



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Minutes of the meeting of the Finance and Performance Scrutiny Committee held on Monday, 4 November 2019 at 5.00 pm at the Council Chambers, The Pavilions, Cambrian Park. Clydach Vale, Tonypany, CF40 2XX.

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

Councillor M Powell (Chair)

Councillor G Thomas	Councillor G Holmes
Councillor S Bradwick	Councillor R Yeo
Councillor W Lewis	Councillor S. Rees-Owen
Councillor T Williams	Councillor J Cullwick
Councillor G Caple	

Officers in attendance:-

Mr C Hanagan, Service Director of Democratic Services & Communication
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr A Wilkins, Director of Legal Services
Mr S Gale, Director of Prosperity & Development
Ms W Edwards, Service Director – Community Services
Ms S Davies, Head of Finance: Education & Financial Reporting
Mr N. Griffiths, Head of Finance: Community & Children's Services
Mr M. Hughes, Head of Finance: Prosperity, Development & Frontline Services and Chief Executive
Mr S. Humphreys, Head of Legal Services

County Borough Councillors in attendance:-

Councillor M Norris, Cabinet Member for Corporate Services
Councillor C Leyshon, Cabinet Member for Children & Young People
Councillor M Adams, Chair of the Overview & Scrutiny Committee

Others in attendance:-

Mr J. Fish, Voting Elected Parent/Governor Representative

20 Declaration of Interest

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

21 Apologies

Apologies of absence were received from County Borough Councillors M. Diamond, A. Davies-Jones and J. Williams.

22 Minutes

It was **RESOLVED** to approve the minutes of the 26th September as an accurate reflection of the meeting.

23 Pre Scrutiny Feedback

The Service Director of Democratic Services & Communications provided the Committee with the decision of Cabinet following the pre scrutiny opportunity undertaken by the Finance & Performance Scrutiny Committee in respect of the Council's Community Infrastructure Levy ('CIL') Annual Monitoring Report.

Members were reminded that by receiving the Cabinet Decision Notice, Members are able to view the feedback of the Cabinet to the pre scrutiny opportunity, which will further strengthen the scrutiny process. The Service Director emphasised that the two way process fosters greater engagement between Scrutiny and the Cabinet, therefore enabling Scrutiny to see the benefits of its pre scrutiny opportunities on the key policy decisions of the Council.

Following discussion, Members **RESOLVED** to acknowledge the content of the Cabinet Decision Notice in response to the pre scrutiny work undertaken by the Finance & Performance Scrutiny Committee in respect of the Council's Community Infrastructure ('CIL') Levy Annual Monitoring Report.

24 Community Infrastructure Levy (CIL) training for all Elected Members.

Members were provided with the opportunity to receive training in respect of the Council's Community Infrastructure Levy ('CIL') policy.

The Director of Prosperity & Development advised Members that CIL is a relatively new levy that local authorities in Wales and England can choose to charge on new developments in their area.

Members were informed that CIL can be charged in the following circumstances:-

- On gross internal floor space per square metre of any new building; or,
- An extension to an existing building if it has at least 100 square metre gross internal floor space; or,
- If it involves the creation of a dwelling even when below 100 square metres (including changes of use).

Members were provided with the CIL Charging Schedule and were reminded that the CIL regulations require CIL charges to be index linked to the Building Cost Information Services (BCIS) All-in Tender Price Index.

The Director advised Members that the Council has introduced an instalments policy to spread the payments of the CIL charge. For payments up to £50,000 there will be two instalments: 50% within 90 days of commencement and 50% within 180 days. The instalments increase up to 5 instalments for charges in excess of £1,000,000.

In respect of CIL relief, Members were advised that relief from CIL may be available in a number of specific instances, including:-

- Charitable Relief;
- Social Housing Relief;
- Exceptional Circumstances Relief; (although the Council is not currently offering this relief); and,
- Exemption for self-build houses

Members were advised that CIL revenue is split, where 80% will go into the CIL pot, 15% to community council (or if no community council, to be spent in that area on local infrastructure) and 5% will be spent on administration costs.

Discussions continued and Councillor Norris sought clarification in respect of the exemption for self-build houses. The Director confirmed that builders will have to apply for the exemption, however, the Council provides assistance throughout the administrative process. Councillor Holmes commented that CIL charges will be passed on from the developer to the buyer by increasing the purchase price. The Director noted that, unfortunately, the potential for this has always been the case. However, it was noted that the property market has become more self-policing in recent years.

In respect of the 15% of CIL spending that goes to Community Councils, Councillor Thomas commented that the greater proportion of areas are not being charged. The Director of Prosperity and Development agreed that it is more problematic in areas that don't have Community Councils but a process was developed through Scrutiny when CIL was first introduced. The Director explained that at present, CIL spending is done in consultation with the local area. Members were advised that Community Councils get more leeway as to how they spend the CIL money, however, it was emphasised that Community Councils are encouraged to adopt their own regulation 123 list.

Discussions continued and Members were referred to the Council's Regulation 123 list. Members were advised that CIL revenue will be used to support development by funding infrastructure, which can include the provision of roads, schools, flood defences, medical facilities, open spaces, sporting and recreational facilities but the current List is focussed on Transport and Education infrastructure. It was noted that CIL is not related to the development from which it came, as it is intended to support growth across the development plan area.

Further discussions ensued and Members were reminded that CIL is mandatory and non-negotiable. Councillor D. Owen-Jones raised a query in respect of the Talbot Green development and noted that the Sainsbury development has received a two year extension. The Director advised the Member that this was approved before CIL came into force. Members were informed that approximately £2 million was raised from Sainsbury's as a result of the section 106 contribution. The Director emphasised that renewals rely on existing consent and are therefore not liable to pay CIL.

Councillor Caple queried whether the regulation 123 list was too restrictive. The Director of Prosperity & Development reminded Members that the regulation 123 list is open to Members to add projects onto the list. The Director confirmed that the list currently includes highways and education, however, further projects could be added on to the list accordingly subject to Cabinet approval

In respect of section 106 contributions, Councillor S. Rees-Owen queried the remit of the Local Authority if the area falls within Zone 1. The Director confirmed that developments in Zone 1 still need to address the impact that they will have on infrastructure and the Authority will decide if it's acceptable. The Director emphasised that the Authority is still entitled to refuse the application or seek a contribution through section 106.

The Voting Elected Parent/ Governor Representative sought clarification in respect of the definition of the word "commencement". He also queried the pot of CIL in respect of the Station Road development and sought clarification as to whether the CIL money has been earmarked for additional educational resources. In respect of the word "commencement", the Director advised the Committee that the definition is contained within the Planning Act and is supplemented by the relevant case law. In respect of education, the Director advised Members that consultation is undertaken with the education department as to where and when CIL money needs to be spent on mitigation.

Discussions continued and Councillor W. Lewis queried whether builders have to pay CIL even when they are providing social housing. The Director informed the Committee that if the builder doesn't assume liability for CIL, default liability normally lies with the land owner. The land owner or the builder will then have the opportunity to apply for an exemption. However, the Director emphasised that if the land owner or the builder hasn't applied for the exemption at the outset then they would be liable to pay CIL.

A further query was raised by Councillor Cullwick in respect of the CIL Charging Zones. The Member queried whether it is costing builders more to build houses in Pontypridd. The Director advised that in respect of CIL, 100 square metres in Pontypridd could cost a builder an extra £4,000 in CIL. Consequently, it would be less viable to build a house in the Rhondda if CIL was charged at that rate than in a ward such as Pontyclun. The Director noted that there is a need for the Authority to review its charging schedule alongside any subsequent review of the LDP.

In respect of community councils, the Chair sought clarification as to which wards do not have community councils and are therefore not receiving 15% of the CIL revenue. The Director noted that the system for the distribution of CIL payments reflects the fact that the CIL legislation was designed to be used by Councils in England.

The Chair also requested information in respect of education projects. The Chair asked if information could be passed to Members in respect of the amount of CIL revenue that is being passed onto educational projects.

The Director reminded Members that the revenue raised from CIL is not enough to deliver projects on the regulation 123 list. The Director advised Members that CIL can be used to pay off Council borrowing in order to deliver infrastructure projects throughout the County Borough.

To conclude, the Chair thanked the Director of Prosperity & Development for providing Members with training in respect of the Council's Community Infrastructure Levy ('CIL') policy.

Following discussion, Members **RESOLVED**:-

1. To acknowledge the information in respect of Community Infrastructure Levy ('CIL'); and,
2. To receive information in respect of the amount of CIL revenue being spent on educational projects via the Graduate Scrutiny Research Officer.

25 Understanding the Council's 2019/20 Budget

Members were provided with an overview of the Council's 2019/20 Revenue Budget and 3-year Capital Programme.

In respect of Education & Inclusion Services revenue budgets, Members received an overview from the Head of Finance - Education and Financial Reporting. Members were provided with details of individual school budgets and a breakdown of the budget per service area for the non-schools part of the Group. The Head of Finance - Education and Financial Reporting stated that if there is a deficit in an individual school then the school must follow the Schools Deficit Protocol and must provide a plan on how it will make good the deficit.

Members were also informed of the potential financial pressures for schools, such as costs of supply teachers and increased teachers' pension costs. The Head of Finance - Education and Financial Reporting went on to set the overall financial context and noted that schools funding has been protected in comparison to other Council services for the number of years, recognising that there has still been a requirement for budget savings at an individual school level during this period. The Head of Finance added that for the 2019/20 financial year, the school budgets had increased by 3.5% which is significantly higher than the funding increase received by the Council from Welsh Government.

Following the presentation, discussions ensued and Members were provided with an opportunity to scrutinise the information.

Councillor S. Rees-Owen highlighted that school attendance levels are not improving and requested further clarity on the resources in place to support this area. The Head of Finance - Education and Financial Reporting fed back that further information will be provided following the meeting. The Chair also requested budget information on other service areas and the Head of Finance - Education and Financial Reporting confirmed that the Budget Book is available on the Council's website and that a link will be sent out to Committee Members. The Service Director of Democratic Services & Communication added that the Finance and Performance Scrutiny Committee will also have opportunity to scrutinise service budgets and performance on an on-going basis as part of its review of the quarterly Performance Report.

Discussions continued and the Voting Elected Parent / Governor Representative queried whether the 'Additional Learning Needs' model was still fit for purpose. The Voting Elected Parent / Governor Representative noted the trend of increasing financial pressure associated with learners with additional learning needs and commented that the allocation provided is not sufficient to meet the needs of learners. The Head of Finance - Education and Financial Reporting advised Members that the non-statutory 'Additional Learning Needs' allocation model was reviewed by the School Budget Forum and following consultation was approved by this Forum, with the model based on the Welsh Index of Multiple Deprivation. The Head of Finance - Education and Financial Reporting

commented that the implementation of the Additional Learning Needs and Education Tribunal (ALNET) Act has been delayed a year until September 2021, and any further revisions to funding allocations will take into account changes in the Act and associated Code of Practice. Councillor S. Rees-Owen confirmed that this issue is being considered as part of the Children & Young People Scrutiny Committee's forward work programme.

Following discussion, Members received a presentation from the Head of Finance – Community & Children's Services. Members were provided with a budget breakdown in respect of Adult Services, Children's Services, Leisure, Public Health and Protection & Housing and Transformation. Discussions ensued and Councillor S. Bradwick queried what contributions were received from Merthyr Tydfil County Borough Council in respect of the Youth Offending Service. The Head of Finance – Community & Children's Services confirmed that there is currently a pooled budget agreement with Merthyr Tydfil County Borough Council and funding is split on a 75/25 basis (RCT/Merthyr). The Chair highlighted that further information would be helpful around the number of children looked after for both Rhondda Cynon Taf and Merthyr Tydfil and, specifically for Rhondda Cynon Taf, information on the number of adults in residential care. Councillor Norris informed Members that the figures in respect of Children Looked After change on a daily basis. Councillor Norris added that this information is included within the Council's quarterly Performance Report and details of adults in residential care was recently reported to Cabinet, and confirmed that this information would be provided to the Committee.

Discussions continued and Councillor S. Rees-Owen informed the Committee that the Children & Young People Scrutiny Committee recently reviewed Residential Provision in RCT and that Children Looked After is also an area for review on its work programme, and is content that sufficient scrutiny is being afforded to these important areas.

In respect of residential provision for children in RCT, Councillor Cullwick sought clarification as to the source of funding. The Head of Finance – Community & Children's Services informed Members that the cost of residential provision is paid for by the Council and can be high due to the complex needs of the young people and the number of staff required to support their needs. Councillor Cullwick commented that property prices are relatively low in the South Wales Valleys in comparison with other areas throughout the UK and he sought clarification as to how the Council engages with private companies to encourage them to set up a business in South Wales. Councillor S. Rees-Owen informed the Committee that the Service Director, Legal Services will be providing an update in respect of private care home provision at the next Children & Young People Scrutiny Committee. Members were also informed that in England a Location Assessment is needed before a care home can be considered for development and that a Location Assessment is not obligatory in Wales, it being a tool for good practice but is not currently part of the regulations set by Welsh Government.

To conclude, the Head of Finance - Community & Children's Services highlighted other key points in respect of the revenue budget including demographic pressures and challenges around the recruitment and retention of social workers.

Discussions continued and the Head of Finance - Prosperity, Development & Frontline Services and Chief Executive presented revenue budget information for these areas together with an overview of corporate budgets and the Council's 3 year Capital Programme (2019/20 – 2021/22).

Members were provided with an overview of revenue budgets for 2019/20 for Prosperity & Development (£2.912 million), Frontline Services (£53.897 million), Chief Executive's (£25.812 million) and corporate budgets (£67.852 million).

Discussions ensued and the Voting Parent / Governor Representative raised a query in respect of home to school transport and sought clarification as to whether the Council's provision was above (i.e. more generous than) the statutory requirements for this area. The Head of Finance confirmed that the Council's home to school transport provision is above the statutory requirement and indicated that an estimate of the expenditure the Council incurs above the statutory levels would be provided following the meeting.

Councillor Caple raised a further enquiry in respect of the Council's fleet of vehicles. The Head of Finance confirmed that the Council's fleet of vehicles is a mixture of purchased and leased / hired, and went on to indicate that where the Council own vehicles, these are depreciated in line with an approved accounting policy and where assets are hired, the hire costs are charged to services and no depreciation is applied. The Head of Finance also indicated that due to changing technology and maintenance requirements for vehicles, the Council carefully considers the whole life costs when acquiring vehicles, for example, whether it is more cost effective to purchase or lease / hire.

The Head of Finance also referred Members to the Council's 3 year Capital Programme 2019/20-2021/22 that currently totals £173 million and outlined key schemes such as 21st Century Schools, Leisure, Parks & Countryside and Play Areas and Town Centre Regeneration.

To conclude, the Chair thanked officers for providing an in depth overview of the Council's budgets.

Following discussion, Members **RESOLVED** to acknowledge the information provided in respect of the Council's 2019/20 Revenue Budget and 3-year Capital Programme.

26 Quarter 1 Performance Report 2019/20

The Service Director – Finance and Improvement Services presented the Council's Quarter 1 Performance Report (to 30th June 2019).

The Service Director explained that the Quarter 1 Performance Report was presented to Cabinet on the 24th September 2019 and contains revenue and capital budget performance; Treasury Management prudential indicators; Organisational Health information, including staff turnover; sickness and Council strategic risks; corporate plan priority action plan updates; other national measures; and target setting.

The Service Director went on to provide Members with an update on progress made across the Council's Corporate Plan priorities and indicated that out of 39 performance indicators reported with a target at Quarter 1, 21 were 'on target', 8 were 'within 5% of the target' and 10 were 'not on target'.

Following the overview by the Service Director, Members scrutinised the report and put forward their questions.

Councillor Cullwick queried the date included within the Strategic Risk Register around the Council becoming net zero in terms of carbon emissions by 2050. The Service Director advised Members that the Quarter 1 Performance Report sets out the position as at 30th June 2019 and that since this time the Leader has provided an update to the 23rd October 2019 Council meeting setting out the arrangements and actions to be taken by the Council to contribute to tackling climate change. The Service Director added that as this work progresses, the Council's Strategic Risk Register will be updated and reported as part of future Performance Reports.

(Note: At this point in the meeting, the Chair, County Borough Councillor M. Powell left the meeting due to a family emergency, therefore the Vice Chair, County Borough Councillor G. Thomas took the Chair)

Following discussion, Members **RESOLVED** to endorse the Council's financial and operational performance position as at 30th June 2019 (Quarter 1).

27 RCT Draft Employment Strategy and Action Plan 2019/21

Members were afforded with the opportunity to undertake pre-scrutiny of the RCT Draft Employment Strategy and Action Plan 2019/21.

The Service Director Community Services informed Members that developing a strategy is important for several reasons. It will:-

- Focus limited resources and support on those most in need so that they can improve their own and their families' future;
- Consolidate the link between learning/training provision and local and regional labour market needs;
- Ensure that the Council services and partners are clear about the direction of travel and the outcome that we will be working to achieve;
- Identify any gaps in provision so that they can be addressed; and
- Help us to jointly prepare for the introduction of new national initiatives and the ending of some current funding sources so that there is a smooth transition for the benefit of communities and individuals.

The Service Director reminded Members that the strategy has been developed by themes identified by the Welsh Government in their strategic documents and also informed by regional priorities, as identified by the Regional Skills Partnership and Cardiff City Deal developments. It was also emphasised that the strategic priorities contribute to the Council's 3 priorities of Economy, People and Place, as outlined in the Corporate Plan 2016-20.

To conclude, the Service Director advised Members that the strategy has been agreed by the Strategic Employment Group, subject to feedback from Scrutiny. The action plan will be regularly monitored by the Strategic Employment Group and reports on progress can be provided to Members as required.

Members were subsequently provided with the opportunity to scrutinise the strategy and to put forward their questions.

Discussions ensued and Councillor Cullwick referred the Committee to page 171 of the report and noted that the Strategic Employment Group does not include representatives from the private sector. The Service Director advised Members that it has been difficult to get private sector representatives onto the group, however, the Service Director emphasised that some partner organisations actively work with private sector employers and subsequently feedback their comments to the Group. The Service Director stressed that the Strategic Employment Group would welcome representatives from the private sector.

Councillor G. Thomas queried what resources are available to focus on upskilling. It was noted that residents will travel for work and will need high end skills to do that. The Service Director informed Members that the Council has limited resources in this area and that most of the funding is external. Grants from the Welsh Government focus on level 1 and 2 skills. However, the Service Director reminded Members about the Education, Employment and Training Service located within the Council's HR department and highlighted the Council's successful Apprenticeship and Graduate Schemes as well as the implementation of Job Support Wales. The Service Director advised Members that developments in relation to skills and training at a national level will be introduced over the next two years and it is recognised that the Action Plan will need to be flexible to accommodate these changes. This includes the implementation of Job Support Wales, the creation of a national strategic body for adult community learning and the ending of ESF programmes as a result of Brexit. The aim is to get people from a level 2 skill to develop higher level skills.

Councillor Thomas noted that the factors that influence employment also significantly impact on the wider economy. Councillor Thomas requested that this issue is addressed in the Finance & Performance forward work programme.

Following discussion, Members **RESOLVED** to endorse the RCT Draft Employment Strategy and Action Plan 2019-21, subject to the comments and minor amendments proposed by the Committee.

28 Quarterly review of the 2019/20 Finance and Performance Scrutiny Work Programme

The Service Director of Democratic Services & Communications gave an overview to Members in respect of the Finance & Performance Scrutiny Committee Forward Work Programme 2019/20.

It was highlighted that following a number of changes to the Scrutiny arrangements in RCT, one of the improvements have included the development of a more streamlined forward work programme, which contains less items for consideration at each committee meeting to allow for more in depth review of topics and potential referrals from Council, Audit Committee and other sources.

Members were reminded that the forward work programme has been developed from current business identified and matters relating to the Council's Corporate Performance themes and priorities. Reference was also made to the Cabinet/Scrutiny engagement sessions, which were held throughout October between the Scrutiny Chairs, Vice Chairs, respective Cabinet Members and

Senior Leadership Officers, which support the Scrutiny arrangements going forward and also informed the respective forward work programme.

In respect of training, Members were reminded about the training session that was arranged for all RCT Scrutiny Members on Friday, 25th October 2019, facilitated by Dr Dave McKenna. The Service Director highlighted the importance of engaging in the training opportunities provided to support Members in their respective scrutiny roles.

Discussions continued and the Service Director noted that further enhancements are underway to provide better access for the public to the business of scrutiny online. This includes providing more user friendly information to support the public engagement process.

Following discussion, Members **RESOLVED** to agree the Finance and Performance Scrutiny Committee Work Programme for the Municipal Year 2019/20, subject to the previous request made by Councillor G. Thomas in respect of reviewing the correlation between employment and its effect on the wider economy. The Service Director confirmed that reporting on this matter had and would be built into proposed work programme in line with the amended terms of reference for the committee either for information or scrutiny and challenge by members.

29 Consultation Links

The Vice Chair referenced the consultation links, which were available through the 'RCT Scrutiny' website. The Vice Chair reminded Members that information is provided in respect of relevant consultations for consideration by the Committee, which are circulated on a monthly basis by the Graduate Scrutiny Research Officer.

This meeting closed at 7.26pm. CLLR M. POWELL (CHAIR) AND CLLR G. THOMAS (VICE CHAIR)