

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

24TH NOVEMBER 2016

COUNCIL CORPORATE PLAN - INVESTMENT PRIORITIES

REPORT OF THE GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES IN DISCUSSION WITH THE RELEVANT PORTFOLIO HOLDER, COUNCILLOR A MORGAN

AUTHOR: Chris Lee, Group Director Corporate & Frontline Services (01443 424026)

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the position with regard to one-off resources which have become available following the completion of the audit process of the Council's 2015/16 Statement of Accounts, with regard specifically to the amended Minimum Revenue Provision (MRP) Policy which was agreed by Council on the 23rd March 2016.

2. RECOMMENDATIONS

It is recommended that Cabinet agree:

- 2.1 To review and if acceptable propose the attached treatment of current year underspends and Treasury Management Earmarked Reserve resources and resultant Investment Priorities as detailed at Appendix A to Council at its meeting on the 30th November 2016.
- 2.2 To receive a further update on wider Earmarked Reserves as part of the normal budget strategy work being undertaken in preparation for 2017/18.

3. BACKGROUND

- 3.1 In year, robust financial monitoring arrangements are in place at the Council and provide assurances to Members that resources are being managed effectively. In addition, reserves are regularly reviewed and are an essential part of good financial management and elected Members have a key role in ensuring that the level of reserves held is appropriate in terms of size and use.

- 3.2 Following the completion of the external audit process of the Statement of Accounts for 2015/16, the one-off resources which became available as a consequence of the approved changes to the Council's MRP Policy, can now be considered for use to support the Council's investment priorities, as aligned to the Corporate Plan (see also the quarter 2 performance report which is being considered on the same Cabinet agenda as this report).

- 3.3 As part of our normal budget strategy process, a risk assessment of the Council's wider earmarked reserves position is also planned to take place shortly.

APPENDIX A

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016-2017

COMMITTEE:

COUNCIL

30th NOVEMBER 2016

Item No:

**COUNCIL CORPORATE
PLAN – INVESTMENT
PRIORITIES**

REPORT OF THE CABINET

AUTHOR: Chris Lee, Group Director Corporate & Frontline Services (01443 424026)

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the position with regard to one-off resources which have become available following the completion of the audit process of the Council's 2015/16 Statement of Accounts, with regard specifically to the amended Minimum Revenue Provision (MRP) Policy which was agreed by Council on the 23rd March 2016.
- 1.2 It provides the opportunity for the Council to further invest in its Investment Priority areas, aligned to the Corporate Plan, 2016 – 2020.

2. RECOMMENDATIONS

- 2.1 It is recommended that (subject to Cabinet approval on the 24th November 2016) Council agree:

- I. To release from reserves and in-year underspend 2016/17 the funding (one-off) realised as a consequence of the amended MRP Policy, as detailed at paragraph 4; and
- II. That the funding released is used to fund the investment priorities as detailed in paragraph 5 (Table 1) which will then be incorporated into the Capital Programme.

3. BACKGROUND

- 3.1 The importance of investment in areas supporting key Corporate Plan priorities has already been recognised by Council with over £21M invested in two separate tranches agreed by Council on the 28th October 2015 and the 10th March 2016.
- 3.2 A further opportunity for investment is now available for consideration.
- 3.3 The Quarter 2 financial position for 2016/17 was considered by Cabinet on the 24th November 2016. Subject to Cabinet approval, this confirmed (post the completion of the external audit process for the Statement of Accounts 2015/16) that the savings anticipated for changes agreed by Council in March of this year in respect of the treatment of the Minimum Revenue Provision (MRP) could now be considered and one off funds released if required, to further support Corporate Plan investment priorities.

4. MINIMUM REVENUE PROVISION (MRP) – QUARTER 2 POSITION

- 4.1 The amended MRP Policy (agreed by Council on the 23rd March 2016) was applicable from the 2015/16 financial year, albeit the savings made were not released immediately but held in our Treasury Management Reserve pending the completion of the external audit process. The amended policy was approved after the agreement of the revenue budget and so neither was the saving built into the base revenue budget for 2016/17.
- 4.2 Council on the 28th September 2016, received the audited statement of accounts for financial year 2015/16 with no issue raised with regard to the amended MRP policy. Accordingly, it is now possible to consider the release (from the Treasury Management Reserve) of the savings made for 2015/16 (£3.974M) and the 2016/17 underspend (£3.550M), amounting to £7.524M in total.
- 4.3 The Section 151 Officer is content that releasing both years MRP saving does not compromise our financial standing. As such, Cabinet are content to propose the release fully of the £7.524M, that is, to allocate the 2015/16 MRP saving element of the Treasury Management Reserve and the in year 2016/17 MRP saving as per the Quarter 2 Performance Report (subject to Cabinet approval) to support investment priorities described in Section 5.

- 4.4 The on going base budget saving arising from the amended MRP Policy has been taken into account in arriving at the remaining budget gap for 2017/18 financial year (£2.819M) as reported to Council on the 26th October 2016.

5. INVESTMENT PRIORITIES

- 5.1 The Cabinet have carefully considered the options available around the use of the resources identified above. A key consideration has been the Council's Corporate Plan 2016 – 2020.
- 5.2 The Council's Corporate Plan sets out the overall direction for the Council over the 4 year period 2016 - 2020, describing its vision, purpose and ambition.

The Council's vision is:

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

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”.

It is proposed that the Council is focused on the following three priorities:

1. Economy - Building a strong economy;

2. People - Promoting independence and positive lives for everyone;

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

- 5.3 In light of the above considerations, the Cabinet believe that the best use of these one off resources is to invest in our infrastructure and to support the above aspirations and priorities. This will provide a number of benefits including:

- Economic Regeneration
- Improving our own assets to enhance service provision – a better experience for service users / customers
- Reducing our day to day maintenance and running costs
- Job Creation and sustaining employment into the future
- Cost avoidance

5.4 In being able to support the above objectives, Cabinet have identified the following specific areas which it is proposed that Council agree can be invested in:

a) Redevelopment of the Former Taff Vale Precinct Site (£2.024m)

The Council previously committed £1.5M to this scheme through the investment programme agreed by Council in October 2015. This scheme is progressing well and this funding is being used to progress the successful development of the site, including the site demolition due for completion by March 2017.

A report to Cabinet on the 2nd of November outlined the next phase of this work in terms of appointing external project and cost managers to agree the details of the proposal, including the cost plan, business case for the development and to manage the construction phase currently estimated to complete in May 2019.

As part of the commitment given by this Council to see the scheme develop at pace, a further allocation of funding is recommended totalling £2.024M to support the costs through the next phase of this work (excluding the actual construction costs that once confirmed, will be considered separately as part of a further report for Members).

b) Cynon Gateway South; Mountain Ash Cross-Valley Link (£2.000M)

The Council has already allocated £2.250M to this scheme through existing funding streams including the Welsh Government Local Transport Fund and Investment Programme decisions taken by Council in October 2015. Work is progressing well and the Cabinet now propose a further allocation is made to this scheme to take forward the next phase of the work, including land acquisition requirements. It is anticipated that a planning submission for the scheme will also be lodged shortly. In parallel, the Council will continue to explore funding opportunities with Welsh Government to ensure that this scheme is progressed and delivered as soon as possible.

c) Structures (£3.500M)

Cabinet on the 24th of November 2016 received a report outlining the investment made to date, the monitoring arrangements in place and the future priority areas in terms of our current highway structures stock. The previous investment decisions taken in October 2015 and March 2016 allocated total funding of over £6.5M to deliver improvements across a number of areas including bridges, footways and highways. As part of the monitoring arrangements in place, two further priority areas have been identified that require investment. These are St Albans Bridge in Treorchy and the Brook Street Footbridge in Ystrad.

The St Albans Bridge serves the communities of Blaencwm and Blaenrhondda. An assessment has determined that a weight limit needs to be imposed and following an economic assessment of repair costs, a replacement bridge is recommended at an estimated cost of £2M.

The Brook Street Footbridge linking Gelli and Ystrad provides the only disabled access for the northbound platform of Ystrad Rail Station. Again following an economic assessment a replacement bridge is recommended at an estimated cost of £1.5M.

5.5 In financial terms, a summary of the proposed investment priorities is shown below in Table 1:

Table 1: Summary of Investments

Investment Area	Estimated Spend £M
Redevelopment of the Former Taff Vale Precinct Site	2.024
Cynon Gateway South; Mountain Ash Cross-Valley Link	2.000
<i>Structures:</i>	
St Albans Bridge	2.000
Brook Street Footbridge	1.500
Total Investment	7.524

5.6 Table 1 indicates that the estimated additional spend totals £7.524M which can be fully funded through the release of the one-off funding generated by the amended MRP Policy, as detailed at Section 4.

6. **CONCLUSION**

- 6.1 The Council continues to face significant financial challenges into the medium term and all services and their delivery continue to be assessed.
- 6.2 Notwithstanding this, the Council has to take the opportunity where it presents itself to continue to invest in our infrastructure and across our communities in line with our Corporate Plan .
- 6.3 This report has identified the opportunity to invest £7.524M of one-off additional resources in our local area including our own assets in order to improve the services which are available to our residents.
- 6.4 Even in such challenging financial times, opportunities are therefore available to target additional investment at supporting our key priorities, and in doing so, ultimately deliver a better Rhondda Cynon Taf for all.
