



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE
Minutes of the meeting of the Finance and Performance Scrutiny Committee meeting held virtually
on Thursday, 4 February 2021 at 5.00 pm

County Borough Councillors - Finance and Performance Scrutiny Committee Members in attendance:-

Councillor M Powell (Chair)
Councillor G Thomas Councillor S Bradwick
Councillor R Yeo Councillor S. Rees-Owen
Councillor J Williams Councillor T Williams
Councillor J Cullwick Councillor A Fox
Councillor T Williams Councillor W Owen
Councillor J Edwards Councillor S Rees

Co-Opted Members

Mr Jeff Fish

Officers in attendance

Mr Paul Griffiths – Service Director Performance and Improvement
Ms Stephanie Davies – Head of Finance – Education and Financial Reporting
Mr Christian Hanagan – Service Director Democratic Services and Communication
Mr Andy Wilkins – Director of Legal Services
Ms Julia Nicholls – Principle Democratic Services Officer
Mrs Sarah Daniel – Senior Democratic Services Officer

Apologies

Councillor M Adams
Councillor G Caple

30 Declaration of Interest

Cllr S Bradwick declared a personal interest in item 3 as Chair of Governors Aberdare Community School. He further declared a personal interest as the levy for South Wales Fire and Rescue was mentioned during the meeting for which he sits on the Board which sets this budget.

31 Minutes

It was **RESOLVED** to approve the minutes of the 21st December 2020 as an accurate reflection of the meeting.

32 THE COUNCIL'S DRAFT 2021/22 REVENUE BUDGET STRATEGY

The Service Director Performance and Improvement introduced the report to

members and gave a presentation to members on the Council's draft 2021/22 Revenue Budget Strategy.

Members heard that the consultation period ran from 26th October to 7th December 2020 and 1044 responses were received.

He highlighted the following areas for members in the presentation:

- 2021/22 Draft Revenue Budget Strategy
- The Council's current Financial position 2021/22
- Feedback from the public on the Budget Consultation that run from 26 October to 7 December 2020
- Local Government Settlement for 2021/ 22
- Cabinets proposed Budget Strategy 2021/22 – which included potential implications on the Council Tax, School Budgets, Efficiencies and Fees and Charges
- Phase two of the Budget Consultation which runs from 29th January to 12th February which includes an online questionnaire, online public meeting, young person's engagement via social media and online meetings with various stakeholders, including the School Budget Forum.
- Next Steps and Key Dates – most notably the Budget being submitted to Full Council on the 10th March for approval.

The Service Director invited general questions before the Committee went into further detail on the specific areas of the budget efficiencies proposed. The Chairman thanked the Officer and the following questions were raised

The Co-opted member referred to the future changes and legislative requirement in relation to ALN due to proposed amendments to the Bill. He asked if these referred to central costs or Schools budgets

The Service Director advised that the proposed Budget Strategy proposes £500,000 to support planning for Additional Learning Needs which is currently being held as a Local Education Authority Budget but it is likely that the future requirements will fall on the schools and the Local Authority to implement changes, therefore the Authority will work closely with schools to determine the future requirements.

The Co-opted member referred to ALN virements and asked if this was in relation to the recently announced Transformation Grant funding of up to £1000 from Central South Consortium or if this was additional funding from elsewhere.

The Service Director replied that the budget modelling had built in a pay award provision but that has subsequently been released in line with the UK Government Spending Review. This has aided the Authority to set a balanced budget for next year and some of this can go towards creating a budget for ALN. He added that any other specific grants would sit outside of this budget.

The Head of Finance confirmed that the ALN transformation grant is separate to what the Service Director referred to. Schools had been informed that they can access different grants if specific training is undertaken.

A member referred to the General Fund Balances which currently stood at £8.07M with plans to replenish to £10M over the next 3 years was a good idea

and if this was an audit set requirement.

The Service Director responded that the £10M was an organisation based calculation and no specific formula was applied. He added that it was a figure that is determined by the Authorities S151 officer and Audit Wales were kept informed of the proposal and generally agree with this. He further added that the general reserve plan was in place to replenish over the next three financial years.

The Chairman referred to the Waste Management costs that had increased and asked the Service Director to explain why this was.

The Service Director stated that the Global pandemic had resulted in a lot more residents at home generating waste and the volume of waste at the kerbside had increased. He advised that the percentage the Authority had been able to recycle had been more challenging. Whilst it was improving, it had resulted in increased waste management and disposal costs. He advised members that the recycling market in the UK for plastics and aluminium was extremely challenging, therefore the funding from these products had dropped significantly, therefore resulted in increased costs overall for the Authority. In addition, he added that Waste Services has returned to normal service and, enforcement services were back out and engaging with residents to ensure the Authority continue to improve the recycling rate.

A member stated that this was discussed at a recent Public Service Delivery Scrutiny Committee and they were looking at a way forward.

A Member referred to page 15 of the report, which set out feedback from respondents on protecting and prioritising and was disappointed to see in the bottom three services were Cultural, Tourism and Heritage Services, Music Services and Leisure Services. She stated that it was really important to remember without these services throughout the lockdown periods many people would have struggled further and she felt they provided an invaluable service and so hoped there will be a level of protection for these areas. The Chairman shared these comments

Feedback on the Cabinet Proposed Cabinet Budget Strategy for Council Tax:

A Member referred to the Council Tax increase proposal of 2.65% which was lower than the originally modelled Council Tax increase of 2.85%, which was £182k lower. He raised concerns with problems of litter throughout the Borough and stated that there was a need to start looking at the state of our villages and towns and stated that if the Council Tax was increased to the 2.85% the extra funding raised could go towards street cleansing.

A Member replied that Enforcement Officers were taken off duties during the pandemic and put on to track and trace and other front line duties but assured the member that they had now resumed their duties so hopefully should see an improvement in all areas.

Two members agreed with the proposal of the Council Tax increase of 2.65% and did not feel it should be increased any higher than this due to the global pandemic and with many residents losing jobs and taking a reduction in pay due to being on furlough and it was competitive compared to proposals from other

Local Authorities.

The Service Director advised the Committee that the existing street cleansing budget was approximately £2.5 million and the proposed Council Tax increase does propose further investment in this area. He added that we recognise the pandemic has been a unique period but now officers are back to duties hopefully performance will improve.

Feedback on the Cabinet Proposed Cabinet Budget Strategy for Schools Budget

The Co-opted Member expressed concern on the potential requirement for efficiency planning for decisions taken locally by schools. The Service Director advised that this is due to changes to pupil numbers, pay inflation and other specific decisions that schools make

The Co-opted member referred to the increase in budget of £2.2million for schools and asked how this equates into percentage.

The Service Director stated that the increase equated to a 1.35% increase. He assured the member that there was an ongoing commitment from the Council to prioritise schools' budget over other Council services. He further advised that since 2012 to present day there had been an overall increase for the school's budget of 23% whereas other service area investment has been approximately 0.3%. Members shared concerns that this increase was significantly less than in previous years and were apprehensive at any further potential efficiency savings for schools

The Head of Finance – Education and Financial Planning advised that some schools have a large historical deficit, so they may have a deficit recovery plan in place and are planning to make efficiency savings over the next 3-5 years.

Another member shared the concerns on the smaller increase and asked how much work had been undertaken with head teachers on what they may need in terms of recovery from COVID 19 Pandemic. She asked how this contributed to the needs of the head teachers and children catching up

The Service Director advised that finance Staff work closely with schools around budget modelling and monitoring throughout the year. The Council also works closely with the school Budget Forum which provides a framework for schools to operate in. He added that finance staff will continue to work with schools to develop their budget modelling. He added they will continue to engage with schools to ensure the costs of the pandemic are recorded and that they claim Covid-19 Hardship Claims, which was anticipated will continue as a source of funding beyond April 2021. The School Budget Forum had advised that there would be a need for specific funding for pupils to catch up in schools.

The Head of Finance advised members that specific funding would be made available to schools, and, more recently there had been an addition to the grant for learners in exam years. Schools had already been informed of their allocation. LEA finance officers also meet and it has been raised that there is a concern around the catch up element after pupils have been away from school for some time.

A Member asked if further clarification on this matter could be shared at a future meeting as this was still a major concern for many members.

A member commented that school staff and parents should be praised for their recent efforts in ensuring children still had access to learning whilst the schools were closed. He added that officers need to be mindful of the impact on children not being in school and there will need to be funding available for a catch up programme for all learners.

Another member stated that we need to ensure children can catch up as they are currently at a disadvantage. If their parents are working from home, it is difficult to home-school as well as work. She added there needs to be a provision to get the children back to where they need to be

The Cabinet Member for Corporate Services stated that at the recent School Budget Forum this information had been presented to Head teachers and overall, the £2.2 million uplift in their funding was welcomed. He added that they do have concerns around a catch up system and it is currently being discussed at National and Welsh Government.

The Service Director added that every 1% Council Tax increase this generates approximately £900,000 so we would be looking at another 2% minimum to further fund schools.

The Chairman referred to the consultation document that states school budgets is £4.5m – 81.5% of respondents want to see sufficient provision and extra funding for schools. He commented that it would have been useful for the Committee to see the demographic of the respondents.

The Chairman also stated that there was a need to convey to residents the 3.8% increase in settlement budget from Welsh Government but 2.6% increase in Council Tax does not correlate. He commented that it would be worthwhile to explain to residents how the expenditure of the Authority is being used and where it is spent.

The Chairman also asked for a breakdown of how much Council Tax is raised in the Communities as he was aware that many residents are in the unfortunate position where their income is below the threshold and they pay less or zero council tax.

Feedback on the Cabinet Proposed Cabinet Budget Strategy for Efficiencies:

The last 10 years we have made substantial efficiencies which has been an important tool. Misplaced perception that LG has been inefficient. Helps us to keep Council Tax levels lower and to meet budget challenges whilst protecting key services. Adult and Community Services is always under pressure, particularly during the global pandemic. We all realise there is a limit to this.

Feedback on the Cabinet Proposed Cabinet Budget Strategy for Fees and Charges:

A Member asked how many meals are produced per week for the meals on wheels service. The Service Director responded that a few hundred per day but could circulate to the Committee the exact figures.

A Member asked when the Day centres providing meals would reopen. She asked if the fees had been increased for this service to make up on the loss of income while they have been closed.

The Service Director stated that no significant consideration had been placed on this period as this would be logged under the Covid19 banner and the Council would look to reclaim lost income via the Council hardship claim. He advised that this was largely down to increased running costs associated with the buildings and food whilst continuing to provide meals at a subsidised cost and maintaining a quality service.

A Member asked how much revenue the 10p increase would bring into the Authority. The Service Director stated that the Meals on Wheels service would generate approximately £4k and for day centres approximately £2.5k.

A Member asked what income would be generated if the Authority didn't freeze car parking charges and increase this by 1.7%. The Service Director responded that it would generate approximately £11,000. The Member replied that he would favour the charges being raised on Car Parking rather than raising the cost of Meals on Wheels.

A Member asked how the Meals on Wheels charges compared to other local authorities.

The Service Director stated that the Authority were very competitive in comparison to other Local Authorities and advised that whilst £4k didn't seem a lot, we need to increase it gradually to bring us in line with other Local Authorities. He added that this was agreed three years ago that we would increase 10p per year to bring our price up to the average throughout Wales.

The Chairman stated that it was not always helpful to compare with other Local Authorities as each area has a different demographic, he added that RCT was a socially deprived area. He stated that he would like to see if there had been a decrease in the uptake of the meals due to the increase.

A Member stated he could not support increasing the car parking charges as he believed it would be of detriment to the villages and towns as it would deter residents from visiting if they had to pay increased costs to park. The Service Director stated that Pontypridd and Aberdare were chargeable car parks and all other areas provided free parking.

Another 3 members agreed to this point as they felt putting charges back on to car parks would discourage residents from shopping locally and visit out of town shopping centres where free car parking was provided. They felt that getting residents back into their local communities and not internet shopping should be prioritised as local jobs depended on it. One member added that he would like to see the car parking charges abolished altogether.

A member asked how much revenue the Authority generates through car parking charges at Pontypridd and Aberdare. The Service Director advised that the income generated was £640,000. He advised that he would make enquiries to see if a breakdown can be provided to members.

Feedback on the Cabinet Proposed Cabinet Budget Strategy for Additional

Investment:

Two members commented on the Public Health team and the Overgrowth team and stated that they do a brilliant job and they have faced an immense challenge during the pandemic and both members fully supported the investment into this area.

As there were no other comments on the presentation the Service Director thanked the Committee for their time in commenting on the consultation and stated that their comments would form part of the feedback in a consultation report to Cabinet on 25th February 2021.

33 2020/21 MID-YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT

The Head of Finance – Education and Financial Reporting gave an update to members on the Treasury Management information which was presented to Council on 25th November 2020. Members were updated on the following:

- The Council's Treasury Management activity during the first six months of 2020/21; and
- Prudential and Treasury Indicators for the same period

A Member asked if potential negative interest rates in the near future would impact on the Authority.

The Head of Finance replied that this wouldn't impact on existing borrowing as this was fixed interest rates, just potential investments in the future. She added that the Authority was maximising the use of capital it has to reduce risks on the interest receivable. She advised that the council is currently earning very little on cash balances but would continue to monitor this situation

The Co-Opted Member asked if there was any flexibility around the Public Works Loan Board, he noted that the rate was preferable but asked if there was flexibility for the Council to move in and out of the commitments.

The Head of Finance advised that if the Authority enter into Long Term Borrowing it was very expensive to redeem early so we have to be comfortable with the rates. She added that when PWLB recalculated the rates it was to the detriment of the Council. She advised members that now when we temporarily borrow for shorter period of times, it would be from other local authorities which are cheaper than the PWLB rates.

RESOLVED: Members noted the content of the report

34 REVIEW OF THE FINANCE & PERFORMANCE SCRUTINY COMMITTEE 2020/21 WORK PROGRAMME

The Service Director Democratic Services presented the report to members for them to agree their Forward Work Programme until April 2021.

He highlighted the requirement for the Forward Work Programme to remain

flexible and agree that changes may need to be made at short notice due to current commitments of council officers.

Resolved: Members noted the contents of the report and agreed the Draft Forward Work Programme attached at Appendix 1

35 CHAIR'S REVIEW AND CLOSE

The Chairman asked if members could have sight of any future presentations in advance of the meeting.

36 URGENT BUSINESS

None

37 CONSULTATION LINKS

Noted

This meeting closed at 19:24

**Clr M Powell
Chairman.**