



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE
Minutes of the virtual meeting of the Finance and Performance Scrutiny Committee held on Monday,
19 October 2020 at 5.00 pm..

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

Councillor M Powell (Chair)

Councillor G Thomas Councillor S Bradwick
Councillor R Yeo Councillor S. Rees-Owen
Councillor J Williams Councillor T Williams
Councillor J Cullwick Councillor G Caple
Councillor A Fox
Councillor S Rees
Councillor W Owen
Councillor J Edwards

Officers in attendance:-

Mr C. Hanagan, Service Director of Democratic Services & Communication
Mr P. Griffiths, Service Director – Finance & Improvement Services
Ms S. Davies, Head of Finance - Education & Financial Reporting
Mr S. Gale, Director of Prosperity & Development
Mr A. Wilkins, Director of Legal Services
Mrs S. Handy – Members' Researcher & Scrutiny Officer
Mrs S. Daniel – Senior Democratic Services & Scrutiny Officer

Co-opted Members in attendance:-

Mr J. Fish – Voting Parent/ Governor Representative

Other County Borough Councillors in attendance

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

1 Welcome

The Chair welcomed Members to the first virtual meeting of the Finance & Performance Scrutiny Committee for the 2020/21 Municipal Year.

The Chair informed Members that the agenda would be dealt with out of sequence, with agenda item 6 being dealt with first.

2 Apologies

An apology of absence was received from County Borough Councillor S. Evans.

3 Declaration of Interest

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

4 Minutes

It was **RESOLVED** to approve the minutes of the 29th January 2020 as an accurate reflection of the meeting, subject to the following amendment:-

Councillor G. Thomas referred Members to page 9 (reference paragraph 4.4) and page 10 respectively, and emphasised that in seeking clarity on how the UK Consumer Prices Index (CPI) compared with the CPI in Rhondda Cynon Taf, this was in relation to the impact of inflation in the delivery of Council Services and not from a household / resident perspective within the County Borough. The Service Director – Finance & Improvement Services reassured Members that this point will be reflected in the minutes.

5 TREASURY MANAGEMENT ANNUAL REPORT

The Head of Finance - Education & Financial Reporting presented the report of the Director of Finance and Digital Services in respect of the Annual Treasury Management Review 2019/20, which had been presented to Council on the 29th July 2020 (attached to the report at Appendix 1).

Following the overview of the report provided by the Head of Finance, Members raised a number of questions.

Mr J. Fish, the Voting Elected Parent/Governor Representative, sought clarity around whether the £80M long term borrowing undertaken during the year, as set out in paragraph 8.2 of the report, was planned or whether the Council were seeking to take advantage of the low rates available at that point in time. The Head of Finance fed back that the borrowing undertaken was both planned for and also taken because of the low rates prevailing at that time.

The Chair also highlighted the £30M of borrowing taken on 5th July 2019 at an interest rate of 1.41% and further borrowing taken later at lower rates, and sought clarity around why the earlier tranches of borrowing were not delayed until rates reduced further to enable the Council to incur lower borrowing costs. The Head of Finance fed back to Members that borrowing decisions are informed by the latest market intelligence at the time and advice from the Council's Treasury Management Advisors, who review markets on an on-going basis, and confirmed that the rates secured during 2019/20 were low compared to previous historic rates. The Head of Finance also stated that the Council's approach is to not take all its borrowing requirement in one tranche if there is a possibility that interest rates they could reduce further.

Following discussion, Members **RESOLVED** to acknowledge the information within the report.

6 REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

The Service Director – Finance and Improvement Services presented the Council's Quarter 1 Performance Report (to 30th June 2020).

The Service Director explained that the Quarter 1 Performance Report was presented to Cabinet on the 24th September 2020 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 progress updates.

The Service Director advised Members that the first quarter revenue budget position is a full year projection, rather than a period variance that has been reported at this point in previous years, and explained that the aim of doing so was to set out an early projection of the Council's underlying financial position together with an estimate of the financial implications related to Covid-19. The Service Director informed Members that the full year projected position, estimated at quarter 1, was a £2.903M overspend with key demand pressures being forecasted, in particular, across Adult Social Care and Children's Services. The Service Director went on to explain that the quarter 1 position includes projected additional expenditure and income losses associated with Covid-19 amounting to £27.2M with these being assumed to be fully funded by Welsh Government. Members were informed that work will continue to closely monitor the Council's financial position, refresh financial forecasts for the full year as updated information becomes available and also engage with Welsh Government to highlight the importance of providing additional funding to meet on-going permanent cost pressures.

The Service Director moved on to provide an update on the Council's Capital Programme, noting that work has been on-going during quarter 1 with contractors and suppliers to enable works to safely recommence and projects progressed following the initial 3 week national lockdown from 23rd March 2020. Members were informed that capital expenditure as at quarter 1 totalled £7.7M and a number of schemes have been re-profiled during the quarter to reflect changes in costs and also new external grant funding approvals received.

The Service Director completed the overview of the Report by providing an update on the progress made across the Council's 3 Corporate Plan priority areas of People, Places and Prosperity and, following this, Members put forward their questions.

Councillor S. Rees sought further information in respect of the financial support put in place for local businesses during the lockdown period, whether Welsh Government funding is available and the impact on local authority staff in managing this work during an unprecedented period. The Service Director – Finance and Improvement Services informed Members that a Welsh Government funded Business Support Grant was put in place, administered by local authorities, and for Rhondda Cynon Taf over £40Million of support had been paid, in line with criteria set by Welsh Government, to nearly 4,000 local businesses. The Service Director added that the lockdown period had posed significant challenges for Council staff across all services, with officers working tirelessly and being supported to continue to provide key services, and that their commitment is very much appreciated and recognised.

A further question was raised by Councillor S. Rees-Owen in respect of the adequacy of resources available for school learners in relation to remote learning. The Service Director – Finance and Improvement Services confirmed that additional IT equipment such as laptops had been purchased, funded by Welsh Government, and distributed to school learners to support remote learning. The Service Director added that he would seek further information from

the Director of Education and Inclusion Services in terms of the on-going development and support for remote learning in schools.

Mr Fish, the Voting Parent/Governor Representative, sought clarity on the position for schools to claim for additional expenditure incurred as a result of Covid-19. Mr Fish also highlighted the likely increase in demand for multiple devices in households and how the Council will be able to support this growing need. With regard to the first point raised, the Head of Finance fed back to Members that all schools have been provided with guidance and a proforma to record additional expenditure incurred as a result of Covid-19, and have been requested to submit claims to the Council on a monthly basis. The Head of Finance went on to inform Members that submissions are subject to internal review by the Council, in line with criteria set by Welsh Government, and are then submitted to Welsh Government who determine the eligibility of each expenditure item. The Head of Finance added that regular dialogue is in place with schools to advise on the eligibility of expenditure and inform their budget monitoring arrangements. The Service Director – Finance and Improvement Services indicated that further clarity will be requested from the Director of Education and Inclusion Services in terms of managing the likely growing demand for multiple devices in households to support remote learning.

The Chair referred the Committee to sickness absence information included within the Report and requested further information in respect of the high sickness rate for Accommodation Services within Community and Children's Services. The Chair also requested information on the financial cost of sickness absence across the Council. The Service Director – Finance and Improvement Services indicated that with regard to the level of sickness absence within Accommodation Services, this has been an area where absence rates have been higher than the Council Wide rate in previous years, in part due to the nature of the work, and added that review and support arrangements are in place to facilitate officers' return to work and also that further information would be requested from Human Resources. The Service Director went on to explain that the monitoring and reporting of sickness absence is based on sickness % rates rather than a cost basis, and would enquire whether financial information could be compiled.

Following discussion, Members **RESOLVED** to endorse the Council's financial and operational performance position as at 30th June 2020 (Quarter 1).

7 COMMUNITY INFRASTRUCTURE LEVY ('CIL')

The Director of Prosperity and Development presented his report to Members to seek Committee's comments to be forwarded onto Cabinet in respect of the contents of the CIL Annual Monitoring Report and proposed changes to the regulation 123 List.

In accordance with the Community Infrastructure Levy Regulations 2010 (as amended), the Director attached to his report at Appendix A the CIL Annual Monitoring Report detailing the CIL income and expenditure. Also attached to the report as Appendix B was the Regulation 123 List, which required Members approval for publication on the Council website for a period of 28 days and consultation.

The Director referred Members to paragraph 5.2 of the report and advised Members that the total CIL income received in 2019/20 was £308,535.08. This included:-

- 80% as Strategic income = £130,626.31 *
- 15% Local income = £169,768.53
- 5% Administration income = £8,140.24

The Director emphasised that the 80% Strategic income is less than the 15% Local income due to the amount being off-set against the infrastructure balance until the cost of the new primary school at the Llanilid development has been met.

A further reference was made to paragraph 5.4 of the report and the Director explained that there had been no expenditure of Strategic CIL income to date, however, he emphasised that Cabinet agreed on 20th September 2018 to spend £395,000 of Strategic CIL on Ffynnon Taf Primary School. Members were informed that the project will include a new build extension (4 classrooms and a hall) and refurbishments to the current school buildings for school and community use. The £395,000 Strategic CIL money is proposed to be spent by the end 2020/21.

Members were further informed of the proposed changes to the regulation 123 List, which includes new active travel schemes and infrastructure to complement the development of the South Wales Metro, and also work that is proposed to be removed from the list as work is now being completed through other funding streams. Members were advised of the proposed change in respect of education, which is the removal of Ystrad Barwig Farm due to planning application reference 18/0872/13 for residential development at Ystrad Barwig Farm being called-in by Welsh Government and the Minister decision on 15th March 2020 was to refuse the application.

Following discussion, Members **RESOLVED**:

1. To approve the CIL Annual Monitoring Report (Appendix A);
2. To approve the amended Regulation 123 List (Appendix B) for publication on the Council website for a period of 28 days and consultation; and,
3. To approve the subsequent adoption of the amended Regulation 123 List.

8 FINANCE AND PERFORMANCE SCRUTINY COMMITTEE WORK PROGRAMME 2020/21

The Service Director of Democratic Services & Communication provided an overview of the report and confirmed that the Work Programme under the new arrangements is planned on a three month basis and that this item would be reviewed at this juncture.

The Service Director set out the context and pressures Council Services are currently operating within as it focusses on the impact of the pandemic and its associated plans for response and recovery. The Service Director went on to emphasise that the Committee will need to be mindful of these ongoing pressures and that Members are asked to acknowledge the balance required for a flexible and supportive scrutiny work programme.

Members were advised that the Finance & Performance Scrutiny forward work programme sets out a manageable and realistic programme of scrutiny activity for the next three months, allowing for the more pressing matters to be considered whilst having the flexibility to respond to emerging issues.

Members were reminded that given the current climate, the forward work programme priorities may be subject to change should other specific business need to be considered by the Committee.

Members were advised that the meeting scheduled to take place on the 16th November will include engagement on the 2021/22 Budget Consultation (phase 1) and also a Medium Term Financial Plan update as agreed by Cabinet at its October meeting.

Following discussion, Members **RESOLVED** to acknowledge the contents of the proposed draft Finance & Performance Scrutiny Work Programme for the 2020/21 Municipal Year (October –December 2020).

9 ENGAGEMENT ON THE COUNCIL'S BUDGET 2021/22

The Service Director of Democratic Services & Communication presented his report on the 'digital by default' approach to resident engagement and consultation in respect of the 2021/22 budget, considered by Cabinet on the 13th October 2020.

Members were reminded that in previous years the Council has undertaken a comprehensive approach to its annual budget consultation, involving a large number of residents and key stakeholders. The Service Director went on to inform Members that the current Covid-19 pandemic presents a unique set of circumstances for engagement and consultation, and confirmed that face-to-face engagement is not possible and may not be for quite some time. The Service Director added that in light of this, the 2021/22 annual budget consultation will take on a 'digital by default' approach, whilst continuing to consider hard to reach groups, those having reduced or no access to the internet and those who prefer to engage through more traditional methods.

The Service Director also updated Members on the different approaches that will take place to replace the usual face-to-face engagement and noted that this will include a number of virtual meetings to outline the budget approach, answer questions and collect views. It was noted that online (Zoom) events will give residents the opportunity to engage with and speak to Cabinet Members and senior officers regarding the Council's budget and investment priorities and will include:

- A number of Zoom Public meetings;
- Engagement with older people via the Older Persons Advisory Group meeting;
- Engagement with young people via Rhondda Cynon Taf's Youth Forums;
- A presentation and discussion with young people via our schools;
- Reporting to the Finance and Performance Scrutiny Committee and the School Budget Forum; and
- A presentation at the Community Liaison Committee.

The Service Director went on to acknowledge the difficulties of communicating with those having reduced or no access to the internet and those who prefer to engage through more traditional methods. Members were advised that a range of alternative methods have been put in place as set out in paragraph 5.8 of the report.

Further to the Service Director concluding an overview of the report, Members raised a number of questions. The Chair sought clarification as to which Scrutiny Committee would be receiving the results of the dog fouling consultation. The Service Director confirmed that the results would be presented to the Public Service Delivery, Communities & Prosperity Committee.

Mr J. Fish, the Voting Parent/Governor Representative, noted observations made by the Committee previously around it seeking the opportunity to consider the formulation of budget consultation questions, with Councillor J Williams also recalling previous dialogue in this regard. The Service Director fed back that due to the re-prioritisation of work required as a result of Covid-19 and the budget consultation timescales being worked to this year, it had not been possible to accommodate this within the Committee's current work programme. The Service Director added that the budget consultation questions have been revised in recent years, taking account of the Committee's feedback where appropriate, with the wording of questions being tailored to specific audiences. The Service Director added that as part of the planning arrangements for next year, an update will be reported to the Committee to help inform the Council's budget consultation arrangements for 2022/23.

The Chair sought clarification around the timescale for the consultation to go 'live' to the public. The Service Director fed back that the consultation would go 'live' in the next few days and will run until the 7th December 2020.

The Chair also sought clarification as to whether the budget consultation would be sent out to individual schools in the County Borough. The Service Director confirmed that the Council would be asking for representation from specific schools, a focus group to engage a school audience and a bespoke event with Coleg y Cymoedd students. The Chair also asked whether every school could receive the consultation in order for the information to be made available to parents and guardians. The Service Director confirmed that this will be actioned as part of the process. The Chair of the Children & Young People Scrutiny Committee, Councillor S. Rees-Owen, confirmed her agreement with this proposal and advised the use of caution as young people can often feel overwhelmed by too many consultations, particularly during the Covid-19 pandemic.

Following discussion, Members **RESOLVED:**

1. To approve the suggested 'digital by default' approach to the Council's budget consultation for 2021/22, whilst providing alternative means of engagement for those having reduced or no access to the Internet and those who prefer to engage through traditional methods.
2. To approve the Council's statutory requirements regarding consultation on the Council Tax Reduction Scheme and Council Tax levels will be met via the proposed approach; subject to the consultation being sent directly to each individual school in the County Borough; and

3. To approve the budget consultation process taking place during the autumn of 2020, with the dates to be confirmed following clarification of the likely Welsh Government budget settlement timescales and note the involvement of the Finance & Performance Scrutiny Committee in this process.

10 Consultation Links

The Service Director of Democratic Services & Communication 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.

11 Chair's Review and Close

The Chair thanked Members for attending the first virtual meeting of the Finance & Performance Scrutiny Committee and for engaging in a constructive and challenging discussion.

The Chair praised the earlier training session by AirlingClose in respect of treasury management and thanked them for providing Committee Members with such useful information. The Chair queried how often these training sessions will be taking place and the Service Director of Democratic Services & Communication confirmed that the training session with AirlingClose is an annual event. The Service Director added that should the Committee identify training requirements during the year, these can be incorporated into the 2020/21 Forward Work Programme. The Service Director also acknowledged the success of having a virtual training event and confirmed that the Council will be looking to continue with this approach post the Covid-19 pandemic.

In light of the Welsh Government's announcement earlier in the day regarding a 'firebreak' Wales wide lockdown, the Chair queried whether there was any additional information that needed to be highlighted to the Committee. The Service Director – Finance & Improvement Services indicated that there was no specific further information to relay to the Committee at this point and he informed Members that further financial updates will be included within Performance Reports presented to the Committee this year.

12 Urgent Business

There was no urgent business to report.

This meeting closed at 6.10 pm

**CLLR M. POWELL
CHAIR.**