



**CYNGOR BWRDEISTREF SIROL**  
**RHONDDA CYNON TAF**  
**COUNTY BOROUGH COUNCIL**

**COMMITTEE SUMMONS**

C Hanagan  
Service Director of Democratic Services & Communication  
Rhondda Cynon Taf County Borough Council  
The Pavilions  
Cambrian Park  
Clydach Vale, CF40 2XX

Meeting Contact: Julia Nicholls

**YOU ARE SUMMONED** to a meeting of **FINANCE AND PERFORMANCE SCRUTINY COMMITTEE** to be held virtually on **THURSDAY, 4TH FEBRUARY, 2021** at **5.00 PM**.

Non Committee Members and Members of the public may request the facility to address the Committee at their meetings on the business listed although facilitation of this request is at the discretion of the Chair. It is kindly asked that such notification is made to Democratic Services by Tuesday, 2 February 2021 on the contact details listed above, including stipulating whether the address will be in Welsh or English.

**AGENDA**

**Page  
No's**

**1. DECLARATION OF INTEREST**

To receive disclosures of personal interest from Members in accordance with the Code of Conduct

Note:

1. Members are requested to identify the item number and subject matter that their interest relates to and signify the nature of the personal interest: and
2. Where Members withdraw from a meeting as a consequence of the disclosure of a prejudicial interest they must notify the Chairman when they leave.

**2. MINUTES**

To receive the minutes of the previous meeting of the Finance and Performance Scrutiny Committee held on the 21<sup>st</sup> December 2020.

**3. THE COUNCIL'S DRAFT 2021/22 REVENUE BUDGET STRATEGY**

To receive a presentation from the Service Director – Finance and Improvement Services and to undertake pre-scrutiny of the proposals in relation to the Council's draft 2021/22 Revenue Budget Strategy.

(Note: Presentation to follow and a copy of the Phase 1 Consultation Feedback Report is attached)

**5 - 38**

**4. 2020/21 MID-YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT**

To consider the report of the Director of Finance and Digital Services.

**39 - 54**

**5. REVIEW OF THE FINANCE & PERFORMANCE SCRUTINY COMMITTEE 2020/21 WORK PROGRAMME**

For Members of the Finance and Performance Scrutiny Committee to consider the Work Programme for 2020/21.

**6. CHAIR'S REVIEW AND CLOSE**

To reflect on the meeting and actions to be taken forward.

**7. URGENT BUSINESS**

To consider any items, which the Chairman, by reason of special circumstances, is of the opinion should be considered at the meeting as a matter of urgency

**8. CONSULTATION LINKS**

Information is provided in respect of relevant [consultations](#) for consideration by the Committee.

**Circulation:-**

The Chair and Vice-Chair of the Finance and Performance Scrutiny Committee (County Borough Councillor M Powell and County Borough Councillor G Thomas respectively)

**County Borough Councillors:**

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 Evans, Councillor S Rees, Councillor J Edwards and Councillor W Owen

County Borough Councillor S Belzak – Ex officio Member

County Borough Councillors L.M.Adams a W Lewis – Chair & Vice Chair of Overview & Scrutiny Committee – for information

**Education Co-Opted Members – For information**

Mr A Rickett, Voting Diocesan Authorities' Representative

Ms A Jones, Representing UNITE

Mr J Fish, Voting Elected Parent / Governor Representative

Mr M Cleverley

Mr C Jones, Representing GMB

Mr D Price, Representing UNISON

Mrs C Jones, Representing the National Union of Teachers and Teachers' Panel

Mrs R Nicholls, Voting Elected Parent / Governor Representative

Mr L Patterson, Voting Elected Parent / Governor Representative

County Borough Councillor G Davies – Chair, Audit Committee

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## **RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE**

Minutes of the meeting of the Finance and Performance Scrutiny Committee held on Monday, 21 December 2020 at 5.00 pm via a Virtual meeting.

### **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 J Williams
Councillor J Cullwick	Councillor G Caple
Councillor A Fox	Councillor S Evans
Councillor S Rees	Councillor J Edwards
Councillor W Owen	

### **Officers in attendance:-**

Mr P Griffiths, Service Director – Finance & Improvement Services  
Mr S Gale, Director of Prosperity & Development  
Mr I Christopher, Strategic Manager  
Mr A Wilkins, Director of Legal Services

### **County Borough Councillors in attendance:-**

Councillor M Adams - Chair of the Overview and Scrutiny Committee

### **Others in attendance:-**

Mr Fish – Voting Parent / Governor Representative

## **22 APOLOGY**

An apology for absence was received from County Borough Councillor T Williams.

## **23 DECLARATION OF INTEREST**

In accordance with the Council's Code of Conduct, the following declarations of personal interest were made:

- County Borough Councillor W Owen – Agenda item 5 “I have been in receipt of a business grant during the covid pandemic”
- County Borough Councillor J Edwards – Agenda Item 5 “I previously worked in Ynysangharad War Memorial Park”

## 24 MINUTES

It was **RESOLVED** to approve the minutes of the 16<sup>th</sup> November 2020 as an accurate reflection of the meeting, subject to the inclusion of County Borough Councillor S Evans attendance being recorded at the meeting.

## 25 MATTERS ARISING

The Service Director Finance & Improvement Services provided Members with the following updates in relation to queries highlighted during Members discussion at the previous meeting:

### **Minute 18 – Medium Term Financial Plan:**

- a) Reimbursement to schools for additional expenditure incurred as a result of COVID 19 – Members were advised that £330k had been received from Welsh Government for school expenditure incurred up to September 2020, with £43k paid to schools and £290k in the process of being actioned. In relation to the October 2020 expenditure claim, the Service Director advised that the Council would distribute the payments to schools in the New Year further to receipt of the funding from Welsh Government. The Co-opted Member queried when the £290k would be paid to schools and the Service Director advised that arrangements were currently being progressed for the payments to be processed.
- b) Central approach to the provision of agency cover where school-based staff are required to self-isolate – The Service Director advised that the Council's Procurement Service had engaged with the National Procurement Service and a framework was available for Schools to utilise, with access to around 20 agency providers. The Service Director went on to indicate that there have been periods during the on-going pandemic where demand has outweighed supply, with this position also applying to other local authority areas. The Service Director added that Council officers are continuing to work closely with schools in this area.

### **Minute 19 - 2021/22 Revenue Budget Strategy Consultation**

- c) Setting of the Police and Crime Commissioner Budget – Members were advised that an online consultation had been undertaken by the Police and Crime Commissioner for South Wales which ended on the 8<sup>th</sup> December 2020. Going forward the Service Director advised that, where possible, notification would be provided to Members of any future budget consultations by the Police and Crime Commissioner for South Wales.
- d) Council Tax information by Community Area – The Service Director advised that due to the need to prioritise resources as a result of the on-going COVID 19 pandemic, this information had not yet been collated. The Service Director indicated that the information would be compiled and circulated in due course.

## 26 CONSULTATION LINKS

The Chair 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.

## **27 REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

The Service Director- Finance and Improvement Services provided Members with the Quarter 2 Council Performance Report (to 30<sup>th</sup> September 2020).

The Service Director referred Members to Appendix 1 of the report which contained the Council's Quarter 2 Performance Report that was presented to Cabinet on the 17<sup>th</sup> of November 2020.

Members were reminded that as reported during scrutiny of the Quarter 1 Performance Report, the COVID 19 pandemic has caused unprecedented and widespread challenges in the delivery of Council Services alongside significant additional cost and income losses that have, to date, been funded by Welsh Government.

The Service Director continued his report by advising on the revenue and capital budget performance; treasury Management prudential indicators; Organisational Health information including staff turnover, sickness and Council strategic risks; and Corporate Plan priority action plan updates including investment updates.

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

The Vice Chair paid compliments to Council Services for their work and maintaining performance during these extraordinary times and referenced the forecasted additional expenditure and loss of income associated with COVID 19 for the current year of £37million as set out in the report. The Vice Chair also took the opportunity to thank Welsh Government for the financial support received to date and queried whether there was indication that this support would continue beyond the current financial year.

The Service Director referenced the UK Government's Spending Review announced in November 2020 that indicated additional resources for the Welsh Government 2021/22 budget of £1.3Billion, comprising of core funding and also funding in relation to COVID 19. The Officer went on to indicate that the Council works closely with Welsh Government as part of the Hardship Fund claims process, to ensure all additional COVID 19 expenditure and income losses incurred by the Council are claimed for, and Welsh Government will confirm the position for 2021/22 as part of its budget setting arrangements.

County Borough Councillor S Evans took the opportunity to reference the reduction in staff turnover, as contained within the report, and commented that this is a positive direction of travel.

Mr J Fish, Co-opted Member drew Members attention to Risk Item 25 within the Strategic Risk Register and enquired whether the financial implications associated with COVID 19 should be included within this risk area. The Service Director referred Members to the 'Living Within Our Means' risk within the Strategy Risk Register and indicated that the financial monitoring and claim arrangements associated with COVID 19 are set out within this area. The Service Director added that this can also be referenced under Risk Item 25 to provide a more complete picture of risk and the arrangements in place to manage this area.

County Borough Councillor S Bradwick referenced the ongoing work by the Council's grass cutting service and also took the opportunity to place on record his thanks to those staff that have been re-purposed to assist Track Trace Protect arrangements. The Service Director added that in respect of grass cutting, the Council uses a yellow butterfly logo to identify the areas which are being left uncut / cut less frequently for biodiversity.

The Chair commented on the work of those staff working behind the scenes and, on behalf of the Committee, the Chair asked for thanks to be paid to such staff.

Following discussion, Members **RESOLVED** to

1. Endorse the Council's financial and operational performance position as at 30<sup>th</sup> September 2020 (Quarter 2).

## **28 DRAFT RCT TOURISM STRATEGY UPDATE**

The Director of Prosperity and Development provided Members with an update in respect of the draft Tourism Strategy in light of the recent COVID 19 pandemic.

Members were reminded of the scrutiny undertaken by the Finance & Performance Scrutiny Committee in July 2019, where the Committee supported the proposed direction of the draft Strategy. The Director advised that in March 2020 a Delegated Decision was taken to pass the draft Tourism Strategy for public consultation. However, it was included that any form of consultation would only commence when it was deemed appropriate in light of the situation posed by COVID 19. The Director commented that throughout the pandemic the tourism and hospitality sector was one of the worst to be hit, with partners within the tourism sector holding a pessimistic view on the future of the industry and it had been assessed that it would be beneficial to delay any consultation until perceptions improve to avoid a negative bias response.

Going forward, the Director provided an update in relation to attractions within the County Borough, highlighting the improvements within Dare Valley Country Park (DVCP) and Ynysangharad War Memorial Park. Members were also advised of the work to date with the Zip World Tower site and accommodation across the County Borough.

To conclude his update Members were advised of the joint working of the Regeneration and Tourism Services during the COVID 19 pandemic, providing businesses with regular and up-to-date information, advice and guidance on a variety of national and local funding opportunities available to them.

County Borough Councillor Bradwick sought further clarity on the rollercoaster attraction at the Zip World Tower Site to which the Director responded advising of the unique features of the attraction including the renovation of the 'Lamp Room' which formed part of the attraction.

County Borough Councillor Caple raised concerns in respect of the availability of accommodation across the County Borough and queried whether current businesses were being supported during the pandemic and also queried on the long term proposals in respect of phases 3 and 4, working with the Brecon Beacons and heritage links with the Coal Industry to maintain, protect and



expand on the attractions within the County Borough and nearing areas.

The Director agreed with the Members comments and commented on the two key features to the success of the tourism industry within the County Borough, highlighting the need to ensure the suitability and number of local attractions to attract visitors and to ensure suitable accommodation provision, through existing and future business adventures, which in turn would lead to spend being brought back into the local economy. Members were advised of work undertaken with the development of a toolkit and bringing vacant spaces back into use, with an example provided of vacant rooms above public houses. Members were also advised of the discussions taken forward with DWP in respect of future roadshows to assist businesses and entrepreneurs coming forward in this area.

The Vice Chair also commented on the need to maximise on the attractions available and ensuring the competitiveness of local accommodation in the County Borough with those accommodations outside of the area. The Strategic Manager, Prosperity & Development responded to the Members by advising of the 'bedstock' survey that was to be undertaken at an appropriate time due to the COVID 19 restrictions.

Mr Fish, Co-opted Member spoke in respect of the significant support and scheme of administration with the COVID 19 support, querying the number of businesses that were unable to access the Economic Resilience Fund (ERF) from Welsh Government. The Director spoke of the latest funding provided and advised that applications were currently being processed. In respect of the firebreak lockdown grants had been processed and the Director was unaware of any issues in this area. In respect of the ERF the Director advised that payments were made on a piecemeal approach due the unprecedented time. The Director advised that he would review this information and provide an update as appropriate.

County Borough Councillor J Cullwick commented on the lack of suitable accommodation in certain areas of the Authority and commented on the need for potential camping sites. The Strategic Manager, Prosperity & Development advised that the 'bedstock' survey would provide valuable information on the current accommodation provision which the service could then build into the strategy.

County Borough Councillor S Rees spoke of the lessons learnt from the 'stay home, stay local' message during the pandemic and the local attractions discovered by local residents and the appreciation of what is available on a local setting. The Member queried officers on the mechanics of the creation of the Board and queried the involvement of the 3<sup>rd</sup> sector in such arrangements. The Director spoke of the creation of a Strategic Board and the importance of ensuring the correct membership to drive forward the tourism agenda. The Strategic Manager advised of the creation of 'tourism hubs' to feed into the strategic board with the membership of such utilising the skills and knowledge of 3<sup>rd</sup> sector providers.

County Borough Councillor J Edwards commented on the need to engage with the 3<sup>rd</sup> sector at a strategic level to ensure the success of the tourism industry commenting on the critical part the 3<sup>rd</sup> sector provide.

The Chair concluded scrutiny on the strategy by also speaking to the accommodation provision across the County Borough, which at present did not

support the need or future need. The Chair referenced issues seen in other Authorities who were unable to accommodate tourists and saw revenue being taken out of the locality. The Chair also referenced the work taken forward by Members in respect of local features within their ward and queried why such information was not captured within the strategy as again, this would only furnish the provisions and attractions available to tourists. The Chairman concluded on the need for an integrated transport system across the County Borough to ensure there was not a negative impact on the road network.

Following detailed discussions, it was **RESOLVED**:

- (1) To note the update on the Tourism Strategy and the COVID 19-19 implications on the undertaking of parts of the strategy.
- (2) To approve a later than planned consultation process with partners, due to restrictions imposed in the Delegated Decision and the negative perceptions that currently exist within the tourism sector due to COVID 19.
- (3) To approve an early 2021 start to the process of establishing the RCT Strategic Board (who will help deliver the Strategy), when it is hoped a more positive outlook on tourism will be realised.

(**N.B** During consideration of this item County Borough Councillors W Owen and J Edwards declared personal interests which minute 23 reflects.)

## **29 CHAIR'S REVIEW AND CLOSE**

The Chair thanked Members for attending and for their contributions during the meeting. The Chair wished all Members a safe and happy Christmas.

**This meeting closed at 6.04 pm**

**CLLR M. POWELL  
CHAIR.**



## **Budget Consultation 2021/22**

**(Phase 1)**

*Rhondda Cynon Taf County Borough  
Council*

*December 2020*



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## EXECUTIVE SUMMARY

- This section provides a summary of the main findings from the Phase 1 Budget Consultation 2021/22.
- The consultation was conducted in-house using a digital by default approach, supplemented by off-line alternatives. Phase 1 of the consultation started on the 26<sup>th</sup> October and ended on the 7<sup>th</sup> December 2020.
- 1,044 online survey responses were received.
- The majority of respondents felt that the Council should protect services at their current level through a 2.85% increase in Council Tax (76.8%).
- Respondents were also asked what their preferred level of Council Tax increase for next year would be. The results show that the majority of respondents (59%) would prefer a 2.85% increase (the current modelled level), with 24.4% stating less than 2.85%.
- 81.5% of respondents agreed that the Council should provide sufficient resources to fully cover increased pay and non-pay cost pressures in our schools.
- Respondents were asked to state which services they would want to protect from an increase in fees and charges in 2021/22. The majority (i.e. 50% or more) of respondents felt that fees and charges for the following services should be frozen (no increase);
  - Bereavement Fees (60.7%);
  - Meals on Wheels and Day Centre Meals (58.8%);
  - Car Parking Charges (57.5%); and
  - Adult Social Care Charges (non-residential care services) (55.2%).
- Respondents were provided with a list of Council services and asked to choose which services they felt should be protected and prioritised for any additional resources in 2021/22. The top 3 services that respondents wanted to protect and prioritise were;
  - Children's Social Care Services (95.5%);
  - Schools (92.1%); and
  - Public Health (91.9%);
- 94% of respondents agreed with the Council's approach to efficiencies and 93.6% said that we should continue to expect our managers to deliver more efficient services.
- 82.6% of respondents stated that the Council should continue with its strategy on reserves.

- Respondents were asked if they thought the Council should invest in a number of service areas. The majority of respondents agreed that the Council should invest in all of the areas suggested, with the most support for investment in Flood Alleviation (93.8%).
- A virtual engagement session was held with members of the OPAG (Older Persons Advisory Group) and Disability Forum. Comments are found in section 5 of the report.
- The Council's Finance and Performance Scrutiny Committee and the School Budget Forum were consulted (the minutes of which have not been included in this report) and engagement took place with the Community Liaison Committee.
- We held 5 virtual sessions and spoke to pupils from St John Baptist Church In Wales High School, Aberdare Community School, Mountain Ash Comprehensive School and Y Pant Comprehensive School. We also engaged with learners from Coleg Y Cymoedd in Aberdare, Rhondda and Treforest campuses. The results of these engagements are included in section 6 of the report.
- Over 1,100 people were engaged in the phase 1 budget consultation process.

## **1. INTRODUCTION**

- 1.1 This report presents the findings of the Phase 1 Budget Consultation 2021/22.
- 1.2 Section 2 outlines some brief background to the consultation process.
- 1.3 Section 3 details the methodology.
- 1.4 Section 4 provides the results of the online questionnaire.
- 1.5 Section 5 presents the feedback received via virtual meetings, including the Older Persons Advisory Group and Disability Forum.
- 1.6 Section 6 provides feedback on the young persons' virtual engagement events.

## **2. BACKGROUND**

- 2.1 The Council undertakes a comprehensive approach to its annual budget consultation, involving a large number of residents and key stakeholders.
- 2.2 The widespread approach we use and the range of views we capture provides senior managers and Cabinet Members with the necessary information they need to set the budget for the year ahead. In addition, we have found that the vast amount of information we collect can also be valuable for service managers to use for their service planning and development.
- 2.3 The comprehensive approach undertaken in the last few years has led to increased engagement in the budget consultation process through a more interactive and varied approach.
- 2.4 The current COVID-19 pandemic brings challenges for public engagement and consultation, where in Rhondda Cynon Taf we have developed a very successful face to face approach with residents and other stakeholders in recent years.
- 2.5 The approach we have used this year aims to continue the positive work by ensuring that all residents and service users have every opportunity to provide feedback. The 2021/22 budget consultation took 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 traditional methods.
- 2.6 This report presents the findings of phase 1 of the budget consultation, where views were sought on:
- The level of Council Tax increase;
  - The resources allocated to our schools;
  - Fees and charges;
  - Protection and prioritisation of services for additional resources;
  - Delivering more efficient services;
  - Council priorities, investment opportunities and Council reserves
  - The Council Tax Reduction Scheme.
- 2.7 Phase 1 of the consultation started on the 26<sup>th</sup> October and ended on the 7<sup>th</sup> December 2020.
- 2.8 Phase 2 of the consultation will commence in January 2021 and will seek to obtain views on the proposed Budget Strategy for 2021/22.



### 3. METHODOLOGY

3.1 The 'digital by default' approach included the following methods to consult with a range of stakeholders:

- An online survey to collect responses on key issues, such as Council investment areas, Council Tax levels and the Council Tax Reduction Scheme.
- The use of social media to communicate the key messages to residents and service users, and encourage engagement and feedback regarding the Council's budget and investment areas.
- Emails distributed to all key stakeholders (including the Council's Citizens' Panel, Councillors, Council staff and schools within Rhondda Cynon Taf).
- The option to attend Public Zoom meetings.
- Online zoom seminars with young people in Schools and Colleges.
- An online Disability Forum Meeting.
- An online Older Persons Advisory Group Meeting.
- Online meetings with the Finance and Performance Scrutiny Committee and the School Budget Forum.
- Online meeting with the Community Liaison Committee.

3.2 As listed above, to replace our usual face to face engagement, we provided the option of virtual meetings to outline the budget approach, answer questions and collect views. These online (Zoom) events used a video presentation for the first time - [https://youtu.be/X\\_DAVVIVDfY](https://youtu.be/X_DAVVIVDfY) The video was then followed by a discussion with online attendees.

3.3 We provided a number of alternatives to online engagement, as it is important to continue to consider hard to reach groups, those having reduced or no access to the Internet and those who prefer to engage through traditional methods. This included:

- A telephone consultation option working with the Council's Contact Centre. The Contact Centre number was made available for people to discuss their views or as a minimum to request consultation materials.
- Individual call backs were offered if required.
- Paper surveys and information available on request.
- Consultation freepost address for postal responses.

3.4 We designed an Easy Read/Plan English Document in paper format and online, to simplify some of the consultation materials.

3.5 Over 1,100 people were engaged in the phase 1 budget consultation.

## 4 Questionnaire Results

- 4.1 The following section outlines the results from the budget questionnaire, which received 1,044 online responses. A selection of comments are provided and the full list of comments will be provided to Cabinet and senior officers to assist with decision making.

### Council Tax

- 4.2 The majority of respondents felt that the Council should protect services at their current level through a 2.85% increase in Council Tax (76.8%).

**Table 1: Council Tax preference**

	%
<b>Do you think the Council should.....</b>	
Protect Council services at their current level through a 2.85% increase in Council Tax	76.8
Reduce service levels to close any budget gap and keep any increase in Council Tax to a minimum	23.2

- 4.3 Those who agreed with the 2.85% modelled increase to protect services felt it was important to keep services at their current level and the Council should not cut services. A selection of comments fed back were:

*“Council tax rise under 3% in RCT is manageable, some councils doing over 5% is wholly unacceptable”*

*“2.85% is a decent increase personally thinking and maybe even an increase of 3% would still mean RCT is below the average increase in Wales.”*

*“I would rather pay a small amount more and protect services. The increases in RCT over recent years seem to be small and sensible so I’d support a small increase this year”*

*“As an RCT resident, I think a 2.85% increase is not too much to ask, if it means that more money goes towards the services that are vital to todays pandemic society.”*

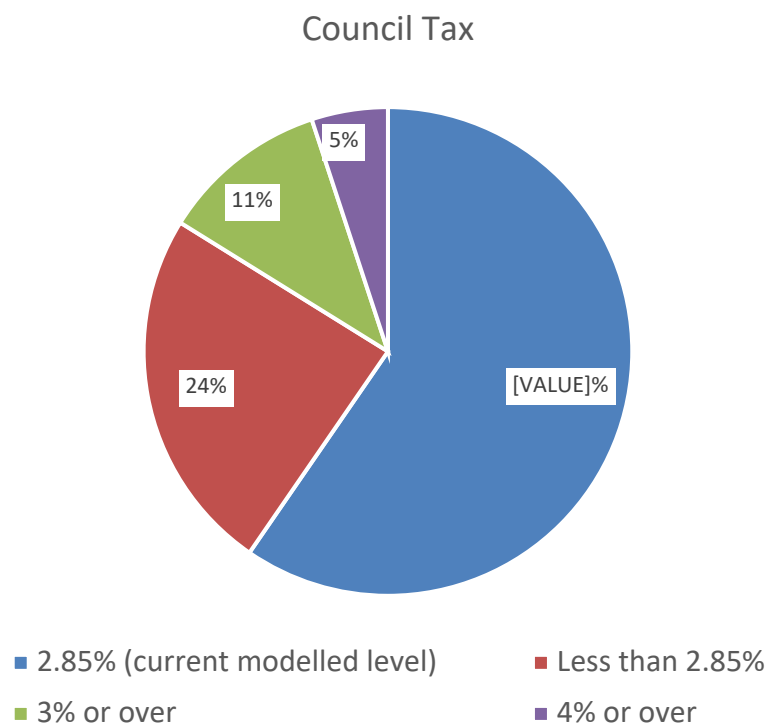
*“Happy to agree 2.85% as that’s less the 75p a week extra for my household”*

Of those who did not agree with an increase of 2.85% the main reason was affordability. Feedback included:

*“2020 has been a hard year for many reasons, with many people losing employment. A large increase on ctax would seem unfair due to the current circumstances. Increase the following financial year to give people/Country a chance to recover”*

*“At the current time and given job uncertainty, especially in the private sector. Any increases in council tax should be kept to a minimum.”*

4.4 Respondents were also asked what their preferred level of Council Tax increase for next year would be. The results show that the majority of respondents (59%) would prefer a 2.85% increase (the current modelled level), with 24.4% stating less than 2.85%, 11.2% suggesting an increase of more than 3% and 5.3% indicating more than 4%.

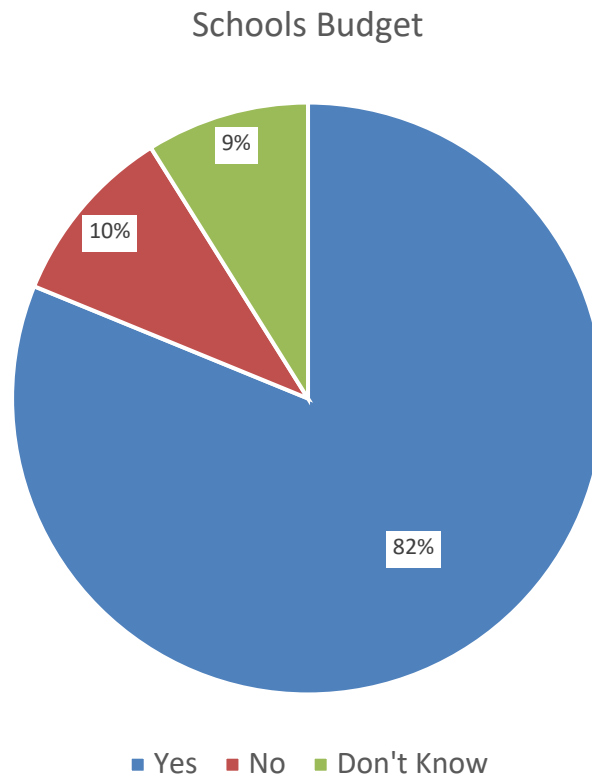


**Figure 1 - Preferred level of Council Tax increase**

*Note: The figures may not add up to 100% due to rounding*

### **Schools Budget**

- 4.5 81.5% of respondents agreed that the Council should provide sufficient resources to fully cover increased pay and non-pay cost pressures in our schools.



**Figure 2 - Agreement with Schools Budget increase**

*Note: The figures may not add up to 100% due to rounding*

### **Fees and Charges**

- 4.6 Respondents were asked their views on fees and charges levels for 2021/22, based on the modelled assumption that they would be increased by 1.7% (i.e. the Consumer Price Index (CPI)). Table 2 shows the results.

**Table 2: Fees and charges levels**

Analysis % Respondents			
	CPI (increase (1.7%))	Higher than CPI (higher than 1.7% increase)	Freeze (no increase)
Leisure Centre Pay and Play	48.1	9.5	42.4
Summer and Winter Playing Fees (Sports Clubs)	41.4	10.9	47.7
Car Parking Charges	31.0	11.5	57.5
Cinema (entrance fee)	50.8	19.0	30.2
Pontypridd Lido (entry for adult users)	52.0	21.1	27.0
Rhondda Heritage park	57.5	16.5	26.0
Meals on Wheels and Day Centre Meals	32.6	8.9	58.8
Adult Social Care Charges (non-residential care services)	36.1	8.7	55.2
Bereavement Fees	33.5	5.8	60.7
Fixed Penalty Notice (for environmental crimes e.g., Fly Tipping)	15.8	77.7	6.5

*Note: The figures may not add up to 100% due to rounding.*

4.7 The table shows that the majority (i.e. 50% or more) of respondents felt that fees and charges for the following services should be frozen (no increase);

- Car Parking Charges (57.5%);
- Meals on Wheels and Day Centre Meals (58.8%);
- Adult Social Care Charges (non-residential care services) (55.2%); and
- Bereavement Fees (60.7%).

Those services with a majority supporting an increase at 1.7% (i.e. the CPI level) were;

- Cinema (entrance fee) (50.8%);
- Pontypridd Lido (52.0%); and
- Rhondda Heritage Park (57.5%).

It is worth noting that 77.7% of respondents suggested an increase higher than the CPI for fixed penalty notices, with only 6.5% suggesting a freeze.

- 4.8 A selection of comments provided by respondents on fees and charges levels are provided below, noting that a number of comments refer to the on-going Coronavirus pandemic as a factor.

#### Overall

*“Any service or provision that is entertainment related should be subject to rate of inflation.”*

*“Due to pandemic some of these have not been accessible so to increase the cost would be another financial burden for the communities”*

*“Due to the impact of lockdown and many people having reduced hours in work etc, it hardly seems appropriate to increase entry fees and parking charges”.*

#### Leisure

*“After the awful time everyone has had leisure needs to be kept affordable”*

*“I think supporting leisure centres and sports activities is extremely important next year. It is so important for mental health”*

*“leisure and sports clubs as well as cinemas are struggling in the pandemic and I believe that extra charges for currently reduced services would be detrimental to the services they provide”*

#### Summer and Winter Playing Fees (Sports Clubs)

*“I think it has already been a very difficult year for sports clubs where they have been unable to raise money due to C-19.”*

*“Summer and winter playing fees should be increased however, more funding should be found for improved facilities to enhance participation which in turn improves wellbeing and health across the County.”*

*“With the current pandemic, sports and leisure centres are the only places some people are leaving the house for, and it supports health and wellbeing, increasing prices at the moment may cause a wider issue where people can't afford to use the facilities and aren't leaving the home, in addition to working from home people may become more isolated.”*

### Car Parking Charges

*“Car parking ensures local towns are utilised to support local business, raising the fees will stop people using the towns ...”*

*“Car parking should be frozen to support businesses on the high street to recover after the pandemic.”*

*“Car park charges impact town centre viability - need to promote other modes but public transport difficult during C19”*

### Cinema

*“I think it is fair to increase the prices of optional leisure services i.e., cinema”*

*“Cinema, Heritage park are luxuries so should increase above CPI”*

*“Where services are purely for leisure, eg, optional, such as cinema or leisure centre pay and play, they could be increased.”*

### Pontypridd Lido

*“the lido... however things that benefit health and wellbeing should be frozen.”*

*“There are some things that I agree with raising the cost such as the lido, if this is for adults only as this help raise money after the damage caused by the floods earlier in the year.”*

*“As an adult with no children I feel it would be unfair for me to have to pay more to use the lido to further subsidise free access to children when many families earn more than me”*

### Rhondda Heritage Park

*“The heritage park should also see an increase in fees paid by visitors.”*

*“The Heritage Park is a museum and to keep people going there the cost must be affordable. An increase in price will put people off.”*

### Meals on Wheels

*“Meals on Wheels and Day Centre meals should be frozen so that the most vulnerable can continue to enjoy a warm cooked meal.”*

*“Meals on wheels have been critical for many and I think increasing their fee would not be fair since they have no other means to get what they need.”*

*“Essentials like Social Care and MOW should be frozen, as during the pandemic, service users will rely on these even more and if prices rise, those that need it the most may not be able to pay for it.”*

Adult Social Care Charges

*“Adult social care charges should be increased though as you need to recruit more social workers especially after the pressures C-19 has put on people.”*

*“Fees on uncontrollable events and requirements should not be increased, as it's not something people choose to need. Examples include Bereavement Fees and Adult Social Care.”*

Bereavement Fees

*“At a time when people are being hit with increased bereavement, I think that this should be frozen”*

*“especially bereavement fees are hitting people when they are already vulnerable.”*

*“Agree with increase...except for Bereavement fees”*

Fixed penalty notices

*“Be more realistic with fines for fly tipping. It needs to be high as a deterrent”*

*“For fly tipping I think this should be increased significantly.”*

*“Anything like environmental crimes should see the biggest increase in charge, as well as noise nuisance and backyard fires, things that are affecting not just the environment but the people who live in RCT.”*

**Council Services**

- 4.9 Respondents were provided with a list of Council services and asked to choose which services they felt should be protected and prioritised for any additional resources in 2021/22 and those that should not be protected.

**Table 3: Council services to be protected and prioritised**

	%’s	
	Protect and Prioritise	Do Not Protect
Schools (Current budget £161.6M)	92.1	7.9



School Support Services (£42.3M)	84.9	15.1
Libraries and Adult Learning (£2.3M)	61.3	38.7
Apprenticeship Scheme (£0.23M)	75.0	25.0
Youth Provision (£1.7M)	81.4	18.6
Adult Social Care Services (£97.1M)	90.8	9.2
Children's Social Care Services (£49.8M)	95.5	4.5
Public Health (£4.9M)	91.9	8.1
Housing (£1.1M)	71.1	28.9
Parks and Play Areas (£5.1M)	67.7	32.3
Highways, Transport and Street care Services (£13.9M)	73.1	26.9
Waste and Recycling Services (£18.3M)	79.6	20.4
Cultural, Tourism and Heritage Services (£2.5M)	53.0	47.0
Regeneration / Supporting people out of work (£26.5M)	72.6	27.4
Leisure Services (£3.9M)	59.4	40.6
Music Service (£0.14M)	57.4	42.6

4.10 The **top 3 services** that respondents wanted to protect and prioritise were;

- Children's Social Care Services (95.5%);
- Schools (92.1%); and
- Public Health (91.9%).

4.11 The **bottom 3 services** that respondents wanted to protect and prioritise were;

- Cultural, Tourism and Heritage Services (53.0%);
- Music Service (57.4%); and
- Leisure Services (59.4%).

### **Efficiencies**

4.12 Respondents were provided with the following statement and asked whether they thought this was a good strategy.

*Each year in balancing our budget and ensuring the effective use of resources, all service managers are required to contribute toward a council-wide efficiency (savings) target. This means that all of our services are becoming more efficient, without impacting on front line services.*

The majority of respondents thought this was a good strategy (94%) and 93.6% said that we should continue to expect our managers to deliver more efficient services.

- 4.13 The following comments have been placed under themes and provide examples of how respondents felt the Council could be more efficient;

*Note: A large number of responses were received to this question and will be available to Councillors and Officers as part of the reporting process.*

#### Enforcement

- 4.14 The Council is limited in how much it can raise fines for some enforcement activity, such as dog fouling. However, as shown in section 4.6 above there is widescale support to increase them where it is possible.

*“More fines for fly tipping”*

*“Increase dog fouling officers and fine heavily”*

*“Enforcement - more fines for littering/dog fouling/fly tipping”*

#### Digitalisation

- 4.15 A number of comments further support digitalisation, which is one of the Council’s key areas of focus to maximise resources and deliver improved services.

*“Reduce back office and move more things online if possible”*

*“ICT - Self-service for customers. Keep working from home to save on fuel costs, e-expenses”*

*“Digital transformation is key to simplifying and improving efficiency on services with the public.”*

#### Working from Home

- 4.16 Comments fed back as part of the consultation process support the need for the Council to continue the approach to home working, which was introduced widely across the Council as a result of the pandemic.

*“The pandemic has shown that many council workers can work from home this would surely save money if this was continued”*

*“We've seen that many staff are working adequately, if not better, from home. Do we need to support this as an ongoing way of working and reduce heating bills, cleaning costs for some buildings?”*

*“Working from home has proved a cost-effective strategy, so councils could become more efficient by closing down office space.”*

*“With the majority of staff working from home now you could reduce your “office sites”*

#### Difficult to find further Efficiencies

- 4.17 There were some concerns that it may be difficult for the Council to continue to make further efficiencies, on top of those already made in recent years.

*“You can only become so efficient before services are affected and I would rather we stop just short of being as efficient as we can this go too far to the detriment of these services”*

*“I find it difficult to think that there are many more areas for efficiency, given the loss of staff and increased automation in my time with the council.”*

#### Use of external contractors

- 4.18 There was a perception by some that the Council used contractors and there were calls to use them less.

*“Better training for council employed staff and investment far outweighs the cost of constantly hiring sub-par contractors.”*

*“Stop using outside contractors directly employ local people to promote growth for local economy and the welfare of local people and families”*

#### Joint Working

- 4.19 Partnership working was suggested as a way of saving money.

*“Bring common council services together in one team / location”*

*“Share the HR department with other neighbouring local authorities”*

#### Senior Managers

- 4.20 As in previous budget consultations, some of the respondents felt that savings could be made with the Council staff structure.

*“Reduce the number of Managers at high levels within RCT and get more resources on the shop floor level”*

*“Reduce expenditures on directorate and senior management”*

## Council Reserves

- 4.21 Respondents were provided with the following statement and asked if they thought that the Council should continue with such a strategy in terms of the Council Reserves.

Reserves play an important part of the overall financial management of the Council. The Council's General Reserve balances at 31st March 2019 amounted to £10.498M and following an approved in-year allocation of £1.5M to support the Council's recovery work from Storm Dennis coupled with an in-year overspend of £0.289M, the remaining balance at 31st March 2020 is £8.709M.

The level of general reserves will be kept under on-going review and replenished going forward, as appropriate, and taking into account the financial risks the Council faces.

The majority of respondents (82.6%) think the Council should continue with this strategy.

## Any Other Comments

- 4.22 Respondents were given the opportunity to provide any other comments on the budget and the following is a selection of feedback received. There were a large number of comments related to Council reserves, a key factor considered to be the "Any Other Comments" question directly following the "Council Reserves" question.

### Reserves

- 4.23 There was a general feeling amongst respondents that having reserves was an important part of the budget strategy.

*"Reserves are important, cannot cut reserves"*

*"Reserves are vital and must be maintained for extraordinary events."*

*"There should always be an emergency fund for when things out of control happen in RCT. and enough to support individuals as well as businesses and companies."*

- 4.24 However, the majority of respondents suggested that some of the reserves should be used to improve services and to deal with the impacts of the pandemic. There was a feeling that now was the time to use them and they could be replenished in subsequent years.

*“Although, in principal, I agree with a reserve, this seems a lot of money set aside, just in case! I think at least half of this reserve would be better spent on improving services and pay.”*

*“Reserves are good however there may be a need to defer recovering next year given added pressures following covid.”*

*“It is great to see that there is money left behind even after all this turmoil that we've been through this year. Perhaps this has shown that not as much needs to be left behind and more could be used and we'd still have enough as a safety net”*

4.25 A number of other comments related to efficiencies and working from home, these being covered in other sections of this report.

4.26 There were also a number of comments that praised the Council for the work it has done and is continuing to do to deal with the impact of the pandemic and flooding, earlier in the year. Comments included;

*“Good luck. It's a thankless task but you lot are bloody good at this. Keep going!”*

*“Good work in tough times”*

*“I think all council staff are under such immense pressure, and they are all doing an excellent job giving these trying times.”*

*“I think the council are doing an amazing job in very difficult financial circumstances and have been for a number of years.”*

*“It must be incredibly hard to balance the books after 10 years of austerity, but the council has done extremely well this year faced with the floods and Covid-19”*

### **The Council's Priorities**

4.27 The Council focuses on five key areas to maximise resources and deliver improved services.

- **Digitalisation** – taking the opportunity new technology provides to deliver better services for residents, visitors, businesses and how we operate internally;
- **Commercialisation** – utilising our scale and expertise to deliver services for other organisations and customers and thereby generate income;
- **Early Intervention and Prevention** – investing in preventative services to deliver savings in the medium term;

- **Independence** – reshaping our services for vulnerable residents to ensure that we promote independence and deliver first class care services; and
- **Efficient and Effective Organisation** – challenging our ongoing service delivery and driving out further efficiencies through for example, a reduction in administration costs and reducing property costs linked to new ways of working, for example through agile working.

4.28 Respondents were asked if they thought the Council should focus on these key areas. The majority of respondents agreed with all of the key areas, with the highest response being for Early Intervention and Prevention (89.6%).

**Table 4: Key areas of focus**

	Yes (%)	No (%)	Don't Know (%)
Digitalisation	80.3	10.3	9.4
Commercialisation	70.6	15.4	14.0
Early Intervention and Prevention	89.6	6.3	4.1
Independence	82.0	10.0	8.0
Efficient and Effective Organisation	88.0	6.6	5.4

### Council Investment Opportunities

4.29 Respondents were asked if they thought the Council should invest in a number of service areas. The majority of respondents agreed that the Council should invest in all of the areas suggested, with the most support for investment in Flood Alleviation (93.8%).

**Table 5: Areas of Investment**

Analysis % Respondents	Yes	No	Don't Know
	<b>21st Century Schools</b> (new and remodelled schools)	69.7	19.5
<b>Roads &amp; Transport</b> (repairs and resurfacing and major projects such as A4119 dualling, Llanharan bypass and Mountain Ash Cross Valley link)	74.5	17.3	8.2
<b>Recycling &amp; the Environment</b> (improving recycling performance)	78.2	15.1	6.7
<b>Town Centres &amp; Regeneration</b> (improving the town centres e.g., Llys Cadwyn, Pontypridd)	76.4	16.3	7.3
<b>Empty Properties</b> (Grant to bring properties back into use)	73.2	18.6	8.1
<b>Leisure</b> (improvements to facilities)	57.6	30.8	11.7
<b>Play Areas and Parks</b> (upgrading the equipment and standard)	66.6	23.3	10.1

<b>Extra Care/Community Hubs</b> (focus on independence for older people)	83.8	10.5	5.7
<b>Employment</b> (apprenticeships and graduate placements)	77.0	15.5	7.5
<b>Events/Arts</b> (investment in attractions and theatres)	52.5	32.3	15.3
<b>Flood Alleviation</b> (investing in flood prevention schemes)	93.8	4.2	2.0

*Note: The figures may not add up to 100% due to rounding*

- 4.30 The following are a selection of comments received on the Council's investment areas. A number of responses noted that all of the services were important.

*"All areas are important to different people in our communities - play areas for young families, apprenticeships for young people to gain skills for employment"*

*"All entirely commendable areas in which to invest."*

*"All of these things are essential to provide our residents with a good and balanced environment to live in"*

### **Roads & Transport**

*"I think there needs to be investment in roads especially where they are found to be in a less than acceptable state and where potholes exist"*

*"Investment in repairs to side streets should also be given priority."*

*"roads pavements, making our areas clean, safe and lovely places to live in"*

### **Recycling & the Environment**

- 4.31 Positive responses were fed back in respect of the Council's recycling service. In addition, under the environment theme a number of responses were received in relation to climate change issues.

#### Climate Change

*"If the Council is serious in its consideration of the climate and biodiversity emergencies then these must be addressed in the budget.....Revenue funds are necessary if environmental management is to help store carbon, reduce flooding, engage communities, raise awareness, manage our urban green infrastructure etc....."*

*"Climate change and decarbonisation should be a common theme through each initiative."*

*"In addition to Flood alleviation, other areas of climate change mitigation and minimisation should be a priority."*

*“Invest in climate change measures both physical and operational to meet councils Net Zero goals”*

#### Sustainable Transport

- 4.32 Linked to the climate change comments was feedback on the need to invest in more sustainable transport and to build on the behavioural change brought about by the pandemic.

*“The council needs to invest in healthier, sustainable and more affordable alternatives. This should be reworking our towns to prioritise walking and cycling.....The council should be investing in more frequent and comfortable bus journeys and boosting public services to help people get around safely and planning and designing our communities to be accessible to those without a car.....”*

*“During lockdown, there were fewer cars on the road, the sky was clearer, birdsong was louder, and things seemed calmer. Air pollution plummeted. Many people got more comfortable with the idea of walking, cycling, and using new forms of travel.”*

#### **Town Centres & Regeneration**

*“All important particularly town centre regeneration”*

*“Invest in the towns (education/infrastructure/health) especially Aberdare (10th biggest in Wales). Please make them the focal point in a post-Covid environment.”*

*“Improve parking facilities in areas such as Treorchy, Tonypany & Porth so that people have easy access to these town centres.”*

#### **Play Areas and Parks**

*“Different families have different needs - therefore it is important that all areas are considered when investing. e.g., Investment in parks and play areas gives families areas to visit - healthier lifestyle.”*

*“I think RCT have invested well in Play Areas and Parks, Leisure and Events so I feel there is no need for further investment this year”*

*“More investment needs to be made in parks to provide better facilities and activities to people in order to help with their mental health and wellbeing.”*

#### **Employment (apprenticeships and graduate placements)**



*“Apprenticeship programme is excellent for the young people, giving them opportunities to train and hopefully gain local employment”*

*“The apprenticeship programme is great too”*

**Flood Alleviation** (investing in flood prevention schemes)

*“A priority should be to build adequate protection against flooding for all residents.”*

*“Flood defences improvements should come from central government”*

*“More investment in flood defences is welcomed”*

### **Corporate Plan**

- 4.33 In March 2020, the Council agreed a new Corporate Plan ‘Making a Difference’ 2020 – 2024 that set the overall direction for the Council over the four-year period. The Corporate Plan is a key component of the Council’s budgetary and business planning process, and it recognises that Rhondda Cynon Taf Council and the wider public sector continue to face significant financial challenges.

*The Council’s vision is: “To be the best place in Wales to live, work and play, where people and businesses are independent, healthy, and prosperous”.*

*The Council’s purpose is: “To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous”.*

**89.4%** of respondents agreed with the Vision and purpose.

- 4.34 The Council is focused on the following three priorities that have also been adopted as its Well-being objectives in line with the Well-Being of Future Generations Act:

- Ensuring People: are independent, healthy and successful.
- Creating Places: where people are proud to live, work and play; and
- Enabling Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.

**92.8%** of respondents agreed with these priorities.

## 5. VIRTUAL ENGAGEMENT EVENTS

- 5.1 This section outlines the views collected at the virtual consultation discussions that took place with the Older Person's Advisory Group (OPAG) and Disability Forum. 3 Public Zoom meetings were also arranged at different times of the day, but they did not go ahead due to low take up. The online meetings replaced our usual approach to face to face resident engagement.
- 5.2 A video was used to present the background to the Council's budget and then a set of discussion prompts were used to aid discussion and questions were answered by Finance Officers present.
- 5.3 The engagement session with members of the OPAG was held on the 25<sup>th</sup> November 2020.
- 5.4 A varied range of feedback was provided by OPAG members on the level of Council Tax. Some of the members thought that 2.85% was reasonable;

*"On hearing on what others are doing that is quite reasonable"*

*"Very reasonable expected it to be higher"*

Some OPAG members suggested that it should be higher than 2.85%:

*"Think it should be more, maybe 4%, don't know what's going to happen in the next year, but the reality is we are stuck with the current situation and the council is going to need all the money it can get hold of"*

However, not all agreed and some OPAG members thought 4% was too high, due to more people out of work as a result of the current pandemic.

*"Always managed and done a good job at under 3% in the past"*

Those that didn't agree with 4% said they were happy with the 2.85% increase.

- 5.5 Everyone at the OPAG meeting agreed that the school's budget should be increased.
- 5.6 With regard to Fees and Charges levels, there were concerns that the Council would not be generating income from facilities such as car parks and cinema entrance fees, due to the impact of the pandemic and the increase in online shopping.

There was support for an increase in enforcement fees.

*“Enforcement, need money increase for fly tipping to discourage people.”*

*“the fixed penalty notice for environmental crimes should be increased.”*

5.7 OPAG as a group agreed that all Council Service Priorities listed should be protected and prioritised. There was a short discussion around the apprenticeship scheme, the take up and the demand for it and general support

5.8 All agreed that the Efficiency Savings strategy outlined was a good one and it was fed back that home working should provide opportunity to support the continued delivery of more efficient services.

5.9 With regard to Council reserves, there was support to utilise reserves to aid the recovery from the pandemic.

*“COVID was a good reason to use some of the reserves”*

There was also support to keep the reserves for the future.

*“Maybe take some out of the reserves to help now, but don’t take it all, as we need back up.”*

*“We need reserves for saving for emergencies.”*

5.10 When the Council’s priority of Digitilisation was discussed, it was noted that not all members of the Older Person’s Forums are online and have chosen to not do so. Forum Members fed back that some of the information the Council provides does not always include a telephone number, just a website address.

5.11 A general comment was made by a member of the OPAG at the virtual meeting.

*“Pleasantly surprised how well the Council is doing with the money after the year we have had.”*

### **Disability Forum**

5.12 Letters and emails were sent to the Disability Forum, inviting them to attend a virtual meeting on the 1<sup>st</sup> December 2020. Within the letters, we included Easy Read copies of our Budget survey and gave Forum Members the option of speaking to a Consultation officer over the telephone.

5.13 We received 9 surveys in the post and 3 members of the forum attended our virtual meeting.

5.14 Comments from the surveys included:

### Schools budget

*"I think schools should get more money because what they do for the children."*

*"As displayed by the Covid-19, the importance of education in schools, hence if more money can be found, it should."*

### Fees and charges

*"I think charges should stay the same."*

*"I think disabled people should not pay for car parking."*

*"Meals on wheels should be lowered, so should adult Social services and homes services. Why hit the vulnerable and the older people?!!!"*

### Council Tax

*"This should be paid by people who can afford it."*

*"We need to make sure of value for money, going to be tight for the near future, spend wisely."*

### Reserves

*"Money should be held in reserves to be used to keep things going."*

*"Reserves are just that in case as example it is there to act straight away before trying to obtain funding of WAG or UK Government depending on the emergency."*

- 5.15 The virtual meeting was run by the Consultation Team with help from the Equalities Team and a presentation by the Service Director - Finance and Improvement Services. A short video on the Council's budget and challenges faced was also shown during the meeting and a number of questions then posed to Forum Members.

5.16 Service Priorities

*"protect parks, youth provision, highways and access - considering accessible buildings near train stations, regeneration for that reason also, adult social care priorities for the council"*

*"A lot of members are concerned about accessibility of highways / pavements and streets, the members feel that it's important to know how much of the Council's budget goes towards that."*

*"culture services only servicing a certain demographic currently...."*

5.17 Council Tax. What is your preferred level of Council Tax increase?

*“nobody wants Council Tax to increase, so need to convince us but understand the problem. But it has been very hard this year with COVID”*

*“You have to remember that this year has been really tough on people and they have a lot less money than they had before... people are going to have to claw back next year.”*

5.18 Efficiencies.

*“Estates are going to be a major player when we get out of Covid.”*

5.19 Reserves

*“Given climate change reserves are important”*

5.20 Council Priorities

*“More opportunities for more people will improve people’s mental health.”*

*“We need to be more accessible in all areas of RCT.”*

## **6. VIRTUAL YOUNG PERSONS ENGAGEMENT**

- 6.1 In previous years the Consultation Team have held face to face sessions with secondary schools and young people across the Borough. Due to the restrictions as a result of the pandemic, this year virtual sessions were arranged in place of the on-site / face-to-face visits.
- 6.2 We engaged with 2 secondary school groups and 3 college groups. We held 5 virtual sessions and spoke to pupils from St. John Baptist Church In Wales High School, Aberdare Community School, Mountain Ash Comprehensive School and Y Pant Secondary School. We also engaged with learners from Coleg Y Cymoedd in Aberdare, Rhondda and Treforest campuses.
- 6.3 The sessions were attended by 2 members of the Consultation Team along with a finance officer. During the sessions the young people were shown a video outlining the budget challenges followed by a short presentation with discussion prompts and questions from the full budget consultation.
- 6.4 The questions were centred around Council Tax levels, Fees and Charges, Council Service Priorities, Efficiencies and the School budget. In total we engaged with 48 young people and a summary of their responses will follow in this section. The sessions were well supported by the teachers and college staff and all young people engaged well with the format.

### **Council Tax**

- 6.5 We asked the groups 'Should council Tax be increased by 2.85% to keep services at current levels or should there be a smaller increase risking losing some services?'
- 6.6 Of the 48 young people we spoke to, 27 were in favour of increasing Council Tax by 2.85% although they were only in favour of this after seeking confirmation that core services would not be affected. The remaining 21 young people fed back that Council Tax should have a lower increase or even remain at the current level, and was based on the view that the Covid-19 pandemic has had an impact on employment locally and therefore people may struggle to afford an increase. There was also the belief that services such as grass cutting had been stopped during the initial lockdown and therefore were not deemed to be essential to justify any increase.

### **Fees and Charges**

- 6.7 We asked the young people whether they felt there should be changes to a range of Council fees and charges, providing the options for fees

and charges to be increased or decreased / frozen. The feedback provided is noted in Table 6.

**Table 6: Changes to fees and charges**

Service	Increase	Decrease / Freeze	Total
Leisure Centre Pay & Play	0	43	43
Sports Club Playing Fees	6	27	33
Car Parking Charges	14	26	40
Cinema entrance fee	7	41	48
Fines (Dropping litter / dog mess etc.)	47	0	47
Lido Adult entrance fee	46	2	48

**(Note:** Not all participants provided a response for each area).

6.8 Some comments for each area included:

Leisure Centre Pay & Play:

*“The fee should be kept as low as possible so that it encourages more people to go.”*

*“Decrease fees for the short term and then increase.”*

*“Freeze – access to gyms is quite important for people at the moment with everyone being kept inside.”*

*“It’s not going to motivate them to join (if fees are raised) and people aren’t exercising as it is.”*

Sports Club Playing Fees:

*“Fees for sports clubs are high enough at the moment and you might put people off participating if they are raised.”*

*“There should be a slight increase – the benefit of going to meet your friends outweighs the additional cost.”*

*“I agree with freezing. I think these facilities should still be accessible to people and due to the impacts of covid, increasing the price would make it less accessible.”*

*“The costs should depend on the size of the teams. For small teams if the cost goes up it could stop them playing but for bigger teams, they would be able to afford the increase.”*

Car Parking Charges:

*“Private car parks are overpriced. Council Car Parks should be frozen.”*

*“A slight increase in the short term, would help to encourage more people to take public transport helping the environment whilst also making more money for the Council.”*

*“Cheaper car parking ensures that people park in the correct areas.”  
There should be student discount for parking.”*

*“If car parks are too expensive in Town Centres it might put people off using the shops there.”*

#### Cinema Entrance Fee:

*“No increase – it’s already expensive for young people. If you increase it too much they may not go.”*

*“Prices should be frozen or lowered. People deserve to go and make use of it.”*

#### Fines:

*“Definitely increase these.”*

*“Definitely higher to deter people. It should be advertised more that you can report people who do this all the time as I didn’t know this.”*

*“Dog fouling – we need more enforcement.”*

*“Refresh the signage to remind people of the fines.”*

*“I don’t think the consequences are really enforced.”*

#### Lido Adult entrance fee:

*“Increase as it’s only £2.”*

*“Increase – as long as it’s kept reasonable so people can afford it then it’s ok.”*

*“It’s already quite cheap so this could be increased. People would pay more in other areas so this wouldn’t be a bad thing to increase.”*

*“I’d say the Lido fees right now should be closer to £5.”*

### **Council Service Priorities**

- 6.9 We asked all groups to identify which Council services were important to them. We provided a list of service areas and discussions were held



around which ones the groups felt should be a priority and the levels of funding provided.

- 6.10 Apprenticeship schemes were identified as a consistent trend amongst all groups as an area of high importance and where funding is most needed. The groups all felt these schemes played an important part for young people and that sufficient funding would help to see the schemes expanded and widened to cover different service areas. It was identified in one group that 7 young people would have liked the opportunity to apply for an apprenticeship instead of University but held back because they felt there was not a wide variety of apprenticeships available for all academic levels.

Some comments included:

*“Apprenticeships are important. More money would give us more of a chance. There’s so many people applying for 1 job these days that we don’t get a chance.”*

*“We had around 40 young people interested in apprenticeships, but the group felt they were too low level. They felt that they would have wasted 2 years on A levels to go back to a GCSE level.”*

- 6.11 Another priority identified across the groups was funding for housing grants / schemes. The ability to be able to access suitable housing options was seen as important by the groups and one that they felt could benefit from increased funding. Feedback included:

*“It allows those who may otherwise struggle to be able to afford their own homes which in turn will benefit local economies.”*

*“It’s important to help people be able to afford to live somewhere.”*

*“Improving availability could allow many young adults to pursue the career they wanted but may not have had access to otherwise.”*

- 6.12 Schools and Education were also a priority by some of the groups. The importance of being able to access a good education with sufficient resources was the main reason for this being a priority for young people. Feedback included:

*“Schools are a hub both for children and adults alike. It is the focal point for after school clubs as well as being a place of education therefore its budget should definitely be protected or increased.”*

*“Schools experience is an extremely influential part of a child’s life and new resources are always needed due to the rapid advancements in technology and teaching methods.”*

- 6.13 Public Health was also identified by some of the young people as being a priority service area. Given the impacts of the global pandemic in 2020

young people felt that this required adequate funding to be able to manage the ongoing impacts of Covid-19. Feedback included:

*“Public health is also very important, and its money should be increased because in the current climate we really need to put as much of our resources into finding the best way to manage Covid in our communities.”*

*“It is extremely important to fund these services especially during these times when there is an existing strain on public health services.”*

- 6.14 Music services emerged as a strong priority amongst one group with the agreement that the service would benefit from more funding. Members of the group discussed their own personal experience of using the Music service and how they had noticed a decrease in the availability since joining secondary school. Feedback from this group included:

*“If there’s more support, more people might want to go down that route. I enjoyed it in Primary School.”*

*“Not enough funding for this. There should be a wider range of music in Secondary School. There are more options in Primary school than Secondary.”*

*“This should be protected – it provides children with skills they may use in the future.”*

- 6.15 The remaining service areas also received individual comments throughout the sessions which have been noted below:

Library and Adult Learning

*“Most learning courses for adults can be done online.”*

*“Although these are important, a lot of the resources used, and more are accessible on the internet.”*

*“The advertising from the Council isn’t great, people like my grandparents wouldn’t know about them.”*

Waste

*“I have chosen waste and recycling services to be protected because they are the services that do not get enough credit. If they were given extra money it would mean that people would be more aware of the necessary work they do, which we don’t really notice.”*

Adult Social Care

*“Adult social care – similarly to Children’s social care, there is a high demand for adult social care due to the ageing population.”*

Roads and Transport Services

*"It is important to provide efficient and accessible transport links as a tremendous amount of the local economy is affected by the viability of transport."*

Children's Social Care

*"There is an increasing demand for children's social services and it is in great need of funding."*

Leisure Centres

*"Vital part of the community and encourages good health and well – being."*

Parks and Play Areas

*"During these times parks may not be in need of a lot of funding as it is unlikely that they are being used often due to the social distancing measures."*

Cultural, tourism and heritage services

*"Greatly benefits the economy."*

Regeneration and supporting people out of work

*"Has the potential to significantly decrease unemployment rates."*

**Efficiencies**

6.16 We discussed the requirement for the Council to aim to be as efficient as possible and asked for the groups' views on this approach and if they had any ideas of ways in which the Council could become more efficient. The groups all felt that looking for ways to become more efficient was a useful task and the changes to the way in which Council offices are run, particularly during the pandemic, were discussed as a way of embracing working digitally and remotely. Some questions were raised on the process of identifying efficiencies amongst service areas and whether there could be a benefit to having an outside perspective.

6.17 Feedback included:

*"Being efficient is probably more important now because everyone is being forced to work so differently. I think more tech work would be a great way to improve efficiency."*

*"Would it be better to employ specific people to look at efficiencies in the Council from the outside through a fresh pair of eyes?"*

*"Highways/Road repairs can be unnecessary. They take a long time and seem a waste of money."*

*“Digitalisation – working from home frees up building costs, utility costs. There could be a building review and centralisation of services.”*

*“Working from home is efficient but is it as efficient as being in the office as people are missing bouncing ideas off each other.”*

### **Schools Budget**

6.18 When asked whether the groups agreed with the Council’s approach to protect and prioritise the Schools budget, 33 young people agreed with this. Of those that agreed, there was agreement that education is an important service area for young people and is something that should continue to receive adequate funding. The groups acknowledged that the increased budget could be used to provide better buildings and school equipment to give learners the best experience possible.

6.19 Feedback included:

*“Increasing or even freezing the budget gives children the best education they can have.”*

*“Important to keep up to date with technology and IT facilities.”*

*“I think schools should be a priority.”*

*“Even though it has been maintained, we feel it should have been increased.”*



## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2020 / 2021**

**FINANCE AND PERFORMANCE SCRUTINY COMMITTEE**  
**4<sup>th</sup> February 2021**

**MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT 2020/21**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

**Author : Barrie Davies (01443) 424026**

### **1.0 PURPOSE OF REPORT**

1.1 This report provides Members with the opportunity to scrutinise Treasury Management information presented to Council on 25<sup>th</sup> November 2020. The Council report is attached at Appendix 1 and details:

- The Council's Treasury Management activity during the first six months of 2020/21; and
- Prudential and Treasury Indicators for the same period.

### **2.0 RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Scrutinise and comment on the information provided.
- 2.2 Consider whether they wish to receive further detail on any matters contained in the report.

### **3.0 EQUALITY AND DIVERSITY IMPLICATIONS**

3.1 The report provides an overview of the Council's Treasury Management activities during the first six months of 2020/21 in line with the Treasury Management and Capital Strategies approved by Council in March 2020. As a result, no Equality Impact Assessment is required for the purposes of this report.

#### **4.0 CONSULTATION**

4.1 Following consideration by Council, this report (Appendix 1) is subject to review by the Finance and Performance Scrutiny Committee, in line with the laid down code of practice “CIPFA Treasury Management in the Public Services 2017” and also the Terms of Reference for this Committee.

#### **5.0 FINANCIAL IMPLICATION(S)**

5.1 The financial results / implications of the Council’s Treasury Management arrangements during the first six months of 2020/21 have been incorporated into quarterly Performance Reports during the year.

#### **6.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

6.1 The report ensures the Council complies with its legal duty under the Local Government Act 2003 and in doing so is in line with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

#### **7.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

7.1 This report evidences the progress made in delivering the Council’s Corporate Plan 2020-24 – ‘Making a Difference’ in particular through supporting the ‘Living Within Our Means’ theme by pursuing optimum treasury management performance or return at the same time as managing associated risk.

7.2 The report also supports the Well-being of Future Generations Act in particular ‘a globally responsible Wales’ through responsible management and investment of the Council’s resources.

#### **8.0 CONCLUSION**

8.1 This report, together with Appendix 1, provides Members with the opportunity to scrutinise the activities of Treasury Management for the first six months of financial year 2020/21.

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**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2020 / 2021**

**COUNCIL**

**25<sup>th</sup> November 2020**

**2020/21 MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES : Barrie Davies (01443) 424026**

**1.0 PURPOSE OF REPORT**

1.1 The CIPFA Code of Practice on Treasury Management requires a Mid Year Review to be presented to Council. This report provides Members with information on:-

- The Council's Treasury Management activity during the first six months of 2020/21; and
- Prudential and Treasury Indicators for the same period.

**2.0 RECOMMENDATIONS**

2.1 It is recommended that Members:

2.1.1 Note the content of this report.

2.1.2 Note and approve the amended authorised limit and operational boundary indicators as a result of CIPFA delaying the implementation of changes in respect of accounting for leases.

**3.0 INTRODUCTION**

- 3.1 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.2 The Treasury Management function operates within the Treasury Management Strategy and Capital Strategy, both approved by Council on the 18<sup>th</sup> March 2020.
- 3.3 Treasury Management is defined as:  
*“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 3.4 The Council sets a balanced budget to ensure that all planned expenditure is financed by various sources of income / reserves. Treasury Management is concerned with monitoring the cash flows of such income and expenditure and planning investments and borrowing prudently.
- 3.5 This report includes the following areas of treasury activity during the first six months of 2020/21:
- Economic background;
  - Borrowing activity and results;
  - Estimated and actual treasury position, treasury management and prudential indicators; and
  - Investment strategy, activity and results.

#### **4.0 ECONOMIC BACKGROUND**

##### **4.1 General Economic Background**

- 4.2 The Covid-19 pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. Government initiatives continued to support the economy, with the Coronavirus Job Retention Scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the ‘Eat Out to Help Out’ offer. Discussions on a post-Brexit trade deal continue amid much uncertainty.
- 4.3 The Council’s investment income is subject to changes in short term interest rates. The level of the Bank Base Rate or ‘Bank Rate’ is one of the main determinants of the rate of interest the Council receives on its short-term investments. The Bank of England Monetary Policy Committee has maintained the Bank Rate at 0.1% throughout this financial year to date and, in its August 2020 Monetary Report, referred to its challenge to respond to the economic and financial impact of the Covid-19 pandemic. The



Committee considers that the outlook for the UK and global economies remains uncertain, depending on various factors such as the evolution of the pandemic, measures taken to protect public health and how governments, households and businesses respond to these factors.

- 4.4 GDP growth contracted by 19.8% in Qr 2 2020 (April to June) according to the Office for National Statistics, pushing the annual growth rate down to -21.5%. GDP grew 15.5% in Qr 3 (July to September) and year on year growth was down 9.6%. In the 3 months June to August 2020, the unemployment rate had increased to 4.5% (4.1% March to May 2020) with the Bank of England forecasting the rate to be around 7.5% by the end of the year. Real wage growth (that is, after allowing for inflation), excluding bonuses was 0.1% in the three months to August 2020.
- 4.5 The Consumer Price Index (CPI) fell to 0.2% in August 2020, from 0.8% in April 2020, increasing to 0.5% for September 2020. In the Bank of England Monetary report in August 2020, the expectation is that this rate will average around 0.25% in the latter part of the year. This rate is below the Bank of England's target of 2%.
- 4.6 The majority of the Council's borrowing is from the PWLB (Public Works Loans Board). Long-term borrowing rates are influenced by gilt yields and these are expected to remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out a negative Bank Rate or growth/inflation prospects improve.
- 4.7 PWLB maturity rates (certainty rate) during the first half of the financial year were as follows:

	<b>5 years</b>	<b>10 years</b>	<b>20 years</b>	<b>50 years</b>
Average	1.81%	2.07%	2.50%	2.33%
Highest	2.00%	2.23%	2.75%	2.65%
Lowest	1.68%	1.94%	2.37%	2.13%

- 4.8 Estimates of future rates are as follows:

	<b>Base Rate</b>	<b>PWLB Maturity Rates</b>			
		<b>5 years</b>	<b>10 years</b>	<b>20 years</b>	<b>50 years</b>
2020/21 (Act 6 mth Average)	0.10%	1.81%	2.07%	2.50%	2.33%
31/03/21	0.10%	1.80%	2.10%	2.40%	2.30%
31/03/22	0.10%	1.95%	2.25%	2.45%	2.35%

## **5.0 BORROWING ACTIVITY AND RESULTS**

- 5.1 The borrowing strategy for 2020/21, approved by Council in March 2020, reported that the Director of Finance and Digital Services, as Section 151 Officer (or in his absence the Deputy Section 151 Officer), under delegated powers, will take the most appropriate form of borrowing depending upon the prevailing interest rates at the time, and taking into account advice provided by our advisors.
- 5.2 In March, the borrowing requirement was estimated to be £29.0m based on the Capital Programme at that time. The borrowing requirement has slightly increased for 2020/21 due to revised delivery timescales, and is now £29.3m as at 30<sup>th</sup> September 2020.
- 5.3 It was also reported that the Council would monitor prevailing PWLB rates for any opportunities to reschedule debt to generate savings. I can report that to the 30<sup>th</sup> September this financial year, the Council has not had a viable option to reschedule debt. Affordability and the cost of carry remained important influences on the Council's borrowing strategy. No short-term or long-term borrowing was taken during the first half of 2020/21.
- 5.4 In line with the above strategy, this Council has not borrowed in advance of need during the first 6 months of the year and has no current intention to borrow in advance during the remainder of 2020/21.
- 5.5 There is currently a projected underspend of £250k for net capital charges, as at 30<sup>th</sup> September 2020, against a budget for 2020/21 of £19.7m.

## **6.0 CERTAINTY RATE**

- 6.1 The "certainty rate", whereby local authorities are able to access borrowing at 0.2% below published PWLB rates was available from HM Treasury again for this year. Authorities were required to provide an indication of their potential borrowing requirements for the next 3 years. This Council provided such information to HM Treasury and will continue to be able to access the discounted rate up to 31<sup>st</sup> October 2021.

## **7.0 ESTIMATED AND ACTUAL TREASURY POSITION AND PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS**

- 7.1 The accounting changes for leases has been delayed, in line with CIPFA guidance, from a planned 2020/21 implementation to 2021/22. The changes require local authorities to recognise previously unrecognised leased assets and corresponding liabilities on the Balance Sheet. As a result, the revised estimates in the indicators below do not include lease liabilities affected by the accounting changes for 2020/21.
- 7.2 Consequently, it is recommended that Members agree revised values for 2020/21 with regards to the Authorised Limit and the Operational Boundary as follows:

### The Authorised Limit

	2020/21 Limit approved 18/03/20 £M	2020/21 Revised Limit £M
Gross Borrowing Limit	530.000	530.000
Other Long Term Liabilities	8.100	2.000
Authorised Limit	538.100	532.000

### The Operational Boundary

	2020/21 Boundary approved 18/03/20 £M	2020/21 Revised Boundary £M
Gross Borrowing Limit	425.000	425.000
Other Long Term Liabilities	2.877	1.000
Operational Boundary	427.877	426.000

During the six months to 30<sup>th</sup> September 2020, the Council operated within its prudential limits set out in the Prudential Code report approved by Council in March 2020 and subsequently revised in 7.2 above. Details of limits and actual performance are as follows:

## 7.3 Capital Expenditure and the Capital Financing Requirement

7.3.1 The Capital Expenditure plans of the Council are primarily financed by capital receipts and capital grants. The remaining element which cannot be immediately financed from other resources will constitute our borrowing requirement. The estimated level of available capital resources is provided in summary as the Capital Expenditure Indicator below.

### Indicator: Capital Expenditure

	2020/21 Original Estimate £M	2020/21 Projected Outturn £M	2021/22 Revised Estimate £M	2022/23 Revised Estimate £M
Supported spend	69.576	106.167	32.902	19.597
Unsupported spend	22.139	22.520	9.752	0.024
Total spend	91.715	128.687	42.654	19.621
Financed by:-				
Borrowing	28.968	29.349	16.581	6.853
Other Capital Resources (Grants, Capital Receipts)	62.747	99.338	26.073	12.768

7.3.2 The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow for capital purposes. The CFR is capital expenditure that has not yet been paid for from either revenue or capital resources.

7.3.3 The Council's expectation for the CFR for the next three years is shown below.

**Indicator: Capital Financing Requirement (CFR)**

	2020/21 31/03/21 Original Estimate £M	31/03/21 Projected Outturn £M	2021/22 31/03/22 Revised Estimate £M	2022/23 31/03/23 Revised Estimate £M
CFR	515.651	509.276	513.357	505.160
Net movement in CFR			4.081	(8.197)

7.3.4 The expected external debt for each year is as detailed below.

**Indicator: External Debt**

	30/09/20 Actuals £M	2020/21 31/03/21 Original Estimate £M	2020/21 31/03/21 Revised Estimate £M	2021/22 31/03/22 Revised Estimate £M	2022/23 31/03/23 Revised Estimate £M
Borrowing	320.436	417.226	430.226	499.807	497.842
Other long term liabilities	0.437	2.460	0.583	2.460	2.178
Total External Debt	320.873	419.686	430.809	502.267	500.020

7.3.5 Other Long Term Liabilities represents the Council's obligation under its finance leases.

**8.0 LIMITS TO BORROWING ACTIVITY**

8.1 The first key control over the Council's activity is to ensure that, over the medium term, borrowing will only be for a capital purpose. The Council needs to ensure that external borrowing does not exceed the total of the capital financing requirement in the preceding year plus the estimate of the additional capital financing requirement for the next three financial years. This allows some flexibility within a three-year period to deliver an effective Treasury Management strategy.

### Borrowing Activity (Gross Borrowing)

	2020/21 30/09/20 Actuals £M	2020/21 31/03/21 Original Estimate £M	2020/21 31/03/21 Revised Estimate £M	2021/22 31/03/22 Revised Estimate £M	2022/23 31/03/23 Revised Estimate £M
Gross Borrowing (inc. Other Long Term Liabilities)	320.873	419.686	430.809	502.267	500.020
Capital Financing Requirement		515.651	509.276	513.357	505.160

- 8.2 The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be set, monitored and revised by Members. It reflects the maximum level of borrowing to fund existing capital commitments, which could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some added headroom for unexpected movements. It is proposed that these limits be amended in line with increases to the underlying need to borrow, that is, the Capital Financing Requirement.

### Indicator: The Authorised Limit

	2020/21 30/09/20 Actuals £M	2020/21 Limit (Revised) £M	2021/22 Limit £M	2022/23 Limit £M
Gross Borrowing	320.436	530.000	530.000	530.000
Other long term liabilities	0.437	2.000	9.300	10.000
Authorised Limit	320.873	532.000	539.300	540.000

- 8.3 The Operational Boundary is based on the probable external debt during the course of the year; actual borrowing could vary around this boundary, for short times, during the year. It should act as an indicator to ensure the Authorised Limit is not breached.

### Indicator: The Operational Boundary

	2020/21 30/09/20 Actuals £M	2020/21 Estimate (Revised) £M	2021/22 Estimate £M	2022/23 Estimate £M
Gross Borrowing Limit	320.436	425.000	455.000	470.000

Other long term liabilities	0.437	1.000	2.595	2.281
Operational Boundary	320.873	426.000	457.595	472.281

## 9.0 **AFFORDABILITY PRUDENTIAL INDICATORS**

9.1 Previous sections have covered overall capital and control of borrowing indicators, but there is also a requirement to assess the affordability of capital investment plans. This provides an indication of the impact of the capital investment plans on the overall Council finances.

9.2 The Ratio of Financing Costs to Net Revenue Stream identifies the trend in the cost of capital (borrowing costs net of interest and investment income) against the "net revenue stream". The net revenue stream for the General Fund is the amount collectable from Council Tax payers added to the Council's Revenue Support Grant (RSG) and Non Domestic Rates (NDR). The key use of this indicator is to compare trends in the ratio of financing costs to the net revenue stream, over time.

### **Indicator: Ratio of Financing Costs to Net Revenue Stream**

	2020/21 Original Estimate	2020/21 Revised Estimate	2021/22 Revised Estimate	2022/23 Revised Estimate
9.3 General Fund	5.11%	4.98%	5.38%	5.48%

A LOBO is a financial instrument called a "Lender's Option Borrower's Option". It provides a lower rate of interest for the initial period and a higher rate for the rest of its term (reversionary period), albeit that the higher rate was comparable with interest rates prevailing at the time the loans were taken. At the end of the initial period and at six monthly intervals, the lender has the option to increase the interest rate payable. This provides the Council with the option to repay the loan if the terms are not acceptable. It is the view of our Treasury Management Advisors that it is unlikely the LOBO's will be called within this financial year.

9.4 The revised amount of LOBO debt held in 2020/21 is £31m, 10% of total debt as at 30<sup>th</sup> September. Although not a requirement of the Prudential Code, an internal limit of LOBO debt is set as follows:

	£M	% of Debt Portfolio
LOBO Limits	50	20

9.5 The maturity structure indicator sets gross limits to reduce the Council's exposure to large fixed rate sums falling due for refinancing annually. The Code of Practice requires LOBO's to be represented in the maturity structure

at the next option date, hence the table below demonstrates a high maturity within 12 months.

**Indicator: Maturity Structure**

	2020/21 Actuals as at 30/09/20	Upper Limit	Lower Limit
Under 12 months	13%	70%	0%
12 months to 2 years	4%	70%	0%
2 years to 5 years	10%	60%	0%
5 years to 10 years	16%	70%	0%
10 years to 20 years	6%	90%	0%
20 years to 30 years	0%	90%	0%
30 years to 40 years	51%	90%	0%
40 years to 50 years	0%	90%	0%

9.6 In order to maximise investment returns there could be opportunities for sums to be invested for longer than one year. This would only be undertaken with a prudent view of the primary considerations of security and liquidity.

**10.0 FINANCIAL INVESTMENTS**

10.1 The Investment Strategy enables lending to organisations upon which we undertake appropriate due diligence and put in place appropriate security arrangements. Such loans could result in the Council being able to achieve better investment returns at an acceptable level of risk and to secure base budget savings over the short to medium term to protect frontline services.

10.2 These investment decisions are classed as “Financial Investments” and are subject to S151 officer determination, following appropriate due diligence and subject to appropriate and acceptable security arrangements being in place as part of the commercial agreement.

10.3 The maximum exposure for this type of investment is set at £25m with a maximum maturity limit of 30 years.

10.4 During 2020/21, a 25 year loan agreement of up to £5m was entered into with Cynon Taf Community Housing Group. This is treated as a financial investment and is in line with the Council’s Investment Strategy. The record of delegated officer decision can be found [here](#).

10.5 The total amount of loan provided and outstanding as at 30<sup>th</sup> September is £2.5m.

10.6 Such transactions will be included in the indicators reported as part of the quarterly performance reports and statutory Treasury Management Reports.

**Indicator: Total principal funds invested for periods longer than 1 year:**

	Limit	30/09/20 Actual
Maximum principal sums invested over 1 year	£25m	£6.65m

10.7 The £6.65m represents a 10-year loan to Trivallis of £4.25m (£4.5m outstanding, £0.25m of which to be repaid within 12 months), and the Cynon Taf Housing Community Group loan of £2.4m (£2.5m outstanding, £0.1m of which to be repaid within 12 months).

10.8 For measuring the Council's exposure to interest rate risk, the following table shows the revenue impact of a 1% rise or fall in interest rates (based on borrowing and investments as at 30<sup>th</sup> September 2020):

Interest Rate Risk	Impact £M
One year revenue impact of a 1% rise/fall in interest rates	0.263

**11.0 INVESTMENT STRATEGY, ACTIVITY & RESULTS**

11.1 The Council manages its investments in-house, investing in line with the Council's approved lender criteria as approved by Council on the 18<sup>th</sup> March 2020.

11.2 Members will recall that following the onset of the unprecedented national and international economic crisis in 2008, all of this Council's cash flows are currently being invested in the Debt Management Account Deposit Facility and other Government backed public sector bodies, in line with the aforementioned approved strategy. This strategy ensures we prioritise **S**ecurity (protecting monies invested), then **L**iquidity (cashflow) and finally **Y**ield (return on investment). The order of these "SLY" priorities are detailed in Investment Guidance produced by the Welsh Government.

11.3 I have kept this under constant review subsequently with a view to returning to market investment activity at an appropriate time. To date, the Council has not returned to market investments. Members will be kept informed of any changes as part of the Council's quarterly performance reports.

11.4 The following table shows the overall result of the investment activities undertaken by the Council:



	Interest Received £M	Average Cash Balance £M	Return on Investments %	Benchmark Return %
General Balances	0.021	37.77	0.06	-0.05

The benchmark for Local Authority internally managed funds is the average 7-day LIBID rate.

11.5 The Council also holds non-specified investments in Cynon Valley Waste Disposal Company Ltd, trading as Amgen Cymru Ltd and Amgen Rhondda Ltd. These are shown in the Council's 2019/20 balance sheet as £3.017m, under "Investments in Subsidiaries".

11.6 The Council also holds non-financial investments.

- Non-financial commercial investment in Ty Dysgu, Cefn Coed Business Park, Nantgarw.
- 2 investments in non-financial and "other investments relevant to Council functions". 50-53 Taff St Pontypridd and Unit 1 Cambrian Industrial Estate, Clydach Vale.

## **12.0 TREASURY MANAGEMENT ADVISORS**

12.1 The Council appointed Arlingclose as its Treasury Management Advisors during March 2019 and they continue to support the Council's Treasury Management function.

## **13.0 TRAINING**

13.1 Officers have attended webinars hosted by Arlingclose which provide an overview of the economic environment and investment advice. A virtual online strategy meeting has also been held between Arlingclose and officers in July. Officers continue to receive interest rate information, economic data, credit ratings and general market environment information on a regular basis. All Elected Members were invited to a virtual training event facilitated by Arlingclose on 19<sup>th</sup> October 2020.

## **14.0 MINIMUM REVENUE PROVISION (MRP)**

14.1 In accordance with legislative requirements applicable to local government (Local Government Act 2003), there is a requirement to charge an amount to revenue each year in respect of capital expenditure that is funded by borrowing. This charge is known as Minimum Revenue Provision (MRP) and must be a prudent amount in accordance with Welsh Government Statutory Guidance.

14.2 The method of charging MRP for Supported Borrowing is a straight line policy over 40 years. With regard to finance leases MRP is equivalent to the principal value of repayments. With regard to the method of charging MRP to Council Fund Balances in respect of Unsupported Borrowing only, the method used is dependent upon the type of asset being created as set out in the approved MRP Policy statement approved by Council on the 18<sup>th</sup> March 2020.

## **15.0 EQUALITY AND DIVERSITY IMPLICATIONS**

15.1 The report provides an overview of the Council's Treasury Management activities during the first six months of 2020/21 in line with the Treasury Management and Capital Strategies approved by Council in March 2020. As a result, no Equality Impact Assessment is required for the purposes of this report.

## **16.0 CONSULTATION**

16.1 Following consideration by Council, this report will be presented to the Finance and Performance Scrutiny Committee in line with the laid down code of practice "CIPFA Treasury management in the Public Services 2017" and also the Terms of Reference for this Committee.

## **17.0 FINANCIAL IMPLICATION(S)**

17.1 The financial results / implications of the Council's Treasury Management arrangements during the first six months of 2020/21 have been incorporated into quarterly Performance Reports during the year.

## **18.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

18.1 The report ensures the Council complies with its legal duty under the Local Government Act 2003 and in doing so is in line with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

## **19.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

19.1 This report evidences the progress made in delivering the Council's Corporate Plan 2020-24 – 'Making a Difference' in particular through supporting the 'Living Within Our Means' theme by pursuing optimum treasury management performance or return at the same time as managing associated risk.

19.2 The report also supports the Well-being of Future Generations Act in particular 'a globally responsible Wales' through responsible management and investment of the Council's resources.

## **20.0 CONCLUSION**

20.1 The 2020/21 financial year continues to be a challenging year for Treasury Management and this report highlights for Members the Treasury Management activities that have been undertaken between April and September 2020.

### **Other information:**

**Relevant Scrutiny Committee – Finance and Performance Scrutiny Committee**

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**COUNCIL 25<sup>TH</sup> NOVEMBER 2020**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

**Item: 2020/21 MID YEAR TREASURY MANAGEMENT STEWARDSHIP  
REPORT**

**Background Papers**

- 18<sup>th</sup> March 2020 Council meeting – Reports:
  - Treasury Management Strategy Incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision Statement for 2020/21.
  - 2020/21 Capital Strategy Report Incorporating Prudential Indicators.

Officer to contact: Barrie Davies (Director of Finance and Digital Services)

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## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **MUNICIPAL YEAR 2020/21**

#### **FINANCE & PERFORMANCE SCRUTINY COMMITTEE - 4 FEBRUARY 2021**

#### **SCRUTINY WORK PROGRAMME: 2020- 2021 MUNICIPAL YEAR**

#### **REPORT OF THE SERVICE DIRECTOR, DEMOCRATIC SERVICES & COMMUNICATIONS**

### **1. PURPOSE OF THE REPORT**

1.1 To provide members of the Finance & Performance Scrutiny Committee with the opportunity to consider and agree its forward work programme for the next period of the 2020-21 Municipal Year (February-April 2021) and to identify any specific training needs relevant to their role in undertaking scrutiny.

### **2. RECOMMENDATIONS**

It is recommended that Members:-

2.1 Acknowledge the contents of the attached draft Finance & Performance Scrutiny Committee Work Programme and determine whether the items included are relevant and in line with the Committee's terms of reference; and

2.2 Identify any training requirements that Members consider would assist them in their role.

### **3. REASONS FOR RECOMMENDATIONS**

3.1 It is proposed that Members of the Finance & Performance Scrutiny Committee have the opportunity to review the next phase of its work programme for the 2020/21 municipal year from February to April 2021.

### **4. BACKGROUND**

4.1 Members will recall that following the introduction of social distancing measures at the end of March 2020 the Council saw the suspension of formal committees as it responded to the pandemic crisis. The decision making and governance continued to operate in compliance with the Council's Constitution to discharge key decisions.

- 4.2 The Council successfully rolled out its committee meetings on a virtual basis and it has since been acknowledged that the methodical approach to virtual meetings has equipped Members with the necessary support and knowledge to overcome any technical challenges and allowed them to fully participate in the Council's democratic process. The level of engagement and [number of virtual meetings](#) is testament to the success of those approaches to the virtual roll out.
- 4.3 The Overview & Scrutiny Committee, as the Council's overarching Scrutiny Committee undertook the substantive scrutiny role for a three-month period to cover the extended municipal year. In that time Scrutiny saw its forward work programme re-aligned to deal with one or two matters per agenda offering a combination of short reports and verbal updates from Officers.
- 4.4 As previously reported and as part of this temporary arrangement, the Overview & Scrutiny considered a number of matters that would have otherwise been considered by the four themed Scrutiny Committees, including the Council's Performance Report, 31<sup>st</sup> March 2020 year end with an invitation to all non-executive Members to engage in the scrutiny process.
- 4.5 The Finance & Performance Scrutiny Committee held its first virtual meeting on the 19<sup>th</sup> October 2020 which included a return to the normal scrutiny business to include, amongst other matters, consideration of its forward work programme for the initial three-month period of the new Municipal Year 2020-21, specifically from October to December 2020 and an all Member training session on Treasury Management.
- 4.6 Since then, and in keeping with its terms of reference, the Committee has maintained its oversight and scrutiny by engaging in the Council's Budget process, providing comment on the draft Tourism Strategy (with a further opportunity to review this piece of work in March 2021), the CIL Annual Monitoring Report and the proposed changes to the Regulation 123 List in advance of the report being considered by Cabinet.
- 4.7 The resource constraints under which scrutiny operates has been widely promoted and an element of flexibility continues to be adopted whilst the council deals with high level operational matters. With this in mind and with officer support often limited, Members are asked to consider a forward work programme which may need to be changed at short notice.
- 4.8 It is proposed that Scrutiny continues to consider a work programme that is manageable and addresses the items which require a timely response as well being able to adapt to any necessary changes.

## 5. **TRAINING REQUIREMENTS**

- 5.1 To fulfil their role as a Finance & Performance Scrutiny Committee member, ongoing training requirements are a key consideration and therefore Members are asked to identify any gaps in their development particularly in relation to undertaking scrutiny of the items listed on the forward work programme.

## **6. CONSULTATION / INVOLVEMENT**

6.1 The Finance & Performance Scrutiny Committee forward work programme has been developed based on the new ways of working, in discussions with the Chair and Vice Chair as well as with the relevant portfolio holder.

6.2 Members are encouraged to contribute to their forward Work Programme by suggesting areas of possible scrutiny.

## **7. EQUALITY AND DIVERSITY IMPLICATIONS**

7.1 An Equality Impact Assessment is not needed because the contents of the report are for information purposes only.

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no financial implications aligned to this report.

## **9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

9.1 The report has been prepared in accordance with paragraph 12.1 (Part 4) of the Council's Constitution.

## **10. LINKS TO THE COUNCILS CORPORATE PLAN / OTHER CORPORATE PRIORITIES.**

10.1 This is an information report presenting the Finance & Performance Scrutiny Work Programme in responding to the Covid 19 pandemic. No decisions are being taken in this report.

## **11. CONCLUSION**

11.1 The Finance & Performance Scrutiny Committee work programme for the 2020-2021 Municipal Year is attached. Members of the Committee are asked to review its forward work programme to also ensure it fully evaluates the effectiveness of its scrutiny function during these uncertain times.

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**FINANCE & PERFORMANCE SCRUTINY COMMITTEE**

**4 FEBRUARY 2021**

**REPORT OF THE SERVICE DIRECTOR, DEMOCRATIC SERVICES &**

**COMMUNICATION**



**SCRUTINY WORK PROGRAMMES 2020/21**  
**FINANCE & PERFORMANCE**

***‘Holding the Executive to account in respect of all three priorities within the Council’s Corporate Plan... People (Ensuring People are independent, healthy and successful), Places (Creating Places where people are proud to live, work and play) and Prosperity (Enabling Prosperity creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper ) as well as its key principle ‘Living within our Means’.***

Each of the Council’s Scrutiny Committees is responsible for setting and agreeing its own work programme by identifying a list of themes and topics which fall under the remit of each individual Scrutiny Committee. Following discussion with the Chair, Vice Chair and Scrutiny Members a practical, realistic and timetabled programme can then be developed.

The scrutiny forward work programmes should provide a clear rationale as to why particular issues have been selected; be outcome focussed; ensure that the method of scrutiny is best suited to the topic area and the outcome desired; align scrutiny programmes with the Council’s performance management and improvement arrangements.

Throughout the year, there are a number of ways in which additional issues can be considered for inclusion in the Scrutiny Work Programme and ideas for inclusion may come from a number of sources such as:-

- Individual Councillors;
- Performance or budget monitoring information;
- Inspection reports;
- Referrals from Council (such as Notices of Motion), Cabinet/Audit or other scrutiny committees;
- Service users;
- Monitoring the implementation of recommendations previously made by the Committee; and
- Local Residents.

The Cabinet is also required to produce forward work programmes and the Overview & Scrutiny Committee keeps abreast of forthcoming items or topics which may enable scrutiny to be involved in the development of Council policy prior to its formal consideration by Cabinet. It is important

to bear in mind that an element of flexibility is applied to each individual work programme that provides Committees with the capacity to scrutinise new / urgent issues that arise during the year.

<b>FINANCE AND PERFORMANCE SCRUTINY COMMITTEE</b>					
<b>Date/Time</b>	<b>Overarching Item</b>	<b>Officer</b>	<b>Cabinet Member</b>	<b>Invited/ In attend ance</b>	<b>Scrutiny Focus</b>
<b>Monday, 19<sup>th</sup> of October 2020, Virtual</b>	Treasury Management Training Session	External Trainers - Airlingclose	Councillor Norris, Cabinet Member for Corporate Services	Yes	To receive an overview of Treasury Management, delivered by Airlingclose (the Council's Treasury Management Advisors), to assist Members in undertaking their role
	2020/21 Work Programme	Service Director, Communications & Democratic Services			<b>Scrutiny &amp; Challenge –</b> For Members to consider the work programme for the 2020/2021 Municipal year.
	Treasury Management Annual Report	Head of Finance: Education and Financial Reporting.			For Committee Members to consider the Council's Treasury Management Annual Report 2019/20

	<p>Community Infrastructure Levy Annual Monitoring Report</p> <p>Quarter 1 Performance Report</p> <p>Engagement on the Council's Budget</p>	<p>Director of Prosperity and Development</p> <p>Service Director – Finance &amp; Improvement Services</p> <p>Service Director, Communications &amp; Democratic Services</p>		<p><b>Scrutiny &amp; Challenge</b> Scrutiny will undertake pre scrutiny of the Community Infrastructure Levy Annual Monitoring Report</p> <p>For Committee members to consider the Council's Quarter 1 Performance Report (2020/21)</p> <p>To receive an overview of the Council's approach to the 2021/22 Budget Consultation Process</p>
<p><b>Monday, 16<sup>th</sup> November 2020 Virtual</b></p>	<p>Medium Term Financial Plan (MTFP) 2020/21 to 2023/24</p> <p>Budget Consultation 2021/22 (Phase 1)</p>	<p>Service Director – Finance &amp; Improvement Services</p> <p>Service Director – Finance &amp; Improvement Services</p>		<p>For Committee members to consider the Council's MTFP 2020/21 to 2023/24 and to use the information contained within the MTFP to inform the Committee's feedback as a consultee of the Council's phase 1 2021/22 Budget Consultation process</p> <p>For Committee members to feedback their views as part</p>

				of phase 1 of the 2021/22 Budget Consultation process
<b>Monday, 21<sup>st</sup> December 2020 Virtual</b>	Quarter 2 Performance Report	Service Director – Finance & Improvement Services		For Committee members to consider the Council's Quarter 2 Performance Report
	Draft Tourism Strategy update	Director of Prosperity and Development		For Committee members to receive an update in respect of the Council's draft Tourism Strategy.
<b>Thursday 4<sup>th</sup> February 2021 Virtual</b>	Budget Consultation 2021/22 (Phase 2)	Service Director – Finance & Improvement Services	Councillor Norris, Cabinet Member for Corporate Services	<b>Scrutiny &amp; Challenge –</b> To undertake pre-scrutiny of the draft 2021/22 Budget Strategy agreed by Cabinet on the 28.01.21
	2020/21 Mid-Year Treasury Management Stewardship Report	Head of Finance: Education and Financial Reporting		To consider the 2020/21 Mid-Year Treasury Management Stewardship Report
	Review of the Finance & Performance Scrutiny Committee 2020/21 Work Programme.	Service Director, Communications & Democratic Services		<b>Scrutiny and Challenge.</b>

				<ul style="list-style-type: none"> <li>•Is the Work Programme suitable and relevant to the Terms of Reference?</li> <li>•Does the Work Programme illustrate clear outcomes and objectives?</li> </ul> <p>Members of the Finance and Performance Scrutiny Committee to provide comment in relation to the Work Programme and to consider the remaining 2020/21 F&amp;P Work Programme.</p>
<p><b>Monday 15<sup>th</sup> March 2021</b> <b>Virtual</b></p>	<p>Rhondda Cynon Taf's Employment and Skills Strategy and Action Plan 2020 – 2022 update.</p> <p>Tourism Strategy update</p> <p>To receive a presentation outlining the role of digitalisation by supporting the transformation of services</p>	<p>Head of Community Services</p> <p>Director of Prosperity and Development</p> <p>Service Director – Digital &amp; ICT</p>	<p>Councillor R Bevan Cabinet Member for Enterprise Development and Housing</p> <p>Councillor Norris, Cabinet Member for Corporate Services</p>	<p><b>Scrutiny &amp; Challenge –</b> For Committee members to receive an update in respect of the Council's Employment and Skills Strategy and Action Plan and to scrutinise the outcomes emanating from the strategy.</p> <p>For Committee members to receive an update in respect of the Council's Tourism Strategy.</p> <p><b>Scrutiny &amp; Challenge –</b> To scrutinise the role digitalisation has played in respect of new ways of working and transformation of services.</p>

<p><b>Tuesday 13<sup>th</sup> April 2021 - Virtual</b></p>	<p>Quarter 3 Performance Report</p> <p>Overview of the Council's 2021/22 revenue budget and 3 year capital programme</p> <p>Corporate Asset Management Plan (<i>INFORMATION ONLY</i>) (<i>Exempt Item</i>)</p> <p>2021/22 Capital Strategy Report and 2021/22 Treasury Management Strategy Report</p>	<p>Service Director – Finance &amp; Improvement Services</p> <p>Service Director – Finance &amp; Improvement Services</p> <p>Director of Corporate Estates</p> <p>Head of Finance – Education and Financial Reporting</p>	<p>Councillor Norris, Cabinet Member for Corporate Services</p>		<p>For Committee Members to consider the Council's Quarter 3 Performance Report.</p> <p><b>Scrutiny &amp; Challenge –</b> To scrutinise and challenge the overview provided in respect of the Council's revenue budget and capital programme.</p> <p>For Committee Members to consider an interim update of the Corporate Asset Management Plan</p> <p>To provide the Committee with the opportunity to scrutinise the 2021/22 Capital Strategy Report and 2021/22 Treasury Management Strategy Report</p>

### **Training Requirements:-**

- Treasury Management Training – Airlingclose (September 2021)

### Potential Future Items for consideration

- Regeneration Grants - To scrutinise the impact of the refocus and review of the Regeneration Business Grants.
- Local Government & Elections (Wales) Bill - to receive timely updates as and when applicable.
- Cabinet / Scrutiny Engagement Sessions

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