2014/15	+0.9%	-3.7%
2015/16	+0.6%	-3.7%
2016/17	+1.85%	-0.9%
2017/18	+1.5%	+0.4%
2018/19	+1.4%	+0.5%
2019/20	+3.5%	+0.8%



² ISB – 2019/20 Base Budget of £151.6M representing an increase in core funding of £2.7M. In addition, £2.5M additional one-off funding directly passported to schools taking the total increase in funding allocated to £5.2M.

- 4.3 Over the 8 year period shown in Table 4.1, the ISB has received an increase amounting to 13.41%, as opposed to the Council's remaining budgets having been reduced by 5.68%. In monetary terms, applied to an ISB of £138M (2011/12 ISB) this amounts to an extra £26.3M being provided to schools over the period.
- 4.4 Pupil number forecasts are modelled across Primary, Secondary and Special Schools sectors with the financial implications included in the Schools Budget requirement.
- 4.5 The levels of school reserves held as at the 31st March 2019 are shown in Table 4.2 below.

Table 4.2

Type of School	31/03/18	2018/19 Movement	31/03/19
	£k	£k	£k
Primary	4,174	(470)	3,704
Secondary	(1,230)	(499)	(1,729)
Special	453	(115)	338
All Through Schools	0	694	694
Total	3,397	(390)	3,007

- 4.6 As part of providing sustainable levels of funding for schools over the medium term, it will be critical that the one-off resources received for 2019/20, via the Welsh Government, to fund on-going increases to Teachers' Pension costs and Teachers' pay pressure is made permanent and included in core (RSG) settlements from 2020/21 onwards. These two areas amount to in excess of £6M for Rhondda Cynon Taf and are also referenced in Sections 6 and 7.

Section 5 Fees and Charges

- 5.1 The Council raises approximately £18M of income annually from fees and charges raised across services. The level of charges is reviewed annually.
- 5.2 Cabinet reviewed (14th February 2019) fees and charges levels with the objective to continue to provide a comprehensive range of quality services at affordable prices. The initial budget modelling for 2019/20 had assumed a 2.2% increase.
- 5.3 The outcome of Cabinet's review was a 2.90% standard increase to fees and charges (allowing for rounding adjustments as appropriate) with the exception of a number of areas that would be subject to specific treatment. A summary of these exceptions are set out in Table 5.1 below.

Table 5.1 – Summary of fees and charges not subject to the standard increase

Area of charge	Increase for 2019/20
Parking Charges	Nil increase
Summer and Winter Playing Fees (Sports Clubs)	Nil increase
Cinema (entrance fee)	Nil increase
School Meals (Primary and Secondary Schools)	Nil increase
Pontypridd Lido (entry for adult users)	Nil increase
Rhondda Heritage Park (Underground Experience entry fee)	Nil increase
Meals on Wheels	£0.15 per meal
Day Centre Meals	£0.15 per meal
Houses in Multiple Occupation - Licenses	Revised schedule of fees

- 5.4 Further information on the exceptions in Table 5.1, where appropriate, are set out below.

'Meals on Wheels' and 'Day Centre Meals'

- 5.4.1 The current meal price for both meals on wheels and day centre meals is £3.70, with the price of both to be increased to £3.85. In terms of comparing across Wales, current 2018/19 prices range between £3.30 and £5.36.

Houses in Multiple Occupation – Licenses

- 5.4.2 On the 21st November 2018, Cabinet approved a new Additional Licensing Scheme for Houses in Multiple Occupation (HMOs), to come into force on the 1st April 2019 and be operational for a five year period to 2024. This scheme replaced the 2014 Additional Licensing Scheme for HMOs and was declared using powers in the Housing Act 2004 and includes all types of HMO as defined by that legislation. In addition, the Act allows local authorities to recover the reasonable

costs incurred in administering the process for the determination of a licence application and to thereafter regulate the licensable HMO sector.

5.4.3 In line with the Act, a full review of the costs associated with HMO licensing was undertaken to ensure all reasonable costs incurred by the Council in implementing the HMO licensing scheme and its operation going forward are properly reflected in the fees charged. In addition, recent case law in relation to HMO licensing charges and fees associated with the provision of services by Councils was also duly considered as part of the review.

5.4.4 The outcome of the review was a revised fee structure that comprises a two part payment by applicants:

- Part 1 - will cover the reasonable cost of administering and determining the licence application; and
- Part 2 - payable upon grant of the licence, will cover the reasonable costs to the Council of ongoing regulation and enforcement.

5.4.5 The basis of the two part payment is set out in Table and was implemented from 1st April 2019.

Table 5.2 – Two part payment

	New HMO Application	Renewal (submission prior to expiry of current licence)
Part 1 – Application fee	£420	£400
Part 2 – Fee payable on grant of licence (based on price per unit of accommodation occupied by single household)	£170 (per household unit up to 12 units then £50 per unit thereafter)	£140 (per household unit up to 12 units then £35 per unit thereafter)

5.4.6 The revised fee structure has been calculated on the basis of cost recovery and represents an increase on previous licensing fees charged. The fee structure also includes reduced fees for certain applications to incentivise responsible, compliant landlords as follows:

- An early application for renewal of an existing HMO licence as this reflects the reduced administrative and enforcement burden associated with such applications; and

- Properties that are accredited by the Treforest Property Accreditation Scheme, and therefore achieve a higher standard than the legal minimum, are liable for a 10% reduction in the total cost of a licence (in addition to any reduced fee they may be eligible for through early renewal).

5.4.7 When the revised fee structure is compared to the latest published fees across Wales (i.e. for the 2018/19 financial year), it would be high compared with some others; however, it should be noted that not all local authorities undertake the on-going regulation and enforcement role and, as such, fee structures reflect this position.

5.5 The total estimated additional income that would be generated by the changes is £42k in a full year.

5.6 In addition to the information set out in Tables 5.1 and 5.2, a number of fees and charges decisions have previously been approved and accordingly have already been incorporated into the Council's 2019/20 Budget Strategy. These are summarised in Table 5.3.

Table 5.3 – Summary of decisions already approved

Area of charge	Decision approved
Adult Social Care Charges (non-residential care services)	<ul style="list-style-type: none"> • Previously agreed that increases should be in line with Welsh Government's updated limits; Increase from £70 to £80 per week. (Cabinet 20th September 2018)
Burial Fees	<ul style="list-style-type: none"> • As agreed by Cabinet 15/2/2018.
Leisure Centres and Swimming Pool	<ul style="list-style-type: none"> • Monthly and annual membership prices frozen until January 2020. (Cabinet 28th September 2017) • Pay and Play increased by 2.9% effective from 1st January 2019. (Delegated Decision 18th December 2018)
Fixed Penalty Notice (for environmental crimes)	<ul style="list-style-type: none"> • Set at £100 with effect from 1st April 2018 (Cabinet 25th January 2018)

5.7 For completeness, a full list of all 2019/20 fees and charges across all Council services can be accessed [here](#).

Section 6 National and Local Pressures

6.0 Authority Wide Budgets

- 6.1 Appropriate sums must be set aside to cover a number of Authority Wide costs. These include the following:

Capital Financing

The projected level of capital charges are linked to the Council's Capital Programme and Treasury Management Strategy.

Levies

Levies are raised (against non-service specific budgets) by the South Wales Fire Service, the Coroner, Brecon Beacons National Park Authority and the Glamorgan Archives (Joint Committee).

Council Tax Reduction Scheme

This demand led area of expenditure is in line with the Welsh Government national scheme introduced from financial year 2013/14.

Miscellaneous

The areas of expenditure held here include:

- Carbon Reduction Commitment
- Graduate and Apprenticeship programmes
- Trade Union Costs
- Local Government Elections
- Planning Appeals
- Former Authority Pension Costs
- Voluntary Termination Costs
- Local Government Pension Scheme including auto-enrolment
- Bank Charges
- Housing Benefit Subsidy Costs
- Energy / Invest to Save
- External Audit Fees
- Vehicle Replacement Funding
- City Deal Costs
- Insurance Costs
- Discretionary Non Domestic Rate Relief
- Apprenticeship Levy

- 6.2 A summary of the projected requirement for Authority Wide budgets from the current year (2019/20 budget) to 2022/23 is shown in Table 6.1.

Table 6.1

Authority Wide Budgets	2019/20	2020/21	2021/22	2022/23
	Current Budget	(Projected)	(Projected)	(Projected)
	£'000	£'000	£'000	£'000
Capital Financing	18,917	19,213	19,713	20,213
Levies	12,384	12,169	12,412	12,660
CTRS	24,336	25,066	25,818	26,593
Miscellaneous	12,215	14,263	14,780	14,732
TOTAL	67,852	70,711	72,723	74,198
		2,859	2,012	1,475

6.3 Service Inescapable Pressures

6.4 There are clearly areas of our budget which are exposed to more uncontrollable spending requirements which might arise from demand led or demographic changes, legislative or regulatory change, the effect of external market forces (and prices) and the financial implications of policy and service planning decisions made by the Council. These are **inescapable pressures** and include the ongoing implications of inflation and Living Wage on our External Contracts, the cost of increases to Teachers' Pension and Teachers' pay pressures, changes in pupil number projections, Additional Needs Funding pressures and assumptions around reductions in specific grants.

6.5 The amount included for Service Inescapable Pressures within the Budget Requirement is shown in Table 6.2.

Table 6.2

Forecasted Inescapable Budget Pressures	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Schools (ISB)	8,498	938	500
Education and Inclusion Services	1,712	250	254
Community and Children's Services	4,549	1,907	1,907
Prosperity, Development and Frontline Services	568	424	411
Chief Executive's Division	385	77	141
Total	15,712	3,597	3,213

22,522

6.6 Service Financial Risks

- 6.7 In addition to the above inescapable budget pressures, there are items of risk which have been identified and which are captured and estimated in financial terms. A view is then taken on the potential overall likelihood of the risk materialising and the quantum of it which should be included in the early modelling of the budget requirement. As time progresses the risks will either become inescapable or will fall away, possibly with a longer term impact.
- 6.8 The amount included for Service Financial Risks within the Budget Requirement is shown below in Table 6.3:

Table 6.3

Financial Risks	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Value of Risk included	0	3,709	3,084

6.9 School (ISB) Requirements

- 6.10 Section 4 set out the context for school budgets noting their favourable treatment as compared to other Council services. Notwithstanding this favourable treatment, there is still an expectation that they will make a positive contribution toward balancing the overall Council budget. Consequently, an uplift to school budgets of £1.5M per year has been included for modelling purposes (in addition to passported funding of pay and pension funding), which is set within the context of current planning assumptions for Welsh Government settlement levels. The ISB budget increases are set out in Table 6.4 below.

Table 6.4

Schools (ISB) Modelled Budget	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Modelled Budget	159,222	160,722	162,222
Modelled Increase **	7,616	1,500	1,500

** Modelled Increase includes passported continuation of Pay and Pension Funding plus an uplift of £1.5M.

Section 7 Inflationary Pressures

7.1 Employee Inflation

7.2 For all categories of employees, including teachers, a 2% allowance is included for each year from 2020/21 to 2022/23. There are currently no known changes planned to employer National Insurance Contributions.

7.3 The Rhondda Cynon Taf Pension Fund triennial valuation (2019) is currently underway, the results of which will be taken into account as part of future and ongoing modelling. In addition, as referenced in Sections 4 and 6, the outcome of Central Government's 4 yearly actuarial valuation of national un-funded pension schemes was concluded in 2019 and resulted in significantly higher costs effective from 2019/20 (due to increases in contribution rates for the Teachers' Pension Scheme plus Firefighters). The Council's Medium Financial Plan has included this cost as an inescapable budget pressure from 2020/21 onwards and is working on the basis that additional core funding will be made available to meet this additional cost.

7.4 Non Employee Inflation

7.5 The Bank of England's Monetary Policy Committee continues to set monetary policy to meet a 2% inflation target. For the MTFP, inflation is included across all expenditure and income heads currently at 1.7%, 2.1% and 2.2% for 2020/21, 2021/22 and 2022/23 respectively. A number of specific cost areas where inflation is known or anticipated to be above these rates have more appropriate inflationary allowances applied as detailed below.

7.6 Specific Inflation

7.7 There are some budget heads which are particularly volatile and susceptible to variations in rates of inflation which are outliers to the central forecasts. More detailed analysis and procurement intelligence is applied to uplifts for the following expenditure heads:

- Electricity
- Gas
- Fuel (Petrol)
- Food

7.8 The overall cost of inflation to the Council is summarised in Table 7.1 below.

Table 7.1

Inflation	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Employee Related	5,873	5,991	6,112
Non-Employee Related	3,586	4,110	4,304
	9,459	10,101	10,416
			29,976

Section 8 Specific Grants

- 8.1 The Council is mindful of the opportunities that are likely to accrue by the Council attracting specific grants to supplement its base revenue budget. Whilst specific grants can 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.
- 8.2 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".
- 8.3 Whilst specific grants come from a number of sources, for 2019/20 the Welsh Government alone will provide over £750M in total to Welsh Local Authorities. The allocation of specific grants remains a key feature of the Welsh Government's annual local government settlements, albeit the Welsh Government is committed to reduce this form of hypothecation in the longer term.
- 8.4 Table 8.1 sets out the main areas of expenditure and services which are funded currently by specific revenue grants.

Table 8.1

Award Body	Purpose	2018/19 Amount £M	2019/20 Amount £M
<u>Community & Children Services</u>			
Shaw Trust & Working Links	Subsidisation of Employment of Disabled Workers	0.314	0.293
Department for Work & Pensions	Housing Benefit Subsidy Bed & Breakfast Scheme	0.100	0.122
Welsh Government	Communities First – Legacy Fund	0.916	0.000
	Children's and Community Grant	0.000	22.318
	Communities 4 Work	1.083	1.093
	Communities 4 Work PLUS	1.714	0.000
	Inspire 2 Work	0.414	0.344
	Families First	2.924	0.000
	Flying Start	6.745	0.000
	School Effectiveness Grant - Play	0.073	0.073

Award Body	Purpose	2018/19 Amount £M	2019/20 Amount £M
	Social Care Workforce Development Programme	0.556	0.570
	Supporting People Grant	9.056	0.000
	Youth Crime Prevention Grant	0.426	0.000
	Substance Misuse Action Fund	2.646	2.971
	Wales Safer Communities Grant	0.067	0.000
	General Practitioner (GP) Referral Scheme	0.185	0.168
	Intermediate Care Fund (Via LHB)	2.118	2.102
	Environmental & Sustainable Development Single Revenue Grant	0.036	0.036
	Community Learning	0.201	0.201
	Youth Support Grant	0.239	0.239
	Child Burial Grant	0.000	0.048
	European Social Fund (ESF) Ignite/Platform 1	0.000	0.141
Youth Justice Board	Youth Justice Provision	0.400	0.304
Police Crime Commissioner	Police and Crime Reduction	0.101	0.197
Sports Council for Wales	Grand/Big Splash	0.278	0.306
	Dragon Sports Scheme	0.098	0.040
	Sports Development	0.583	0.549
	ACW Revenue Grant	0.000	0.150
Total Community & Children's Services		31.273	32.265
<u>Education & Inclusion Services</u>			
Welsh Government	Post-16 Provision in Schools	9.611	9.337
	Education Improvement Grant (EIG) Delegated to Schools	8.884	0.000
	Education Improvement Grant (EIG) Admin	0.018	0.000
	Education Improvement Grant (EIG) Foundation Phase Non Maintained	0.110	0.000
	Pupil Deprivation Grant	7.421	0.000
	Regional Consortia School Improvement Grant - Education Improvement Grant	0.000	8.949
	Pupil Development Grant Delegated to Schools (estimate)	0.000	7.425

Award Body	Purpose	2018/19 Amount £M	2019/20 Amount £M
	Pupil Development Grant Children Looked After (estimate)	0.000	0.367
	Local Authority Education Grant – Minority Ethnic & Gypsy, Roma and Traveller Learners	0.000	0.243
	Local Authority Education Grant – Pupil Development Grant Access (estimate)	0.000	0.173
	Local Authority Education Grant – Support for Pressures Arising from Teachers Pay Award (estimate)	0.000	0.621
	Early Years Pupil Development Grant (estimate)	1.026	1.056
	Seren Network	0.000	0.090
	Nursery Childcare Administration	0.083	0.000
	Nursery Childcare (estimate)	0.380	2.089
	Additional Learning Needs Transformation Grant (estimate)	0.182	0.163
	Period Poverty Grant	0.018	0.000
	Period Products Grant	0.000	0.186
	Reduction in Infant Class Sizes Grant	0.282	0.390
	Music Grant	0.000	0.111
	Out of School Childcare Grant	0.165	0.165
	Small and Rural Schools	0.134	0.000
	Schools Business Manager Grant	0.028	0.053
	Schools Based Supply Cluster Grant	0.072	0.028
Rural Payments Agency	Infant Milk (Estimate)	0.450	0.465
	Total Education & Inclusion Services	28.864	31.911
	<u>Chief Executives</u>		
Arts Council of Wales	Arts Development	0.150	0.000
Department for Work & Pensions	Housing Benefit Administration Subsidy	0.876	0.788
Welsh Government	NDR Admin Grant	0.372	0.394
	Total Chief Executives	1.398	1.182

Award Body	Purpose	2018/19 Amount £M	2019/20 Amount £M
<u>Prosperity, Development & Frontline Services</u>			
Welsh Government	Enabling Natural Resources and Wellbeing Grant	0.000	0.034
	Environment & Sustainable Development	0.034	0.000
	Sustainable Waste Management Grant	1.245	1.158
	Lead Local Flood Authority Grant	0.065	0.065
	Concessionary Fares	6.789	6.789
	Road Safety	0.114	0.125
	Bus Service Support	0.665	0.665
	Tomorrow's Valley Residual Waste	1.189	1.189
	Tomorrow's Valley Food Waste	0.064	0.064
Total Prosperity, Development & Frontline Services		10.165	10.089
TOTAL SPECIFIC REVENUE GRANTS		71.700	75.447

- 8.5 Assumptions are made in the MTFP about future levels of specific grants, in particular where they are effectively funding core services, for example, the Sustainable Waste Management Grant which provides funding for our Recycling services.

Section 9 Summary Spend Requirements and Resource Availability

- 9.1 The impact of the aforementioned modelling, including schools, is aggregated into Table 9.1 below to show the forecast budget position over the next 3 years. The modelling shows a projected budget gap over the 3 year period which needs to be addressed and closed with actions during the period. Whilst modelled over a three year period, the Council must also be mindful of its legal responsibility to set a balanced budget annually and for the forthcoming financial year this has to be completed before the 11th March 2020.

Table 9.1

SUMMARY OF EXPENDITURE REQUIREMENTS AND RESOURCES AVAILABLE

Budget Requirement	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Base	483,469	491,872	495,943
Inflation	9,459	10,101	10,416
Inescapables & Budget Risk *	11,676	4,561	3,889
Authority Wide	2,859	2,012	1,475
Budget Requirement	507,463	508,546	511,722
Resources			
WG Funding (RSG & NDR)	367,339	367,339	367,339
Council Tax	115,817	119,888	124,102
<i>Teachers Pension Funding **</i>	5,516	5,516	5,516
<i>Teachers Pay Funding **</i>	600	600	600
<i>Social Care Funding **</i>	2,600	2,600	2,600
Total Resources	491,872	495,943	500,157
Budget Gap	15,591	12,603	11,565
			39,759

* Inescapables & Budget Risk – includes schools modelled budget increase.

** Funding assumed as continuing / mainstreamed.

9.2 Clearly a significant determinant on the budget gap is the level of funding which the Council receives from Welsh Government. To understand the potential impact of changes in the level of funding, Table 9.2 sets out a range of potential settlement levels and the resultant budget gap.

Table 9.2

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Base Case - 0%	15,591	12,603	11,565
Budget Gap At +1%	11,918	8,930	7,891
Budget Gap At -1%	19,265	16,276	15,238
Budget Gap at 0% without Continuation of One Off Funding	24,307	12,603	11,565

Section 10 Reserves Policy

- 10.1 Reserves play an important part of the overall financial management and financial standing of the Council. In this regard the Council holds a minimum of £10M in its General Reserves (that is, unallocated reserves). This level is not set by any formula but is a judgment of the Council's Section 151 Officer taking into account the overall quantum of the budget and the financial risks therein and facing the Council.
- 10.2 The Council also holds Earmarked Reserves which are sums set aside for specific purposes. The full schedule of reserves is attached at Annex 3 (as at the draft Statement of Accounts 2018/19).
- 10.3 All reserves are reviewed at least twice yearly, at budget setting stage and as part of the year end closure of accounts process. In between, changes in risk and potential liabilities are continuously monitored as part of the Council's financial management and budgetary control arrangements and changes in reserve levels are actioned, following member approval, as appropriate.
- 10.4 The Council has used reserves prudently as part of supporting its annual budget strategy for a number of years. Whilst reserves can be used to balance the budget, this alone is not a sustainable strategy and more permanent changes / reductions to the base budget must be made. With regard to the budget gap as modelled in Section 9, to balance the budget for the next 3 years using reserves alone would require the use of over £83M of reserves and the Council would still have a need to reduce its base budget by over £39M.
- 10.5 The Council holds reserves for the following purposes:

Capital, Treasury and Insurance Reserves

Reserve	Purpose
Capital Developments	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.

Other Revenue Related Reserves

Reserve	Purpose
Revenue Budget Strategy 2019/20	Medium Term Financial Planning & Service Transformation Reserve (transitional funding) to be released to fund the 2019/20 Budget Strategy.
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.
Revenue Grant Reserves (IFRS)	Carry forward of Revenue Grants not yet applied to spend – required accounting treatment to comply with International Financial Reporting Standards.
Financial Management and Human Resources Risk Management	Resources set aside as cover for future liabilities relating to various risks identified and being managed.
Infrastructure / Investment	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough.
Prior Year Commitments	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.
Medium Term Financial Planning and Service Transformation	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.
Invest to Save	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.

Section 11 Balancing the Budget

- 11.1 Whilst the budget setting process is necessarily and statutorily an annual process, this Council has for a number of years moved away from the annual cycle for financial planning purposes and seeks to address the budget gap on an ongoing basis over the medium term period.
- 11.2 Part of this process is the early identification and delivery of base budget reducing measures in-year and therefore before the start of a financial year. This has enabled the Council to deliver financial savings early and to replenish our Medium Term Financial Planning and Service Transformation Reserve which we have used proactively as part of our budget strategy approach for a number of years.
- 11.3 In line with the above, plans are already advanced across a number of areas to balance the projected budget gap for 2020/21 and the medium term. Table 11.1 summarises the current position (based on the modelled budget gap set out in Table 9.1):

Table 11.1

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Budget Gap Annual	15,591	12,603	11,565
Budget Reduction Measures			
Materials Recycling Facility (part year saving)	- 642		
Office Accommodation (part year saving)	- 39		
Day Centres	- 204		
Social Care - Non-Residential Care charges	- 314		
Remaining Budget Gap	14,392		
Efficiency Target	- 6,000		
Remaining Budget Gap	8,392	12,603	11,565

11.4 To close the remaining budget gap as shown above, particularly in respect of 2020/21, additional measures are currently under review, including:

- a. Council agreed in December 2015 to voluntarily terminate our PFI arrangement at Garth Olwg Lifelong Learning Centre. The contract formally terminated in January 2017. The final financial implications of the termination process are still being negotiated with the former contractor and can be taken into account once the process has been concluded which is anticipated during 2019/20.
- b. Our Social Services Transformation Programme, including our significant commitment and investment in the provision of Extra Care facilities, continues to be implemented and work is underway to review residential care home and day care provision (including a public consultation exercise). The financial impact of our ongoing preventative strategy will continue to be modelled alongside the increases in demand for services linked to demographic changes.
- c. Over the last 3 financial years we have continued to see a reduction in demand for Council Tax Reduction Scheme support which has resulted in underspends in this area. We have already reduced this budget for 2019/20 but we will closely monitor demand as we progress through this financial year with a view to reflecting this into next year's budget.
- d. We will continue to review our base budget requirements at both a service level and an authority wide level, with ongoing modelling around key service pressures including inflationary requirements, contractual arrangements and capital charges.
- e. We will ensure that we continue to maximise opportunities to invest for the long term, benefiting residents and reducing our core ongoing spend requirements in doing so. We will continue to collaborate and work with others where it is for the benefit of Rhondda Cynon Taf.
- f. We have identified a number of workstreams to focus and prioritise our efforts over the medium term to identify and deliver the transformational requirements across all our services. These are:
 - Digitalisation;
 - Commercialism;
 - Early Intervention and Prevention;
 - Independence; and
 - Efficient and Effective Organisation.

11.5 For modelling / sensitivity purposes, the remaining budget gap is restated at alternative planning scenarios and is shown in Table 11.2. It should be noted the remaining budget gap for 2020/21 is AFTER the delivery of £6M of targeted efficiencies across services, which in itself is becoming ever more challenging. However we remain focussed and committed to becoming an increasingly efficient organisation where frontline services are protected as far as possible.

Table 11.2

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Base Case - 0%	8,392	12,603	11,565
Remaining Budget Gap At +1%	4,719	8,930	7,891
Remaining Budget Gap At -1%	12,066	16,276	15,238
Remaining Budget Gap at 0% without Continuation of One Off Funding	17,108	12,603	11,565

Section 12 Capital Programme

- 12.1 The Council's 3 year capital programme, 2019/20 to 2021/22 was agreed by Council on the 6th March 2019.
- 12.2 The three year Capital Programme is a key component of the overall Medium Term Financial Planning and Resources Strategy for this Council. Targeted capital investment can make a significant impact on service delivery and used effectively, is able to underpin the Council's Corporate Plan Priorities, where relevant.
- 12.3 The three year programme amounted to £173M and includes further additional investment of £6.740M in priorities aligned to the Council's Corporate Plan.
- 12.4 The rolling 3 year programme is reviewed and determined annually (in March of each year) and provides service managers with the opportunity to plan investment in our infrastructure and assets over the medium term.
- 12.5 A summary of the current 3 year programme is provided in Table 12.1.

Table 12.1 : THREE YEAR SUMMARY CAPITAL PROGRAMME

GROUP	BUDGET		
	2019/20	2020/21	2021/22
	£M	£M	£M
Community & Children's Services			
Adult & Children's Services	3.667	2.250	1.650
Public Health, Protection & Community Services	4.441	0.570	0.570
Education & Inclusion Services			
Schools	19.313	0.389	0.146
Supplementary Capital Programme	6.886	4.900	4.900
Chief Executive's Division			
Finance & Digital Services	0.707	0.700	0.700
Corporate Estates	1.921	1.050	1.050
Prosperity, Development and Frontline Services			
Planning & Regeneration	36.333	4.429	0.740
Private Sector Housing	7.912	6.268	5.368
Highways Technical Services	15.032	7.084	5.835
Strategic Projects	10.934	1.825	0.325
Waste Strategy	5.620	0.247	0.000
Fleet	5.824	1.743	1.573
Buildings	0.100	0.100	0.100
TOTAL CAPITAL BUDGET	118.690	31.555	22.957

Section 13 Consultation and Scrutiny

- 13.1 Following consideration of this MTFP by Cabinet, it is proposed that this document and the planning assumptions be made available to the Finance and Performance Scrutiny Committee, as part of the consultation on the draft 2020/21 budget strategy.
- 13.2 The MTFP will be used as a basis of planning for our 2020/21 budget strategy consultation processes, updated as appropriate to reflect the implications of the provisional local government settlement which is due to be received in autumn 2019.

Section 14 Other Relevant Documents

Below are links to other documents which are relevant to the Medium Term Financial Plan.

Budget Book

<https://www.rctcbc.gov.uk/EN/Council/Performancebudgetsandspending/Councilbudgets.aspx>

Statement of Accounts

<https://www.rctcbc.gov.uk/EN/Council/Performancebudgetsandspending/StatementofAccounts.aspx>

Capital Strategy Report incorporating Prudential Indicators

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2019/03/27/Reports/Item7201920CapitalStrategyReportIncorporatingPrudentialIndicators.pdf>

Treasury Management Strategy incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision (MRP) Statement

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2019/03/27/Reports/item6TreasuryManagementStrategyIncorporatingInvestmentStrategyTreasuryManagementIndicatorsAndMinimumRevenueProvisionMRPStatementFor20192020.pdf>

Council Performance Report, Quarter 3 2018/19

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Cabinet/2019/03/19/Reports/Item8CouncilPerformanceReport31stDecember2018Quarter3.pdf>

Corporate Plan (2016-2020)

<http://www.rctcbc.gov.uk/EN/Council/PerformanceBudgetsandSpending/Councilperformance/RelatedDocuments/CorporatePlan201620/CorporatePlan201620.pdf>

Council 3 Year Capital Programme 2019/20 to 2021/22

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/Council/2019/03/06/Reports/Item10CapitalProgramme.pdf>

COUNCIL REVENUE BUDGET - BY SERVICES PROVIDED

2018/19 Budget		2019/20 Budget
£M		£M
	<u>Community & Children's Services</u>	
80.303	Adult Services	86.802
47.680	Children's Services	47.644
3.083	Transformation	3.228
16.026	Public Health, Protection & Community Services	15.824
147.092		153.498
	<u>Education & Inclusion Services</u>	
26.712	Education & Inclusion Services (Non Delegated)	27.892
148.819	Delegated Schools	151.606
175.531		179.498
	<u>Chief Executive's Division</u>	
0.399	Chief Executive	0.395
2.852	Democratic Services & Communications	2.859
6.654	Human Resources	7.047
1.644	Legal Services	1.622
9.536	Finance & Digital Services	10.660
3.910	Corporate Estates	3.229
24.995		25.812
	<u>Prosperity, Development & Frontline Services</u>	
2.989	Prosperity & Development Services	2.912
51.971	Frontline Services	53.897
54.960		56.809
402.578	Total Group Budgets	415.617
	<u>Authority Wide Budgets</u>	
19.947	Capital Financing	18.917
11.790	Levies	12.384
13.105	Miscellaneous	11.815
0.400	NDR Relief	0.400
23.780	Council Tax Reduction Scheme	24.336
69.022	Total Authority Wide Budgets	67.852
471.600	TOTAL REVENUE BUDGET	483.469

ANNEX 2

COUNCIL REVENUE BUDGET - BY PRIORITY AREA		
Budget 2018/19	Priority Area	Budget 2019/20
£'000		£'000
	<u>PEOPLE</u>	
46,809	Children's Services	47,123
83,577	Adult Services	91,076
130,386		138,200
	<u>PLACE</u>	
11,206	Parks / Leisure (including physical participation) / Libraries / Heritage Sites	11,255
315	Anti-Social Behaviour / Domestic Violence / Substance Misuse	457
745	Crime Reduction (inc hate crime)	654
3,887	Highway cleanliness	4,188
17,330	Waste / Recycling	18,384
9,260	Highways Infrastructure / Road maintenance / condition	9,294
1,052	Homelessness prevention	1,030
43,794		45,261
	<u>ECONOMY</u>	
26,161	Economically active people / Job Seekers Allowance Claimants / Job Creation / Not in Education, Employment or Training (NEET)	26,708
188,544	School Attainment	191,126
438	Business start ups / closures	438
584	Town Centre	583
400	Town Centre Vacancy Rates (businesses)	400
147	Housing / affordable housing delivered	24
216,273		219,280
	<u>LIVING WITHIN OUR MEANS</u>	
1,530	Customer Care	1,548
5,781	Office Accommodation/Buildings	5,281
7,311		6,829
397,764	TOTAL SPEND ON COUNCIL PRIORITIES	409,570
4,751	REGULATORY PUBLIC SERVICES	5,543
2,291	OTHER SERVICES TO THE PUBLIC	2,234
45,395	AUTHORITY WIDE COSTS	43,116
21,399	CORE SUPPORT	23,006
471,600	TOTAL COUNCIL BUDGET	483,469

COUNCIL CAPITAL PROGRAMME - BY PRIORITY AREA

Priority/Scheme	3 Year Capital Programme 2019 - 2022			
	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total 3 Year Budget
	£M	£M	£M	£M
People				
Adult Services	9.104	7.712	6.738	23.554
Children's Services	0.323	0.313	0.322	0.958
Total - People	9.427	8.025	7.060	24.512
Place				
Parks, Leisure, Libraries, Culture & Heritage, Open Spaces	5.003	0.400	0.463	5.866
Crime Reduction	0.121	0.075	0.075	0.271
Highways Cleanliness	0.461	0.194	0.075	0.730
Highways Infrastructure	25.648	9.204	6.824	41.676
Waste Strategy	9.306	0.879	0.605	10.790
Total - Place	40.539	10.752	8.042	59.333
Economy				
School Attainment	26.254	5.363	5.046	36.663
Business Support	8.746	0.250	0.250	9.246
Town Centres	27.587	4.179	0.490	32.256
Housing	2.709	0.900	-	3.609
Total - Economy	65.296	10.692	5.786	81.774
Living Within Our Means				
Management and rationalisation of service accommodation	2.055	1.160	1.140	4.355
Customer Care	0.031	0.030	-	0.061
Total - Living Within Our Means	2.086	1.190	1.140	4.416
Total Capital Budget Allocated to Council Priorities	117.348	30.659	22.028	170.035
Regulatory Public Services	0.582	0.164	0.149	0.895
Authority Wide Costs	0.053	0.032	0.080	0.165
Core ICT Systems Support	0.707	0.700	0.700	2.107
Total Capital Budget	118.690	31.555	22.957	173.202

ANNEX 4

COUNCIL EARMARKED RESERVES

Capital, Treasury and Insurance Reserves					
Reserve	Purpose	Balance at 31/03/18	Transfers Out	Transfers In	Balance at 31/03/19
		£'000	£'000	£'000	£'000
Capital Developments	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.	53,700	(28,607)	27,562	52,655
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.	2,465	0	0	2,465
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	8,931	(1,000)	656	8,587
Total		65,096	(29,607)	28,218	63,707
Other Revenue Related Reserves					
Reserve	Purpose	Balance at 31/03/18	Transfers Out	Transfers In	Balance at 31/03/19
		£'000	£'000	£'000	£'000
Revenue Budget Strategy 2018/19	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2018/19 budget.	1,022	(1,022)	0	0
Revenue Budget Strategy 2019/20	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2019/20 budget.	0	0	1,537	1,537
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	123	0	638	761
Revenue Grant Reserves (IFRS)	Carry forward of Revenue Grants not yet applied to spend - required accounting treatment to comply with International Financial Reporting Standards.	3,021	(3,021)	3,856	3,856
Financial Management and Human Resources Risk Management	Resources set aside as cover for future liabilities relating to various risks identified and being managed.	29,766	(26,792)	10,662	13,636
Investment / Infrastructure	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough	6,855	(6,855)	6,534	6,534
Prior Year Commitments	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.	11,957	(9,256)	3,187	5,888
Medium Term Financial Planning and Service Transformation	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.	4,665	(1,537)	175	3,303
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.	3,692	(900)	504	3,296
Invest to Save	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.	3,056	0	0	3,056
Total		64,157	(49,383)	27,093	41,867
Total Earmarked Reserves		129,253	(78,990)	55,311	105,574