



RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Minutes of the meeting of the Finance and Performance Scrutiny Committee held virtually on Wednesday, 2 February 2022 at 5.00 pm.

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

Councillor M Powell (Chair)

Councillor G Thomas	Councillor S Bradwick
Councillor S Evans	Councillor A Fox
Councillor E George	Councillor J Williams
Councillor T Williams	Councillor R Yeo

Officers in attendance:-

Mr P Griffiths, Service Director – Finance & Improvement Services
Ms W Edwards, Service Director – Community Services
Ms S Davies - Head of Education & Financial Reporting
Ms N Lewis - Programmes Co-ordinator
Mr A Wilkins – Director of Legal Services
Mrs T Watson – Senior Democratic & Scrutiny Officer
Mrs S Handy – Members’ Researcher & Scrutiny Officer

Co-opted Members in attendance:-

Mr J Fish – Parent/Governor Representative

44 Apologies

Apologies of absence were received from County Borough Councillors H Boggis, J. Cullwick, J Edwards and S Rees-Owen.

45 Scrutiny Research Function

The Members’ Researcher and Scrutiny Officer referenced the research facilities that were available to Members within the Council Business Unit. Members were advised that if they have any specific queries to email them to Scrutiny@rctcbc.gov.uk.

46 Declaration of Interest

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

The Chair stated under Declarations of Interest, so it would be formally noted, his thanks to Mr Fish, the Parent/Governor Representative, who had completed

his term of office and who had helped and supported insightful questioning not only on this Committee, but on other Committees, and this had been one of the joys of being a County Councillor on Scrutiny. The Chair thanked Mr Fish, the Parent/Governor Representative very much for all his input into the good running of the Scrutiny Committees in Rhondda Cynon Taf.

Councillor Yeo also thanked Mr Fish, the Parent/Governor Representative for his service and wished him well for the future.

47 Minutes

It was **RESOLVED** to approve the minutes of the 30th November 2021 as an accurate reflection of the meeting subject to noting the apologies of Councillor Bradwick, which had been given, for the meeting of the 30th November 2021.

48 Consultation Links

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

49 Update on the Kickstart Programme

The Community Services Manager updated Members of the Finance and Performance Scrutiny Committee on the Department of Work and Pensions' (DWP) Kickstart Scheme for young people aged 16-24 years which included an outline of the role and responsibilities of the Council as a Gateway body that supports local businesses to access the programme and provided information on the number of Kickstart apprentices offered opportunities within Council services. The Community Services Manager drew Members attention to points 4.10, 4.13, 4.14 and Appendix A & B.

Following the update, Members were provided with the opportunity to ask questions.

Councillor Fox fed back how beneficial the scheme had been and the impact it had on some young people and complimented the Officers and the Community Services Manager, on such an in-depth report.

Councillor Bradwick also noted the good report and said it was encouraging to see the young people getting on and thanked the Officers for the report.

The Chair noted item 3.4 of the report with the DWP data showing that in August 2020 there were 4,333 young people claiming Universal Credit in Rhondda Cynon Taf compared with 2,344 in February 2020, a 100% increase in people going on to effectively lose their jobs from the February to the August. The Chair referenced 3.11 of the report and the list of organisations that assisted in trying to get people back into full time employment, noting that one of them was Bridgend College. The Chair queried if there were any other organisations, external to RCT, that had provided support within Rhondda Cynon Taf, other than those on the list.

The Community Services Manager confirmed the list in front of Members was the whole list. Official figures had not been received from the Job Centre or

DWP, but there was around 600 plus job opportunities across RCT that had been offered. The Community Services Manager confirmed that the figures in the report were from the point of view of RCT as the gateway body.

The Chair queried if anybody could have been involved in the scheme e.g. Coleg y Cymoedd. The Community Services Manager confirmed that there was nothing excluding organisations from applying but there was a criterion to be able to apply to become a gateway body, which had been a lot of work, which might have put some people off applying. Additionally, there was a requirement to have a track record and history of being able to administer grants like this one, and they would carry out a due diligence check as part of the process.

The Chair requested clarity on the figures, noting that from the peak in August 2020 to February 2022, those current figures indicated that 353 people had been found permanent employment or training, from the figure of 4,333.

The Community Services Manager explained that the numbers of young people claiming Universal Credit did increase again in October 2020, so even though the figures shown were August 2020, numbers had continued to increase. It was towards the end of 2021 that the numbers had decreased. It could also be, however, that other young people had started claiming Universal Credit in that time, so it could not be said that it was 353 job placements that had reduced that number exactly.

The Chair noted, at item 4.10, that to date, 83 young people from the scheme that RCT had run, had got into training or employment, which was a quarter. The Community Services Manager explained that the 83 young people, referred to in the report, was from Communities for Work, Inspire2Work and Communities for Work Plus mentoring programmes. Other young people across RCT have gone in to work and out of the 200 plus placements offered, only 43 remained unfilled vacancies. So over 200 young people had gone in to work placements from what been offered by local employers, through RCT gateway. But through the RCT mentoring schemes the young people being mentored on those programmes, 83 had managed to get jobs through this scheme.

The Chair felt that this was important as there would be people who would look at the figures, and say it wasn't much of an impact, however it was important to consider the number, percentage wise, of what RCT had provided. The Chair felt that anyone that could be assisted to get off Universal Credit, into employment, was always a plus, due to the impact it had on the Communities and families of that person, as well. The Chair acknowledged that this was commendable, and hoped this would not be missed, due to nuances in the figures and the pandemic as well.

The Community Services Manager explained the caveat on the figures given, in that this was the total number of young people claiming Universal Credit. Not all would be looking for work or be able to look for work and there were other categories under that. It had also been delivered over a short time period, with the first applications put in April 2021, and with the turnaround of a couple of months, around 250 opportunities had been offered to young people in RCT.

The Chair thanked the Community Services Manager and stated that this was very insightful.

Following discussion, Members **RESOLVED** to accept the content of the report.

50 Budget Consultation 2022/23 (Phase 2)

With the aid of a PowerPoint presentation, the Service Director – Finance & Improvement Services provided Members with an overview of the Budget Consultation 2022/23 (Phase 2) and updated the Committee on the following 6 areas:

- Introduction – 2022/23 Draft Revenue Budget Strategy
- Council's Current Financial Position (2021/22)
- Phase 1 Budget Consultation – Headlines
- Provisional Local Government Settlement 2022/23 – Headlines/Implications for Rhondda Cynon Taf
- Cabinet Proposed Budget Strategy 2022/23
- Next steps and key dates

Further to the Service Director's overview of the Cabinet's proposed Budget Strategy, Members were provided with the opportunity to ask questions and feedback their views on each of the following six areas:

- Council Tax
- Schools Budget
- Social Services Funding
- Efficiencies
- Fees and Charges
- Targeted Investment
- Use of Reserves

The Chair asked if it was acceptable for written feedback to also be submitted following the meeting. The Service Director confirmed that the phase 2 consultation runs until 11th February and all points of clarity and feedback would be welcomed within this timeframe.

Councillor Fox referred to the additional investment and commented that the areas highlighted for additional funding were completely justified and was in full support of them. Councillor Fox also fed back that it was particularly pleasing to see the proposal for the minimum rate of pay increase to £10 for the Council's own staff and commissioned social care staff, above the Real Living Wage rate of £9.90, and emphasised this was the real living wage level calculated on the true cost of living, as opposed to the national living wage. Councillor Fox added that Rhondda Cynon Taf needed to lead by example and this proposal would improve the lives of some of the lowest paid in employment.

Councillor Evans referred to the Council Tax slide and stated that it was good to see such consistent year-on-year low council tax rises and highlighted that the proposal for 2022/23 would equate to an increase of 20p per week for a Band A property and an increase of 30p a week for a Band D property. Councillor Evans fed back that the 1% proposed increase was the right decision for people at this time and struck the right balance between affordability of Rhondda Cynon Taf residents to pay and the range of services provided, and also considering the other budget strategy proposals that will see additional investment in schools, social care and a number of frontline services.

Councillor Bradwick referred to car parking charges and supported the freeze in

prices and also supported the approach to the delivery of efficiency savings that do not impact on frontline services, noting the positive position where £16.5M of efficiencies had been delivered in the past 3 financial years. Members of the Committee were also in agreement with the position in respect of efficiencies. Councillor Bradwick also requested clarification on whether pest control fees would be frozen and the Service Director fed back that the proposal is for pest control fees to be increased by 2.5%. Councillor Bradwick and Councillor T Williams fed back a preference for pest control fees to be frozen and Councillors Yeo and Fox noted that although they would prefer the prices to be frozen, they recognised the high standard of service delivered by the Council's Pest Control Service and this being competitively priced. Councillor Bradwick went on to thank Council Officers for their work in supporting the budget setting process and was pleased that the proposed budget will see schools fully funded for the forthcoming year.

Councillor Yeo referred to page 18 of the presentation that set out the proposal for Community and Children's Services funding to be increased by over £15M next year and noted that this was extremely welcomed and asked what this increase would equate to in percentage terms. Councillor Yeo also supported the increases to the other budget areas and the proposed fees and charges areas to be frozen, noting the significant squeeze on the cost of living for households that included the National Insurance rise, increases in fuel and a freeze in Universal Credit. Councillor Yeo went on to say that against this difficult backdrop for households, the 1% increase in Council Tax was also welcomed alongside the proposed areas for additional investment and increase to the minimum rate of pay for Council staff and commissioned social care staff. Councillor Yeo added that the proposed budget strategy will do the right thing for residents across the County Borough and thanked officers for their work in supporting the budget setting process.

The Service Director – Finance and Improvement Services provided feedback on the question raised by Councillor Yeo in respect of what the proposed increase in the Community and Children's Services budget would equate to in percentage terms, this being an 8.9% increase.

Councillor T Williams was supportive of the proposed freezes to specific fees and charges, noting that these areas demonstrate that the Cabinet is looking to prioritise the right things. Councillor T Williams added that the proposals will prioritise the needs of the people of Rhondda Cynon Taf and was supportive of the 2022/23 budget strategy.

Mr Fish, the Parent/Governor Representative commended the schools' budget and fed back it was pleasing to see this area once again being protected, along with other Council services, and the positive position of school pay and non-pay inflationary pressures proposed to be fully funded. Mr Fish referred to the likelihood of volatile inflationary pressures during 2022/23 and requested clarity around what further support the Council could provide and also requested the period over which school meal prices will be frozen. The Service Director fed back that the proposed budget strategy has allocated all available funding to school and non-school service areas, and the Council will continue to work closely with schools to ensure the continuation of robust financial management arrangements; opportunities to deliver cost savings through areas such as the on-going effective deployment of procurement processes and energy efficiency measures; and ensuring school reserve levels are optimised to provide some flexibility to meet in-year cost pressures during the next financial year. The

Service Director went on to confirm that school meal prices will be frozen for the 2022/23 financial year. Mr Fish added that he also had questions in relation to the medium-term outlook and the impact on education provision; however, as these did not directly impact on the proposed 2022/23 budget strategy, Mr Fish indicated that he would email these to Council officers separately.

Councillor Bradwick requested an update on electric charging points, particularly in Aberdare and Pontypridd car parks and also the position with regard to trialling electric taxis. The Service Director – Finance and Improvement Services fed back that resources have been allocated to support the electric charging vehicle infrastructure within the County Borough and work is on-going to apply for external funding to also support this work. The Service Director indicated that he would obtain an update on the current position with regard to works at Aberdare and Pontypridd car parks and trialling electric taxis.

The Chair continued the discussion and noted the proposal to increase the mileage rate from 35p to 40p per mile for staff who use their vehicles for Council business at a cost of £0.118M. The Chair indicated that this equates to 2,316,000 miles being travelled per year and requested clarity on how this aligns with the Council's carbon zero ambitions by 2030 and the impact of more staff working from home as a result of the Covid-19 pandemic.

The Service Director – Finance and Improvement Services fed back that the 2021/22 budget strategy included a significant reduction in the budget for car mileage expenses, this reduction being achievable due to staff working from home / remotely, on-going digitisation of processes that did not require attendance at office locations and undertaking specific functions and meetings virtually via Teams / Zoom. The Service Director added that the 2022/23 proposed budget strategy includes a further, albeit lower, reduction in the car mileage budget, and reflected an overall reducing trend around the level of business mileage being required. The Service Director went on to indicate that many Council Services, due to their nature, require Council officers to incur business mileage, for example, to have face to face contact with clients from an Adult Services and Children's Services perspective, and also Public Health and Protection Services in working directly / inspecting businesses across the County Borough. The Chair wished to clarify his point that was focussed on the need for the Council to give on-going consideration to actions that would help reduce the Council's carbon footprint rather than the proposed increased to the mileage rate.

The Service Director asked if Members had any other comments in respect of budget strategy proposals and Committee Members fed back they had no further questions.

The Service Director – Finance & Improvement Services concluded the presentation by informing Members of the range of stakeholders being engaged as part of phase 2 of the consultation process and also set out the 2022/23 budget setting timetable. There were no further questions from Members and the Chair thanked the Service Director for the presentation.

51 2021/22 Mid-Year Treasury Management Stewardship Report

The Service Director – Finance Services began by explaining that the Finance and Performance Scrutiny Committee had responsibility for scrutinising the Treasury Management activity, as set out in the Committee's terms of reference,

and the report provided Members with opportunity to scrutinise information that was presented to Council on the 24th November 2021. The Service Director added that the Council report was attached at Appendix 1 and this detailed the Council's treasury management activity during the first 6 months of the current financial year, 2021-22.

The Service Director provided an overview of Section 4 of the report, General Economic Background, and set out that the economic recovery from the pandemic dominated the first half of the financial year alongside easing of restrictions, the on-going roll-out of the vaccination programme and the continuation of Government initiatives to support the economy such as a Coronavirus Job Retention Scheme (Furlough) that remained in place until 30th September 2021. The Service Director also indicated that the Bank Base Rate is one of the main determinants of the rate of interest the Council receives on its short-term investments and for the first half of the year the rate was 0.1% and noted that this was increased to 0.25% on the 16th December 2021.

The Service Director went on to provide an overview of specific information included in other sections of the report. For Section 5, Borrowing Activity and Results, the Committee were informed that the 2021/22 estimated borrowing requirement was £19.3M at March 2021 and based on the Capital Programme at that time, and indicated that this had increased slightly to £21.0M as at September 2021 due to revised delivery timescales for particular projects. It was also confirmed that no external borrowing had taken place during the first half of the financial year and there was no budget variance being reported for net capital charges, which had a budget for 2021/22 of £19.95M.

For Sections 7 to 9, that set out Prudential Indicators, the Service Director confirmed that for the period April to September 2021, the Council operated within the prudential limits approved by Council in March 2021.

For Section 11, Investment Strategy, Activity and Results, the Service Director fed back that the return on investments was 0.01% for the first six months of the year, this reflective of the Council's low risk strategy, and indicated that this compares favourably with the benchmark return of -0.08%.

For Section 12, Treasury Management Advisors, the Service Director fed back that the initial period of the contract the Council has in place with Arlingclose to provide Treasury Management Advisory Services expires in March 2022 and work is currently underway to assess whether or not to extend for up to a further 2 years.

For Section 13, Training, the Service Director provided a brief overview of the webinars Council officers have attended that had been hosted by Arlingclose and also a virtual on-line strategy meeting between Arlingclose and Council officers and also the training session provided by Arlingclose for elected Members in September 2021.

Following the update, Members were provided with the opportunity to ask questions.

Mr Fish, the Parent/Governor Representative fed back that the information included in the report was helpful and noted that within the context of market volatility, how would this impact on the level of return the Council receives from investing surplus cash, for example, were the interest rates fixed or variable and

subject to market volatility? Mr Fish also requested clarity on the arrangements the Council has in place to protect itself from PWLB lending rate volatility.

The Service Director – Finance Services fed back that with regard to the level of return from investing surplus cash, the Council's agreed approach is to maximise internal borrowing to fund the Capital Programme rather than take external borrowing and in doing so run-down cash balances and forego interest earned at historically low rates. The Service Director indicated that the Council therefore has low risk exposure to interest rate volatility on investments and added that this agreed approach also minimises the risk of investments becoming irrecoverable.

With regard to the arrangements the Council has in place to protect itself from PWLB lending rate volatility, Service Director explained that PWLB interest rate updates are received on a weekly basis and information is also provided by the Council's Treasury Management Advisors, Arlingclose, on PWLB interest rate forecasts. The Service Director added that the current forecasts are for PWLB interest rates to remain low and there being no requirement at present for the Council to borrow for the longer term, and noted that this will be kept under on-going review.

Councillor Bradwick thanked the Service Director and the Finance Team for the excellent report.

The Chair asked what was the current debt level for Rhondda Cynon Taf Council. The Service Director – Finance Services referred to paragraph 7.2.4 of the report and confirmed that the debt as at 30th September 2021 was £310M.

The Chair also requested confirmation of the interest rate level and the amounts paid in re-payments on interest and principal over the last 9 months.

The Service Director – Finance Services confirmed that the £310M was made up of a number of different loans that had varying interest rates and indicated that the average rate would be provided separately to the Committee following the meeting along with the amount of interest and principal repayments for the period April 2021 to December 2021 by type of loan.

Following discussion, Members **RESOLVED** to accept the content of the report.

52 Chair's Review and Close

The Chair thanked Members for attending what had been an interesting meeting and reflected that the Officers had given Members lots to think about. The Chair felt that Members must congratulate the Officers as some of the reports were full of technical detail and had been conveyed in a way that was understood.

Councillor Bradwick wished Mr Fish, the Parent/Governor Representative, all the best for the future.

53 Urgent Business

There was no urgent business to report.

This meeting closed at 18:48

**CLLR M. POWELL
CHAIR.**