



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: Sarah Handy - Members Researcher & Scrutiny Officer
(07385401942)

YOU ARE SUMMONED to a virtual meeting of **FINANCE AND PERFORMANCE SCRUTINY COMMITTEE** to be held on **WEDNESDAY, 2ND FEBRUARY, 2022** 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 Monday, 31 January 2022 on the contact details listed above, including stipulating whether the address will be in Welsh or English.

AGENDA

**Page
No's**

1. SCRUTINY RESEARCH FUNCTION

A scrutiny research facility is available within the Council Business Unit to support Members' scrutiny responsibilities and their roles as Elected Members. Such research strengthens scrutiny committee work programmes to ensure outcome-based topics are identified. For any scrutiny research requirements please contact scrutiny@rctcbc.gov.uk

2. 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.

3. MINUTES

To receive the minutes of the previous meeting of the Finance and Performance Scrutiny Committee held on the 30th November 2021.

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REPORTS OF THE SERVICE DIRECTOR, DEMOCRATIC SERVICES & COMMUNICATIONS

4. CONSULTATION LINKS

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

OFFICER REPORTS

5. UPDATE ON THE KICKSTART PROGRAMME

For Committee members to receive an update in respect of the 'Kickstart Programme'

13 - 26

6. BUDGET CONSULTATION 2022/23 (PHASE 2)

For Committee Members to undertake pre-scrutiny of the proposals in relation to the Council's draft 2022/23 Revenue Budget Strategy. Presentation to follow.

7. 2021/22 MID-YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT

For Committee members to consider the 2021/22 Mid-Year Treasury Management Stewardship Report

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8. CHAIR'S REVIEW AND CLOSE

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

9. 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

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 H Boggis, Councillor S Bradwick, Councillor J Cullwick,
Councillor J Edwards, Councillor S Evans, Councillor A Fox, Councillor E George,
Councillor J James, Councillor S. Rees-Owen, Councillor J Williams,
Councillor T Williams and Councillor R Yeo

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 M Cleverley

Mr J Fish, Voting Elected Parent / Governor Representative

Ms A Jones, Representing UNITE

Mr C Jones, Representing GMB

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

Mr L Patterson, Voting Elected Parent / Governor Representative

Mr D Price, Representing UNISON

Mr A Rickett, Voting Diocesan Authorities' Representative

Mr C Jones (Lay Member) – Chair, Governance and Audit Committee

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RHONDDA CYNON TAF COUNCIL FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

Minutes of the hybrid meeting of the Finance and Performance Scrutiny Committee held on
Tuesday, 30 November 2021 at 5.00 pm.

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

Councillor M Powell (Chair)

Councillor R Yeo
Councillor G Thomas

County Borough Councillors in attendance virtually:

Councillor G Thomas	Councillor R Yeo
Councillor S. Rees-Owen	Councillor J Cullwick
Councillor G Caple	Councillor A Fox
Councillor H Boggis	Councillor S Evans
Councillor J Edwards	

Officers in attendance:-

Mr C Hanagan, Service Director of Democratic Services & Communication
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr T Jones, Service Director – ICT & Digital Services
Mrs S Handy – Members' Researcher & Scrutiny Officer

Other County Borough Councillors in attendance:-

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

Co-Opted Members in attendance:

Mr J Fish – Parent/Governor Representative

Others in attendance:

Mr G Lewis – Audit Wales

33 Welcome

The Chair welcomed Members to the first hybrid meeting of the Finance and Performance Scrutiny Committee.

34 Apologies

Apologies of absence were received from County Borough Councillors J. James and T. Williams.

35 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.

36 Declaration of Interest

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

37 Minutes

It was **RESOLVED** to approve the minutes of the 21st October 2021 as an accurate reflection of the meeting.

38 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.

39 Digital Strategy Update

The Service Director, ICT & Digital Services provided Members with the opportunity to pre-scrutinise the draft Digital Strategy 2022-2026. Members were informed that the feedback provided by the Committee will be taken into account as part of reporting a recommended Digital Strategy to Cabinet for consideration / approval in due course.

Members were advised that the draft Digital Strategy 2022-2026 seeks to build upon the good progress made since 2017 and put in place our vision of being a truly "Digitally Driven Council," one that provides excellent services, which are efficient, effective and designed with the person and modern customer expectations at its heart and delivered by a digitally empowered workforce.

The Strategy reflects the ever-increasing role and reliance on digital in people's everyday lives and seeks to harness the transformative impact it has. It also recognises that whilst demand continues to rise for online services, there are some who will continue to need our help to access digital services and those who need to be supported through more traditional channels.

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

Councillor Thomas raised a query in respect of fast fibre broadband, noting that a secondary scheme is being run by Welsh Government in respect of hard to reach areas. Councillor Thomas also noted that the Welsh Government website provides a list of engagement officers and indicated that Rhondda Cynon Taf

was not listed. The Service Director advised Members that good progress has been made and that Rhondda Cynon Taf is well positioned in terms of a high percentage of areas that are able to access superfast broadband. The Service Director added that there is always room for improvement and he advised Members that Welsh Government were in the process of refreshing a broadband baseline and that the Council's ICT & Digital Services and Prosperity and Development Service were working together to consider a number of schemes that may help to further reduce the small percentage of areas unable to access fast broadband. In terms of the Welsh Government website, the Service Director advised that it is recognised that Rhondda Cynon Taf needs a contact point for broadband connectivity, and he would ensure that Welsh Government is provided with an update in this regard.

Discussions ensued and Mr Fish queried how the Council is identifying the "digitally excluded" and also queried how the Hwb provision through Welsh Government is impacting on the Council's policy. Mr Fish also noted his concern on the stability of the Hwb infrastructure on some occasions. In terms of the digitally excluded, the Service Director advised Members that a collaborative assessment had been undertaken with other Local Authorities to consider this area and in particular the barriers that contribute to digital exclusion. The Service Director added that a report has been produced and included connectivity, skills and confidence as some of the main issues contributing to excluding people. In respect of the Hwb issues, the Service Director advised that Rhondda Cynon Taf is part of a Welsh Government led collaboration of 21 Authorities for the provision of internet services for schools, this being part of the wider Hwb programme. The Service Director went on to indicate that there have been national issues encountered recently with the internet service that impacted schools across Wales, with work in progress to resolve and improve matters, for example, new infrastructure had been procured by Welsh Government to provide greater resilience. In terms of the Rhondda Cynon Taf strategy and how it is impacted by the Welsh Government Hwb provision, the Service Director advised that the draft Rhondda Cynon Taf Schools Digital Strategy is clearly aligned to a national approach and will be considered on an on-going basis to ensure it is the right approach for Rhondda Cynon Taf.

The Chair referenced page 15 of the report and requested clarity on whether the systems being used for staff home working are fully secure. The Service Director confirmed that the systems were deployed with a secure remote access solution. The Chair requested further clarity on whether a member of staff working remotely and using the town centre Wi-Fi would still be on a secure network. The Service Director advised that Council devices are configured to ensure they would be secure in such instances and emphasised that if a member of staff was working in a public area it was equally important to position themselves to ensure the information they are accessing remains confidential and out of the line of sight.

Discussions ensued and the Chair referred to page 12 of the report and community broadband "not spots". The Chair requested clarity on how these spots were dispersed across the County Borough and whether they are in close proximity to each other. The Service Director advised the Committee that they are generally dispersed and positioned widely across the County Borough, and that work is underway with Welsh Government to provide a revised baseline position across Wales. The Service Director advised that further information on this work can be shared with the Committee when available. Discussions continued and the Chair requested clarity on whether the Council has looked at

putting WiFi into community centres. The Service Director confirmed that this is the case and that consideration was being afforded to extend further. The Service Director went on to advise that future planned deployments, in line with the new Digital Strategy when approved, could be shared with the Committee.

Following discussion, Members **RESOLVED** to:

1. Agree the draft Digital Strategy 2022-2026;
2. Agree that the draft Digital Strategy effectively sets out the vision and the objectives to maximise the opportunities of 'digital' for our communities, our customers and for the Council; and,
3. Agree for the Committee's feedback to be reported to the Council's Cabinet as part of its consideration of the draft Digital Strategy 2022-2026.

40 Budget Consultation 2022/23 (Phase 1)

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

- General Approach for 2022/23
- 2022/23 Budget Setting – key strategic building blocks
- Feedback requested from the Committee
 - 2022/23 Budget Setting – key strategic building blocks
 - Corporate Plan
 - Council Tax Reduction Scheme

Further to the Service Director providing an overview of the 'General Approach' and the '2022/23 Budget Setting – key strategic building blocks', Members were provided with the opportunity to ask questions before moving onto the 'Feedback requested from the Committee' section of the presentation. The Service Director added that the overview of these two areas intended to assist Members in formulating their feedback, in line with the Committee being a consultee as part of the 2022/23 Revenue Budget Strategy Consultation process and in line with its Terms of Reference.

Councillor Cullwick requested clarity on whether the increase quoted in the social care budget over the past few years included inflationary pressures and if demand / budget pressures are expected to increase exponentially in the future. Councillor Cullwick also sought clarity on whether there would be hidden costs in the Youth Service area as a result of the Covid-19 pandemic and requested a further breakdown of the budgets for Cultural, Tourism and Heritage Services and Youth Provision. The Service Director fed back that the increases to the social care budget in previous years took account of inflationary pressures, with the 2021/22 budget being £155M. The Service Director added that significant on-going demand is forecast for social care services, this being exacerbated by the pandemic, and the Council is continuing its approach to deliver and invest in further developing early intervention and prevention approaches to help ensure the best possible outcomes for vulnerable residents and children and young people, and also ensuring the best use of resources. The Service Director went

on to cover the Youth Service, indicating that the Service continues to work closely with schools and other Council Services to ensure the necessary targeted support is available and provided to young people, taking account of the unique circumstances posed by the pandemic, and that a further breakdown of the budgets will be circulated separately to the Committee.

Discussions ensued and Councillor Caple supported the key strategic building blocks set out and noted that Council Tax increases in Rhondda Cynon Taf have been the lowest in Wales over the past 4 years. Councillor Caple also fed back that the overall strategic approach set out has protected frontline services and is the right way forward for Rhondda Cynon Taf Council.

Discussions continued and Councillor Edwards sought further clarification on the budget for the Music Service. The Service Director fed back that the 2021/22 budget for the Music Service is £130k, with the Council and Schools working closely together to deliver the Service.

The Chair continued the discussion and requested clarity on how the expenditure requirement for services is determined and also the reason for the shortage in green recycling bags, noting that many residents in the Chair's area cannot obtain these bags. The Service Director fed back that services review expenditure requirements on an on-going basis taking into account service need and demand, income generation opportunities and the delivery of efficiency savings. The Service Director went on to cover green waste recycling bags, indicating that take-up has been positive and demand has been higher than anticipated, and arrangements are being made to purchase further bags. The Service Director added that he would request an update on the current position from the Service.

The Service Director continued with the PowerPoint presentation and sought feedback from the Committee on a number of areas:

- **Council Tax and Efficiencies:**

Mr Fish, the Parent/Governor Representative, sought clarity on the basis of the 2.65% modelled Council Tax increase and whether this could be reduced subject to the provisional Local Government Settlement being announced by Welsh Government. The Service Director fed back that the modelled Council Tax increase, as included in the Council's latest Medium Term Financial Plan, has been informed by forecasted Welsh Government funding levels and the Council's forecasted expenditure requirements. The Service Director added that the level of Council Tax for next year will be reviewed following receipt of the provisional Local Government Settlement and updates to the Council's expenditure requirements for 2022/23, and will be reported to Members for consideration.

Councillor Yeo wished to place on record his thanks to all Council staff and the excellent work that they do, and noted the positive position of services becoming more efficient without impacting on frontline services.

Councillor Cullwick noted the need to invest in Youth Service provision and requested what impact this would have on the 2.65% modelled increase in Council Tax. The Service Director fed back that from a Council Tax perspective, every 1% increase in Council Tax generates approximately £900k of additional income for the Council.

In respect of Council Tax increases, Councillor Yeo highlighted the need for caution as the economy recovers from the pandemic and on-going challenges on household income, for example, rising inflation and higher national insurance costs from April 2022, indicating the need to find the right balance. Councillor Thomas supported this position and noted that a significantly smaller proportion of the Council's budget is funded by Council Tax compared to the funding the Council receives from Welsh Government, and also stressed the importance to continue to identify and deliver efficiency savings.

- **School Budget:**

Mr Fish, the Parent/Governor Representative fed back that the 2021/22 Teacher's pay award was partly funded by Welsh Government and the Council, with the requirement for schools to also part-fund an element of the increase. Mr Fish sought reassurance that the proposed 2022/23 funding for schools will fully cover pay increases. The Service Director fed back that the position being consulted upon includes the proposal for schools to be fully funded for pay and non-pay inflation pressures in 2022/23.

Councillor Edwards emphasised the difficulties faced by children and young people during the pandemic and noted that the school budget should be sufficiently resourced moving forward and that it should be a Council priority.

- **Social Care Budget:**

In respect of the Social Care budget, Councillor Fox emphasised the need for continued investment in this area and noted the need for more care staff.

Mr Craig Jones, GMB Representative, agreed that frontline workers should be prioritised and that this funding should come from the UK Government.

Councillor Yeo fed back that it was positive to note the inclusion of a specific consultation question in respect of social care and indicated that it is a challenging area for the whole country and investment in this area is crucial.

- **Council Service Priorities:**

Councillor Cullwick fed back that the service areas of culture, tourism and heritage should be prioritised and protected, and stressed the importance of these services over the next few years.

- **Council Reserves:**

Councillor Thomas supported the Council's approach to the management of its reserves and their on-going replenishment. Committee Members agreed with this view.

Council's Corporate Plan

The Service Director outlined the Council's Corporate Plan and requested feedback from Members on the following areas.

- **Corporate Plan:**
Members noted their agreement with the vision and purpose set out in the Council's Corporate Plan.
- **Corporate Priorities:**
Members noted their agreement with the Council's Corporate Plan priorities of People, Places and Prosperity.
- **Cross Cutting Principles ('Living Within Our Means') – to ensure the Council uses resources economically, efficiently and effectively):**
The Chair requested an update to be provided to the Committee on the changing use of Council buildings and associated planning arrangements, linked to the on-going digitisation of services and virtual working. The Chair also fed back the need for more outdoor experiences in wider areas of the County Borough, for example, youth provision, and more engagement with the younger generation.

Council Tax Reduction Scheme

- **Extended Payments** – Members supported the continuation of the 4-week extended payment period for people who return to work (provided they have been in receipt of a relevant qualifying benefit for at least 26 weeks).
- **Disregard War disablement Pensions/ War Widow's Pensions** – Members supported the exclusion of the whole amount of War Disablement Pensions and War Widow's Pensions when calculating Council Tax Reduction Scheme entitlement.
- **Backdated Claims** – Members supported the continuation of the backdated claims period of 6 months.

In respect of the extended payments, the Chair requested feed back on the cost implication if this was extended from 4 weeks to 6 weeks. The Service Director indicated that he would check and feed back separately to the Committee.

Following discussion, it was **RESOLVED** that the views of Members as outlined above be fed into the consultation process.

41 Quarter 2 Performance Report

The Service Director- Finance and Improvement Services provided Members with the Quarter 2 Council Performance Report (to 30th September 2021).

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 15th of November 2021.

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; Corporate Plan priority action plan updates including investment updates; and a progress update on the implementation of recommendations to enhance the Council's response to extreme weather events.

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

The Chair referred Members to page 61 of the report and requested clarity around if there are plans to make available more outdoor activities within Ynysangharad Park. The Service Director advised Members that across the County Borough there are four Skate Parks/Multi Use Games Area schemes planned in the current year and indicated that he would confirm the specific locations and provide feedback to the Committee.

Discussions continued and Councillor S. Rees-Owen referred Members to page 66 of the report and requested an update on the ventilation work in schools and associated costs. The Service Director advised Members that the current position will be requested from the Service and feedback provided to the Committee.

Following discussion, Members **RESOLVED** to:

1. Endorse the Council's financial and operational performance position as at 30th September 2021 (Quarter 2).

42 Urgent Business

There was no urgent business to report.

43 Chair's Review and Close

The Chair thanked Members for attending and noted the success of the first Finance and Performance Scrutiny Committee hybrid meeting. The Chair wished Members a Merry Christmas and a Happy New Year.

This meeting closed at 7.01 pm

**CLLR M. POWELL
CHAIR.**



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021-22

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

DATE: 2nd February 2022

REPORT OF THE DIRECTOR, PUBLIC HEALTH AND PROTECTION, AND COMMUNITY SERVICES

Agenda Item No.5

UPDATE ON THE KICKSTART PROGRAMME

Author: Nicola Lewis, Community Services Manager

1. PURPOSE OF THE REPORT

1.1.1 The purpose of the report is to provide an update to 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. This includes providing an outline of the role and responsibilities of the Council as a Gateway body that supports local businesses to access the programme; and providing some information on the number of Kickstart apprentices offered opportunities within Council services.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Note the content of the report;

2.2 Consider whether they wish to scrutinise in greater depth any further matters.

3. BACKGROUND

Young People

- 3.1 The Kickstart Scheme was designed to address the needs of young people aged 16-24 years old who are claiming Universal Credit and are at risk of long—term unemployment. It was anticipated that it would create thousands of new jobs for young people in Wales and across the UK.
- 3.2 The UK government are fully funding each 'Kickstart' job, paying 100% of the age-relevant National Minimum Wage, National Insurance and pension contributions for 25 hours a week for 6 months.
- 3.3 The jobs are giving young people an opportunity to build their skills in the workplace and to gain experience that will enable them to improve their chances of getting longer-term employment.
- 3.4 DWP data showed that in August 2020 there were 4,333 young people claiming Universal Credit in Rhondda Cynon Taf compared with 2,344 in February 2020. Therefore, there was a need to provide more opportunities for work experience, skills development, and employment for this age group.

Employers

- 3.5 In addition to the funding referred to at 3.2 above, employers receive £1,500 to provide support, training and other set up costs for a person on a Kickstart placement.
- 3.6 Employers of all sizes were eligible to apply for Kickstart placements with no upper limit to the number of vacancies that can be offered. The vacancies had to be new vacancies and not replace existing or planned redundancies; or cause existing employees, apprentices, or contractors to lose their employment or have their employment reduced.
- 3.7 Employers offering fewer than 30 placements were required to make a bid for funding through an intermediary (known as a Gateway Body) who then applied for 30 or more placements as a combined bid. Local Authorities were specifically referred to in the government's promotional materials as potential intermediaries.

Responsibilities of a Gateway Body

- 3.8 The responsibilities are as follows:
 - gather information about the job placements that employers want to offer
 - use this information to submit an online application on behalf of a group of employers
 - pass on relevant payments from the DWP onto each employer
 - if required, share expertise with employers to help induct and train young people employed through the scheme for example supporting those with particular disadvantages, or provide employability support directly to young people employed through the scheme.

3.9 Gateway bodies must have:

- experience of managing partnership agreements with third parties
- robust financial and governance processes to manage the application.

3.10 Gateway bodies are paid a one-off payment of £360 on the commencement of each Kickstart placement. A charge may also be made in agreement with an employer for the provision of training/support (wrap around support) if they are unable to provide the necessary training themselves or do not have a provider who can provide this (£1,500 is provided to each employer for this purpose).

3.11 The Council was approved as a Gateway Body in January 2021. Other organisations that were approved by DWP as Gateway Bodies in the County Borough included:

- Passport to Employment Ltd
- Highfield HR
- Elite Supported Employment
- WCVA
- Bridgend College.

4. **OVERVIEW OF PROVISION**

4.1 The role of the Council in relation to the Kickstart scheme has been two-fold:

- providing support to local employers/businesses with fewer than 30 vacancies to apply for funding under the programme
- providing Kickstart placements within the Council for young people who want to develop their skills and experience in the workplace

4.2 A cross-services team of officers were involved in initial development and implementation of the scheme with senior officers from Education, Employment and Training (EET), Community Development, Employment Services, Finance, Human Resources (HR) and Regeneration represented at the discussions.

4.3 An internal Employment group consisting of staff members from each of the above services and chaired by the Service Director for Community Services receive regular updates on progress of the scheme's delivery.

4.4 HR's Employment, Education and Training team lead on the applications in relation to Kickstart placements within the Council due to their expertise and success in supporting young people from a range of backgrounds through the traineeship, apprenticeship, and graduate schemes. The Employer Liaison team that straddles Employment Services lead on applications as a Gateway body due to the combination of business knowledge and the employability training and support available within the team.

4.5 A robust process was developed in partnership with Finance who have supported the incoming and outgoing grant payments to employers on behalf of the Council in its role as a Gateway body.

- 4.6 After the Council was approved as a Gateway body, further work was then undertaken with interested employers to get the required documentation and procedures in place and the first tranche of placements were uploaded with DWP in April 2021.
- 4.7 During this initial 3-month period DWP continued to develop guidance for the scheme, which resulted in some employers being deemed ineligible to apply for funding. These included: sole traders and business who had been operating for less than 2 years with published accounts.
- 4.8 Funding for the Council acting as the Gateway body and for the employers has been paid by DWP in instalments as and when each individual work placement vacancy is filled.
- 4.9 The process from application for funding to work placement opportunities going live with DWP has taken on average around eight-weeks. Live job placements have then been advertised via Jobcentre Plus (JCP) work coaches to eligible young people on Universal Credit benefit.
- 4.10 Weekly meetings were set up between DWP to promote live vacancies to those young people on our employment support programmes. To date 83 young people on our Communities for Work, Communities for Work Plus and Inspire2Work programmes have found employment through the Kickstart scheme.
- 4.11 Employer Liaison Officers have attended mini job fairs in JCP offices on a regular basis to promote the work placements on offer to young people across the County Borough and provided them with weekly drop-in sessions to give advice and training on interview skills and techniques.
- 4.12 The scheme closed to new funding applications in December 2021, however, young people are still able to apply and take up a work placement opportunity until the end of March 2022. Those placements will then run for a six-month period so final closure date will be September 2022.
- 4.13 As a Gateway body the Council was successful in applying for funding for 84 employers in RCT, offering in total 273 work placement opportunities, 43 of which are currently vacant. Only 5 employers were not approved for funding by DWP following due diligence procedures. Appendix A indicates the Kickstart work placement sector and number of opportunities provided to young people by external employers who have been supported by the Council as a Gateway Body.
- 4.14 In addition to the above the Council were also successful in applying for funding for 41 work placement opportunities to be offered to young people within the Council. Appendix B indicates the Council Services and the number of job placements that have been offered and filled to date.
- 4.15 Some case study examples have been included in Appendix C which outline the support given to young people through our CfW and CfW+ mentoring programmes along with feedback from an employer who was supported to access funding through the scheme.

- 4.16 More recent DWP data shows that at the end of December 2021 the number of young people claiming Universal Credit in RCT has decreased to 3,980. This decrease can be attributed to a number of factors, but it is likely that the Kickstart scheme has made a contribution to this.

5. NEXT STEPS

- 5.1 As yet no future scheme has been announced so it is proposed that support be offered through our current employment support grant funded programmes to those young people leaving the scheme looking for alternative employment.
- 5.2 We will continue to develop relationships with employers built up during the scheme to encourage future work placement opportunities (albeit unpaid if no future scheme is announced) which could benefit young people and adults on our current mentoring programmes.
- 5.3 We will consider and prepare for making applications as and when future funding opportunities become available.

6. CONSULTATION/INVOLVEMENT

- 6.1 No external consultation exercise has been required. However relevant internal Council services have been consulted.

7. FINANCIAL IMPLICATION(S)

- 7.1 A fee of £360 per successful placement has been provided to the Council acting as the Gateway Body and will be used to cover costs for administration of the scheme.
- 7.2 It was anticipated that small businesses wishing to apply for the scheme might have difficulties providing the relevant training for some young people. In such circumstances the Council's Employment Services team were able to provide support and a level of charges were developed to cover incurred costs only and offered to businesses at application stage.
- 7.3 Thirty-three businesses took up the offer of the Council to provide wrap around support for the work placement opportunities, income to date totals £10,137.00.
- 7.4 The Council as an employer has benefitted from the scheme by applying for funding to employ young people on Kickstart placements. The Council do not receive the one-off payment of £360 for these placements, however, salaries are fully funded for the 6-month placement and services will benefit from the £1,500 payment towards set-up costs and wrap around support provided by the EET team.

8. CONCLUSION

- 8.1 The Kickstart Scheme has offered opportunities to the Council as an employer to provide fully funded work placements for young people aged 16-24 years old, and also offered

an opportunity for the Council to support small and medium sized employers across the county who needed a Gateway Body to enable them to access the scheme.

- 8.2 Young people in RCT who are claiming Universal Credit and are at risk of longer-term unemployment have had the opportunity to really benefit from this scheme which has provided quality paid work experience and the opportunity to secure longer-term employment.
- 8.3 The scheme has also been a welcome development for local employers striving to overcome the ongoing impact of Covid-19 and it is hoped that the relationships built with local employers and our Employment Services teams continue to provide future work placement and job opportunities.

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

2nd February 2022

RCT Kickstart Work Placement Opportunities – External Employers

Work Placement Sector	No. of Opportunities	Area (Rhondda, Cynon, Taf)
Admin	12	Cynon
Admin	14	Rhondda
Admin	8	Taf
Admin & Construction	5	Cynon
Admin/Sales	2	Rhondda
Admin/Sales	3	Taf, Rhondda, Merthyr
Admin/Sales/Maintenance	5	Cynon
Call Centre	9	Rhondda
Catering	3	Rhondda
Cleaning	1	Cynon
Cleaning	3	Rhondda
Cleaning	4	Taf
Coffin Maker	1	Rhondda
Construction	8	Cynon
Construction	9	Rhondda
Construction	3	Taf
Construction and Admin	2	Taf
Contact Centre	5	Taf
Customer Service	2	Rhondda
Finance	6	Taf
Fish Husbandry	7	Cynon
Hair & Beauty	2	Cynon
Health & Wellbeing	1	Cynon
Hospitality & Catering	2	Cynon
Hospitality & Catering	12	Rhondda
Hospitality & Catering	3	Taf
Hospitality & Warehouse	7	Cynon and Taf
IT	7	Rhondda
IT	2	Taf
Maintenance	5	Rhondda

Work Placement Sector	No. of Opportunities	Area (Rhondda, Cynon, Taf)
Manufacturing	17	Rhondda
Manufacturing	35	Taf
Manufacturing and Admin	5	Rhondda
Mechanical Repairs	1	Cynon
Mechanical Repairs	7	Taf
Production	7	Cynon
Retail	7	Cynon
Retail	6	Rhondda
Retail	7	Taf
Security/Admin	8	Taf & Cardiff
Social Care	2	Rhondda
Sports & Recreation	3	Rhondda
Warehouse	6	Cynon
Warehouse	2	Taf
Youth, Admin, Maintenance	7	Cynon

Number of employers	84
Number of job opportunities	273

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

2nd February 2022

RCT Internal Kickstart Work Placement Opportunities

Service Area	Job Title	No. of Vacancies	Live Date	Closing Date	Position Filled / Open
Vision Products	Administrative Assistant	1	08/07/2021	09/08/2021	Filled
Vision Products	Administrative Assistant	1	08/07/2021	31/08/2021	Filled
Vision Products	Drivers Mate	1	08/07/2021	08/10/2021	Open
Vision Products	Machine Operative	1	08/07/2021	09/08/2021	Filled
Vision Products	Admin Assistant PVCU	1	28/11/2021	28/02/2022	Open
Communities For Work+	Administrative Assistant	1	05/07/2021	30/07/2021	Filled
Communities For Work+	Social Media Assistant	1	05/07/2021	30/07/2021	Filled
Communities For Work+	Admin Assistant 2nd Vacancy	1	05/07/2021	01/11/2021	Filled
Communities For Work+	Social Media Assistant	1	28/11/2021	28/02/2022	Filled
Occupational Health & Learning and Development	Administrative Assistant	1	17/09/2021	08/10/2021	Filled
Employment, Education and Training Team	EET Team Assistant	1	17/09/2021	22/10/2021	Filled
Children Services Play Development Team	Play Support Worker	1	17/09/2021	22/10/2021	Filled
Children Services YEPS - Youth Service	Engagement Support Officer	1	17/09/2021	22/10/2021	Open
Children Services YEPS - Youth Service	Childcare - Pontypridd	1	17/09/2021	08/10/2021	Filled
Youth Music Industry	Youth Music Development Officer	1	08/07/2021	30/07/2021	Filled
Youth Music Industry	Youth Music Development Officer	1	08/07/2021	30/07/2021	Filled
Youth Music Industry	Youth Music Development Officer	2	17/01/2022	28/02/2022	Open
St John Baptist School	Administrative Assistant	1	28/11/2021	28/02/2022	Open
St John Baptist School	ICT Assistant	1	28/11/2021	28/02/2022	Open
St John Baptist School	Maintenance and Facilities Assistant	2	28/11/2021	28/02/2022	Open
RCT Catering Services	General Catering Assistants	17	28/11/2021	28/02/2022	Open
Performance Management	Performance Management Team Assistant	1	28/11/2021	28/02/2022	Open
Arts and Creative Industries	Sonig Performance Assistant	1	28/11/2021	28/02/2022	Open

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FINANCE AND PERFORMANCE SCRUTINY COMMITTEE**2nd February 2022****CASE STUDY EXAMPLES AND EMPLOYER FEEDBACK**

Case studies included outline mentoring support provided to young people by RCT's employment support grant funded programmes staff which led to a Kickstart Job Outcome.

Email feedback from employer included who has received support from RCT to access funding through the Kickstart scheme.

Case Study 1**Summary**

This Case Study demonstrates the support given to a participant that is undergoing gender transition, and who successfully gained employment through the Kickstart scheme, which fitted around his other interest of writing.

Background / What is ...?

Client A (CA) was referred to the project by his work coach back in August 2021. After being triaged and allocated to me, I conducted my initial appointment with him over the phone. He had not worked since 2018 but had been completing a degree in Modern Languages and Translation until the summer of 2021.

The engagement...

During my initial conversation with CA, he explained to me that he was born a girl but that he is going through the transition to become male so would prefer to be referred to as "he/him". This was not a problem throughout the whole time working together.

CA explained that his long-term goal was to become a writer as he enjoys writing fiction and had almost completed a novel. His short-term goal was to get into any sort of employment that he could work around his writing. He had some previous experience of working in warehouse settings and he would be open to going back into this type of role, but he was also open minded to trying other things too.

I invited him to a Kickstart job matching session over Microsoft Teams which was also attended by two work coaches. In the session, we read through job descriptions of roles we all agreed would be suitable for him and he was referred for 3 vacancies. I was then able to review his CV after the session and support him with his cover letters. He didn't need a great deal of support as he has strong writing skills but he was thankful to have another pair of eyes checking over his work.

CA attended 3 interviews during our time working together and I was on hand to offer help and advice whenever needed. CA was offered a position in his local SPAR and this was ideal for him as it was so close to home and the hours also meant he had time to work on his novel.

Good Practice Shared / Lessons Learned

Being understanding and compassionate towards CA's gender transitioning was vital in ensuring we built a good relationship and I also wanted him to feel that I was someone he could trust and could work with without fear of judgement. Utilising the kickstart scheme and good working relationships with the JCP was also very beneficial.

Outcomes

CA has now gone into employment through the kickstart scheme with SPAR.

Information provided by: CfW Youth Employment Mentor

Case Study 2

Summary

Client B (CB) joined CFW in June 2021 after being referred by a local Job Centre. CB and his family resettled in RCT after fleeing Syria. There were language and transport barriers to overcome but following support, CB will be starting a Kickstart job placement with a local employer at the end of January.

Background / What is ...?

I met CB in person; abiding to Covid19 restrictions due to a language barrier that made virtual support more challenging. We relied upon 'google translate' to converse. Whilst CB had some basic spoken English, written, reading and comprehension skills were limited.

CB stated that he would like to gain employment in production having previously worked in a clothing factory in Syria.

The engagement...

I supported CB to complete a CV and explained the role and value of a CV when applying for work in the UK. In June 2021, a colleague at Porth Job Centre recommended a clothing production role in Treforest, the client was interested and I supported him to complete a tailored cover letter.

CB attended the work location and passed the interview, myself and my colleague at JCP liaised with the employer to support the commencement of employment. CB completed his first shift but was unable to sustain the employment any further as the travelling was up to 3 hours a day via a local bus. The client was naturally disappointed though was grateful for our efforts.

In October 2021, I made a joint appointment with one of RCTs Employer Liaison Officers, whereby we both met with the client to discuss potential employment opportunities, again using 'google translate' from the client's mobile phone. My colleague identified a potential opportunity with a local employer. Through liaising with the employer further it was established that an exam would need to be passed prior to starting the role. Whilst the client already attended weekly college ESOL classes, he didn't feel he possessed the skills to sit a written exam. CB was unable to take up the opportunity at this time but we liaised with the college and arranged to increase CB's learning time.

Some weeks passed and at a weekly Kickstart meeting with the JCP office, I became aware of an opportunity at a local Community Centre, whereby the successful candidate would be responsible for completing a range of tasks to support the day-to-day running of the centre. The location of this post was also within walking distance of CB's home.

In January 2022 I spoke to the Centre's kickstart Project Co-ordinator who stated she was happy to meet the client at the Community venue and assess his suitability. We both met with the Co-ordinator and agreed that the client would be a good addition to the team, bringing different life experiences, enthusiasm and a great work ethic.

CB went on to pass a formal interview showing his enthusiasm and gratefulness for the opportunity to develop his skills whilst being a positive part of the team. CB is due to commence his employment at the end of January and is grateful for the opportunity to learn and be accepted as a part of the community.

Good Practice Shared / Lessons Learned / Outcomes

Continue to provide support to a client throughout setbacks and keep encouraging to find the right job opportunity for them. Provide additional support to overcome barriers faced. Links and joint working with other team colleagues, JCP staff and partners.

Outcomes

CB will be going into employment through the kickstart scheme with a local employer.

Information provided by: CfW Youth Employment Mentor

Case Study 3

Summary

Client C (CC) was referred to the mentoring programme from Job Centre Plus as was looking for support to complete a CV and application forms, while hoping to secure employment quickly. Her confidence was low, and she was concerned employers would not consider her applications due to lack of experience. CC wanted to secure employment close to home as she relied on public transport and would also feel more comfortable.

Background / What is ...?

On initial contact with CC we identified she would ideally like to gain employment in the retail sector. CC had previously worked at a hotel as a housekeeper, however, had to finish due to ill health. CC has spent time concentrating on her health and now feels ready and fit to find employment again. It was clear that CC struggled with her confidence, however, she was determined to go back into employment.

The Engagement...

An initial mentoring session was booked, which was carried out via the telephone. We initially discussed Kickstart opportunities via Job Centre Plus - CC had recently considered possible opportunities with her work coach. CC felt anxious that she needed to create a CV and cover letters to apply for these opportunities, I reassured her that I would support with this either through telephone calls, online Teams calls or face-to-face. An online Teams session was planned with CC, myself and Job Centre Plus staff to identify roles that she would like to apply for. Following this session CC had selected a number of roles, which included retail and admin. I supported CC with her CV and cover letters through telephone calls and Teams calls and she applied for a number of positions.

Within a couple of days CC had been contacted by a number of employers and had 3 interviews planned. It was agreed that I would meet CC for a face-to-face appointment to complete some interview prep. CC was contacted by all 3 interviewees and was offered employment with them all. She now needed to make a decision as to which role she wanted to accept. We discussed this over a telephone call and CC wanted to accept the retail position with McColl's as this was closest to home. She felt she would be more confident in this role and would be able to walk to work and wouldn't need to rely on public transport or family members to get to work.

CC accepted the role at McColl's and the employer let her know she was able to start immediately, however, she did not have the correct documentation. CC needed a copy of her birth certificate which she did not have. I supported CC to order this online and selected next day delivery to ensure she was able to start work as soon as possible. CC started employment in October 2021 and was transferred to the In Work Support element of our employment support programme. I continued to stay in regular contact with CC and she let me know that she had been awarded with an exceptional Customer Service award by her employer. CC had settled in quickly in her new role and her confidence improved rapidly. Regular contact was maintained throughout between myself and CC and it has been a pleasure to provide support to her.

Good Practice Shared / Lessons Learned / Outcomes

Maintaining weekly contact was highly beneficial and CC was fully aware that she could contact me at any time for support.

Partnership working – jointly working with Job Centre Plus to identify Kickstart opportunities for CC.

Outcomes

Entered employment, sustained employment

Quote from HA

“Whilst I was under Communities for Work Plus I received all the help I could have asked for and more. Whatever I needed help with Laura was always at the other end of the phone giving me advice, which I really appreciated. Laura always messaged to check I was ok and if I needed any help even if I hadn’t spoken to her, I felt really supported and she helped to ease my nerves when deciding and choosing which job I wanted to go with. Thank you Laura I can’t thank you enough for all your help. You have helped me and helped to gain my confidence back again since having my new job”.

Information provided by: CfW+ Employment Mentor

EMPLOYER FEEDBACK

Email feedback received from an employer who was supported by RCT to access funding through the Kickstart scheme.

“The kickstart scheme has allowed us to give the opportunity to the 18-24 category to support their social skills along with helping their well-being. It’s been great that we could participate as we very much believe in being an equal employer who offers opportunities to all. It’s been particularly great timing during COVID that hit hospitality very hard and our pub in particular has benefited along with our Brewery. The support from particularly Ceri Anne and Matthew has been personable and the financial support on offering accredited courses has been excellent. We would very much like this to continue if there was any opportunity to do so.

On the note of what could work better is that on times it’s been tough getting the referrals to send in CVs and we have tried different angles by inviting candidates to the job centre and arrange interviews that way, this did work. I also think it would be beneficial for work coaches to understand the employer and role a lot more and that way it would help the candidate when making their choice on whether their skills would fit the job role.

Thank you Ceri-Anne on a great partnership”.



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021 / 2022

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE
2nd February 2022

2021/2022 MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT

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 24th November 2021. The Council report is attached at Appendix 1 and details:

- The Council's Treasury Management activity during the first six months of 2021/22; 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 **BACKGROUND INFORMATION**

3.1 The 2021/22 Mid Year Treasury Management Stewardship Report was presented to Council on 24th November 2021.

3.2 The Finance and Performance Scrutiny Committee has responsibility for scrutinising the Council's treasury management activity, as set out in its

Terms of Reference, this being consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and Prudential Code Guidance Notes.

- 3.3 For Members information, the Treasury Management Code of Practice sets out that *“The treasury management strategy should be supplemented by the provision of monitoring information and regular review by board members/councillors in both executive and scrutiny functions. CIPFA considers clearly defined responsibilities for the approval and scrutiny of treasury management activities to be an essential element of a public service organisation’s treasury management arrangements.”*

4.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 4.1 The report provides an overview of the Council’s Treasury Management activities during the first six months of 2021/22 in line with the Treasury Management and Capital Strategies approved by Council in March 2021. As a result, there are no equality and diversity or socio-economic duty implications to report.

5.0 CONSULTATION

- 5.1 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.

6.0 FINANCIAL IMPLICATION(S)

- 6.1 The financial results / implications of the Council’s Treasury Management arrangements during the first six months of 2021/22 have been incorporated into quarterly Performance Reports during the year.

7.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 7.1 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.

8.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 8.1 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.

- 8.2 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.

9.0 CONCLUSION

- 9.1 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 2021/22.

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021/22

COUNCIL

24th November 2021

2021/22 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 2021/22; and
- Prudential and Treasury Indicators for the same period.

2.0 RECOMMENDATIONS

2.1 It is recommended that Members note the content of this report.

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 10th March 2021.
- 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 2021/22:
- 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 economic recovery from Covid-19 pandemic dominated the first half of the financial year, alongside an easing of restrictions and the on-going roll-out of the vaccination programme. Over this period, Government initiatives continued to support the economy, notably through the Coronavirus Job Retention Scheme (Furlough), to the 30th September 2021.
- 4.3 GDP growth increased by 5.5% for the quarter ending 30th June 2021 and by 1.3% for the quarter ending 30th September 2021, and year-on-year GDP growth to the 30th September was 6.6%. In the 3 months June to August 2021, the unemployment rate fell to 4.5% (4.8% March to May 2021) and the Bank of England has indicated a high degree of uncertainty for the labour market in the short-term, with initial indicators suggesting a marginal rise in unemployment.
- 4.4 The 12 month Consumer Price Index (CPI) inflation fell slightly from 3.2% in August 2021 to 3.1% in September 2021 and the Bank of England expects inflation to rise to 4.5% through the winter, peaking at around 5% in April 2022. The upward pressure is expected to cease over time as supply disruption improves, global demand rebalances and energy prices stabilise, with the inflation rate target being maintained at 2%.

- 4.5 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. Following the November 2021 Monetary Policy Report, market implied expectations are that the Rate could rise to around 1% by the end of 2022.
- 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 have risen but are expected to stay constant before falling as inflation decreases.
- 4.7 PWLB maturity rates (certainty rate) during the first half of the financial year were as follows:

	5 years	10 years	20 years	50 years
Average	1.21%	1.63%	1.99%	1.81%
Highest	1.46%	1.84%	2.24%	2.06%
Lowest	1.08%	1.42%	1.74%	1.49%

- 4.8 Estimates of future rates are as follows:

	Base Rate	PWLB Maturity Rates			
		5 years	10 years	20 years	50 years
2021/22 (Act 6 mth Average)	0.10%	1.21%	1.63%	1.99%	1.81%
31/03/22	0.10%	1.45%	1.85%	2.20%	2.10%
31/03/23	0.50%	1.40%	1.85%	2.15%	2.05%

5.0 BORROWING ACTIVITY AND RESULTS

- 5.1 The borrowing strategy for 2021/22, approved by Council in March 2021, 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 £19.3m based on the Capital Programme at that time. The borrowing requirement has slightly increased for 2021/22 due to revised delivery timescales, and is now £21.0m as at 30th September 2021.
- 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 30th 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 2021/22.

- 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 2021/22.
- 5.5 No variance is being reported for net capital charges which have a budget for 2021/22 of £19.950m.

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 31st March 2022.

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

- 7.1 During the six months to 30th September 2021, the Council operated within its prudential limits set out in the Prudential Code report approved by Council in March 2021. Details of limits and actual performance are as follows:

7.2 Capital Expenditure and the Capital Financing Requirement

- 7.2.1 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

	2021/22 Original Estimate £M	2021/22 Projected Outturn £M	2022/23 Revised Estimate £M	2023/24 Revised Estimate £M
Supported spend	68.904	129.007	46.263	20.321
Unsupported spend	12.409	14.090	5.408	0.244
Total spend	81.313	143.097	51.671	20.565
Financed by:-				
Borrowing	19.282	20.963	12.281	7.117

Other Capital Resources (Grants, Capital Receipts)	62.031	122.134	39.390	13.448
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7.2.2 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.

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

Indicator: Capital Financing Requirement (CFR)

	2021/22 31/03/22 Original Estimate £M	31/03/22 Projected Outturn £M	2022/23 31/03/23 Revised Estimate £M	2023/24 31/03/24 Revised Estimate £M
CFR	512.804	511.302	508.470	500.107
Net movement in CFR			(2.832)	(8.363)

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

Indicator: External Debt

	30/09/21 Actuals £M	2021/22 31/03/22 Original Estimate £M	2021/22 31/03/22 Revised Estimate £M	2022/23 31/03/23 Revised Estimate £M	2023/24 31/03/24 Revised Estimate £M
Borrowing	310.017	477.807	361.807	367.842	363.876
Other long term liabilities	0.454	0.583	0.582	0.582	0.581
Total External Debt	310.471	478.390	362.389	368.424	364.457

7.2.5 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)

	2021/22 30/09/21 Actuals	2021/22 31/03/22 Original Estimate	2021/22 31/03/22 Revised Estimate	2022/23 31/03/23 Revised Estimate	2023/24 31/03/24 Revised Estimate
	£M	£M	£M	£M	£M
Gross Borrowing (inc. Other Long Term Liabilities)	310.471	478.390	362.389	368.424	364.457
Capital Financing Requirement		512.804	511.302	508.470	500.107

- 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

	2021/22 30/09/21 Actuals £M	2021/22 Limit £M	2022/23 Limit £M	2023/24 Limit £M
Gross Borrowing	310.017	530.000	530.000	530.000
Other long term liabilities	0.454	2.000	2.000	2.000
Authorised Limit	310.471	532.000	532.000	532.000

- 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

	2021/22 30/09/21 Actuals £M	2021/22 Estimate £M	2022/23 Estimate £M	2023/24 Estimate £M
Gross Borrowing Limit	310.017	480.000	480.000	480.000
Other long term liabilities	0.454	1.000	1.000	1.000
Operational Boundary	310.471	481.000	481.000	481.000

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

	2021/22 Original Estimate	2021/22 Revised Estimate	2022/23 Revised Estimate	2023/24 Revised Estimate
General Fund	5.10%	4.94%	5.01%	5.06%

- 9.3 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 amount of LOBO debt held in 2021/22 is £31m, 10% of total debt as at 30th 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

	2021/22 Actuals as at 30/09/21	Upper Limit	Lower Limit
Under 12 months	14%	70%	0%
12 months to 2 years	4%	70%	0%
2 years to 5 years	10%	60%	0%
5 years to 10 years	15%	70%	0%
10 years to 20 years	5%	90%	0%
20 years to 30 years	0%	90%	0%
30 years to 40 years	52%	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 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	30/09/21 Actual
Maximum principal sums invested over 1 year	£25m	£6.30m

10.5 The £6.30m represents a 10-year loan to Trivallis of £4.00m (£4.25m outstanding, £0.25m of which to be repaid within 12 months) and a 25-year loan to Cynon Taf Housing Community Group of £2.30m (£2.40m outstanding, £0.10m of which to be repaid within 12 months).

10.6 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 30th September 2021):

Interest Rate Risk	Impact £M
One year revenue impact of a 1% rise/fall in interest rates	0.108

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 10th March 2021.

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	0.002	20.678	0.01	-0.08

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 2020/21 balance sheet as £3.035m, 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. The building and site has a fair value of £3.6m, with an annual rental of £322k.
- The Council has investments it categorises as non-financial and other investments relevant to Council functions. These buildings have a fair value of £17.9m, with an annual rental of £1.1m. They relate to 50-53 Taff St, Pontypridd; Unit 1 Cambrian Industrial Estate, Clydach Vale; Rhos Surgery, Mountain Ash; Llys Cadwyn, Pontypridd; and 96-102 Taff Street, Pontypridd.

11.7 Decision making on commercial activities will be regeneration led in line with Council's Constitution, approved strategies and policies and will in all instances be with the express approval of the Council's Section 151 Officer and the Director of Legal Services.

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. The initial period of the existing contract ends March 2022 and preparatory work is underway to assess whether or not to extend the current arrangements, in line with the contract in place.

13.0 TRAINING

13.1 Officers have attended webinars hosted by Arlingclose which provide an overview of the economic environment, investment advice, updates on Codes of Practice and technical guidance. 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 8th September 2021.

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 10th March 2021.

15.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 15.1 The report provides an overview of the Council's Treasury Management activities during the first six months of 2021/22 in line with the Treasury Management and Capital Strategies approved by Council in March 2021. As a result, there are no equality and diversity or socio-economic duty implications to 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 2021/22 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 2021/22 financial year continues to be a challenging period for Treasury Management and this report highlights for Members the Treasury Management activities that have been undertaken between April and September 2021.

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 24TH NOVEMBER 2021

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

**Item: 2021/22 MID YEAR TREASURY MANAGEMENT STEWARDSHIP
REPORT**

Background Papers

- 10th March 2021 Council meeting – Reports:
 - Treasury Management Strategy Incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision Statement for 2021/22.
 - 2021/22 Capital Strategy Report Incorporating Prudential Indicators.

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