



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Minutes of the meeting of the Finance and Performance Scrutiny Committee held on Wednesday, 29 January 2020 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 J Williams
Councillor T Williams	Councillor J Cullwick
Councillor G Caple	Councillor A Fox

Officers in attendance:-

Mr P Griffiths, Service Director – Finance & Improvement Services
Mrs S Handy, Graduate Scrutiny Officer
Ms S Davies, Head of Finance: Education and Financial Reporting
Mr A Wilkins, Director of Legal Services

County Borough Councillors in attendance:-

Councillor M Adams, Chair of the Overview & Scrutiny Committee
Councillor M Norris, Cabinet Member for Corporate Services

40 Declaration of Interest

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

41 Apologies

Apologies of absence were received from County Borough Councillors M. Diamond, A. Davies-Jones and S. Rees-Owen.

42 Minutes

It was **RESOLVED** to approve the minutes of the 16th December 2019 as an accurate reflection of the meeting, subject to the following amendments:-

- Page 7 to be amended as follows; *Councillor Caple* questioned whether RCT fund children who are placed in the County Borough from other local authorities.

43 Pre Scrutiny Feedback

The Graduate Scrutiny Officer provided the Committee with the decision of Cabinet following the pre scrutiny opportunity undertaken by the Finance & Performance Scrutiny Committee in respect of the RCT Draft Employment Strategy and Action Plan 2019/21.

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 Graduate Scrutiny Officer 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 RCT Draft Employment Strategy and Action Plan 2019/21.

44 Consultation Links

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

45 Cabinet and Scrutiny Engagement

Councillor M. Norris (Cabinet Member for Corporate Services) provided an overview of the portfolio responsibilities.

Accountancy Services and Performance and Resources:-

Under this area, the Cabinet Member set out the key priorities for 2019/20, including the delivery of robust in-year financial management and reporting arrangements; maintaining and refreshing the Council's Medium Term Financial Plan; provision of robust financial management support to key projects; modernisation of the service through the application of up to date digital technology and agile working; and working with services to improve performance management arrangements.

In respect of agile working, the Chair sought clarification on the timescales for further roll out. The Cabinet Member fed back that positive progress had been made to date and the Council is committed to further roll out across the Council, the timescales for which would be informed by lessons learned from the work undertaken to date.

Discussions ensued in respect of agile working and Councillor J. Williams highlighted that the use of agile working may not be as effective in some areas and could potentially have a detrimental impact on staff in the longer term, for example, through less face to face contact with team members. The Cabinet Member acknowledged this and fed back that each area needs to be assessed on an individual basis to determine the service and staff impacts and is an approach that is being applied within the Council.

Councillor Yeo commented that agile working will help the Council in its aim to

become more efficient and supported the work that the Council has undertaken to date in this area.

Pensions, Procurement and Transactional Services

The Cabinet Member advised the Committee in respect of the key priority areas for 2019/20 and updated Members in respect of the main areas of progress. This included the Local Government Pension Fund; the consequences of the implementation of the UK Government's welfare reform agenda within the Benefits Service; maximising information technology to improve service performance and customer access; and procurement advice and support in the delivery of strategic projects.

Discussions ensued and the Chair raised a query in respect of fossil fuel and ethical investments. The Cabinet Member advised the Committee that the Local Government Pension Scheme is not a function of the Executive and fed back that the Fund is committed to a responsible approach to investment, as set out within its published governance documents, and updates are reported regularly to the Pension Fund Committee.

In respect of Council Tax, Non-Domestic Rates and Benefits Speed of Processing, the Cabinet Member informed the Committee that performance was on or ahead of target for each of these areas. The Chair sought clarification in respect of non-domestic business rates and the Service Director advised that this area has been fully devolved to the Welsh Government whereby local authorities collect business rates, the money collected is paid into a national pool administered by Welsh Government and then redistributed to local authorities each year as part of the local government settlement. The Service Director added that a similar approach is applied in England albeit consideration is being given to enable English local authorities to retain a higher percentage of the business rates they collect.

Councillor W. Lewis queried whether the Council provides procurement advice and support to Fair Trade groups. The Cabinet Member informed the Committee that the Council is supportive of such groups and works with them on events such as the 'Big Welsh Bite RCT'. Councillor Lewis asked whether fair trade products could be included as sample products in the Mayor's Chamber and the Cabinet Member advised that he would raise this with the Mayor's office accordingly.

ICT & Digital Services

The Cabinet Member outlined the Council's key priorities for 2019/20 in this area, including, the Council's Digital Strategy; Data & Information Management; and Delivering First Class Infrastructure.

Discussions continued and Councillor Bradwick requested that consideration be given to ensure elected Members are appropriately supported when provided with new digital devices as well as on-going support. The Cabinet Member was supported of this and referenced the changeover from Blackberry devices to Microsoft Outlook, and confirmed that the importance of the continued provision of effective support to elected Members would be fed back to the Service.

A number of Members sought clarity in respect of the level and quality of Wi-Fi access in schools across the County Borough, noting that some schools seem to

have better access than others. The Cabinet Member emphasised that all schools in RCT should now be running on the same network and informed Members that the Council has recently been successful in securing funding from the Welsh Government to roll out the use of new tablets and iPad devices across all schools in the County Borough.

One4all & Contact Centres (Customer Care)

The Cabinet Member updated the Committee on the progress made in the priority areas of 'Deliver One Front Door-Multi Channel'; Customer Systems and insight; and consolidating admin and developing a Corporate Business Support Unit.

Councillors Cullwick and J Williams sought clarity around whether there was a system in place to monitor response times by customer services. The Cabinet Member fed back that key performance indicators for this area are reported as part of the Council's quarterly performance report to enable the Committee to scrutinise performance during the year. The Service Director- Finance & Improvement Services added that a process is in place for the Customer Care Service to provide feedback to Member enquiries in relation to frontline service areas such as fly tipping and indicated that the performance information included within the Council's quarterly Performance Reports may be a useful reference point to inform further lines of enquiry that the Committee may have.

Corporate Estates

The Cabinet Member continued by outlining the key priorities for 2019/20 and main progress areas, including the Council's aim to make the best use of the Council's land and building portfolio; to support the regeneration of RCT; the continued provision of technical support to Service Groups for the delivery of projects, such as the 21st Century Schools Band B Programme; maintaining compliance with legislation for the ongoing maintenance and operation of buildings; and energy and utilities management.

Discussions ensued and Councillor Lewis enquired around the current position for the 'extra care' programme in Porth. The Service Director- Finance & Improvement Services fed back that development options for the Porth scheme are currently being considered.

Discussions continued and the Chair queried whether Members are getting timely feedback from Corporate Services service areas and Councillor Williams emphasised the importance of being consulted with prior to any planning decisions being made. The Cabinet Member agreed and informed Members that this would be fed back to the Service.

Internal Audit

Members were informed that the Council's Internal Audit Service joined an existing regional audit service with effect from 1st April 2019, as approved by Cabinet on the 21st June 2018. Members were reassured that this has not caused any change or disruption to the delivery of internal services to the Council and that the Council will continue to work closely with representatives of the regional service.

Following discussion, Members **RESOLVED** to note the content of the update on

the progress made in advancing the portfolio responsibilities of the Cabinet Member.

46 2019/20 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 2019/20 and the Prudential and Treasury Indicators for the same period.

The Head of Finance explained the report provides Members with the opportunity to scrutinise the six month activity that was reported to Council on 27th November 2019.

Members were provided with an overview of the general economic environment and were informed that the Bank of England Monetary Policy Committee has maintained the Bank Rate at 0.75% throughout this financial year.

The Head of Finance advised Members that the Council undertook borrowing from the PWLB of £80M when rates had fallen to record lows. The Head of Finance also informed Members that following this, the PWLB raised rates by 1%.

The Head of Finance advised Members that Welsh Government has amended the statutory guidance on Local Government Investments to ensure that risks associated with commercial investments are managed appropriately and noted that the new guidance takes effect from April 2020.

The Head of Finance advised the Committee that no variance is currently being projected for net capital charges, which have a budget for 2019/20 of £18.9M. It was emphasised to Members that this is being achieved despite the challenges faced with investment income and maintaining the Council's low risk strategy.

Members were advised that during the six months to the 30th September 2019, the Council operated within its prudential limits as set out in the Prudential Code report approved by Council in March 2019.

Members were also reminded that the Council's borrowing activity is within its Authorised Limit, nothing that the Authorised Limit represents the limit beyond which borrowing is prohibited.

Discussions ensued and Members put their questions forward.

Councillor Cullwick queried what effect a 0.5% Bank of England base rate would have on the Council. The Head of Finance advised Members that if the base rate decreases, the return on the Council's investments would decrease proportionally. The Head of Finance added that there would not be a significant impact on the Council's investment income as the strategy has been to reduce investments of surplus cash.

The Vice Chair referred the Committee to paragraph 4.4 of the report and queried how the UK Consumer Price Index (CPI) compares with the CPI in RCT. The Service Director- Finance & Improvement Services informed Members that the UK CPI rate is used as a baseline and that where costs differ locally, these

are taken account of, for example, as part of the annual budget setting process. The Service Director added that there is not an all-encompassing local CPI rate for Rhondda Cynon Taf.

A further query was raised by Councillor Powell in respect of the unemployment rate of 3.9% in the UK and he sought clarification as to the unemployment rate in RCT. The Service Director- Finance & Improvement Services advised Members that employment statistics are included within the Council's quarterly Performance Reports and noted that such information is based on a sample rather than the whole population of the area.

Following consideration, it was **RESOLVED**;

1. To note the content of the report; and,
2. To receive updated reports in future meetings.

47 *The Council's Draft 2020/21 Revenue Budget Strategy*

With the aid of a PowerPoint presentation the Service Director – Finance and Improvement Services provided Members with an overview of the:

- 2020/21 Draft Revenue Budget Strategy;
- Council's Current Financial Position (2019/2020);
- Phase 1 Budget Consultation – Headlines;
- Provisional Local Government Settlement 2020/2021 – Headlines and Implications for RCT; and
- Phase 2 Budget Consultation.

The Service Director indicated that the overview provided the opportunity for the Committee to pre-scrutinise the draft Revenue Budget Strategy proposals for 2020/21 and also that the views of the Committee would be fed back to Cabinet at its meeting in February 2020 and incorporated into the Revenue Budget Strategy report presented to full Council in March 2020.

Members noted the overview and discussions ensued.

The Vice Chair referred Members to page 61 of the report and queried if the RCT rate of inflation differed from the Consumer Price Index (CPI) rate of inflation. The Service Director indicated that there is not an all-encompassing RCT rate of inflation and explained that the Council uses the CPI rate as a 'starting point' and the budget setting process takes account of local inflationary factors that impact on the cost of service delivery in Rhondda Cynon Taf, for example, changes in energy and food costs.

A further query was raised by Councillor Cullwick in respect of the increase in Welsh Government's Social Care Workforce and Sustainability Pressures Grant from £30Million to £40Million at an all Wales level for 2020/21. The Service Director confirmed that this funding is used to fund the Council's core base budget and the indicative allocation to the Council was £3.4Million.

Discussions continued and the following Budget Consultation questions were

put to Members in order to obtain the Committee's feedback.

In respect of Council Tax, Members were asked whether they agreed with the increase of 2.85% for the next financial year. Overall, the majority of Members agreed with this increase; however, the Chair queried the difference between the majority of respondents in the Phase 1 consultation process agreeing to a 3% increase and the Council's proposal to increase by 2.85%. The Service Director fed back that overall 85% of respondents in the phase 1 consultation process supported a 3% or less increase and the draft strategy has taken this information into account together with the better than anticipated provisional settlement level from Welsh Government in proposing a lower Council Tax level.

Discussions ensued and Councillor Cullwick queried whether the United Kingdom General Election in December 2019 had impacted on the information included within the phase 1 budget consultation process or information fed back by respondents. The Director of Legal Services fed back that the Council's phase 1 consultation process provided opportunity for consultees to feedback their views on the key strategic building blocks of the Council's budget for 2020/21 and noted that it commenced on 21st November 2019, prior to the United Kingdom General Election result, and closed on the 16th December 2019, the same day as the provisional local settlement was published by Welsh Government. The Director added that the phase 2 process takes account of the provisional local government settlement information as part of seeking feedback on Cabinet's draft revenue budget strategy for 2020/21.

In respect of Schools Budget, Members supported the proposal for the Council to fully fund schools for the next financial year.

With regard to efficiency savings, Members supported the proposed approach and agreed that the Council should continue to become more efficient going forward in future years. Councillor Yeo emphasised that there remain opportunities for the Council to become more efficient, for example, through the roll-out of agile working. The Vice Chair agreed that the Council needs to be as efficient as possible, stressed that the Council needs to define the word "efficiencies" as part of its consultation process and ensure that efficiency savings are carefully planned prior to implementation. The Service Director informed Members that the Council recognises the on-going delivery of efficiency savings at the level built into the 2020/21 draft budget strategy and also the levels delivered in previous years is becoming increasingly difficult to achieve, and added that clarity on what the Council defines as 'efficiency' is included within the consultation documentation i.e. budget savings that do not impact on frontline services. The Service Director went on to confirm that prior to efficiency savings being built into the Council's draft budget, they are robustly reviewed to ensure that they are deliverable and Members can monitor the Council's financial performance in-year as part of quarterly performance reports presented to the Finance and Performance Scrutiny Committee.

Councillor Cullwick sought clarity on the involvement of staff in respect of efficiency savings. The Service Director fed back that staff are encouraged to identify budget savings opportunities and, where relevant, are involved and supported as part of implementing budget saving measures.

In terms of the proposed treatment of fees and charges, Members agreed with the standard approach of a 1.5% increase together with the proposed specific exceptions. The Chair sought clarity on the £0.50 increase at the Pontypridd Lido and whether this also related to the use of the facility for children under 16. The Service Director feedback that the £0.50 increase related to the adult entry price only and that children under 16 will remain free of charge.

In the absence of Mr Fish, the Voting Elected Parent/Governor Representative, the Chair put forward questions that Mr Fish had provided to the Chair prior to the meeting. Mr Fish requested that whilst the proposal to increase the School Budget by 8.5% for the forthcoming year is welcomed, assurance was sought that all schools would receive this level of increase without any subsequent efficiency saving requirement. The Head of Finance - Education and Financial Reporting advised Members that the 8.5% increase relates to the total school budget as a whole and a number of factors at an individual school level will impact on the increase received per school, for example, changes in pupil numbers. The Head of Finance added the requirement for a School to deliver an efficiency saving will depend on each individual school's spending plans for 2020/21, including its staffing requirement.

A further question was put forward from Mr Fish seeking clarity around the £0.05 increase in school meals and then the price frozen for 2 years compared to other fees and charges being frozen in 2020/21. The Service Director - Finance and Improvement Services provided context for Members in that school meal prices had been frozen for 3 of the last 5 years and the cumulative percentage increase over this period equated to just over 6%.

Discussions continued in respect of the Council borrowing to invest in its infrastructure. The Chair sought clarification as to the borrowing percentage (interest rate) that the Council would use and the Head of Finance - Education and Financial Reporting advised Members that the percentage would only be known at the point in time when the Council needs the investment. The Chair also sought clarity on the length of the repayment period for borrowing purposes and the Head of Finance advised that the repayment period would follow the expected life of the asset(s) acquired / enhanced.

In respect of other budget strategy proposals, Members agreed with the additional £250k investment in youth engagement and with the £50k investment in respect of paddling pools. Members also agreed with the Council's investment in the Muni Arts Centre; however, the Chair queried what the £105k would be spent on. The Service Director informed Members that the investment would support operational costs to enable the Centre to

be re-opened in 2020. The Vice Chair praised the progress that has been made in respect of the Muni Arts Centre and emphasised that investment in the Arts is welcomed, particularly in light of the impact of austerity over a number of years.

The Service Director also informed Members that other budget strategy elements proposed related to:

- Local NDR Relief Scheme;
- Home to School Transport (Procurement efficiencies);
- Council Tax Reduction Scheme; and,
- Supported Accommodation Strategy.

The Service Director went on to advise Members that after taking into account all of the other budget strategy proposals, the remaining budget gap amounts to £0.804M. The Service Director indicated that the Council has set aside a reserve of one-off funding to support balancing the annual budget and it is proposed that an allocation of £0.804M is made from this funding for 2020/21. The Service Director added that this proposal would provide a balanced budget for 2020/21 and would leave £3.6M in the reserve fund. Members agreed with the Council's use of the reserve fund as part of setting a balanced 2020/21 revenue budget strategy.

Members were then asked to provide any additional comments in respect of the proposed budget strategy:

- Councillor Yeo praised the budget strategy, particularly in light of the Council's investment in adult services.
- Councillor Cullwick queried whether an opposition party could put forward a different proposed budget strategy and the Service Director advised that alternative suggestions would be welcomed.
- Councillor Lewis sought clarification as to the methods being used by the Council to engage the public in the consultation process. The Service Director advised Members that a comprehensive approach is taken that includes: an on-line questionnaire; face to face 'public drop in events'; engaging with the Older Persons Advisory Group, Disability Forum, Young Persons engagement and the School Budget Forum; and promotion through social media. Councillor Lewis also sought clarity around how the results of the consultation are being fed back to the public. The Service Director informed Members that the results are fed back to specific groups as part of phase 2 of the consultation process and the full consultation report is available on the Council's website.

In conclusion, the Service Director stated that the views of Members of the Committee would be fed back to Cabinet at its meeting in February 2020 and would be presented to full Council in March 2020.

The Chair thanked the Service Director for the presentation.

Following a discussion, Members **RESOLVED**;

1. That the views expressed by the Members, as set out in the body of the minutes, are fed back to Cabinet in respect of their budget strategy proposals.

48 Chairs Review and Close

The Chair thanked everyone for attending and for a positive response in respect of the items considered today and the recommendations taken forward.

The Chair reminded Members that the next meeting will be held on the **24th March 2020 at 5pm** and includes:-

- Quarter 3 Performance Report;
- Pre-scrutiny of the new draft Digital Strategy;
- Council Corporate & Service Self Assessments; and,
- Corporate Asset Management Plan (Information Report Only)

This meeting closed at 7.25 pm

**CLLR M. POWELL
CHAIR.**