



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Minutes of the meeting of the Finance and Performance Scrutiny Committee meeting held on Monday, 28 January 2019 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX.

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

Councillor G. Thomas- In the Chair

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| Councillor G Davies | Councillor S Bradwick |
| Councillor R Yeo | Councillor W Lewis |
| Councillor T Williams | Councillor J Cullwick |
| Councillor G Caple | Councillor A Fox |

Other Members in Attendance;

Councillor M. Adams - Chair of the Overview and Scrutiny Committee

Non-Committee / Education Co-opted Members in Attendance

Mr J Fish – Elected Parent / Governor Representative

Officers in attendance

Mr C Jones, Director, Legal & Democratic Services
Mr B Davies, Director of Financial Services
Ms A Richards, Head of 21st Century Schools
Ms S Davies, Head of Finance: Education and Financial Reporting
Ms L Gorringer, Business Manager Catering Services
Mr P Griffiths, Service Director, Performance & Improvement

33 WELCOME

The Vice-Chair introduced himself to the Committee and advised Members that he would be Chairing the meeting and that Councillor J. Williams (Chair) had given her apologies.

34 APOLOGIES

Apologies for absence were received from County Borough Councillors J.

Williams, A. Davies-Jones, J. Elliott, G. Holmes, M. J .Powell and S. Rees-Owen.

35 DECLARATION OF INTEREST

RESOLVED- In accordance with the Council's Code of Conduct, there were no declarations made pertaining to the agenda.

36 MINUTES

It was **RESOLVED** to approve the minutes of the 11th of December 2018 as an accurate reflection of the meeting.

37 THE COUNCIL'S DRAFT 2019/20 REVENUE BUDGET STRATEGY

The Director of Financial Services provided Members with a presentation in respect of the Council's draft 2019/20 Revenue Budget Strategy, which contained the views of the Council's Senior Leadership Team under the following headings:-

- Council's Current Financial Position
- The 2019/20 Final Local Government Settlement
- The Starting Point Budget Gap
- Budget Consultation Outcomes
- Key Building Blocks
 - Council Tax
 - Schools
- The Final Budget Gap and Strategy Options
- Conclusion and Next Steps

The Director indicated that the overview provided the opportunity for the Committee to pre-scrutinise the draft Revenue Strategy proposals for 2019/20 and also that the views of the Committee would be fed back to Cabinet at its meeting in February 2019 and incorporated into the Revenue Budget Strategy report presented to full Council in March 2019.

Members noted the overview and discussions ensued.

In relation to the School Budget, a Member highlighted the importance for schools to receive information on their budgets for the forthcoming financial year as soon as possible. The Director of Financial Services advised the Committee that the Council's overall budget, that includes schools, will be reported to Council on 6th March 2019 and that work is currently taking place with schools to ensure they are able to plan in readiness for the new financial year. Efforts will be made to issue draft allocations to schools before the February half term break, as has been the case for a number of years.

Another Member commended the proposed funding increase to schools and requested whether public communication could reflect the requirement that whilst a very positive proposal, there would still be the need for some savings to be made at an individual school level to balance their budgets. The Director of Financial Services acknowledged this and indicated that the proposed increase in funding to schools, should it be approved, will result in a significantly more positive treatment of schools in comparison with other Council Services and as compared to the Council's Welsh Government settlement level. In addition, another Member also commended the proposed treatment to school budgets but indicated the need to recognise that an increase in funding in one area can mean a reduction in another, and stressed the importance of Community Services such as adult social care and children's services. The Member added that he would support a specific question being included within future budget consultation exercises covering these areas.

The Director of Financial Services went on to update Members that confirmation is awaited from Welsh Government around funding for the Teachers' Pension increase. The Director added that the proposed Budget Strategy assumes that additional resources to cover the increase in Teacher's Pension costs will be funded via Welsh Government.

In respect of Fees and Charges, a Member requested whether further information could be provided on non-statutory services, such as the level of Council subsidy, when the Committee is considering proposals on fees and charges. The Director of Financial Services informed the Committee that detailed budget information on all Council Services is set out in its annual Budget Book, that is available on the website, and updates on financial performance are reported on a quarterly basis during the year as part of the Council's Performance Report. The Director added that Members may wish to consider further information requirements on the level of subsidy across Council services as part of scrutinising the Council's quarterly Performance Report.

In relation to the Council Tax Reduction Scheme (CTRS), the Chair of the Overview and Scrutiny Committee requested clarity on whether the roll-out of Universal Credit will impact on the Council's Council Tax Reduction Scheme (CTRS). The Director of Financial Services advised Members that whilst both schemes are separate, with the CTRS administered by the Council and Universal Credit administered by the Department for Work and Pensions, the Council is mindful of the potential risk of delays in Universal Credit claimants receiving payments. The Director went on to remind Members that following the Committee providing feedback at its December 2018 meeting (as part of the budget consultation process) to support the backdating of CTRS claims from 3 months to 6 months, this proposal was subsequently agreed by Council in January 2019. The Director added that this change will help minimise any council tax liability accrued because of delays in people receiving payments of Universal Credit.

With regard to Council Tax, a Member highlighted the importance of clearly communicating to the public the respective increases in council tax that relate to the Council, South Wales Police and Crime commissioner and Community Councils where applicable.

A Member supported the investment in state of the art technology at the Materials Recovery Facility and, in addition to the estimated budget saving, considered the development will have a positive impact on the Council's recycling performance.

The Vice-Chair requested clarity on whether the Transformation Reserve represented additional funding and how it was topped up. The Director of Financial Services indicated that the Council's approach to budget setting is an on-going process and as savings are identified early and implemented in-year, the one-off cash saved is allocated to the Transformation Reserve and represents additional one-off funding for the Council. The Director added that in addition to the in-year cash benefit of this approach, the permanent base budget savings are then included in the proposed budget strategy for the following year.

A Member referred the Committee to the Budget Consultation Outcomes and in particular the feedback from consultees that showed the Music Service receiving the largest percentage decrease in average budget. The Member emphasised the importance of the Music Service as being a key part of the overall education offer for young people and indicated that the Council should not make any budget cuts in this area.

In conclusion, the Director of Financial Services stated that the views of Members of this Committee would be fed back to Cabinet at its meeting in February 2019, which would be incorporated into the 2019/20 Revenue Budget Strategy Report to full Council in March 2019.

The Chair thanked the Director of Financial Services for his in depth report.

Following a discussion, Members **RESOLVED**;

- To acknowledge the content of the Council's Draft 2019/20 Revenue Budget Strategy.
- To agree that the views expressed by Members, as set out above, are fed back to Cabinet in respect of budget strategy proposals.

38 COMMUNITY MEALS CENTRAL PRODUCTION

The Head of 21st Century Schools and the Business Manager Catering Services presented the Committee with an update on the Community Meals Service change and the savings that it has achieved.

The Head of 21st Century Schools reminded the Committee that the Community Meals Service review was approved by Cabinet on the 25th of January 2018 with the objective of developing a service that improves the quality of life for the people who use it in a way which allows the service to be responsive to demand.

Members were informed that over the last 5 years, the demand for the weekday service fell by 29% and for the weekend service by 66%. As such, a new service was implemented in August 2018 and resulted in 3 community meals kitchens being reduced to 1 central production kitchen located in Ynyshir, Rhondda.

Members were also informed that a centralised production enabled a reduction of 20 staff, from 62 to 42 and it was emphasised that all redundancies were on a voluntary basis.

The Committee was advised that the impact of the service change has been positive with 93% of clients reporting that they were happy with the service. The Head of 21st Century Schools added that the effect of the service change on staff has been positive, with morale good and members of staff commenting that they feel valued.

In conclusion, Head of 21st Century Schools highlighted that there are clear links between the provision of community meals and the achievement of the Council's priorities, with the service supporting some of the most vulnerable elderly people in the County Borough. It was added that the feedback has been positive from both clients and their families, and the Head of 21st Century Schools also wanted to place on record her personal thanks to the staff, Trade Unions and HR department for their cooperation and collaboration in implementing the service change.

Members were then given the opportunity to ask questions.

A number of Members praised the service and agreed that it is a vital service for the most vulnerable adults in our communities.

The Elected Parent / Governor Representative referred Members to Table 3 of the report on page 79 and queried the transport costs. The Business Manager Catering Services clarified that the Service needed a one-off capital investment to purchase two ovens for the vans and it is anticipated that on-going transport costs will reduce moving forward, with this position also being supported through reductions in the number of vans and improved route planning. In addition, the Business Manager Catering Services explained that Table 3 shows the average service costs before and after service change, and the average monthly savings currently being achieved. It was emphasised that the service has achieved more savings than the original estimate reported to Cabinet of £258k.

The Elected Parent / Governor Representative also questioned how the Council plans to compete against the commercial sector. Members were advised that the Service is well placed to compete with the commercial sector based on price and following feedback from clients, it also compared well in terms of quality and portion sizes.

The Head of 21st Century Schools was also asked if she has any plans to expand the service, including support to community groups. Members were informed that the Service works closely with the Council's Adult Social Care teams to ensure all appropriate clients have opportunity to access the service and is mindful of striking the right balance between helping people to maintain their independence and being supported by the Community Meals Service. The Head of 21st Century Schools added that the Community Meals Service is a subsidised service and consideration will be given to targeted marketing.

A Member queried what methods are used to promote the service. The Head of 21st Century Schools advised Members that the Council promotes the service on its website and clients are also referred to the service through friends and family. A Member also commented that many GPs and Hospitals refer residents to the service.

A number of Members agreed that the service is vital for elderly residents and that for many residents, the relationship that they develop with staff members and delivery drivers is essential.

The Head of 21st Century Schools wanted to place on record her personal thanks to the members of staff and delivery drivers, who work tirelessly to ensure that the service is being run as efficiently as possible. The Head of 21st Century Schools also requested permission from the Vice-Chair to write a letter to every member of staff thanking them for all their hard work. Members agreed with this proposal.

Following discussion, Members **RESOLVED** to acknowledge the contents of the report.

39 2018-19 MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT

The Head of Finance: Education and Financial Reporting provided the Committee with an overview of the Council's Treasury Management activity during the first six months of the financial year 2018/19 and the prudential and Treasury Indicators for the same period.

Members were asked to consider whether they wish to receive any further detail on matters contained within the report.

The Head of Finance: Education and Financial Reporting provided details on:

- Economic environment
- Interest rates
- Regulatory reporting changes
- Borrowing requirement

The Head of Finance; Education and Financial Reporting advised the Committee that no variance is currently being projected for net capital charges against budget.

Members were also advised that during the six months to the 30th September 2018, the Council operated within its prudential limits as set out in the Prudential Code report approved by Council in March 2018, in particular the Council's borrowing activity is within its Authorised Limit.

Members thanked the Head of Finance; Education and Financial Reporting for providing the Committee with such a detailed report.

Discussions ensued and Members put their questions forward.

The Elected Parent/ Governor Representative queried whether the Council has put safeguards in place to protect against the uncertainty surrounding Brexit. The Head of Finance: Education and Financial Reporting advised Members that they are mindful of the volatility surrounding Brexit and this can offer opportunities to borrow at favourable interest rates, which are constantly monitored.

The Elected Parent/ Governor Representative referred the Committee to paragraph 7.2 of the report and queried whether the Council would be taking advantage of the opportunity afforded by the infrastructure rate availability.

The Head of Finance; Education and Financial Reporting confirmed to Members that the opportunity of borrowing at the infrastructure rate was taken in November 2018.

A Member raised a further query in relation to the Authorised Limit and questioned how this was set and monitored. The Head of Finance; Education and Financial Reporting advised Members that any borrowing must be in line with the Prudential Code of Practice and be prudent and reasonable. Members were referred to paragraph 9.3 of the report and the Operational Boundary. The Head of Finance: Education and Financial Reporting advised Members that the Operational Boundary gives the Authority an early warning signal to ensure that the Authorised Limit is not breached.

Following consideration, it was **RESOLVED**;

- To acknowledge the content of the report.
- To receive updated reports in future meetings

This meeting closed at 6.30pm

**Cllr G. Thomas
Vice-Chair**