

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 Tuesday 4th April 2017 at 5 p.m.

PRESENT

County Borough Councillor M.J.Watts – Chair

County Borough Councillors

S. Bradwick	R.Smith	C.J. Willis
G.R.Davies	(Mrs) J.S.Ward	
S. Evans	P. Wasley	

Also in Attendance

Mr.J.Fish – Elected Parent/Governor (Education Co-opted Member)

Officers in Attendance

Mr. B. Davies – Director of Financial Services
Mr A. Wilkins – Head of Legal, Corporate and Democratic Services
Mr P. Griffiths – Service Director, Performance and Improvement
Ms S. Davies – Head of Finance, Education and Financial Reporting

40. APOLOGIES FOR ABSENCE

Apologies for absence were received from County Borough Councillors C. Davies (Vice-Chair of the Audit Committee), (Mrs) S. Rees, B. Stephens, E. Webster, R. Yeo and Co- opted Member Mr S. Jones

41. DECLARATIONS OF INTEREST

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

42. MINUTES

RESOLVED – to approve as an accurate record the minutes of the meeting of the Finance and Performance Scrutiny Committee held on the 26th January 2017.

REPORT OF THE DIRECTOR, LEGAL AND DEMOCRATIC SERVICES

43. THE EXECUTIVE RESPONSE IN RELATION TO THE COUNCIL OFFICE ACCOMMODATION STRATEGY REVIEW

The Head of Legal, Corporate and Democratic Services presented the Committee with the Executive response in respect of the Council's Office Accommodation Review that was carried out by the Finance and Performance Scrutiny Committee Working Group. Members were informed that the Scrutiny Report was formally considered by Cabinet at its meeting held on the 25th October 2016 where the recommendations of the review were agreed.

Within his response the Cabinet Member for Corporate Services welcomed the recommendations put forward in respect of the Council's Accommodation Strategy and thanked all Members for their involvement in a vital piece of work.

The Head of Legal, Corporate and Democratic Services also informed Members of the progress that had been made since the report.

It was **RESOLVED** to –

1. Acknowledge the response for the Executive.
2. Continue to monitor the Council's Accommodation Strategy at future meetings.

REPORTS OF THE GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES

44. TREASURY MANAGEMENT STRATEGY INCORPORATING INVESTMENT STRATEGY, PRUDENTIAL INDICATORS AND MRP STATEMENT FOR 2017/18

Members of the Committee were provided with the opportunity to scrutinise the Treasury Management Strategy that had been presented to Council on the 15th March 2017.

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 2017/18;
- Investment Strategy for 2017 /18;
- Prudential and Treasury Indicators for 2016/17 (actual to date) and 2017/18, 2018/19 and 2019/20; and
- Minimum Revenue Provision (MRP) Policy Statement.

The Head of Finance, Education and Financial Reporting informed Members of the definition of Treasury Management (as set out in the report): *“The Management of the local authority’s investments and cash flow, its banking, money market and capital market transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

The Head of Finance, Education and Financial Reporting updated Members on the Council’s current portfolio position; it was explained that at the end of January 2017 the total investments at variable rate were nil as the Council had a short term borrowing requirement. The Head of Finance added that any investment as a result of surplus cashflow earned an average rate of 0.22% during the year to the end of January 2017.

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 4th August 2016 the Bank of England cut its Official Bank Rate from 0.5% to 0.25% and that this is unlikely to change in the short term.

The Head of Finance, Education and Financial Reporting also informed 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. 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 provided with information on the Council’s borrowing requirement for 2017/18 which is currently £40.0M based on the latest Capital Programme (as approved by Council on the 1st March 2017). It was reported that for 2017/18 the Council may arrange forward starting loans where the interest rate is fixed in advance but the cash is received at a later date, up to a maximum of one year. It was also reported that this would enable certainty of costs without suffering a cost of carry in the intervening period.

The Head of Finance, Education and Financial Reporting confirmed that the Treasury Management advisors for the Council are Arlingclose Ltd and in line with contractual arrangements and following a review of the service received, the Council has taken the option to extend the contract for a further 2 years, until 31st March 2019. The Head of Finance also confirmed that Arlingclose Ltd facilitated a training session for Members in 2016 and will facilitate a further session or sessions upon request in 2017.

The Head of Finance, Education and Financial Reporting outlined the Investment Strategy along with the Prudential Code limits for 2017/18 and the forthcoming 3 year period.

Members considered the detailed report and put forward their questions to the

the Head of Finance, Education and Financial Reporting. A Member of the Committee expressed their concerns as to why Members had not scrutinised the report prior to Council approval. It was explained that it is a regulatory requirement that the report comes to Finance and Performance Committee for scrutiny.

The Chair thanked the Head of Finance, Education and Financial Reporting for the comprehensive report and up date provided.

It was **RESOLVED** to accept the report.

45. QUARTER 3 COUNCIL PERFORMANCE REPORT

The Director of Financial Services presented the Council's Quarter 3 Performance Report to the Committee.

It was explained to Members that the Quarter 3 Performance Report was presented to Cabinet at its meeting of the 9th March 2017 and contains revenue and capital budget performance; Treasury Management prudential indicators; Organisational Health information including staff turnover, sickness and Council strategic risks; and Corporate Plan priority action plan updates (including the cross cutting theme of 'Living Within Our Means').

The Director of Financial Services informed Members that the full year revenue budget position, projected as at 31st December 2016, was a £0.374Million underspend, and the Director highlighted the key projected variances that comprise this projected position.

The Director of Financial Services also informed Members that the Capital programme actual expenditure, as at 31st December 2016, was £50.618Million against a Capital Budget for the year of £95.770Million.

The Service Director, Performance and Improvement up dated Members on Corporate Plan performance as at 31st December 2016 and indicated that out of 45 measures with a target, 27 were 'on target', 8 were 'within 5% of target' and 10 were 'not on target'. The Service Director informed Members that the 10 measures 'not on target' had been set out in the covering report, including a comparison of 'not on target' performance between the Quarter 2 and Quarter 3 Performance Reports.

Members raised a number of questions to the Director of Financial Services and the Service Director, Performance and Improvement.

A Member noted the improved sickness absence position compared to the previous year and expressed the need for Council officers to ensure continued focus is afforded to this area,

A Member highlighted that 13 out of 22 measures within the Economy priority area were either 'not on target' or were 'within 5% of the target' and considered that primary school attendance, percentage difference in the attendance of free school meals/ non- school meals and the number of fixed term exclusions per 1,000 pupils in primary schools required improvement.

A Member expressed concern that the rate of delayed transfers of care for social care reasons had been 'not on target' for quarters 1, 2 and 3 despite on-going scrutiny of this area. The Chairman of the Health and Wellbeing Scrutiny Committee fed back that the imminent implementation of the new regional 'Stay Well @ Home' Service will aim to prevent unnecessary hospital admissions in the first place and where people need hospital care, to return them home from hospital quickly when they are well enough.

After further consideration and discussion Members **RESOLVED** to approve the report and its recommendations.

The Chair thanked the officers for the comprehensive report and brought the meeting to a close at 18:30.

Mr M Watts – Chair
