

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

FINANCE & PERFORMANCE SCRUTINY COMMITTEE

Minutes of the special meeting of the Finance & Performance Scrutiny Committee held at the County Borough Council Offices, The Pavilions, Cambrian Park, Clydach Vale on Wednesday, 6th January 2016 at 5 pm.

Present:

County Borough Councillor M A Norris – in the Chair

County Borough Councillors

(Mrs) J Bonetto	S Bradwick	S Evans
P Griffiths	(Mrs) S Jones	(Mrs) C Leyshon
(Mrs) S Rees	G Smith	R W Smith
(Mrs) J S Ward	P Wasley	C J Willis
R A Yeo		

Members In Attendance

County Borough Councillors

M Adams

S Carter

P Jarman

M Weaver

Co-opted Members in Attendance

Mr R Hull – Chair of the Audit Committee

Mr J Fish – Parent Governor

Mr J Horton – Parent Governor

Mr M Cleverley – Representing NASUWT and Teachers' Panel

Officers in Attendance

Mr C Lee – Group Director, Corporate and Frontline Services

Mr PJ Lucas – Director of Legal & Democratic Services

Mrs A Edwards – Scrutiny Support Officer

43. APOLOGIES FOR ABSENCE

Apologies for absence were received from County Borough Councillors G R Davies, and E Webster.

44. DECLARATIONS OF INTEREST

In accordance with the Code of Conduct, there were no declarations of interests made, pertaining to the agenda.

45. THE COUNCIL'S 2016/17 REVENUE BUDGET – THE PROVISIONAL SETTLEMENT: CONSULTATION

The Group Director, Corporate and Frontline Services explained that due to changes to the scrutiny framework and also the delay in the Welsh Government announcing the provisional budget settlement for 2016/17 a different approach had been taken to the consultation process this year. Changes have also been made to the way in which the Council is consulting with the general public and as part of the on-online consultation process this year a budget simulator has been introduced. In addition to this, a number of public road shows are taking place as well as the usual consultation with the Schools' Budget Forum.

The Group Director reported that whilst the report under consideration had already gone before Council in December, today's meeting was intended to provide Members with the opportunity to comment on what could be the basis of a proposed strategy, with these comments/views then being reported back to Cabinet. These will then be considered alongside all the feedback from the public consultation process which is running until the 18th January 2016 and help form the final proposals. The Group Director also informed Members that alongside the Budget Simulator, the public were also being asked for their views on the draft Corporate Plan and the Council Tax Reduction Scheme and he explained that with regard to the latter he would welcome Members' views later in the meeting.

The Group Director outlined the key points of the provisional settlement and also pointed out that the Council is still awaiting the details with regard to many specific grants. He also pointed out that the settlement contains no indication of future years' budgets. He explained that whilst the budget settlement was better than anticipated, there remained a funding gap at the provisional settlement stage of £17.515M (excluding proposals subject to public consultation exercises which were agreed at Cabinet on 10th November 2015.)

The Group Director reported that of particular importance will be the Council's response to the direction from the Welsh Government to protect schools by requiring an increase in their budget of 1.85% for 2016/17 against the backdrop of an overall decrease in the Council's settlement of -0.9%. Also of importance is the Council Tax levels.

Following the presentation of his report, the Group Director, Corporate and Frontline Services welcomed Members' comments.

A Member questioned how much money is held in schools' reserves.

The Group Director reported that he did not have the details to hand. However, he reported that of a total budget of around £140M, just under a third goes to schools. He explained that some schools are in deficit whereas others are holding reserves but these levels are monitored.

A Member voiced his concern that the portrayal of the Welsh Government's Local Government Settlement to those outside of the Council was misleading. He explained that the protection being afforded to the schools' budgets and the need to give protection to social services would again have a dramatic affect on other service areas. He reported that there had been a 23% drop in non-school expenditure in the last 4 years but he feared that this message is not coming across to the public.

A co-opted Member agreed that there would be a knock on effect as a result of the protection being afforded to schools.

The Group Director explained that the reality was actually worse given that there are other budget areas which cannot be reduced such as levies.

A Member felt that whilst the Council does well in controlling its budget, he felt that in relation to Council Tax any increase should be kept around 1% or less. He did not feel that a rise of 3% or more could be justified in the current climate.

The Chairman sympathised with this view but also reminded the Committee of the previous comments made in relation to the impact of the settlement on non schools' budgets.

A Member warned that if services are continually reduced there is a point at which they breakdown. He also questioned whether the public would be prepared to accept a rise in Council Tax.

A co-opted Member pointed out that whilst schools would be afforded some protection he questioned whether the forthcoming increase in National Insurance contributions would negate this.

The Group Director, Corporate and Frontline Services explained that the increase in National Insurance contributions would impact on all Council Services. The Group Director reported that the total increased cost to the Council as a result of NI changes would be in the region of £5m.

A Member pointed out that the increase in employee National Insurance contributions was also a factor to be mindful of when considering a rise in Council Tax.

A co-opted Member raised the issue of the use of reserves, in particular at a time when local government re-organisation is planned.

The Group Director, Corporate and Frontline Services reported that the Council had a track record of making use of Reserves in a controlled way and had been pro-active in setting aside funds via the Transformation Fund. He pointed out that this year it was intended to use £4m to support the Revenue budget. However, he acknowledged that there could be a point in time when this would not be possible. He also reminded the Committee that the use of Reserves only provided a short term fix.

The Director of Legal & Democratic Services informed the Committee that the Draft Local Government (Wales) Bill which was out for consultation had directions for the disposal of assets.

A Member asked what the total worth of the 44 specific grants was.

The Group Director reported that he would obtain this figure but that at an all Wales level it was in excess of £700m. He added that there is concern around the lack of information in respect of some of the specific grants, in particular the Education Maintenance Grant, the details of which have not yet been released.

A Member commented that in some cases the Council might have to reduce a service to such an extent that it might be better to support the community in addressing the issue. He felt that the Council needed to examine different ways of delivering services.

The Group Director agreed pointing to the RCT Together initiative.

A Member suggested that despite the difficult climate there is a need to encourage a more positive attitude in communities to enable them to do more for themselves.

The Group Director, Corporate and Frontline Services reported that it was not intended to run the usual stage 2 of the budget process this year. He reported that the greater use of the website had been very encouraging with consultation due to close on 18th January 2016. He reported that to date 154 residents had completed the budget simulator exercise and 3 road shows were being held; one had taken place that morning in Pontypridd and it was planned to hold one held in Tonypany and one in Aberdare the following week. He explained that the process was particularly challenging this year due to the lateness of the final settlement which is due on 2 March 2016 when local authorities have a duty to set their Council Tax by midnight of the 10th March. In addition to this, the Welsh Assembly is not due to vote on their budget proposals until 9th March 2016. It was therefore too tight a timescale to obtain Members' views in the usual way given that full Council would need to meet on either 9th or 10th of March to agree its Council Tax.

A Member commented that she was not confident that the Assembly would agree its budget on the 9th March. She pointed out that whilst authorities in England had their own financial problems, they at least had a 4 year indication in relation to their budgets to enable forward planning. Whilst appreciating the tight timeframes she suggested that finance officers would have 'option' papers prepared in readiness which could be shared with Members.

The Member also referred to paragraph 5.9 of the report which referred to the Cabinet proposals already under consultation. She referenced recent media publications in relation to the amount of money owed to Councils as a result of outstanding library fines and questioned why this information had not been

included in the Cabinet report proposing further changes to the Library Service.

The Chairman agreed that this was a legitimate concern and the Group Director, Corporate and Frontline Services reported that he would ensure that a response would be provided to Members.

The Chairman also commented that he was pleased that the changes to the scrutiny framework had streamlined the budget consultation process and he also welcomed that the fact that the public were being given more opportunity to engage. However, he felt that the Finance & Performance Scrutiny Committee should be granted the opportunity to undertake pre-scrutiny of revenue budget proposals thus enabling the Committee's recommendations to go before Cabinet whilst they are considering their options and whilst he appreciated the tight timeframe he felt that this should pre-scrutiny role should begin with the 2016/17 Revenue Budget.

A Member commented on her concern that she was unable to respond positively to an elderly and infirm constituent who had requested her help in attending a consultation road show as councillors had been prevented from attending these events.

The Group Director reported that subject to the agreement of the individual concerned, he would contact the Consultation Team to make provision for the gentleman.

A Co-opted Member reported that he felt that the budget simulator was a very useful resource. He suggested that it would be further improved if it indicated the total amount of Council Tax revenue which could be raised as well as the additional amount for every extra 1% change.

The Co-opted Member also pointed out that the Council's biggest cost lay in its workforce. He suggested that the budget was manageable albeit with a reduction in services but pointed out that whilst it was not a pleasant situation it needed to be understood that the workforce would need to be reduced. He suggested that delaying the difficult decisions would make it harder for the future.

The Group Director informed the Committee that the Council had already lost over 1000 employees in recent years.

The Chairman agreed that it would be a challenging future but pointed out that the Council was already working toward re-modelling its services and workforce.

The Co-opted Member suggested that the right message needed to be portrayed to the public otherwise they will see their services reduce but with no apparent change to staff levels.

The Group Director reported that whilst there had already been significant downsizing, managing costs is also important.

A Member referred to the powerful message which came across in a video made by the Council Leader for a recent local government event and asked if this was available on the Council's website.

The Group Director reported that it was available on YouTube and he was aware that there is another short video is now available on the website.

A Member pointed out that many of the people taking voluntary redundancy or voluntary early retirement were low paid workers such as carers and she felt that this was a sad situation.

A Member commented that the additional £700k generated for each 1% increase in Council Tax would not make a great deal of difference to the budget situation and he would prefer to see any increase kept below 3%. He explained that the public did not understand or did not want to understand that the financial situation faced by the Council and there is a need to make people aware of the reduction in staff numbers, not by way of a celebration but to ensure that the public understands that the Council is taking action.

Another Member agreed with this sentiment and suggested that more information should go out to the general public to inform them of the situation.

A Member pointed out that those care workers having to leave the Council's employment were then being employed by the private sector on much reduced terms and conditions and she expressed her concern that people's worth being undermined.

A Member commented that the Council could not only look to cut services but needed to consider its office functions and re-modelling of services. There has to be a change in the way the Council delivers public services.

A Co-opted Member reported that a neighbouring authority had undertaken a voluntary agreement with its work force to reduce their working week by one hour for a set period and he commented that he had not heard this suggestion put forward by Rhondda Cynon Taf. Whilst he had no real wish to suggest this action he pointed out that staff may prefer to lose one hour a week than lose their jobs.

The Chairman pointed out that whilst this issue had not been discussed as an option across the Council various services had introduced changes.

The Group Director also reported that new employees to the Council were being employed on a 35 hour per week contract. He appreciated that this would take some time to move through the organisation.

The Chairman of the Health & Wellbeing Scrutiny Committee remarked that that in relation to social care, the implementation of the Social Services and

Wellbeing (Wales) Act will push Councils to outsourcing services but he explained that there will be a problem in managing people's perception of public services.

His vice Chair added that in her opinion there is a significant problem on the horizon with the growing elderly population. When asked by a co-opted Member whether any of the financial burden could be passed to the Health Board she suggested that there could be an argument made for shared budgets.

The Chairman of the Health & Wellbeing Committee added his concern regarding primary health care suggesting that the University Health Board was struggling with other priorities.

A Member questioned whether the re-organisation of local government is the best way of delivering services to the public at a time of financial constraint.

In conclusion, the Group Director Corporate and Frontline Services asked for Members' comments in relation to the three areas where the Council has some discretionary powers with regard to the Council Tax Reduction Scheme ie, extended payments, the disregard of War Disablement Pensions / War Widows Pensions income and the backdating of claims. He explained that removing the current discretions would produce additional income of £31k, £36k and around £10k respectively per year.

The Chairman of the Health and Wellbeing Scrutiny Committee informed the Group Director of the work undertaken by his Committee regarding anomalies in respect of Social Care Charging Policies in response to the Royal British Legion's campaign 'Insult to Injury' and it was agreed that the Scrutiny Support Officer would provide him with the details.

Given the sums of money involved the Committee was of a view that the current discretions in relation to the Council Tax Reduction Scheme should remain.

Following discussion it was **RESOLVED:**

- (i) that the comments of Members be passed to the Cabinet to inform the preparation of the 2016/17 Revenue Budget proposals;
- (ii) that the Finance & Performance Scrutiny Committee is of the opinion that the current discretions in relation to the Council Tax Reduction Scheme should remain;
- (iii) to undertake pre-scrutiny of the 2016/17 Revenue Budget Strategy at the next meeting of the Committee scheduled for 27th January 2016.

M A Norris
Chairman

The meeting closed at 6.20 pm.

