

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

26TH OCTOBER 2017

COUNCIL CORPORATE PLAN - INVESTMENT PRIORITIES

REPORT OF THE GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES IN DISCUSSION WITH THE LEADER OF THE COUNCIL.

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 review of the Council's earmarked reserves post completion of the audit process of the Council's 2016/17 Statement of Accounts.

2. RECOMMENDATIONS

It is recommended that Cabinet agree:

- 2.1 To review and if acceptable propose the release of earmarked reserves and resultant Investment Priorities as detailed at Appendix A to Council at its meeting on 22nd November 2017.
- 2.2 To receive a further update in early 2018 on Earmarked Reserve availability as part of the normal budget strategy work being undertaken in preparation for the 2018/19 financial year.

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. 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 2016/17 (reported to and agreed by Council on the 20th of September 2017), a risk assessment has been undertaken on the Council's earmarked reserves and the opportunity is herein presented to release resources.

- 3.3 The Council's Quarter 1 performance report as presented to Cabinet on the 21st September 2017 demonstrates the positive progress being made against our corporate plan priorities in addition to providing an early assurance as to the robustness of the Council's budget for 2017/18.
- 3.4 In light of the one off nature of these resources, they can now be considered for use to support the Council's investment priorities, as aligned to the Corporate Plan.
- 3.5 A further risk assessment of the Council's earmarked reserves will be undertaken as part of our normal 2018/19 budget strategy process.

APPENDIX A

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017-2018

COMMITTEE:

COUNCIL

22nd November 2017

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 a review of Council earmarked reserves post completion of the audit process of the Council's 2016/17 Statement of Accounts.
- 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 Council agree:

- I. To release from reserves the funding (one-off) realised as a consequence of the review of earmarked reserves, 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 Council's three year 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 £36M of additional resources, over and above normal Capital Programme allocations, invested since October 2015.
- 3.2 A further opportunity for investment is now available for consideration.
- 3.3 The completion of the external audit process of the Council's 2016/17 Statement of Accounts provides assurance as to the financial position of the Council. This is further evidenced by the Quarter 1 Performance Report (Cabinet 21st September 2017) which provides an early assurance as to the robustness of the 2017/18 budget strategy.

4. REVIEW OF EARMARKED RESERVES

- 4.1 As reported to Council in the Statement of Accounts (20th September 2017), the Council has revenue stream earmarked reserves at the 31st March 2017 of £63.153M (£60.504M at 31st March 2016) which are set aside for a variety of purposes. In addition, there are specific reserves relating to Capital Funding, Insurance and Treasury Management.
- 4.2 The level and use of earmark reserves is constantly reviewed as part of the Council's robust financial management arrangements. Budget setting and accounts closure traditionally provide opportunities for more in depth reviews and Cabinet have specifically requested that the Section 151 Officer undertake a detailed risk assessment of earmarked reserves with a view to:
 - Assessing the underlying financial risk for which they have been set aside to determine if it remains or whether circumstances have changed;
 - The extent to which any amounts set aside for investment (Prior Year Commitments – Service “Carry Forwards”) have been contractually committed;
 - Being clear on the reasons for holding reserves and ensuring that they are sufficient, but not excessive; and
 - The need for continued support of a robust Medium Term Financial Plan.

- 4.3 With the review complete, Cabinet have now been able to take a view on the extent to which any amounts could be released. These are listed below:

a) Investment / Infrastructure (£3.628M as at 31st March 2017)

Sums are set aside to fund current and future costs of maintaining and enhancing infrastructure across the County Borough.

These sums (**£3.628M**) are available to be released to support investment in priority areas.

b) Other Specific Reserves (£3.326M as at 31st March 2017)

Sums are set aside for specific purposes such as building maintenance repair requirements, data centre modernisation and fees charged to specific projects (such as capital schemes).

Following review, it is proposed that a sum of **£1.057M** can be released from these reserves.

c) Insurance Reserve (£13.320M as at 31st March 2017)

The Insurance Reserve is set aside as cover for incidents that may have occurred but are not yet claimed alongside mitigating annual volatility in claim numbers (and spend) and insurance premiums.

Following review, it is proposed that a sum of **£2.315M** can be released from this reserve.

- 4.4 The total amount of reserves therefore which have been identified for potential release amounts to **£7.000M**.

- 4.5 The Section 151 Officer is content that releasing the above resource does not compromise our financial standing. As such, Cabinet are content to propose the release fully of the £7.000M.

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) Funding for Major Highway Schemes (£3.000M)

Funding totalling £3M in support of the Mountain Ash Cross Valley Link, Llanharan Bypass and A4119 Dualling (Stinkpot Hill):

- Mountain Ash Cross Valley Link (£1.000M) – funding for the continued development and implementation of this major transportation project. To date £7.551M has been invested in the project, of which £3.601M is from Welsh Government.

Significant progress has been made in preparation for the main construction, the additional funding will enable processes to be completed up to commencement of construction;

- Llanharan Bypass (£1.000M) – this is included as a highways scheme in the Local Development Plan (LDP). The LDP indicates two route options and further work is needed to assess the viability of these routes;
- A4119 Dualling (Stinkpot Hill) (£1.000M) – the dualling of this section of the highway will potentially be a catalyst for the development of strategic areas for employment sites and would also improve connectivity to Tonyrefail and further development areas;
- A shared budget of £0.302M has already been allocated to Llanharan Bypass and A4119 Dualling to undertake initial assessments. The additional funding for both schemes will be utilised to further define the routes and undertake the necessary surveys and studies to progress the project.

b) Funding for 3G Pitches (£0.650M)

This funding, alongside a further proposed £0.300M contribution from the agreed Education budget in 2018/19, will support two new 3G pitches at £0.475M each. The pitches are proposed to be developed at Bryncelynnog Comprehensive School and Ysgol Gyfun Rydywaun.

These schools require additional external playing surfaces in order to deliver the statutory requirements for team games. The provision of the new 3G pitches for both schools will cater for 21st Century teaching and learning needs and allow the school to deliver and widen the curriculum. The new facilities will provide a significant community resource continuing to support and improve the health and well being of our citizens. Both schools have well established community links with local sports clubs and communication with 'Sport Wales and the Council Sports Development team' have indicated both sites are priority areas, where additional facilities are required to cater for an increase in demand from the local Community

c) Park and Ride Programme (£1.000M)

Cabinet approved the establishment of a capital programme of park and ride schemes on 28th September 2017. A capacity review highlighted that 10 stations could have the potential for increasing capacity by 600 plus spaces. Investing in these schemes will create the opportunity to improve accessibility to sustainable travel, reduce congestion and improve air quality and encourage more people to use the train to gain access to areas of employment, education and leisure. The funding will be used to supplement existing funding for feasibility

studies; and fund investigations, design and, where possible, some construction work. The programme would complement the City Deal investment in the Metro and may lever in additional Welsh Government funding.

d) Pontrhondda Bridge (£1.100M)

Pontrhondda Bridge in Tyntyla Rd straddling the Ystrad and Lwynypia wards supports an unclassified road. Due to the structural deterioration of the bridge, which has had a number of repairs undertaken in the last few years, it is nearing the end of its design life. A 3t weight limit for traffic has had to be applied to the bridge and it is undergoing monthly monitoring by external consultants due to the deterioration of the structure. The detailed design is currently underway for the replacement structure and the funding would enable the highway bridge to be constructed in 2018/19.

e) Community Hubs (£0.500M)

The funding would support the creation of community hubs that provide a range of community based services in one or a number of closely located buildings, which best serve the community. These community hubs would include a range of service providers including key council services, voluntary sector, local businesses and other public sector providers. Bringing similar services together would create economies of scale, in terms of staffing and building costs, which enable the Council to continue to provide a comprehensive range of services within key communities, and maximise resources and the outcomes for children, young people, families and communities.

f) Leisure Centre Changing Rooms (0.750M)

The priority investments of 2016 into fitness facilities has clearly led to a marked rise in membership numbers and usage across our leisure facilities. However, it has also highlighted the deteriorated condition of the other Leisure offer. If the Council is to retain and build on the success of the recent years, further investment into these facilities is essential. The most notable issue is the poor condition of the changing facilities in some of our centres. Whilst the changing rooms in themselves do not bring in customers or increase income, they do contribute to how the customer views the quality of their leisure experience, and will ultimately assist us in customer retention. Plans have been drawn up to bring the changing rooms in Rhondda Sports Centre, Bronwydd Swimming Pool, Abercynon Sports Centre and Sobell Leisure Centre up to an acceptable standard

The proposed investment programme was supported, subject to funding, by Cabinet at its meeting on the 28th September 2017.

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
Funding for Major Highway Schemes	3.000
Funding for 3G Pitches	0.650
Park and Ride Programme	1.000
Pontrhondda Bridge	1.100
Community Hubs	0.500
Leisure Centre Changing Rooms	0.750
Total Investment	7.000M

5.6 Table 1 indicates that the estimated additional spend totals £7.000M which can be fully funded through the release of one off earmarked reserves, 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 a further £7.000M 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.
