



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/2018

FINANCE AND PERFORMANCE
SCRUTINY COMMITTEE

23rd APRIL 2018

REPORT OF THE CABINET MEMBER
FOR CORPORATE SERVICES

Author: Dan Williams (Research & Project Officer). Tel: 01443 424179

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide Members with an update on the progress made in advancing the portfolio responsibilities of the Cabinet Member.

2.0 RECOMMENDATIONS

2.1 It is recommended that Members scrutinise the content of the report.

3.0 REASONS FOR RECOMMENDATIONS

3.1 To challenge any arising matters or issues with the relevant Cabinet Member and to ensure that the appropriate mechanisms are in place to effectively scrutinise the Executive.

4.0 BACKGROUND

4.1 On the 22nd January, 2018, the [Overview & Scrutiny Committee](#) considered a report regarding the engagement of the Executive at future Scrutiny Committees going forward.

4.2 At the meeting Members agreed to receive Cabinet Members at future Scrutiny meetings on a quarterly basis to present relevant information relating to their portfolio areas, alongside the relevant Director.

4.3 Such an approach will provide Scrutiny Members with the opportunity to further challenge the Executive, as the Cabinet Members can provide details (both verbal and written) relating to the potential challenges facing the services, as well as the opportunities and policy changes currently being considered. This approach would allow each Cabinet Member the opportunity to update Scrutiny Members on the delivery of their respective areas of the Corporate Plan, reference Key Performance Indicators and important details of policies being considered for future decisions, which are referenced for future business, or those which have been developed since the last publicised Work Programme.

5.0 PERFORMANCE INDICATORS

The portfolio holds responsibility for a number of PIs under the Living Within Our Means priority area.

It is proposed that the performance data section of future engagement reports will be enhanced to include further content, and context, around applicable performance information to support these sessions. This will, therefore, improve the involvement of all members in the performance monitoring of key services.

6.0 CORPORATE PLAN

6.1 *The Way Ahead*, the Council's Corporate Plan 2016-2020, sets out the Council's direction over the next four years through a period of austerity and continually shrinking budgets.

6.2 Under the provisions of the Corporate Plan, the Council is committed to work in an efficient and sustainable way that makes the best use of available resources, whilst always looking at alternative ways to streamline services and to provide a better value for money arrangement for residents. To achieve this, the Council has stipulated that it will:

- Reduce office accommodation floorspace by 20% by 2020
- Invest in new IT to enable flexible working across multiple locations
- Continue to increase energy efficiency measures
- Become a smaller and more efficient organisation
- Work with suppliers and contractors to reduce the cost of procurement contracts

6.3 As a part of the wider strategic policy framework for RCT, these priorities directly align with the objectives of the Corporate Asset Management Plan 2013-2018.

6.4 Despite continuing pressures being placed on Local Authorities, Rhondda Cynon Taf has continually demonstrated a proactive approach to the management of ever-reducing budgets, with over £80m achieved in efficiency savings over the last decade. Further financial prudence is required and efficiencies will continue to be made, despite the increasing difficulty in identifying areas where savings can be made. A total of £7.050m has been identified for inclusion within the 2018/19 budget strategy, which is £1.050m over and above what was initially targeted, and comes from further energy savings in street lighting, reductions in budgets for stationery and equipment, and increased income generated via further increased Leisure for Life membership and the success of visitor attractions like the Rhondda Heritage Park. These identified savings show that the Council is successfully meeting the criteria outlined in 6.2.3 to 6.2.5.

7.0 CORPORATE ASSET MANAGEMENT PLAN

7.1 As stipulated in 6.2.1, the rationalisation of office accommodation remains a key priority for the Council in light of the continuing pressures placed on Local Authority budgets, and this is further outlined in the Council's Corporate Asset Management Plan 2013-2018.

7.2 A key element of this plan is the rationalisation of office space, and this aspect of the CAMP was considered by [Members of this Committee in 2016](#). The ownership of premises remains a significant area of expenditure for the Council after staffing costs, despite a further reduction in the number of premises owned by the Authority since Members previously scrutinised the policy.

7.3 Committee Members noted the importance of office rationalisation in increasing the efficiency of a shrinking Council and also highlighted the importance of having a robust and effective digitalisation policy and agile working strategy to complement the drive toward greater efficiency, which is reflected in 6.2.2.

7.4 With the current CAMP running between 2013 and 2018, a review and updating process is currently underway. With this in mind, it is necessary to report progress made against the existing priorities of the plan.

7.4.1 Digitalisation – In keeping with the recommendations of the Committee in 2016, the Council remains committed to advancing the Digital Strategy ('Digital RCT – Our 2020 Digital Vision'). With over 80% of households in Rhondda Cynon Taf having access to the internet, the digitalisation of services provides an effective means of broadening the reach of services

offered by the Council. This public facing aspect has been supplemented by a drive toward reducing the physical resources utilised by the Council. Members will note that the Cabinet have already approved and successfully piloted a paperless approach to meetings, and a recent [report](#) taken before the Democratic Services Committee, where it was agreed that a phased approach would be adopted to further this arrangement across all Council Committees.

7.4.2 Agile Working & Hot Desking – An increased investment and development of the Council’s digital infrastructure has permitted a successful transition toward a more agile workforce. By enabling staff to work from a variety of locations situated throughout the County Borough, the Council has not only been able to reduce its office space, but has allowed for a more responsive and flexible workforce to emerge that more readily meets the challenges presented by changing public demands and reduced Local Authority budgets.

The Council is currently operating hot desk facilities at the following public locations across the County Borough:

- Municipal Buildings
- Llantrisant Leisure Centre
- Ty Elai
- Rhondda Fach Sports Centre
- Treorchy Library
- Aberdare Library
- Ty Glantaff

7.4.3 Reduction of Floorspace & Efficient Use of Property –

Since the 1st of April 2016, the Council has vacated six office premises:

- Gelliwastad Road, Pontypridd – Site now being used as a site office for the Taff Vale development project.
- Court House Street 1 – Now occupied by Third Sector organisation.
- Court House Street 2 – Site due to be occupied by the Coroner’s Office.

- Mountain Ash Town Hall – In the process of working with community groups to take over the premises.
- Pentre Town Hall – Recently sold at auction for £60,000
- Ty Pennant – Early identification resulted in significant rent savings.

In addition to this, the Council has also generated a combined £4,579,394 in Capital Receipts for land and buildings sold since 2015/16, including:

- 25 land and buildings sold in 2015/16 for a total of £1,101,026.
- 36 land and buildings sold in 2016/17 for a total of £3,098,966.
- 18 land and buildings currently sold in 17/18 for a total of £379,402.

The table below illustrates the difference between gross and net capital receipts generated, with the variations representing receipts that need to be repaid to the grant recipient. Where this is the case, the number of assets has been reduced, and Members should be aware that the figures also include receipts under £10,000 that are used to fund land disposal team (revenue costs). The figures for 2017/18 are not final, and Members will note a sizeable discrepancy between the gross and net figures, which is due to the repayment of the receipt for land at Cwm Cynon North Plateau.

YEAR	GROSS CAPITAL RECEIPTS	NUMBER OF ASSETS	NET CAPITAL RECEIPTS	NUMBER OF ASSETS
15/16	1,016,226	26	1,016,226	26
16/17	3,326,316	39	3,111,666	36
17/18	851,042	22	391,042	21
Total	5,193,584		4,518,934	

8.0 COUNCIL TAX

8.1 The early identification of in-house efficiencies has offered some protection to residents of the County Borough, with Council Tax rises in RCT being among the lowest in Wales over the last few years. The Council has twice set the lowest ever increase (locally) over the past two consecutive years, and this year's proposal to increase by 3.3% was the lowest increase nationally. This is testament to the effective financial management of the Council, especially

when considering that 42% of properties in Rhondda Cynon Taf are classed as Band A, and the County Borough is home to third highest total of this class of property in Wales (behind Blaenau Gwent and Merthyr Tydfil). Despite this, Council Tax rates in RCT are the sixth lowest in Wales in terms of the average cost per dwelling.

- 8.2 For 2018/19, the gross Council Tax Base calculated is £77,608.22. With a collection rate of 97.5%, the net Council Tax Base is £75,668.01 – meaning that £75,668 will be generated for every £1 levied in Council Tax.
- 8.3 Recently, the Council has introduced changes to exemptions for Council Tax, by, firstly, becoming the first Welsh Local Authority to introduce a 100% Discretionary Council Tax Relief for care leavers up to 25 years of age (other similar policies introduced elsewhere in Wales cover 18-21 year olds). The measure was introduced in recognition of the difficulties experienced by care leavers as they transition to adulthood and fits with the findings of the Children’s Commissioner for Wales, Sally Holland, in her “Hidden Ambitions” report. The Council has a responsibility to support young people as a corporate parent, and the introduction of this is expected to cost a relatively small amount of around £10k.
- 8.4 Conversely, the Council Tax discount currently applied to empty properties in the County Borough will be removed as a means of tackling the issue of vacant and empty properties. The income generated by this will be re-invested directly into bringing vacant premises back into use, and supplements the £3m already invested by the Council into a range of measures supporting the habitation of properties. RCT was formerly one of eleven Councils in Wales to apply the 50% discount.

9.0 FEES AND CHARGES

- 9.1 A report outlining proposals to increase fees and charges was recently approved by the Cabinet.
- 9.2 The previous decision to increase fees and charges by an average of 3% above the Retail Prices Index no longer applies, and Cabinet agreed a standard increase of 2.95% (compared to a Retail Prices Index level of 4.1% as at December 2017).
- 9.3 Following the necessary review, Cabinet agreed that the following would not be subject to the standard increase:

9.3.1 Car Parking Charges – Nil increase

- 9.3.2 Summer and Winter Playing Fees – Nil increase
- 9.3.3 Cinema Entrance Fees – Nil increase
- 9.3.4 Meals on Wheels & Day Centre Meals – Meals on Wheels is to be subject to a £0.25 per meal increase, whilst Day Centre meals will be increased £0.17 per meal. Both prices will be brought into line at £3.70, which sits in the lower end of the national price range (£3.10 - £5.00).
- 9.3.5 School Meals – A £0.10 increase in the price of both primary and secondary school meals will position RCT at the higher end of the national range in both instances.
- 9.3.6 National Lido of Wales, Ponty Lido – Increase charge for adult users to £2 (£1 increase on 17/18).
- 9.3.7 Rhondda Heritage Park – an increase to the individual entry fee of £0.55 for school visits and for non-school visits by £1 for individual entry and £2 for a family ticket. The revised prices will still compare very favourably as one of the lowest priced attractions in the surrounding area.
- 9.3.8 Burial Fees – Currently, burial fees in RCT are amongst the lowest in Wales, and the proposal to increase the associated charges would bring the Authority into line with other neighbouring Authorities. It is forecast that an income of £83k will be generated over the two years, whilst RCT will still rank as one of the lowest charging Authorities in the surrounding area. Cremation fees will be subject to the standard 2.95% increase.
- 9.4 The estimated total additional income generated and built into the 2018/19 budget will be £253k in a full year.
- 9.5 Following a Notice of Motion agreed in November 2016, Cabinet agreed to the rollout of a 12 month pilot scheme, as considered and recommended previously by this Committee, aimed at reducing bereavement fees (-25%) incurred by the families of deceased veterans. The proposal necessitates that all veterans must have served for the minimum period or seen active duty.
- 9.6 The existing policy of not applying fees for the cremation or internment of children under 16 has been extended to cover children under 18 through the Memorandum of Understanding between Welsh Government Ministers, Welsh Local Government Association and One Voice Wales.

- 9.7 Neither of the above concessions (applicable to veterans and children) required budgetary adjustments to be built into the 2018/19 budget strategy.
- 9.8 Further approved changes made in the 2017/18 Financial Year were also incorporated into the budget strategy for 2018/19, including:
- 9.8.1 Adult Social Care Charges – Initial increase of £10 will take the charge to £70, in line with determinations made by the Welsh Government.
- 9.8.2 Leisure Centres and Pools – Subject to a £2 increase on monthly membership rates; a £20 increase on annual membership; and a 2.5% increase on all other charges.
- 9.8.3 Fixed Penalty Notices (Environmental Crimes) – A £25 increase will standardise all fines at £100, providing greater consistency and a more effective deterrent.

10.0 AUDIT

- 10.1 During the 2017/18 financial year, Audit Committee met on six occasions and considered a range of information on the Council's internal control and wider governance arrangements; this was in line with its Terms of Reference and overriding responsibility each year to form an opinion on the adequacy of the system of internal control operating within the Council.
- 10.2 The range of information considered by Audit Committee during 2017/18 included: Internal Audit Service performance information; reviewing and challenging the findings and conclusions contained within individual audit assignment reports; consideration of the certified draft 2016/17 Statements of Account for the Council, Central South Consortium Joint Education Service Joint Committee and Annual Return for the Llwydcoed Crematorium; review and endorsement of key documents such as the Contract Procedure Rules and the Anti-fraud, Bribery and Corruption Strategy; consideration of governance related matters included in Wales Audit Office reports issued to the Council; and review of the progress made to implement recommendations as set out within the Council's 2016/17 Annual Governance Statement.
- 10.3 With specific regard to the individual audit assignments referred to in paragraph 10.2, 9 concluded that the standard of internal control was 'insufficient and required improvement' and related in the main to the school sector. In each case, Audit Committee requested follow up visits to be

undertaken alongside a more targeted programme of support to those schools requiring assistance.

- 10.4 The Head of Internal Audit is currently compiling an Annual Report bringing together the outcome of Internal Audit's work during the year alongside the governance related information presented to Audit Committee in 2017/18. The Annual Report will be presented to Audit Committee on 30th April 2018 and will enable the Committee to form an opinion on the adequacy of the system of internal control operating within the Council during 2017/18.

11.0 WALES PENSION PARTNERSHIP (INVESTMENT POOLING)

- 11.1 The Wales Pension Partnership (WPP) has appointed Link Fund Solutions Ltd (Link) to establish and run a collective investment vehicle for the sole use of the LGPS funds in Wales. This will enable the pooling of assets across a range of asset classes.

- 11.2 Link will establish and run an Authorised Contractual Scheme (a tax efficient UK collective investment vehicle) on behalf of the WPP. The ACS will have sub-funds in a range of asset classes that will meet the needs of the LGPS funds in Wales, to allow them to execute their differing asset allocation strategies.

- 11.3 With the support of Russell Investments, and in consultation with the eight individual LGPS funds and the Joint Governance Committee, Link will begin the process of appointing a number of investment managers. The LGPS funds will retain full control over strategic asset allocation decisions. Northern Trust will have custodian duties.

- 11.4 By using fewer investment managers with larger mandates, it is expected that the WPP will deliver fee savings, one of the primary aims of Government policy.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns.
- Diversify manager risk.
- Reduce average manager fees.
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds).
- Meet the Government deadlines by establishing one sub fund submission to the FCA.
- Equitably share the costs of transitioning into sub-funds.

12.0 CONCLUSION

- 12.0 The Council continues to demonstrate sound financial management during a period of unrelenting austerity by constantly looking for innovative ways to make efficiency savings.
- 12.1 The identification of over £80m worth of efficiency savings (over the last 10 years or so) has gone some way to protecting residents from the brunt of the cuts and the continuation of robust service and financial management arrangements has been a key factor in enabling investment in services at a time when many other Authorities are having to make substantial cuts. The fact that Council Tax rises have consistently been amongst the lowest in Wales also supports the proactive approach shown by the Council in this regard.
- 12.2 The drive toward greater organisational efficiency has been augmented by a clear and effective plan to offset the shrinking physical size of the Council that has led to a more flexible and responsive workforce via digitalisation and agile working.

