

Mae'r cofnodion hyn yn amodol ar gymeradwyaeth yng nghyfarfod priodol nesaf y Pwyllgor.

These Minutes are subject to approval at the next appropriate meeting of the Committee.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Minutes of the meeting of the Finance and Performance Scrutiny Committee held at the County Borough Council Offices, The Pavilions, Cambrian Park, Clydach Vale on Monday, 23rd April, 2018 at 5 p.m.

PRESENT

County Borough Councillor M. Powell – in the Chair

County Borough Councillors

S. A. Bradwick	G. Holmes	C. J. Willis
J. Cullwick	T. Williams	R. Yeo

Non Committee Members/Education Co-opted Members in Attendance

County Borough Councillor L. M. Adams – Chair of the Overview & Scrutiny Committee

Mr J. Fish – Elected Parent/Governor Representative

Mr R. Hull – Chair of Audit Committee

Cabinet Member

County Borough Councillor M. Norris – Cabinet Member for Corporate Services

Officers in Attendance

Mr C. Lee – Group Director, Corporate & Frontline Services

Mr C. B. Jones – Director, Legal & Democratic Services

Mrs S. Davies – Head of Finance, Education and Financial Reporting

41 APOLOGIES FOR ABSENCE

Apologies for absence were received from County Borough Councillors J.Elliott, G. R. Davies, W. Lewis and S. Rees-Owen.

42 DECLARATIONS OF INTEREST

RESOLVED – to note that in accordance with the Members' Code of Conduct there were no personal declarations made at the meeting pertaining to the agenda.

43 MINUTES

RESOLVED - to approve as an accurate record the minutes of the meeting of the Finance and Performance Scrutiny Committee held on the 26th March 2018.

44 CABINET & SCRUTINY ENGAGEMENT

Pursuant to Minute No.39(1) of the meeting of the Overview and Scrutiny Committee held on the 22nd January, 2018, Members received County Borough Councillor M. Norris, Cabinet Member for Corporate Services, who together with his report presented a detailed overview of the key areas of responsibility within his portfolio as follows:-

- Corporate Plan
- Corporate Asset Management Plan
- Council Tax
- Fees and Charges
- Audit
- Wales Pension Partnership (Investment Pooling)

Following his presentation and in conclusion, the Cabinet Member provided an update on the Wales Pension Partnership (WPP). The Group Director also elaborated on the intention of the WPP to deliver free savings as a result of using fewer investment managers and presenting an opportunity to achieve 'value for money' by considering longer term investments. It was agreed that a high level overview would be reported on a quarterly basis to the Finance & Performance Scrutiny Committee for information purposes so that Members could be apprised of the key developments. (The Group Director clarified the role of the Scrutiny in receiving updates for information purposes only in respect of the WPP and explained that the Council uses the oversight of the Pension Fund Committee and Pension Board to oversee WPP arrangements and the monitoring of progress).

A Member raised a query in respect of the Adult Social Care charges and the Group Director explained that this was the first step in bringing the Council's charges in line with determinations made by Welsh Government.

In response to a query as to how a 'smaller more efficient organisation' will look, the Group Director reminded Scrutiny that there is a need to save £18 million over the next three years which is the focus of the Council. The Cabinet Member confirmed that the target of reducing the office accommodation floorspace by 20% was a realistic and achievable target and also a key priority for the Council. He explained that the link, embedded within the report, referred to the findings of the Finance & Performance Scrutiny Committee as part of its review undertaken in 2016 in respect of the Council's office rationalisation strategy. It was considered that the link would provide Members with the relevant background to the Scrutiny review and establish a 'start point' from which Members are able to measure the benefits subsequently achieved. It was confirmed that a detailed breakdown of the asset reduction across the County Borough would be circulated to all members of the Committee.

The Chair acknowledged that the links included in reports provided a more interactive review of scrutiny papers and he confirmed that Members will shortly be furnished with the appropriate electronic devices to assist them in carrying out their

role as Members of this Committee more effectively. He added that the relevant support and training will also be provided, which was already underway with the Chairs and Vice Chairs.

A question was raised in respect of how the Council monitors the number of people it employs that live within and outside the County Borough. In response the Group Director, Corporate & Frontline Services confirmed that such information is collated and monitored by means of a staff equality form which captures the profile of Council employees on an annual basis. It was confirmed that the relevant details would be provided to the individual Committee member.

The Chair thanked the Cabinet Member for his presentation and following further consideration of the report it was **RESOLVED**:-

1. That Members receive a detailed breakdown of the Council's asset reduction across the County Borough; and
2. That a quarterly update is presented to the Finance & Performance Scrutiny Committee in respect of the Wales Pension Partnership (WPP) for information;

REPORT OF THE GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES

45. TREASURY MANAGEMENT STRATEGY INCORPORATING INVESTMENT STRATEGY, PRUDENTIAL INDICATORS AND MRP STATEMENT FOR 2018/19

Members of the Committee were provided with the opportunity to scrutinise the Treasury Management Strategy that had been presented to and approved by Council on the 28th March 2018 and asked Members of the Scrutiny Committee to consider the recommendations as set out at 2.1 and 2.2 of the report.

The Head of Finance, Education and Financial Reporting explained to the Committee that the purpose of the report is to set out the Council's:-

- Treasury Management Strategy for 2018/19;
- Investment Strategy for 2018 /19;
- Prudential and Treasury Indicators for 2017/18 (actual to date) and 2018/19, 2019/20 and 2020/21; and
- Minimum Revenue Provision (MRP) Policy Statement.

The Head of Finance, Education and Financial Reporting updated Members on the Council's current portfolio position as at end of January 2018.

Members were informed that the level of Bank Rate (set by the MPC – Monetary Policy Committee) tends to be the main factor which determines the rate of interest the Council receives on its short term investments. It was brought to Members attention that on 1st November 2017 the Bank of England raised its Official Bank Rate from 0.25% to 0.5%.

The Head of Finance, Education and Financial Reporting also reminded Members that the Council borrows its long term funding from the Public Works Loan Board (PWLb) and Members were provided with the latest forecast of interest rates as advised by the Council's Treasury Management Advisors. The Head of Finance went

on to explain that short term interest rates were lower than long term rates and by borrowing short term the Authority is able to reduce borrowing costs.

Members were informed that the Council's borrowing requirement for 2018/19 is currently £48.9M which is based on the latest Capital Programme (as approved by Council on the 28th February 2018) which funds initiatives such as the Taff Vale Redevelopment Programme and 21st Century Schools. Scrutiny was advised that due to the potential risks associated with the future interest rate prospects the Council will continue to take a risk averse approach. The Head of Finance, Education and Financial Reporting outlined the Council's Investment Strategy along and the 2013 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes and added that the intention of the strategy is to minimise risk and provide security.

Scrutiny was provided with an overview of non-specified investments which the Council agreed at its meeting on the 20th July 2016 would be used to supplement the existing investment strategy, by means of approving lending to organisations. Members were advised that this could lead to better investment and undertaken with the appropriate due care and diligence and it was confirmed that the maximum exposure for non-specified investments is set at £25M with a maximum maturity limit of 30 years (as agreed at Council on the 29th November 2017).

It was explained that the Prudential Code limits for 2018/19 with which the Council has a statutory duty to comply (under the Local Government Act 2003) ensures that borrowing is carefully monitored throughout the year. In conclusion the Head of Finance, Education and Financial Reporting referred Members to the Minimum Revenue Provision (MRP) Policy Statement which Members of the Scrutiny Committee had been asked to approve.

Members considered the detailed report and a question was raised in respect of potential interest rate rises and the effect this may have on the Council's capital expenditure. The Head of Finance, Education and Financial Reporting referred Members to the table within the report which set out the estimated Capital Expenditure for the next three years and also assured Members that through regular contact with the Council's financial advisors there are opportunities to identify any relevant triggers on which the Council can act.

It was **RESOLVED** to:-

1. Approve the Treasury Management Strategy, Investment Strategy, Prudential and Treasury Indicators and the Minimum Revenue Provision (MRP) Policy Statement; and
2. Grant the Section 151 Officer (or in his absence the Deputy Section 151 Officer) with delegated powers to exceed the fixed / variable limits, in the best financial interests of the Authority only, and if utilised, that this be reported to the next available meeting of Council (paragraph 19.6 of the report refers).

The meeting closed at 6.10 p.m.

M. Powell
Chair