



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
2 Llys Cadwyn
Taff Street
Pontypridd
CF37 4TH

Meeting Contact: Julia Nicholls - Democratic Services (01443 424098)

YOU ARE SUMMONED to a hybrid meeting of **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL** to be held on **WEDNESDAY, 6TH MARCH, 2024** at **5.00 PM**.

It is the intention to live stream this meeting, details of which can be accessed [here](#)

AGENDA

**Page
No's**

TIME	ITEM	PAGE(S)
5 Minutes	ITEM 1. DECLARATION OF INTEREST To receive disclosures of personal interests from Members in accordance with the Code of Conduct <ol style="list-style-type: none">1. Members are requested to identify the item number and subject that their interest relates to and signify the nature of the personal interest; and2. Where Members withdraw from a meeting as a consequence of the disclosure of prejudicial interest they must notify the Chairman when they leave.	
5 Minutes	ITEM 2. ANNOUNCEMENTS	
5 Minutes	ITEM 3. MINUTES To approve as an accurate record, the minutes of the Council Meeting held on the 7 th February 2024.	5 - 16
OPEN GOVERNMENT:		

10 Minutes	ITEM 4. STATEMENTS In accordance with Open Government Council Meeting Procedure Rule 2, to receive any statements from the Leader of the Council and/or statements from Cabinet Portfolio Holders:	
20 Minutes	ITEM 5. MEMBERS' QUESTIONS To receive Members questions in accordance with Council Procedure Rule 9.2. (N.B a maximum of 20 minutes shall be allowed for questions on notice.)	17 - 26
COUNCIL WORK PROGRAMME - FOR MEMBERS INFORMATION		
Council Work Programme 2023/24		
OFFICERS' REPORTS		
20 Minutes	ITEM 6. REVENUE BUDGET STRATEGY 2024/25 To receive the report of the Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services.	27 - 90
10 Minutes	ITEM 7. COUNCIL TAX RESOLUTION 2024/25 To receive the report of the Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services.	91 - 102
10 Minutes	ITEM 8. CAPITAL PROGRAMME 2024-25 - 2026-27 To receive the report of the Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services.	103 - 124
10 Minutes	ITEM 9. TREASURY MANAGEMENT STRATEGY 2024/2025 To receive the report of the Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services.	125 - 144
10 Minutes	ITEM 10. CAPITAL STRATEGY REPORT 2024/25 To receive the report of the Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services.	145 - 164
10 Minutes	ITEM 11. THE COUNCIL'S PAY POLICY STATEMENT 2024/25 To receive the Joint Report of the Director of Human Resources and Director of Legal & Democratic Services.	165 - 176
	ITEM 12. URGENT BUSINESS To consider any items which the Chair, by reason of special circumstances, is of the opinion should be considered as a matter of urgency.	

Service Director of Democratic Services & Communication

To: All Members of the Council

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RHONDDA CYNON TAF

RHONDDA CYNON TAF COUNCIL

Minutes of the virtual meeting of the Council held on Wednesday, 7 February 2024 at 5.00 pm.

This meeting was live streamed, details of which can be accessed [here](#)

County Borough Councillors – The following Councillors were present:-

Councillor G Hughes (Chair)

Councillor S Evans	Councillor B Stephens
Councillor L Addiscott	Councillor M Ashford
Councillor J Barton	Councillor R Bevan
Councillor J Bonetto	Councillor S Bradwick
Councillor J Brencher	Councillor G Caple
Councillor J Cook	Councillor A Crimmings
Councillor S J Davies	Councillor R Davis
Councillor A Dennis	Councillor V Dunn
Councillor J Elliott	Councillor A J Ellis
Councillor L Ellis	Councillor S Emanuel
Councillor D Evans	Councillor A Fox
Councillor D Grehan	Councillor H Gronow
Councillor B Harris	Councillor S Hickman
Councillor G Holmes	Councillor G Hopkins
Councillor W Hughes	Councillor K Johnson
Councillor G Jones	Councillor G O Jones
Councillor W Jones	Councillor R Lewis
Councillor W Lewis	Councillor C Leyshon
Councillor C Lises	Councillor M Maohoub
Councillor C Middle	Councillor A Morgan
Councillor N H Morgan	Councillor S Morgans
Councillor W Owen	Councillor D Owen-Jones
Councillor M Norris	Councillor D Parkin
Councillor M Powell	Councillor C Preedy
Councillor S Rees	Councillor A Roberts
Councillor A O Rogers	Councillor J Smith
Councillor G Stacey	Councillor L A Tomkinson
Councillor S Trask	Councillor W Treeby
Councillor J Turner	Councillor G L Warren
Councillor K Webb	Councillor M Webber
Councillor D Williams	Councillor R Williams
Councillor T Williams	Councillor D Wood
Councillor R Yeo	

Officers in attendance

Mr P Mee, Chief Executive

Mr B Davies, Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services

Mr R Evans, Director of Human Resources

Mr S Gale, Director of Prosperity & Development

Mr C Hanagan, Service Director of Democratic Services & Communication

Mr A Wilkins, Director of Legal Services and Democratic Services

Ms K Beirne, Director Cardiff Capital Region City Deal

Apologies for absence

Councillor P Binning	Councillor E L Dunning
Councillor J Edwards	Councillor P Evans
Councillor S Evans	Councillor K Morgan
Councillor S Powderhill	

91 Declaration of Interest

In accordance with the Council's Code of Conduct, the following declarations were made pertaining to the agenda:

Agenda item 2 – Cardiff Capital Region City Deal

- i. County Borough Councillor A Morgan, OBE - Personal " Appointed by the Council to sit on the CCRCD Cabinet."
- ii. County Borough Councillor R Bevan – Personal - Appointed by the Council as the Scrutiny Member on the CCRCD Joint Scrutiny Committee and I was elected as the Vice Chair of the Committee for this Municipal Year".
- iii. County Borough Councillor J Turner – Personal - Appointed by the Council as the Reserve Scrutiny Member on the CCRCD Joint Scrutiny Committee.
- iv. County Borough Councillor W Owen – Personal – I am a Business Owner

Agenda Item 7 – Notice of Motion

- v. County Borough Councillor S Bradwick – Personal – I provide financial support to families and to animal rescue centres within Ukraine.

92 CARDIFF CAPITAL REGION CITY DEAL

Through the aid of a Powerpoint presentation the Director of the Cardiff Capital Regional City Deal (CCRCD) provided Members with an update on the work of the CCRCD, and its wider priorities and impact to date As part of the presentation Members were also provided with an overview of the transition to a Corporate Joint Committee (CJC) and the wider governance arrangements.

As part of the presentation Members were provided with details of the regional challenges and the plans in place to address such challenges, the role of the CCRCD and funding as well as the achievements witnessed to date.

The Director continued by providing detail of the CCR activity delivered within Rhondda Cynon Taf, referencing infrastructures such as Metro Plus and Port Transport Hub, the Discovery Gateways as well as Cluster development opportunities. Further detail of the successful Zip World model was provided to Members, before the Director reflected on the next steps for the County

Borough.

The presentation concluded by outlining the move to a Corporate Joint Committee and the benefits of a regional approach for RCT and the next steps involved for such an approach.

The Leader commented on the large amount of work conducted by CCRD, reflecting on previous concerns that the partnership would only benefit Cardiff and took the opportunity to highlight the numerous projects delivered upon within RCT County Borough, referencing the 'Evergreen Fund', 'Zip World', Housing Investment and both Regional transport and strategic development funds. The Leader commented on the opportunities of Long Term Investment through the CCRCD and the employment opportunities provided.

The Leader referenced the move to Corporate Joint Committees confirming that more joint working would be needed and going forward all Authorities would be represented on the Boards and Panels within.

On behalf of the Leader of the Opposition, County Borough Councillor D Grehan spoke of the hope highlighted within the presentation and the realisation and fruition of this hope in the future. The Member commented on the 'jargon' terminology within the presentation and also spoke of concerns in relation to any potential impact on individual Local Development Plans of each of the Authorities in relation to the developments being taken forward by the CCRCD.

The Director responded by advising of the funding opportunities being delivered within the Authority to assist in building its resilience and hope, highlighting the 'recycled fund' opportunities. The Director confirmed that the work of the CCRCD would not interfere or encroach on individual Authorities LDPs but was an opportunity to stitch local plans together, through close working relationship with Council Officers.

County Borough Councillor Powell spoke positively of the presentation and the opportunities highlighted within.

The Councils Joint Scrutiny Committee Member, County Borough Councillor R Bevan commented on the infrastructure and regional planning opportunities to which the Director responded advising of the building blocks for providing an excellent Welsh economy.

One Member queried the upskilling and fast tracking opportunities available, specifically addressing electric vehicle motor technicians. The Director confirmed that currently there were not the skill sets available in the quantum needed and an appraisal across the board was being undertaken. Details of opportunities of boot camps being delivered across colleges was provided as an example of the upskilling and training platforms being provided to address such issues.

A further question was posed in relation to the reduction in rate relief for businesses and whether this would deter investment in businesses and therefore be detrimental to investment in CCRDC. The Director responded by commenting on the package of measures that needed to be agreed with Welsh Government in respect of retention and pooling of business rates to help encourage investment and further commented on the different ways of looking at business rates to release the tax investment.

The Presiding Member concluded by commenting on the significant progress and investment across RCT and the further opportunities to work in collaboration and regionally in the future.

It was **RESOLVED** to note the content of the presentation.

93 Minutes

The Council **RESOLVED** to approve the minutes of the 17th January 2024 as an accurate reflection of the meeting.

94 Announcements

There were no announcements provided at the meeting.

95 Statements

There were no statements provided at the meeting.

96 Members' Questions

1. Question from County Borough Councillor Sheryl Evans to the Leader of the Council, County Borough Councillor A. Morgan OBE

“ Will the Cabinet Member make a statement on the recent awarding of Welsh Government funding under the Resilient Roads and Local Transport Fund?”

Response of Councillor A. Morgan OBE

The Leader commented on the success of the Council in acquiring significant sums of funding over recent years, with almost £10m secured through the Resilient Roads Grant alone over the last four years. It was advised that such funding had allowed a number of targeted flood resilience road schemes to be carried out to remedy some of the drainage issues that affect stretches of the highways network throughout the main arterial routes of the County.

Details of the funding secured were provided were Members were advised of the receipt of £1m from the Resilient Roads Fund for 2023/24 which is supporting the development of 13 projects to alleviate the effects of flooding and climate change to the transportation network. In addition, the Council also secured £400k from the Welsh Government's Local Transport Fund. £200k of this funding was allocated for bus priority enhancements, this includes bus stop improvement works, bus shelters and raised kerbs on the Aberdare and Pontypridd local routes. The Leader concluded by advising of the £200k funding which was allocated for utilisation on further feasibility works for the Cynon Gateway North and Llantrisant Link Road schemes as a result of the Welsh Government's Road Review report in 2023.

Supplementary question from County Borough Councillor Sheryl Evans:

“Can you confirm the schemes that have been delivered in the Aberaman ward (North and South).”

Response from County Borough Councillor A Morgan, OBE:

The Leader advised of the projects that had been delivered within the Aberaman Ward (including historical boundaries) over the last 4 years, which totalled 6 individual schemes (as listed below):

- Lewis Street – Design Stage – Highway drainage Upgrade
- Jones Street – Construction – Highway Drainage Upgrade
- Bronallt Terrace Phase 3 – Construction Highway Culvert Upgrade
- Glenboi – Construction – Highway drainage upgrade works
- Maes Y Ffynon/Cardiff Road – Highway Culvert Upgrade
- A4059 – Aberdare – Asda R/A – Construction – Upgrade Highway drainage and overland flow measures.

2. The Presiding Member advised that due to apologies being received from County Borough Councillor J Edwards, the second question listed had fallen.

3. Question from County Borough Councillor S Rees to the Leader of the Council, County Borough Councillor A. Morgan OBE

“Can the Leader provide an update on the progress on the delivery of the Labour Group’s manifesto commitments?”

Response from County Borough Councillor A Morgan, OBE

The Leader referenced the Labour Groups 20 core commitments to the residents of RCT in advance of the local elections in 2022 and commented on the progress made so far, with a number of these commitments already delivered, and those not delivered remaining very much in progress.

Members were advised that in respect of the commitment to fund 10 PCSOs and 10 Community Wardens, this pledge had been completed with 14 Wardens and 10 PCSOs in place. The Leader continued by advising that the 2 teams were working well together to improve community safety in key areas across communities.

It was highlighted that the Council were continuing to deliver more brand-new English & Welsh schools across the County Borough, with 3 projects completed in the last financial year and a further 7 were ongoing this year.

With regards to transport infrastructure schemes, the Leader advised of the ongoing investment, with good progress continuing on the dualling of the A4119. The Leader highlighted that discussions were ongoing with Welsh Government over other schemes following the Roads Review.

In respect of Town Centres, Council were informed of the Investment to regenerate town centres and support businesses, with a continued range of support measures such as the Maintenance Grant. The Leader highlighted a

number of regeneration schemes being taken forward within the town centres.

Details of how the Council were working towards becoming a Net Zero Council were provided, through improved recycling and the development of solar farms. The Leader added that good progress continues to be made with reducing the Council's Carbon footprint with a further reduction in CO2 emissions during the past year. Planning permission had recently been obtained for the Coed Ely Solar Farm and contractors would commence works later this year.

The Leader continued by commenting on the success of the Graduate and Apprentice scheme with over 150 Graduate and Apprentice opportunities over the 5 year term.

Further details were provided in respect of the commitments to maintain and enhance the Enforcement Team to take action against dog fouling/fly tipping, as well as the building of further extra care facilities & developing refurbishment programmes for existing residential homes.

The Leader concluded his response by listing the positive work undertaken with active travel rates, armed forces covenant and play investment, concluding that by the end of the 5 year term all commitments would be delivered upon.

Due to technical difficulties no supplementary question was posed.

4. County Borough Councillor D Owen Jones to ask his question to the Leader of the Council, County Borough Councillor A. Morgan OBE:

"Can the Leader provide an update on the progress of the A4119 dualling"

Response of County Borough Councillor A Morgan, OBE:

The Leader commented on the good progress of the scheme although welcomed its completion. He advised that the scheme was now over 70% complete and was currently in week 78 of a total of 106 weeks.

In respect of progress, Members were advised that at the Southbound carriageway drainage work had taken place including fencing and vehicle restraint works. Traffic was now travelling on the new section of road to a point just south of Welsh water works site.

It was further advised that traffic management switch had been completed at the southern end of the road works during December and access to Common Sidings (scrap yard) had been constructed.

In respect of the North of the Carriageway, traffic was now travelling north on new section of road with drainage works progressing near to the existing stone retaining wall. The Leader also advised that the active travel route had been progressed up to the fire station roundabout.

To conclude his response the Leader provided details of the current works on site which included details surrounding drainage, culverts, bridge works and landscaping.

Supplementary question from County Borough Councillor D Owen - Jones:

“Whereby access and egress from Active Travel to the public bridge have been answered this afternoon, I must give congratulations on a job well done on completion and opening of Tyn-Y-Bryn footbridge nearby, when will the contractors be vacating this location.”

Response from County Borough Councillor A Morgan, OBE:

The Leader advised that he needed to check on this matter as the footbridge was due for completion on Friday, January 26th. He advised that he was aware of some snagging and landscaping that needed addressing and suggested that the contractors may be onsite for a few more weeks to deal with the peripheral landscaping but would find out the exact date the contractors would be demobilising from site.

5. Question from County Borough Councillor A. Rogers to the Cabinet Member for Environment and Leisure, County Borough Councillor A. Crimmings:

“Can the relevant Cabinet Member share how this Council has invested in recreational activity for young residents in the Hirwaun, Penderyn and Rhigos ward please?”

Response from County Borough Councillor A Crimmings:

The Cabinet Member for Environment and Leisure thanked the Member for the question and added that improving and investing in community facilities to promote and encourage recreational activities for the young people of the County Borough continues to be a key Council priority.

The Member continued by advising that with specific reference to Hirwaun, Penderyn, and Rhigos, recreational activities provided by the Sport Development Teams included Dodgeball taster sessions, Sport Wales Resource Pack, “explore the outdoors” sessions which had been attended by over 200 attendees and the hosting of Young Ambassadors conferences. Members were also advised that pupils have attended the Sport Teams virtual activity classes, an 8-week balance bike programme which was delivered across schools. In addition the team had also provided support for grant applications to Hirwaun FC and RFC.

In respect of investment, the Cabinet Member informed that the Parks Team had invested in a large number of recreational facilities over the past few years, totalling:

Hirwaun a total of Total £152,109, which included investment in new dugouts, new roof on changing rooms, drainage works, spectator stand demolish, resurfacing of tennis courts.

In respect of Rhigos a total of £86,169 had been invested which included investment into issues such as sand band drainage and changing room refurbishment.

The Cabinet Member proceeded by advising of the additional financial and

operational support provided by the Council to Rhigos Sports Village.

To conclude the response, the Cabinet Member highlighted the investment and maintenance into children's play areas with further funding allocations coming forward in the forth coming year.

Supplementary Question from County Borough Councillor A Rogers:

"We know residents appreciate the investment, but a concern is that without lighting in some of these areas, including the football field, residents cannot make full use of the investment that would benefit their health and wellbeing. At what stage in the process were local Members consulted on proposed investment in their wards to ensure proposed investment is fully benefitted from?"

Response from County Borough Councillor A Crimmings:

The Cabinet Member referenced the consultation undertaken with local Members in respect of the Tennis court, Muga and Hirwaun welfare. The Cabinet member added that as part of the process local members should be consulted upon and apologised if this wasn't the case and asked the Member to advise her where such consultation hadn't taken place.

6. Question from County Borough Councillor A. Ellis to the Cabinet Member for Development & Prosperity, County Borough Councillor M. Norris:

"Can the Cabinet Member confirm if the Lady Windsor site in Ynysybwl has been identified for development within the draft LDP please".

Response from County Borough Councillor Norris:

The Cabinet Member commented on the January Council meeting, where it was resolved to approve the Revised Local Development Plan Preferred Strategy for statutory public and stakeholder consultation.

It was advised that at a strategic level, the Revised LDP Preferred Strategy would seek to address the needs of RCT by proposing levels of development growth and where this should be spatially distributed across the County Borough. It was advised that this consultation is due to commence shortly.

The Cabinet Member advised that he was unable at this stage to comment on the proposed status of the former Lady Windsor site, or indeed any specific sites. It was added however, that any sites that had been put forward for further consideration in the next stages of the Revised LDP process, would be included in what is known as a Candidate Sites Register.

It was advised that at the point of consultation, the register would just indicate the result of initial assessments on the sites in terms of their high-level capability of accommodating development and not specifically identify or allocate sites for development at this stage.

There was no supplementary question due to the lapse of the allotted time (The Presiding Members assured Members that the clock was stopped during periods of technical difficulties).

97 Council Work Programme 2023-2024

The Service Director Democratic Services & Communication advised that following reflection on the Council Business listed for the March Council meeting, the invitation to Cwm Taf Morgannwg University Health Board had been rescheduled to the April meeting, to allow appropriate consideration of the item.

In conclusion, the Service Director Democratic Services & Communication confirmed that there would be an induction opportunity for all Members to attend and view the new facilities at Llys Cadwyn in Pontypridd. With regards to hybrid meetings, these would be undertaken on an incremental basis with a view to the next Council meeting in March being held as a hybrid meeting.

98 Notice of Motion

To consider the under-mentioned Notice of Motion standing in the names of County Borough Councillors S. Emanuel, R. Williams, L. Addiscott, M. D. Ashford, J. Barton, D. R. Bevan, J. Bonetto, S. Bradwick, J. Brencher, G. Caple, J. Cook, A. Crimmings, S. J. Davies, R. Davis, A. J. Dennis, V. Dunn, E. L. Dunning, J. Edwards, J. A. Elliott, L. Ellis, R. Evans, A. S. Fox, B. Harris, S. Hickman, G. Holmes, G. Hopkins, W. Hughes, G. Jones, G. O. Jones, R. R. Lewis, W. Lewis, C. Leyshon, M. Maohoub, C. Middle, A. Morgan, N. H. Morgan, S. Morgans, M. A. Norris, D. Owen-Jones, D. Parkin, S. Powderhill, C. Preedy, S. Rees, A. Roberts, J. Smith, G. Stacey, L. A. Tomkinson, W. Treeby, J. Turner, G. L. Warren, K. Webb, M. Webber, D. Williams, G. E. Williams, T. Williams, R. Yeo.

On 24th February 2022, Russian forces that had massed along the border with Ukraine launched a full-scale invasion, marking the biggest attack on a European country since the Second World War.

The invasion, justified by Vladimir Putin as an attempt to “de-Nazify” Ukraine, has seen millions displaced and hundreds of thousands injured or killed – either in combat or through the devastating air strikes on civilian areas.

As innocent Ukrainian people were forced to flee their homes, Wales and RCT (along with many other countries) welcomed those seeking refuge with open arms and supported them as they tried to adjust to their new lives.

Now, with the War in Ukraine marking its second anniversary and the conflict still raging as Ukraine fights to retain its sovereignty, this Council therefore:

- Condemns the continued aggression of the Russian invaders.
- Reaffirms its unwavering support for Ukraine and its people.
- Commends the efforts of those residents of RCT who welcomed those fleeing the conflict into their homes and also to those who provided support to others who have sought sanctuary.

In accordance with the Council’s Rules of Procedure 12.7, the mover of the motion moved an alteration to the Motion to include additional text as set out underlined below:

*inclusion of the wording, **false premise**” and noting the typographical error of may to ‘many’.*

The altered motion would then read:

On 24th February 2022, Russian forces that had massed along the border with Ukraine launched a full-scale invasion, marking the biggest attack on a European country since the Second World War.

The invasion, justified by Vladimir Putin, on a false premise, as an attempt to “de-Nazify” Ukraine, has seen millions displaced and hundreds of thousands injured or killed – either in combat or through the devastating air strikes on civilian areas.

As innocent Ukrainian people were forced to flee their homes, Wales and RCT (along with many other countries) welcomed those seeking refuge with open arms and supported them as they tried to adjust to their new lives.

Now, with the War in Ukraine marking its second anniversary and the conflict still raging as Ukraine fights to retain its sovereignty, this Council therefore:

- Condemns the continued aggression of the Russian invaders.
- Reaffirms its unwavering support for Ukraine and its people.
- Commends the efforts of those residents of RCT who welcomed those fleeing the conflict into their homes and also to those who provided support to others who have sought sanctuary.

The Council **RESOLVED** to accept the alteration as moved by the Proposer which became the substantive Motion as set out above.

At the meeting the Chair announced that in accordance with Council Procedure Rule 10.4.1 an amendment to the Notice of Motion had been received from Councillors A O Rogers, A Ellis, K Morgan, Sera Evans, D Grehan, D Wood, H Gronow, P Evans, which was subsequently withdrawn by the Members following the alteration to the original motion by the proposer.

Following discussions, it was **RESOLVED** to adopt the Notice of Motion.

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This meeting closed at 6.35 pm

**Councillor G Hughes
Chair.**

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCIL

6 MARCH 2024

MEMBERS QUESTIONS ON NOTICE

REPORT OF THE SERVICE DIRECTOR, DEMOCRATIC SERVICES & COMMUNICATION.

1. PURPOSE OF THE REPORT

- 1.1 To present the order of questions in respect of the Members Questions on Notice, following the amendment to the process agreed at the [Council AGM 2019](#).

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Receive the Questions and any supplementary questions proposed, as in accordance with the running order advised upon in 4.3 of the report, which should not exceed a 20-minute time period.

3. REASONS FOR RECOMMENDATIONS

- 3.1 As agreed at the Council AGM on the 15th May, 2019, Members agreed to amend Council Procedure Rule 9.2 in respect of Members Questions on Notice. A further amendment was made to Council Procedure Rule 9.2 at the Council AGM on the 26th May 2021 in respect of supplementary questions following expiry of the 20 minute time duration. [Council AGM 2021](#)

4. MEMBERS QUESTION ON NOTICE

- 4.1 The closing date for receipt of Members Questions on Notice to the Council Business Unit for the Council meeting on the 6th March 2024 was 5pm on the 22nd February 2024.
- 4.2 Thirty eight questions were received and put forward to the Council Ballot held on the 26th February 2024, to determine the running order of the questions at the Council Meeting.
- 4.3 The results of the ballot are outlined below:

Number	Corresponding Question
1	<p>Question from County Borough Councillor R. Evans to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Will the Cabinet Member provide an update on the scheme to upgrade the culvert on the industrial estate in Porth?”</p>
2	<p>Question from County Borough Councillor D. Williams to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader provide an update on the preparations underway in advance of RCT welcoming the Eisteddfod in the summer?”</p>
3	<p>Question from County Borough Councillor R. Davis to the Cabinet Member for Health & Social Care, County Borough Councillor G. Caple:</p> <p>“Can the Cabinet Member please outline the next steps for the Extra Care scheme in Porth following the news that a new contractor has been appointed?”</p>
4	<p>Question from County Borough Councillor K. Webb to the Cabinet Member for Climate Change & Corporate Services, County Borough Councillor C Leyshon:</p> <p>“What progress is the Council making towards its carbon reduction targets?”</p>
5	<p>Question from County Borough Councillor D. Owen-Jones to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“What impact will the announcement from TATA Steel that it plans to progress with the proposals to cut 2,800 jobs have on our communities?”</p>
6	<p>Question from County Borough Councillor L. Ellis to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader provide an update on the programme of coal tip management across RCT?”</p>
7	<p>Question from County Borough Councillor S. Trask to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader make a statement on the public consultations that have taken place during the past three months?”</p>

8	<p>Question from County Borough Councillor S. Emanuel to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Will the Leader provide an update on the progress of the South Wales Metro in the Rhondda valley?”</p>
9	<p>Question from County Borough Councillor Sheryl Evans to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“With more and more cars on the road and limited parking spaces available, more cars are having to park on pavements etc., what can the Council do to help our constituents with more places to park. Is there an option to tarmac more lanes so that residents can use their gardens for off-road parking?”</p>
10	<p>Question from County Borough Councillor S. J. Davies to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader make a statement on capital investment across Rhondda Cynon Taf?”</p>
11	<p>Question from County Borough Councillor S. Hickman to the Cabinet Member for Development and Prosperity, County Borough Councillor M. A. Norris:</p> <p>“Will the Cabinet Member make a statement on investment in Porth town centre?”</p>
12	<p>Question from County Borough Councillor W. Lewis to the Cabinet Member for Environment and Leisure, County Borough Councillor A. Crimmings:</p> <p>“Can the Cabinet Member update on recycling rates in RCT and what progress is being made to improve these?”</p>
13	<p>Question from County Borough Councillor S. Powderhill to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Council Leader provide an update on preparations for the 2024 Eisteddfod?”</p>
14	<p>Question from County Borough Councillor J. Bonetto to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Will the Leader provide an update on the progress of the South Wales Metro, and in particular on the depot at Taff’s Well?”</p>

15	<p>Question from County Borough Councillor E. L. Dunning to the Cabinet Member for Education, Youth Participation and Welsh Language, County Borough Councillor R. Lewis:</p> <p>“Will the Cabinet Member please make a statement on outreach work and detached youth service provision in Rhondda Cynon Taf, particularly in the Ystrad area?”</p>
16	<p>Question from County Borough Councillor Sera Evans to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader please provide an update on the Maindy Crescent roadworks?”</p>
17	<p>Question from County Borough Councillor N.H. Morgan to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the leader update on what flood resilience bids the Council is putting forward to the Welsh Government for the forthcoming year?”</p>
18	<p>Question from County Borough Councillor R. Williams to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Council Leader tell this Council if the opposition group have put forward any budget suggestions in the face of what you have described – both in the Council Chamber and publicly in the media - as one of the most difficult budget rounds RCT has faced?”</p>
19	<p>Question from County Borough Councillor G. O. Jones to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Council Leader set out what level of protection our school budgets have in the draft budget being worked on and what discussions have been had in the School Budget Forum?”</p>
20	<p>Question from County Borough Councillor C. Preedy to the Cabinet Member for Environment and Leisure, County Borough Councillor A. Crimmings:</p> <p>“Can the Cabinet Member please give an update on the usage of the National Lido of Wales and any information on how long the summer season will be this year?”</p>
21	<p>Question from County Borough Councillor W. Treeby to the Cabinet Member for Public Health and Communities, County Borough Councillor B. Harris:</p> <p>“Can the Cabinet Member make a statement on what support the Council is providing to Paddling Pool groups in Rhondda Cynon Taf?”</p>
22	<p>Question from County Borough Councillor A. S. Fox to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p>

	<p>“Can the Leader provide an update to Members on the discussions taking place given the significant financial pressures facing the public sector next year?”</p>
23	<p>Question from County Borough Councillor J. Cook BEM to the Cabinet Member for Education, Youth Participation and Welsh Language, County Borough Councillor R. Lewis:</p> <p>“Can the Cabinet Member make a statement on school budget funding plans and proposals, particularly in relation to cash amounts and percentages?”</p>
24	<p>Question from County Borough Councillor A. J. Dennis to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader please provide an update on the usage and feedback received to date on the Winter Welcome Centres?”</p>
25	<p>Question from County Borough Councillor V. Dunn to the Cabinet Member for Environment and Leisure, County Borough Councillor A. Crimmings:</p> <p>“Can the Cabinet Member provide an update on the progress of the scheme to create a Multi-Use Games Area at the Sobell Centre in Aberdare?”</p>
26	<p>Question from County Borough Councillor W. Hughes to the Deputy Leader of the Council and Armed Forces Champion, County Borough Councillor M. Webber:</p> <p>“What support does this Council provide to the local Armed Forces community?”</p>
27	<p>Question from County Borough Councillor L. A. Tomkinson to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader provide an update on the pledge to develop a dedicated hockey facility in the County Borough?”</p>
28	<p>Question from County Borough Councillor D. Grehan to the Cabinet Member for Development & Prosperity, County Borough Councillor M. Norris:</p> <p>“Mae nifer o ardaloedd yn fy ward i, sydd yn amlwg wedi eu hadeiladu gan y Cyngor neu wedi eu hadeiladu wrth greu ddatblygiadau newydd – llwybrau, grisiau, ardaloedd gwyrdd. Erbyn hyn mae'r Cyngor yn dweud nad yw'r ardaloedd yma yn eiddo i'r Cyngor ac felly nad oes ganddyn nhw gyfrifoldeb dros drwsio neu gadw'r ardaloedd yma. Galla i ofyn i'r Cyngor yma cymryd cyfrifoldeb dros yr ardaloedd yma er diogelwch ein trigolion?”</p>

	<p>“There are a number of areas in my ward, which have obviously been built by the Council or have been built when creating new developments – paths, stairs, green areas. By now the Council is saying that these areas are not the property of the Council and therefore it has no responsibility for repairing or maintaining these areas. May I ask this Council to take responsibility for these areas for the safety of our residents?”</p>
29	<p>Question from County Borough Councillor G. Holmes to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Will the Leader make a statement on road maintenance and outline how this Council is tackling the issue of potholes?”</p>
30	<p>Question from County Borough Councillor C. Middle to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Will the Leader update the Council on the policy for upgrading/tarmacking unadopted roads/lanes and the rationale behind the prioritisation of such work?”</p>
31	<p>Question from County Borough Councillor M. Powell to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>"Could the Cabinet portfolio holder for highways say what measures or proposals the RCT Highways department are considering to alleviate the dire traffic congestion problems that the Pontypridd Town centre has been enduring for many, many years please?"</p>
32	<p>Question from County Borough Councillor M. Maohoub to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Cabinet Member make a statement on the Council’s preparations and actions taken during the recent period of wet weather?”</p>
33	<p>Question from County Borough Councillor J. Smith to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“With the introduction of the Social Partnership and Procurement Bill in Wales, can the Leader please outline what action RCT are taking to ensure compliance with the legislation?”</p>
34	<p>Question from County Borough Councillor T. Williams to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“With Storm Dennis now almost 4 years ago, can the Leader give an assessment on the progress made since that Storm, which brought so much devastation to RCT?”</p>

35	<p>Question from County Borough Councillor L. Addiscott to the Cabinet Member for Environment and Leisure, County Borough Councillor A. Crimmings:</p> <p>“Will the Cabinet Member make a statement on investment in our sports centres and outline how this has impacted their usage?”</p>
36	<p>Question from County Borough Councillor J. A. Elliott to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader outline whether any discussions have been had with Transport for Wales over the re-opening of the Public Right of Way near the Meadowlands in Cwmbach?”</p>
37	<p>Question from County Borough Councillor R. Yeo to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“The pressures facing Local Authority budgets are well documented and finances are becoming increasingly strained, but can the Cabinet Member outline what winter maintenance preparations are being considered and confirm whether this remains a priority for the Council?”</p>
38	<p>Question from County Borough Councillor J. Brencher to the Leader of the Council, County Borough Councillor A. Morgan OBE:</p> <p>“Can the Leader outline what traffic management plans will be in place when the County Borough welcomes the National Eisteddfod for Wales?”</p>

- 4.4 At the Council meeting a maximum of 20 minutes shall be allowed for Questions on Notice. Any questions that are not dealt with in this time limit shall fall. Any questions on notice not answered will need to be resubmitted to the Proper Officer for the next full Council meeting in accordance with these rules.

5. CONSULTATION / INVOLVEMENT

- 5.1 The amendments to the Council Procedure Rule in respect of Members Questions was considered and agreed at the Council’s AGM 2019 and AGM 2021, following consultation with the Constitution Committee.

6. EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 The amendment to the Council procedure rule taken forward at the Council AGM, allows the opportunity for more Members to ask a question at Council

7. FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications aligned to this report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The report has been prepared in accordance with Council Procedure Rule 9.2.

9. LINKS TO THE COUNCILS CORPORATE PLAN / OTHER CORPORATE PRIORITIES.

- 9.1 The opportunity for Members to propose questions at Council meetings allows Members to receive information which potentially detail the Council priorities. It also embraces the Future Generations Act as all work and decisions taken by Council seek to improve the social, economic, environmental and cultural well-being of the County Borough.

10. CONCLUSION

- 10.1 Detailing the procedure for Members Questions on Notice assists in transparency for both Members and for public engagement.

Other Information:-

Relevant Scrutiny Committee – Overview & Scrutiny Committee

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCIL

6 MARCH 2024

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

Item: MEMBERS QUESTIONS ON NOTICE

Background Papers

[Council AGM 2019.](#)

[Council AGM 2021](#)

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023-2024

COUNCIL

6th MARCH 2024

THE COUNCIL'S 2024/25 REVENUE BUDGET STRATEGY

REPORT OF: THE CABINET

**AUTHOR: Barrie Davies, Deputy Chief Executive and Group Director – Finance,
Digital and Frontline Services Tel. No. 01443 424026**

1.0 PURPOSE OF THE REPORT

- 1.1 This report provides information on the Final local government settlement for 2024/25 and sets out the recommendations of the Cabinet with regard to the Council's Revenue Budget and the level of Council Tax for the year ending 31st March 2025.

2.0 RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the letter from the Minister for Finance and Local Government (Rebecca Evans MS) and the table on the 2024/25 Final local government settlement, reproduced at Appendix 1;
- 2.2 Note the implications for the Council and the remaining budget gap as set out at section 5;
- 2.3 Agree a Council Tax increase for 2024/25 of 4.99%;
- 2.4 Agree the uplift to the aggregate Schools Budget as detailed at section 8;
- 2.5 Agree the budget strategy proposals as set out at paragraphs 10.2 to 10.4;
- 2.6 Agree the use of the 'Medium Term Financial Planning & Service Transformation Reserve' as transition funding, totalling £7.502M for 2024/25;

- 2.7 Approve Tables 4 and 5 in Section 13 of the report as the basis of allocating resources to the Individual Schools Budget (ISB), to other Council Services and to meet its corporate financing requirements; and
- 2.8 Agree the Council's overall budget for 2024/25 at £631.795M, in order to pass the necessary statutory resolutions to set the Council Tax for the forthcoming financial year by the statutory deadline of the 11th March 2024.

3.0 BACKGROUND

- 3.1 At the Council meeting on the 29th November 2023, the Council's audited accounts were presented which reported General Fund Balances amounting to £10.240M.
- 3.2 Given the continuing financial pressures the Council is working under, it remains the view of the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services (Section 151 Officer) that the Council should hold a minimum of £10M as General Fund Balances, (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.
- 3.3 Members will be aware that in addition to General Fund Reserves, the Council also holds a number of earmarked reserves that are kept under continuous review and are assessed each year by Audit Wales. Members will be aware that included in these Reserves is a Medium Term Financial Planning and Service Transformation Reserve that has been used successfully as transitional funding as part of the Council's Medium Term Service Planning arrangements. It has achieved this through helping to smooth the delivery of budget savings over a number of years, whilst still allowing an annual balanced budget to be delivered. The starting point for the Medium Term Financial Planning and Service Transformation Reserve as at the 31st March 2023 is £4.887M. As part of our ongoing strategy, we have continued to identify and deliver savings in-year. We have also been able to reprioritise existing earmarked reserves. This means we have been able to increase the level of transitional funding available and the latest position is that this reserve has now increased to £9.529M (additional in year savings to date of £2.142M plus £2.500M of reprioritised funding).
- 3.4 We must remain disciplined, if we are to maintain our long-term goal of driving forward continuous improvement of key services, though this becomes increasingly harder to achieve following a period of such severe financial pressures. For the current financial year, the budget strategy balanced a £38.3M budget gap, the largest this Council has ever faced, and it is against this backdrop that the 2024/25 budget requirement is being formulated.

- 3.5 It is clear that Members continue to take their fiduciary duty extremely seriously as evidenced by the positive reports received from the regulators and the track record of budgetary control across services.
- 3.6 The latest Audit Wales Assurance and Risk Assessment Review (Nov 2022) referenced :
- *The Council is now facing significant financial pressures, but remains well-placed to respond to these;*
 - *We remain assured about the Council's financial position and its arrangements to help it address these pressures;*
 - *The Council has not yet set out in detail how it will meet the increased budget gap. However, overall, we remain assured that the Council has a solid financial position and arrangements to help it prepare for the pressures it is facing. It continues to have a range of options available to it to manage its budget pressures;*
 - *We have continued to find no major concerns about the Council's management of its reserves;*
 - *It continues to have a healthy reserves position. This gives the Council a degree of resilience to help it manage its budgetary pressures.*
- 3.7 The challenge once again, therefore, is to construct a prudent, equitable and fair revenue budget for the financial year ending the 31st March 2025. This must involve an approach which publicly demonstrates sound financial stewardship; which does not take unnecessary risks; which maximises income generation; continues to deliver (as far as possible, and where available) year on year efficiency savings and which delivers the services that are needed and we can afford, as well as protecting as many jobs as possible.
- 3.8 In the context of this overall financial position and Medium Term Financial Planning projections, the Cabinet, assisted by the Senior Leadership Team was able to commence early and initial work on its budget strategy for 2024/25. The broad objectives of next year's recommended strategy are to:
- (i) Support the delivery of our key strategic priorities;
 - (ii) Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management;
 - (iii) Continue with the delivery of our key services and protect as many local jobs as possible whilst continuing to maximise efficiency; and
 - (iv) Take a responsible approach to the level of Council Tax.

4.0 THE 2024/25 LOCAL GOVERNMENT SETTLEMENT

- 4.1 The timing of the Local Government Settlement in Wales for 2024/25 has followed the UK Government Autumn Statement as announced on the 22nd November 2023.
- 4.2 On the 27th February 2024, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Final 2024/25 Local Government Settlement. The Minister's letter and key data table is attached at Appendix 1.
- 4.3 The "headlines" of the Final 2024/25 Settlement are as follows:-
- a. The overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) funding for 2024/25 (of unhypothecated funding) at an all Wales level, after adjusting for transfers is 3.3% (+£184.2M), an increase from the 3.1% at the provisional settlement.
 - b. The settlement for Rhondda Cynon Taf, amounts to an increase of 3.0% (2.8% at provisional settlement) which is below the average all Wales increase. Settlement figures across Wales range from 2.3% to 5.0%.
 - c. A funding 'floor' protection has been included for 2024/25; no Council receives a settlement below 2.3%.
 - d. There are transfers into the Settlement for 2024/25 in relation to the Implementation of the Performance and Improvement Framework (Social Services) (All Wales £0.880M / RCT £0.040M), Delivery of Flood Prevention (£4.950M / £0.225M) and Child Burials (£0.8M / £0.055M).
 - e. The Settlement provides no indication of future year settlement levels.
 - f. Provisional figures and indicative estimates for 2024/25 are also included for specific grants, at an all Wales level. The Social Care Workforce Grant is now reinstated to £45M (all Wales level), following the £10M reduction as part of the Provisional Settlement. This funds our core base budget.
 - g. The Council's General Capital Funding allocation is reduced by £0.058M to £13.828M.

5.0 COUNCIL BASE BUDGET REQUIREMENT 2024/25

- 5.1 In anticipation of the 2024/25 local government settlement, the Council's service managers have constructed the base budget requirements for next financial year. Those initial calculations provided for:-

- Estimated employee costs, pension costs and National Insurance Contribution levels;
- Non-pay (i.e. goods and services) inflationary implications, including energy and fuel;
- Corporate financing requirements and levies; and
- Full year effects of any additional burdens imposed on the Council and the implications of demand led pressures.

5.2 The Council's updated budget requirement was presented to Council on the 17th January 2024 alongside the implications of the Provisional Local Government Settlement which was announced on the 20th December 2023.

5.3 After taking into account the updated budget requirement and the initial provisional settlement increase of 2.8%, the Council's updated Tax Base plus the already agreed budget reduction measures of £10.743M, the Council was faced with a **remaining budget gap of £25.910M**.

5.4 It was against this position which the Cabinet considered their further budget strategy options for 2024/25.

6.0 DEVELOPING AN EQUITABLE, DELIVERABLE AND BALANCED BUDGET FOR 2024/25

6.1 The overall settlement has been protected in line with the indicative settlement provided alongside the current year's budget, with an increase further to additional funding allocations for Wales as a consequence of UK Government spending decisions. It does though remain a challenge for local government, as the following extract from the Minister's letter recognises:

"I recognise that while the recent very high rates of inflation are now decreasing, they are still high by the standards of the last 15 years. Baseline costs for staff and services have increased and are not reducing. Demand for services, alongside cost pressures mean that local authorities have needed to make difficult decisions on services, efficiencies, and council tax in setting budgets."

6.2 It also follows a sustained period of real term reductions to our funding levels, recovery from significant storm damage, the pandemic and a cost of living crisis, and it is against this context that we need to develop a balanced budget for next year. There remain significant pressures upon many of our services together with a limited ability to increase Council Tax income, and a low tax base. Within these parameters, we will therefore need to take appropriate decisions to ensure that next year's budget is equitable for all, does not compromise our financial stability and protects and develops our key services.

6.3 The Council's overall financial position was set out at Section 3 of the report. It is vital that we continue with the strategy we have adopted to date that

takes account of the importance of sound financial management, including the level of General Fund balances and appropriate use of the “Medium Term Financial Planning and Service Transformation Reserve” as transitional funding along with any other available reserves, whilst targeting and protecting resources for our high priority, customer-focused public services.

6.4 Every year, there are certain corporate financial provisions that must be “top sliced” locally, before service budgets can be allocated. Next year will be no different. There will be a requirement for:

- a) A provision to meet levies from External Bodies;
- b) A provision for Capital Charges;
- c) A provision for all other “Miscellaneous Finance” items (Audit Fees, Insurance Costs, Bank Charges, etc.) which are non-specific to any particular Service; and
- d) Resources to fund the Council Tax Reduction Scheme.

6.5 As part of our updated budget requirement, appropriate sums have been set aside for these corporate financial requirements.

6.6 The Council also continues to monitor the financial implications of service demand post pandemic, alongside ensuring ongoing service continuity at a time of unprecedented cost increases both to the Council and its partners and contractors.

7.0 COUNCIL TAX LEVELS

7.1 This Council has always acted reasonably when setting its Council Tax, balancing the impact upon services and the ability of the public to pay, recognising that those eligible will receive support through the Welsh Government’s Council Tax Reduction Scheme (CTRS). The proposal is to increase Council Tax in 2024/25 by 4.99%. This proposed increase equates to £1.03 per week for a person living in a Band A property and £1.55 per week for a person living in a Band D property (42% of properties in Rhondda Cynon Taf are Band A). Increasing Council Tax by 4.99% will reduce the remaining budget gap by £1.122M.

7.2 Members will be aware that the cost of the CTRS is impacted by changes in caseload and by changes to the level of Council Tax. This impacts on the net income generated through any increase in Council Tax. A 1% increase in Council Tax will generate an additional income for the Council of £1.287M (at the 2024/25 tax base level) but will also cost £0.258M in additional CTRS requirements. It therefore follows that a 1% increase generates a net additional income of £1.029M, or stated another way, 20% of any Council Tax increase is lost to support the increased costs associated with Welsh Government’s CTRS.

7.3 At their meeting on the 21st February 2024, the Cabinet determined to amend the level of Council Tax increase to 4.99% (previously 4.90%) and that the additional income generated be ring fenced to support public transport within the county borough.

8.0 SCHOOLS BUDGET (ISB)

8.1 Members have always viewed our schools as being a key priority and have ensured that they have been treated favourably in comparison with other council services.

8.2 The Schools Budget (ISB) has increased and been protected from the worst of the impact of austerity, with an increase over the last 10 years of 34%, at a time when other council budgets have increased by 17%. This would equate to an extra £26M having been provided to schools as compared to other council services.

8.3 The restated initial budget gap at provisional settlement of £36.6M which the Council faced equated to 6.6% of our budget, excluding authority wide budgets. Schools have benefitted from significant one-off resources from Welsh Government over recent years and have been previously advised to use their reserves responsibly to assist them in their financial planning over this challenging period. For context, the aggregate level of school balances increased from £12M to £20M over the course of the financial year 2021/22 and were £15M as at the 31st March 2023. It is noted that schools will have used reserves as part of agreeing their budget for this financial year (2023/24).

8.4 The strategy now proposed will see schools allocated funding next year to cover in full all their pay pressures including all pay awards. This is notwithstanding the fact that Welsh Government have not provided additional funding in respect of the costs of increased teacher pay awards for the current year.

8.5 Over and above this and after adjusting for reduced energy costs, the Council will provide schools with a further £1M base budget toward their non pay costs plus an additional £0.500M of one-off funding for next financial year. This includes the funding from the charge for the additional childcare available alongside free breakfast club provision. This will see the schools budget increase by £12.4M for next year, or 6.6%.

8.6 After absorbing non pay inflationary costs, as all other Council Services are being required to do, this would mean that schools would have to contribute to balancing the overall budget gap by delivering an efficiency of 1.1%.

8.7 Funding in respect of the additional costs associated with Teachers Pensions remains expected to be provided by UK Government so these costs are assumed to be fully funded.

“The Chancellor’s Autumn Statement referred to the changes to the SCAPE rate, which has implications for the costs of employers’ contributions to teachers and fire-fighter pensions. Funding for this is expected to be provided by UK Government during 2024-2025. I have written to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. I can assure you that the funding Welsh Government receives for this will be provided to relevant bodies. My officials will keep your officers informed.”

9.0 EFFICIENCY

- 9.1 Council services have for many years now delivered against ambitious efficiency targets, making considerable budget reductions without adversely impacting on front line service provision.
- 9.2 As part of the current year’s budget strategy, £16.1M of Efficiency and Service Operational Reconfiguration measures were identified and delivered.
- 9.3 Senior officers continued to work through the year to identify options to deliver budget reduction measures early and to ensure that front line services continue to be protected as much as possible. Service managers were engaged across all service areas ensuring that all contributed to the challenging position which we were facing.
- 9.4 Over a number of months including challenge sessions with the Senior Leadership Team, options have been identified and assessed against the service level and resident impact to ensure that our vital services were protected and maintained wherever possible. Following this assessment the Senior Leadership Team have already been able to agree proposals amounting to £8.245M as was reported to Cabinet on the 20th November 2023.
- 9.5 Following the continuation of this work, the Senior Leadership Team have been able to identify a further range of measures which would reduce our base budget requirement by **£5.246M**.
- 9.6 The proposals can be summarised as follows :

Table 1 : Efficiency and Service Operational Reconfiguration

Categorisation	£'000
General Efficiency Measures - cost reduction / additional income	2,104
General Efficiency Measures - service restructuring and vacancy management	1,081
Operational Service Reconfiguration	905
General Efficiency Measures - Recharge of costs / use of external funding	1,156
Grand Total	5,246

9.7 The Senior Leadership Team can again provide assurance to Cabinet, that the measures proposed can be delivered operationally and without a significant detrimental impact on our front line services.

10.0 SPECIFIC SERVICE / EXPENDITURE CHANGES

10.1 This Council has taken proactive steps to dealing with the budget pressures it continues to face including delivery of saving proposals early with a clear focus maintained across the medium term planning horizon. The Council has continued to deliver robust, balanced budgets and taken the opportunity to use our Medium Term Financial Planning and Service Transformation Reserve, as transition funding, to sensibly support the overall budget strategy. This approach is one which I would recommend is continued.

10.2 As part of this budget strategy, a number of reviews have also been undertaken to ensure that the budget reflects updated projections of demand and cost.

a. Energy

The current year increases for our energy costs were around a 283% increase for gas and a 147% increase for electricity. At the time we set the budget, latest forecasts were projecting likely lower costs for the following year 2024/25, and to recognise this “spike” in costs an energy reserve (£5M) was set up to fund the costs during 2023/24.

Detailed monitoring and scrutiny has taken place across our energy budgets during the current year alongside the most up to date forecasts for costs into next financial year.

The position anticipated above (i.e. a spike in cost for the current year and lower tariff rates for 2024/25) materialised and we are consequently able to reduce our base budget requirement for next financial year.

In addition, the development of a proposed Council owned solar farm is now progressing with completion anticipated during 2024/25 financial year. The funding arrangements will be set out in the Council’s new 3 year capital programme but we are now able to factor in a part year income stream from the generation and sale of energy in line with an agreement already in place.

As a consequence of the above, it is possible to reduce the Council’s budget requirement by **£4,479k**.

b. Base Budget Updates

The Council has reviewed its base budget requirements in light of ongoing service requirements and pressures and can make a number of adjustments in this respect. This includes :

- Funding arrangements in respect of Graduates and Apprentices, recognising that such roles are now being mainstreamed and funded by service areas as part of their workforce planning arrangements;
- Income being generated from the successful roll out of our staff benefits scheme and over and above the level which has already been reinvested back into our staff development programmes;
- Reflecting the updated contribution levels to joint arrangements including the Central South Consortium Joint Education Service and the updated arrangements for the delivery of the Council's Internal Audit Service; and
- Reflecting up to date caseload and demand pressures for the Council Tax Reduction Scheme.

The above base budget updates reduce the Council's budget requirement by **£1,338k**.

c. Additional Childcare prior to the Commencement of Free Breakfast Club Provision

The Cabinet have now agreed to implement a proposal to charge for the wraparound childcare element which is provided alongside the Free Breakfast Club provision at £60 per term for 5 days per week or £40 per term for up to 3 days per week.

The implementation of this proposal would reduce the Council's budget by **£495k** (full year) with this income being ringfenced and reinvested into our schools' budget.

d. Capitalisation

Expenditure has been identified which is currently funded from our revenue budgets which could, in line with accounting rules, be funded from our capital budgets. These expenditure items relate to IT software licence costs and vehicle purchases.

The Senior Leadership Team have considered the impact upon our capital programme, in the context of the overall quantum of the programme across 3 years and concluded that a reduction in our core programme can be delivered. Opportunities will be taken to top up any specific areas of demand or areas of particular impact through one off investment funding opportunities and / or additional in-year funding approvals going forward. The Council's updated 3 year capital programme 2024/25 to 2026/27 will set out full details.

The proposal would reduce the revenue budget by **£500k**.

e. Fees and Charges

It is proposed that all Fees and Charges are subject to a 5.0% standard increase, recognising the significant increase in our cost base and subsequent level of subsidy. A number of areas are proposed to be subject to specific treatment, as set out in the [Fees and Charges Proposals 2024/25](#) already considered by Cabinet and now consulted upon.

These proposals would generate additional income of **£452k**.

- 10.3 On 24th January 2024, the UK Government announced it would be increasing its 2024/25 local government settlement by £600M in England, with a consequential allocation of around £25M for Wales. On the 7th February 2024, the Welsh Government Minister for Finance and Local Government announced that the £25M would be allocated to local government in the Final Budget, restoring the Social Care Workforce Grant to £45M (all Wales) with the remaining balance allocated to the Revenue Support Grant. This is now confirmed in the Final Settlement with this Council receiving additional resources amounting to £1.951M as a result of this.
- 10.4 The financial implications (including part-year impact) of the above proposals are shown in the following table.

Table 2 : Budget Strategy - Specific Service / Expenditure Changes

	£'000	£'000
Remaining Budget Gap at Provisional Settlement		25,910
Schools Budget	- 2,918	
Council Tax	- 1,122	
Service Efficiencies	- 5,246	
Energy Budget Requirement	- 4,479	
Base Budget Adjustments	- 1,338	
Charging for Childcare (alongside free breakfast clubs)	- 495	
Capitalisation	- 500	
Fees and Charges	- 452	
Support for Public Transport	93	
		- 16,457
Additional Resources at Final Settlement		- 1,951
Remaining Budget Gap		7,502

- 10.5 *Medium Term Financial Planning and Service Transformation Reserve (Transitional Funding)* – We have for many years used our transition funding reserve sensibly as part of our balanced budget strategy, at a level which does not compromise the robustness of our budget and which can be replenished with some certainty, given our ongoing strategy of delivering savings early.

- 10.6 As previously referenced at section 3, the reserve currently stands at £9.529M, having been replenished and increased during this year (2023/24). Accordingly, to address the remaining budget gap, it is proposed that an allocation of £7.502M is made from this reserve for 2024/25. This would facilitate a balanced budget for 2024/25 and would leave £2.027M in the reserve (subject to the year-end assessment of reserves). Processes are now sufficiently well embedded to ensure that savings are achieved in-year and that this reserve can continue to be replenished.

Table 3 : Balancing the Budget 2024/25

	£'000
Remaining Budget Gap	7,502
Use of Transition Funding / Reserves	- 7,502
Remaining Budget Gap 2024/25	-

- 10.7 The above provides a robust and balanced budget strategy for financial year 2024/25 which is now recommended to Council.

11.0 SERVICE PRIORITIES

- 11.1 Even after a period of significantly reducing resources and hence financial pressure on all services, this Council remains committed as far as it possibly can to continue to deliver its key services, stronger communities and social justice.
- 11.2 The Council's Corporate Plan sets out that our key purpose is to provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous.
- 11.3 In addition to our revenue base budget requirements, opportunities also continue to be taken to deliver investment in key strategic areas through one off funding made available via a risk based review of earmarked reserves and through early identification of in-year savings opportunities. The Council has already invested over £161M (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, the latest investment (£7.730M) being agreed by Council in September 2023.
- 11.4 A report setting out the updated capital programme for 2024/25 to 2026/27 will be reported for Members consideration alongside this revenue budget strategy.

12.0 THE 2024/25 BUDGET STRATEGY CONSULTATION PROCESS

12.1 As in previous years, the Council has been keen to consult with the public and other interested stakeholders on its general budget strategy and how services are delivered.

12.2 The approach to budget consultation for 2024/25 was set out in the Cabinet report dated 23rd October 2023. It comprises 2 phases as follows:

Phase 1 - provided residents and stakeholders with the opportunity to feedback their views on some of the key strategic building blocks used to construct the Council's budget.

Phase 2 - once Cabinet agreed a draft budget strategy, and in light of the provisional local government settlement, then this draft strategy was consulted upon as part of Phase 2.

12.3 The Phase 1 Consultation report was considered by Cabinet on the 24th January 2024 alongside the initial budget proposals which were then consulted upon as part of Phase 2.

12.4 The Phase 2 Consultation report is now attached at Appendix 2. The phase 2 consultation process ran from the 24th January 2024 to the 9th February 2024 and included:

- On-line questionnaire and Poll via the Let's Talk website;
- Email to all key stakeholders;
- Young person's face to face engagement via schools;
- Promotion through social media;
- A telephone consultation option through the Council's Contact Centre and a freepost address for postal responses;
- Meetings with:
 - Older Persons Advisory Group;
 - The Council's Overview and Scrutiny Committee;
 - School Budget Forum; and
 - Joint Consultative Committee.

12.5 With regard to the consultation activity undertaken with the Overview & Scrutiny Committee, School Budget Forum and Joint Consultative Committee, the extracts of the minutes from these meetings are attached at Appendices 3, 4 and 5 respectively.

13.0 THE 2024/25 MACRO REVENUE BUDGET

13.1 In arriving at a strategy for 2024/25, the Cabinet has taken into consideration its key commitments, its views on service delivery and relevant charges for services and the need to minimise the tax burden on local residents. Consequently, and after careful deliberation, the Cabinet has concluded that it

can now propose a balanced revenue budget which will meet all of the fundamental requirements of its preferred strategy **and** minimise the Council Tax increase for next year.

- 13.2 Table 4 below illustrates how the revenue resources available to the Council could be utilised, with a Council Tax increase of 4.99%:

Table 4: Proposed Resources in 2024/25

	£'000
2024/25 Net Revenue Spending	631,795
LESS: Revenue Support Grant & NDR Contribution	485,567
LESS: Social Care Workforce Grant	3,668
Sub total	142,560
LESS: Release of Earmarked Reserves	7,502
To be met from Council Taxpayers	135,058

- 13.3 Table 5 below, shows the overall effect on services of applying the principles of the Cabinet's recommended outline 2024/25 budget strategy.

Table 5: Application of the 2024/25 Outline Budget Strategy

BUDGET REQUIREMENTS	2023/24	2024/25	Increase/ (Decrease)
	£'000	£'000	£'000
<u>Corporate Requirements</u>			
Capital Financing	21,708	21,708	0
Levies	14,960	15,728	768
Council Tax Reduction Scheme	25,784	26,570	786
Miscellaneous	14,261	13,215	(1,046)
	76,713	77,221	508
<u>Individual School Budgets (ISB)</u>			
Individual School Budgets	186,976	198,462	11,486
<u>Other Council Services</u>			
Community & Children's Services	202,148	210,154	8,006
Finance, Digital and Frontline Services	79,595	82,604	3,009
Chief Executive's	28,499	27,177	(1,322)
Education & Inclusion Services	36,024	36,177	153
Net Revenue Spending	609,955	631,795	21,840

14.0 SPECIFIC GRANTS

- 14.1 For next year, the Welsh Government is to provide around £1.4Bn in Specific Revenue Grants to Welsh Local Authorities.
- 14.2 Whilst specific grants dilute local accountability, such funding does enable us to undertake projects and deliver services that otherwise may not have been possible. Whilst we will continue to make representation for such funding to be transferred into the Revenue Support Grant, until they do so then specific grants will continue to supplement our base revenue budget.
- 14.3 By their nature, specific grants are often directed toward specific spend areas or policy objectives and are not certain in terms of their ongoing continuation nor value, presenting uncertainty in terms of forward planning.
- 14.4 The allocation of specific grants, however, remains a key feature of the annual local government settlement, albeit there is a commitment to reduce such hypothecation. There are also a number of specific grants which have been introduced to deal with recurring cost pressures (eg Social Care Workforce Grant) and it is important that we seek to ensure their continuation beyond 2024/25.

15.0 EQUALITY AND DIVERSITY / SOCIO ECONOMIC DUTY IMPLICATIONS

- 15.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.
- 15.2 An Equality Impact Assessment has been completed and concluded that the recommendations set out in the report are in line with the above legislation.

16. WELSH LANGUAGE IMPLICATIONS

- 16.1 The allocation of resources, as set out in the recommended 2024/25 Budget Strategy, is based on supporting the Council's service delivery requirements and associated statutory responsibilities for the forthcoming year. In doing so, the recommended strategy is in line with the Welsh Language (Wales) Measure 2011.

17.0 CONSULTATION

- 17.1 Consultation and engagement has been undertaken as part of formulating the recommended 2024/25 Revenue Budget Strategy, the detail of which is set out in Section 12 of the report.

18.0 FINANCIAL IMPLICATION(S)

- 18.1 The financial implications of the recommendations are set out in the main body of the Report.

19.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 19.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget and also a legal duty under the Local Government Act 2000 for it to be reported to and approved by Full Council. The recommended 2024/25 Revenue Budget Strategy and its reporting to full Council ensures compliance with these legal duties.

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

- 20.1 The recommended 2024/25 Revenue Budget Strategy has been formulated to support the delivery of the Council's strategic priorities and Corporate Plan. The plan is aligned to the goals and principles included within the Well-Being of Future Generations (Wales) Act.

21.0 CONCLUSIONS

- 21.1 The Council's overall financial position remains sound, with General Reserves maintained at the recommended minimum level of £10M.
- 21.2 On the 20th December 2023, the Minister for Finance and Local Government (Rebecca Evans MS) announced the Provisional 2024/25 Local Government Settlement with this Council's increase in resources set at +2.8%. This was followed up with additional resources being announced for local government in Wales on the 7th February 2024, which were consolidated into the Final Settlement (announced on the 27th February 2024) with the increase in resources for this Council revised to +3.0%.
- 21.3 The Cabinet's proposals properly address the corporate financial requirements of the Council and allocate an adequate financial uplift to the Individual Schools Budget. The remaining resources available are allocated to fund all other services and to support our key priorities in 2024/25.
- 21.4 The Cabinet has recommended setting the 2024/25 revenue spending and budget at £631.795M which will require a Council Tax increase of 4.99% for the financial year ending the 31st March 2025.

21.5 The Council continues to deliver year on year balanced budgets alongside an ambitious investment programme supporting key priorities. The challenge does remain for positive and proactive management from the Senior Leadership Team and clear direction from Members to produce a robust and financially sustainable budget into the medium term in what continues to be a challenging financial climate.

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Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

To:
Leaders of County and County Borough Councils in Wales

Copied to:
Chief Executives and Directors of Finance, County and County Borough Councils in Wales
Chief Executive and Director of Finance, Welsh Local Government Association

27 February 2024

Dear Colleagues,

Today I am publishing details of the final local government revenue and capital settlement for 2024-25 (the settlement) for county and county borough councils (authorities) in Wales through a cabinet written statement. This is attached for your information. The final *Local Government Finance Report* and additional tables containing details of the final Settlement by individual authority are also being published on the [Welsh Government website](#).

As we have developed the 2024-25 Final Budget, we have prioritised protecting core frontline public services as far as possible; supporting the hardest hit households and prioritising jobs, where we can. Local authorities are key to this.

I have used additional funding allocations for Wales, received as a consequence of UK Government spending decisions in devolved areas in England, to increase the local government settlement by £14.4m. I am also reversing a £10m reduction to the social workforce grant for 2024-25. This reflects the importance of these core public services and responds to calls from local authority Leaders and Senedd Members to prioritise local government if further resources became available.

Adjusting for transfers, the core revenue funding for local government in 2024-25 will increase by 3.3% on a like-for-like basis compared to 2023-24. No authority will receive less than an 2.3% increase. In 2024-25, local authorities will receive £5.72bn from the Welsh Government Revenue Support Grant (RSG) and non-domestic rates (NDR) to deliver key services.

In addition to the core Settlement, I am publishing indicative information on specific revenue and capital grants planned for 2024-25, which amount to over £1.3bn for revenue and over £956m for capital.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

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CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

As we discussed through the Finance Sub Group meeting in January, as part of our Programme of Government we are committed to reducing the bureaucratic burden on local government. Your authorities have highlighted grants management and administration as the area with the greatest opportunity for change. The final settlement includes the transfer of 3 revenue grants to the local government revenue grant as well as the amalgamation of other grants to provide larger more flexible grants. These changes are reflected in the accompanying tables providing transparency about the movements so you and other partners can clearly see any changes in funding in the round. This work, with you, will continue.

Social services continue to be a priority for councils and for Welsh Government. Our joint commitment to the real living wage for care workers reflects this. The costs of enabling authorities to continue to meet the additional costs of introducing the Real Living Wage for care workers were included in the indicative budget increase announced last year.

I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2024/25 teachers' pay deal. Authorities' budget planning must therefore accommodate these costs.

I am providing a package of non-domestic rates support which will benefit every ratepayer in Wales. I confirmed this package as part of the Draft Budget. We will cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost of £18m. This is lower than the 6.7% increase that would otherwise apply. We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. We also continue to support ratepayers with increased liabilities following the 2023 non-domestic rates revaluation. Our transitional relief scheme continues to phase in changes for eligible ratepayers at a cost of £38m in 2024-25. This is in addition to our permanent rates relief schemes.

I recognise that while the recent very high rates of inflation are now decreasing, they are still high by the standards of the last 15 years. Baseline costs for staff and services have increased and are not reducing. Demand for services, alongside cost pressures mean that local authorities have needed to make difficult decisions on services, efficiencies, and council tax in setting budgets. I want to acknowledge the challenges you are facing. We will continue our positive engagement with local government on all matters finance-related through the Finance Sub Group.

I set out the position on capital funding for the Welsh Government as part of today's budget statement. As I set out in my letter to you on the provisional settlement, I have maintained the general capital funding for local authorities at £180m, the indicative level that was set last year and the £20 million capital on our joint priority of decarbonisation. I know this will mean that local authorities will have to look carefully at and prioritise capital programmes to continue to invest to best effect in the provision of public services.

The Chancellor's Autumn Statement referred to the changes to the SCAPE rate, which has implications for the costs of employers' contributions to teachers and fire-fighter pensions. Funding for this is expected to be provided by UK Government during 2024-2025. I have written to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. I can assure you that the funding Welsh Government receives for this will be provided to relevant bodies. My officials will keep your officers informed.

I know that you are aware of the need to comply with the general equality duties set out in the Equality Act 2010, and also the specific equality duties where applicable. The equality impacts of budgetary options should be assessed and inform any final decisions. Authorities also need to have taken account of their duties under the Well-being of Future Generations (Wales) Act 2015 and the Welsh language standards in preparing plans for 2023-24.

The Government will now proceed to lay the Local Government Finance Report (No. 1) for 2024-25 for debate in the Senedd on 5 March 2024.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

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Table 1a: Change in Aggregate External Finance (AEF), adjusted for transfers, by Unitary Authority (£000)

Unitary Authority	2023-24 Final Aggregate External Finance	2024-25 Final Aggregate External Finance	Percentage difference	Rank
Isle of Anglesey	124,147	127,586	2.8%	17
Gwynedd	228,180	233,317	2.3%	22
Conwy	199,025	203,526	2.3%	21
Denbighshire	193,351	200,795	3.8%	4
Flintshire	252,255	258,527	2.5%	20
Wrexham	225,021	232,865	3.5%	8
Powys	228,852	235,865	3.1%	11
Ceredigion	131,569	135,286	2.8%	14
Pembrokeshire	212,918	218,870	2.8%	16
Carmarthenshire	338,755	350,646	3.5%	7
Swansea	417,919	435,021	4.1%	3
Neath Port Talbot	277,211	285,594	3.0%	12
Bridgend	250,853	258,925	3.2%	10
The Vale of Glamorgan	202,925	209,781	3.4%	9
Rhondda Cynon Taf	471,369	485,567	3.0%	13
Merthyr Tydfil	119,170	123,492	3.6%	5
Caerphilly	340,339	348,864	2.5%	19
Blaenau Gwent	140,094	144,044	2.8%	15
Torfaen	172,572	178,733	3.6%	6
Monmouthshire	122,844	126,019	2.6%	18
Newport	289,622	304,045	5.0%	1
Cardiff	597,291	623,158	4.3%	2
Total unitary authorities	5,536,285	5,720,524	3.3%	

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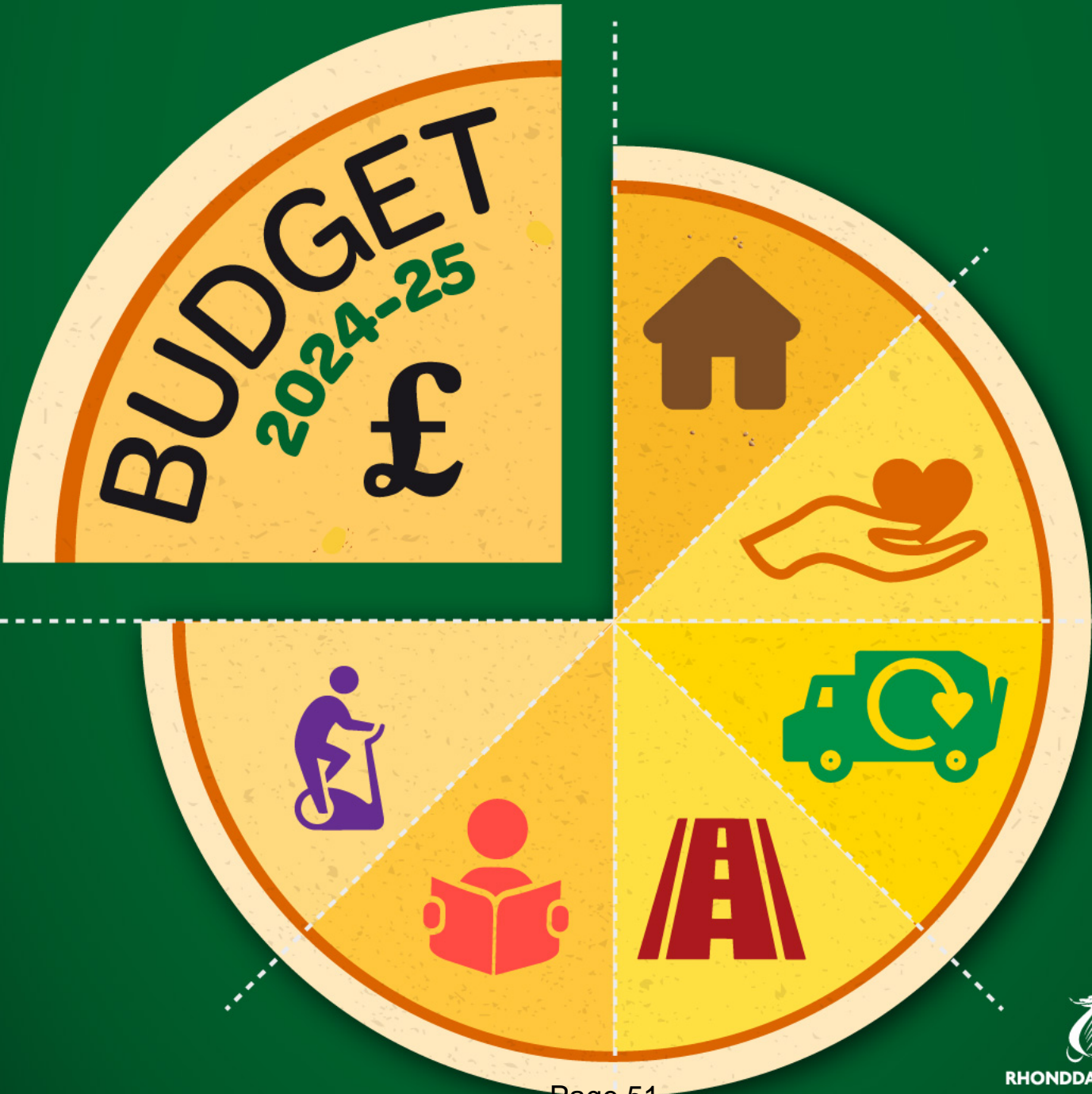
2024/25 BUDGET (PHASE 2)

APPENDIX 2

Consultation Report

Rhondda Cynon Taf CBC

February 2024



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EXECUTIVE SUMMARY

- This section provides a summary of the main findings from the Phase 2 Budget Consultation 2024-25.
- Rhondda Cynon Taf's 2024-25 Budget Consultation is a phased approach, so that we can ensure residents and stakeholders have as much opportunity as possible to provide views on the budget and to make sure that views are informed by the most up to date and relevant information.
- Phase 1 provided residents and stakeholders with the opportunity to feedback their views on some of the key strategic building blocks used to construct the Council's proposed budget. The Phase 1 consultation report was available to support the preparation of the budget strategy proposals and was presented to Cabinet on the 24th January 2024, where a draft budget strategy was agreed.
- This report presents the findings of **Phase 2** of the budget consultation, which asked for views on the draft budget strategy for 2024-25. Phase 2 of the consultation started on the 24th January 2024 and ended on the 9th February 2024.
- The Council is proposing that Council Tax be increased by 4.9% for next year, likely to be one of the lowest increases in Wales. 58.3% of respondents felt that the increase was not reasonable compared to 37.0% who fed back the proposed increase was reasonable.
- The main reasons provided by respondents who disagreed with the proposed increase in Council Tax were the ongoing Cost of Living crisis including stagnating wages against increased outgoings and dissatisfaction with service levels (and concerns about proposed/future service reductions).
- The respondents who thought that the proposed increase in Council Tax was reasonable that they believe the current financial situation requires additional Council Tax income to maintain services.
- A Quick Poll question about Council Tax was phrased differently to that in the survey, asking whether respondents agreed "with a 1% increase in Council Tax to that originally planned, from 3.9% to 4.9%". Results from this survey contradict those from the survey findings, with 67.2% agreement and 29.4% disagreement.
- The Schools Budget next year is once again being prioritised and will contribute a far lower efficiency saving than other Council Services. It is proposed to increase the Schools Budget by £11.9 million, an increase of 6.4% compared to the 2.8% increase in funding the Council is to receive from Welsh Government, as per the provisional local government settlement. 62.8% of respondents agreed with the approach to continue to

prioritise our schools and the proposed increase to the Schools budget for 2024-25.

- Significant work has been undertaken across all Council Services and budget reduction measures totalling £13 million for 2024-25 have been identified which can be delivered without significantly impacting on our front-line services. 72.9% of respondents agreed that the Council should continue to maximise efficiency and pursue these efficiency savings for next year.
- 67.5% of respondents agreed with the proposals for fees and charges.
- 75.6% of respondents agreed with the proposed approach for the use of the Council's reserves.
- 686 people were engaged in the phase 2 budget consultation. Overall (including Phase 1) over 1,200 people were engaged in the Council's 2-phase budget consultation process.

1. INTRODUCTION

- 1.1 This report presents the findings of the Phase 2 Budget Consultation 2024-25.
- 1.2 Section 2 outlines some brief background to the consultation process.
- 1.3 Section 3 details the methodology.
- 1.4 Section 4 provides the results of the Let's Talk engagement tools and the feedback received from the Older Persons Advisory Group (OPAG).
- 1.5 Section 5 provides feedback on the young persons' engagement.

2. BACKGROUND

- 2.1 The Council undertakes a comprehensive approach to its annual budget consultation, involving a large number of residents and key stakeholders.
- 2.2 The widespread approach we use and the range of views we capture provides senior managers and Cabinet Members with the necessary information they need to recommend a Revenue Budget Strategy for the 2024-25 financial year.
- 2.3 Rhondda Cynon Taf's 2024-25 Budget Consultation is a phased approach, so that we can ensure residents and stakeholders have as much opportunity as possible to provide views on the budget and to make sure that views are informed by the most up to date and relevant information.
- 2.4 Phase 1 provided residents and stakeholders with the opportunity to feedback their views on some of the key elements used to construct the Council's proposed budget.
- 2.5 The Phase 1 [consultation report](#) was available to support the preparation of the budget strategy proposals and was presented to [Cabinet on the 24th January 2024](#), where a draft budget strategy was agreed.
- 2.6 This report presents the findings of **phase 2** of the budget consultation, which asked for views on the draft budget strategy for 2024-25.
- 2.7 Phase 2 of the consultation started on the 24th January 2024 and ended on the 9th February 2024.

3. METHODOLOGY

- 3.1 This section provides a summary of the methodology used for the Phase 2 Budget Consultation 2024-25. The consultation was conducted in-house.
- 3.2 The consultation period ran from the 24th January 2024 and ended on the 9th February 2024.
- 3.3 The approach included the following methods to consult with a range of stakeholders:
 - Publication of information on the Rhondda Cynon Taf [“Let’s Talk”](#) website, which included
 - A survey
 - “Quick Poll”
 - A simplified “Easy Read” document that could be downloaded and printed for use by any audiences that felt unable to engage with the full survey format.
 - Key background documents
 - Promotion through social media
 - A face-to-face meeting with the OPAG
 - Overview & Scrutiny Committee meeting
 - School Budget Forum meeting
 - Joint Consultative Committee meeting
 - A face-to-face session with young people and engagement through Tonyrefail Community School and Treorchy Comprehensive School
 - An email sent to key stakeholders.
- 3.4 The Council provided a number of alternatives to online engagement, as it is important to continue to consider hard to reach groups, those having reduced or no access to the internet and those who prefer to engage through traditional methods. A telephone consultation option was also in place, through the Council’s contact centre. This option allows people to discuss their views or request consultation materials. Individual call backs were available on request and a consultation Freepost address was available for postal responses.
- 3.5 The Team designed an Easy Read/Plain English Document in paper format and online, to simplify some of the consultation materials.
- 3.6 686 people were engaged in the phase 2 budget consultation. Overall (including Phase 1) over 1,200 people were engaged in the Council’s 2-phase budget consultation process.

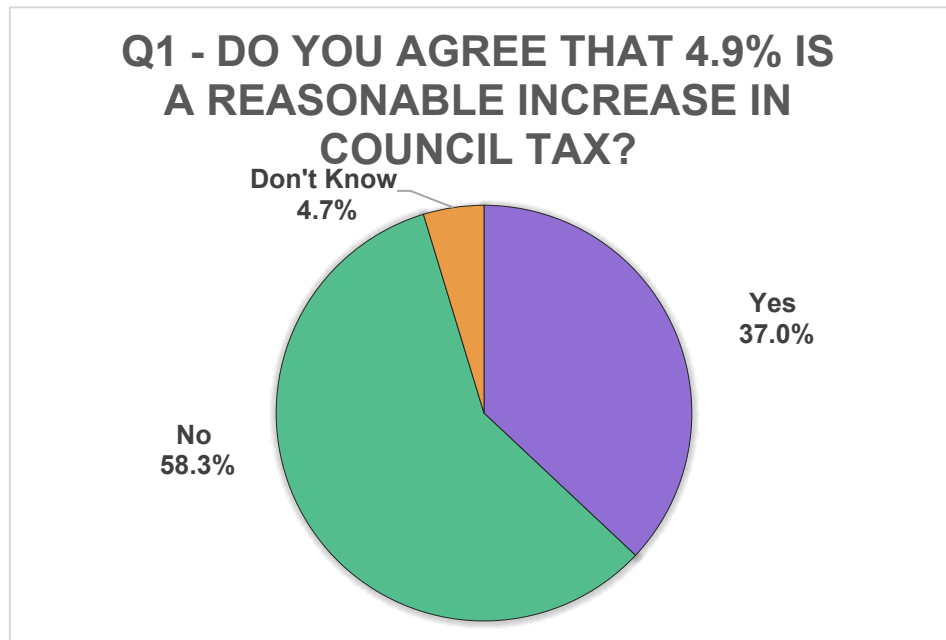
4. Consultation Findings

4.1 The following section outlines the results from the phase 2 budget consultation questionnaire, which received 450 responses, and also includes the feedback received from the OPAG and the young people in schools.

A selection of comments are provided, and the full list of comments will be provided to Cabinet and senior officers to assist with decision making.

Council Tax

4.2 The Council is proposing that Council Tax be increased by 4.9% for next year. The majority of respondents to the questionnaire felt that the increase was **not** reasonable (58.3%).



	Number	%
Q1 - Do you agree that 4.9% is a reasonable increase in Council Tax?	Yes	165 37.0%
	No	260 58.3%
	Don't know	21 4.7%
	Total	446

Figure 1 – Council Tax

4.3 The Poll question on the Let's Talk Budget Engagement site was completed by 204 people, with 67.2% agreeing and 29.4% disagreeing to this level of Council Tax increase. It should be noted that the wording of the poll question was different to that in the main survey, where respondents were asked if they agreed with a 1% increase in Council Tax to that originally planned, from 3.9% to 4.9%.

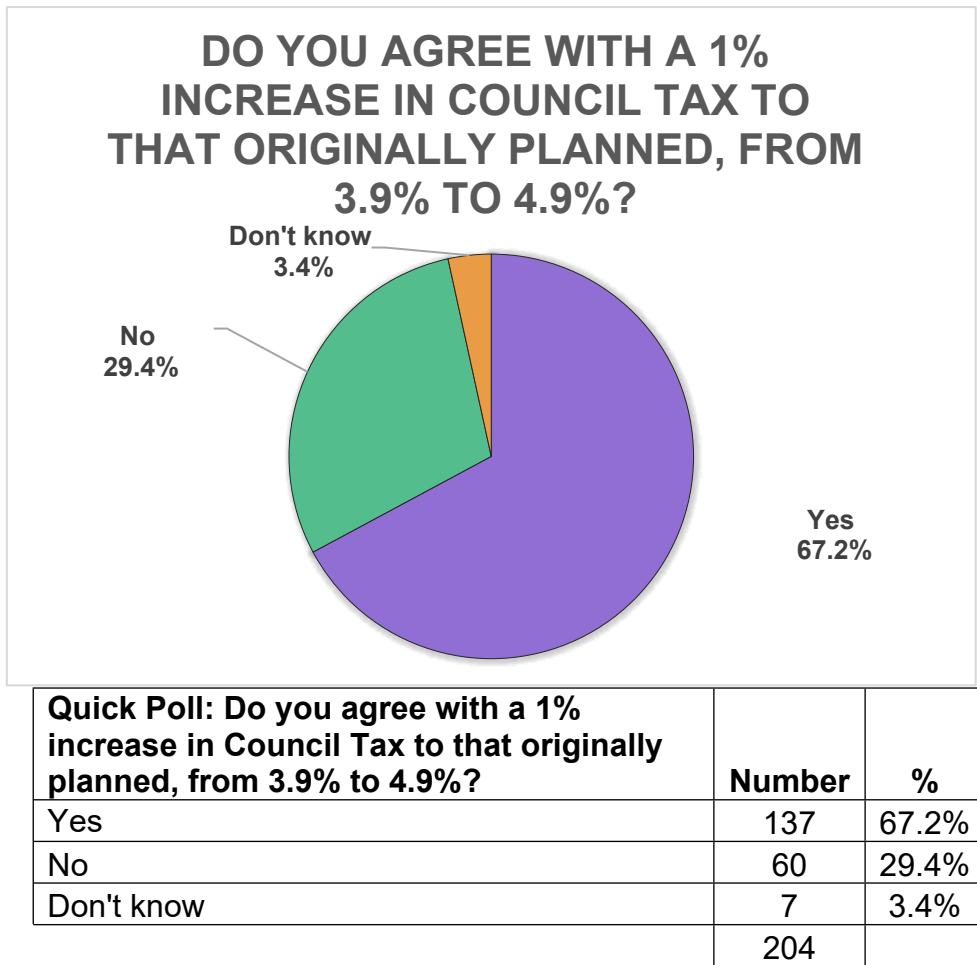


Figure 2 – Council Tax Quick Poll

4.4 A large number of comments disagreed with an increase in Council Tax and the comments can be placed under a number of themes, as follows:

Cost of Living

4.5 The main reason cited for disagreement with the suggested increase in Council Tax was the current cost of living crisis and that people were finding it difficult financially, with the increasing price of food, energy etc.

"With everything else going up, it's hard enough as it is to manage without increasing more bills."

"An increase would put more pressure on working families."

"Most peoples pay hasn't gone up by that much"

"People are struggling now, an increase would put more pressure on already stretched households."

"Our monthly income is leaving us with nothing else to spare as it is, we are struggling to pay our mortgage, heating, and food. Our council tax is

already a bill that we struggle to keep on top of and it's increasing every year."

"With RCT being one of the poorest regions in wales and the uk and with a cost of living crisis and low wages in the valleys with many people spending high fuel costs to travel to work this is totally unacceptable"

"It's too much for struggling households to cope with on top of other financial pressures."

The young people we spoke to in schools felt that the increase in Council Tax was unfair:

"Alongside all the other costs, that is a lot."

"I think it's unfair, everything's going up, there's not enough money to live on."

Dissatisfaction with Service Quality

- 4.6 There was a level of dissatisfaction with the services received for the Council tax that is paid.

"Services are being cut - yet we are expected to pay more."

"Council tax is expensive and despite receiving a discount for a single occupancy it is already extremely high with council services not being delivered well."

"Ridiculous. Cuts to save money by dropping bin collections to 3 weekly and now increasing council tax feels insulting and takes no regard to the residents of RCT."

"The roads are still in a state. Potholes everywhere, street lighting knocked off, the list goes on."

"Services have been reduced! So why do we have to pay more?"

"If things were kept at current levels then yes but we all know services are being cut"

Support the increase

- 4.7 Some of the respondents were supportive of the increase in Council tax;

"The rise should be higher so as to prevent cuts to our public services, which will prove inevitable without a much higher rise in tax."

"Another year that RCT has managed to maintain a relatively low increase."

“As stated this increase could be one of the lowest in Wales... There being no other option !!!!”

“Given the hole RCT is in I agree that a 4.9% increase this year is necessary and could be considered reasonable however I also feel that the council needs to look into efficiency improvements throughout its organisation.”

“I believe it’s necessary but not reasonable “

“I don’t think any rise in Council Tax is reasonable, however, with the budget problems a 4.9% raise is acceptable.”

“It is quite a jump, but due to current situation may be only option.”

“its a lot to put on tax payers but if its the only way to keep hold of our public services then it has to be done”

“Raise it a little more”

“This is very reasonable in comparison to neighbouring authorities proposals”

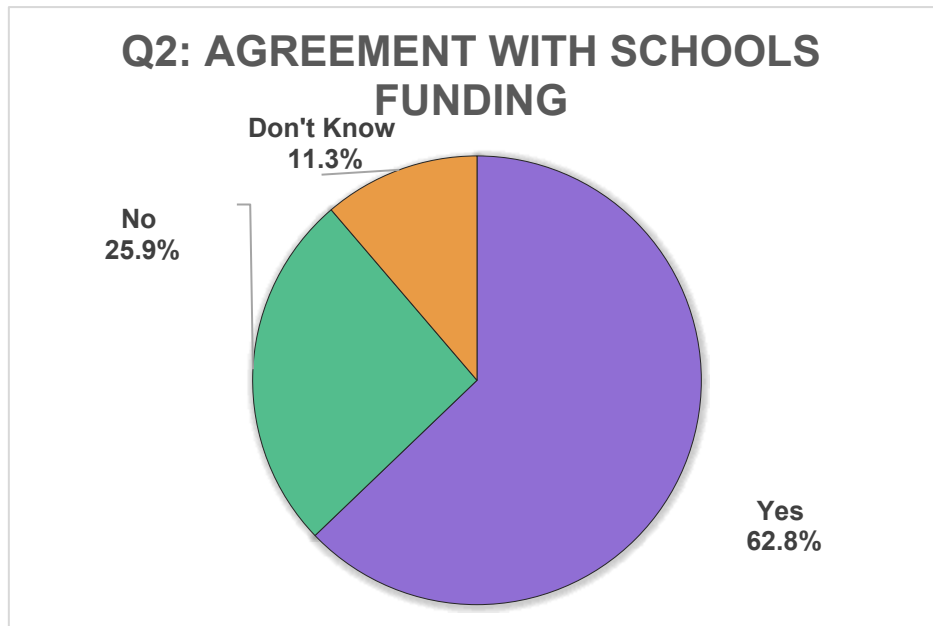
- 4.8 OPAG members accepted that the increase was necessary given the financial situation the Council is in.

Schools Funding

- 4.9 The Schools Budget next year is once again being prioritised and will have to contribute a lower efficiency saving than other Council Services.

It is proposed to increase the Schools Budget by £11.9 million, an increase of 6.4% as compared to the 2.8% increase in funding the Council is to receive from Welsh Government, as per the provisional local government settlement.

62.8% of respondents agreed with the approach and the proposed increase to the Schools budget for 2024-25.



		Number	%
Q2 - Schools	Yes	279	62.8%
	No	115	25.9%
	Don't know	50	11.3%
	Total	444	

Figure 3 – Schools

4.10 The majority of comments welcomed the approach for funding schools.

Support for additional funding:

"Children are the future so must have a good education."

"Schools are important and our children need safe and secure places to be educated."

"Children are our future, & as an overall 'deprived area', schools & children need as much support as possible."

"Schools need to be prioritized to give children the best possible chance."

"Schools need more support as they are fighting a losing battle regarding behavior and the ALN children."

"you cannot sacrifice the opportunity for a child to have the chance of a good education and future job/carer prospects"

All of the young people we spoke to agreed with the additional funding for schools.

- 4.11 Many comments were received that supported an increase in the school budget, however some respondents felt that the increase should be in line with the proposed Council Tax increase (4.9%) or the provisional settlement figure from Welsh Government (2.8%).

Lower school budget increase

“4.9% should be allocated”

“School budgets increases should be lower to recognise that other services e.g. should also be protected. Schools should not expect to be protected year on year and should share the pain of reduced budgets.”

“I agree that schools budget should be protected but not to the detriment of other services, which by giving a 6.4 % increase will inevitably happen”

“If Welsh Government is increasing by 2.8% that is all it should be increased by. If you just manage and subsidise, then you will never get a fair settlement from WAG. Robbing Peter to Pay Paul isn't a good strategy.....”

- 4.12 A number of comments received were in favour of a budget increase for schools, but wanted more information on how the money would be invested.

Other ideas

“Again, more understanding of why the budget needs increasing by this amount and further to this how exactly will the funds be used.”

“Depends on how the money is going to be used”

“Depends on what the increase will be spent on. I would rather see school transport still being provided and ensuring children are attending school especially the most vulnerable instead of for example providing stationary/books”

“Education of children is important to ensure a bright future for the county but this must not come at a significant cost to parents and taxpayers. Having good education is pointless if the families of those pupils are in poverty.”

“Needs to be specific investment with clear and measurable outputs”

“Schools aren't the only services you provide.”

- 4.13 Some respondents felt that they couldn't comment on the schools budget due to them not having children and so were not affected, however

others felt it was unfair for them to contribute to the budget because they had no use for schools.

Not applicable - not directly affected

“Consistent increases in council tax to fund consistent increases in school budget is unfair for residents who have no use for the schools service. I agree that paying for essential schools budget is necessary but not if this is to help fund school services which are non essential”

“Doesn't apply to me, have no children”

“I don't have children so this would be unfair for me to judge”

- 4.14 There were some concerns about increasing schools budget at the expense of other services and the need for schools to also look at efficiencies themselves.

School efficiencies

“Schools should be tasked to look at their own budgets & make efficiencies where possible.”

“Schools have been protected for many years. It's time to carry out a review of service provision to see if there are potential savings.”

“A blanket increase may not be the right approach if schools are individually mis-managing budgets. If the fiscal governance of schools is tight, and every effort is made for correct management, then yes, a budget increase in line with inflation is appropriate.”

“Although there is an increase, schools are also being asked to make a 1.3% “efficiency saving” (essentially a cut)! I feel this should be accurately reported and mentioned alongside the proposed increase. Additionally, many of the schools' traded services costs are being hugely increased. Just saying the budget going up doesn't give a true reflection of the dire picture schools are facing.”

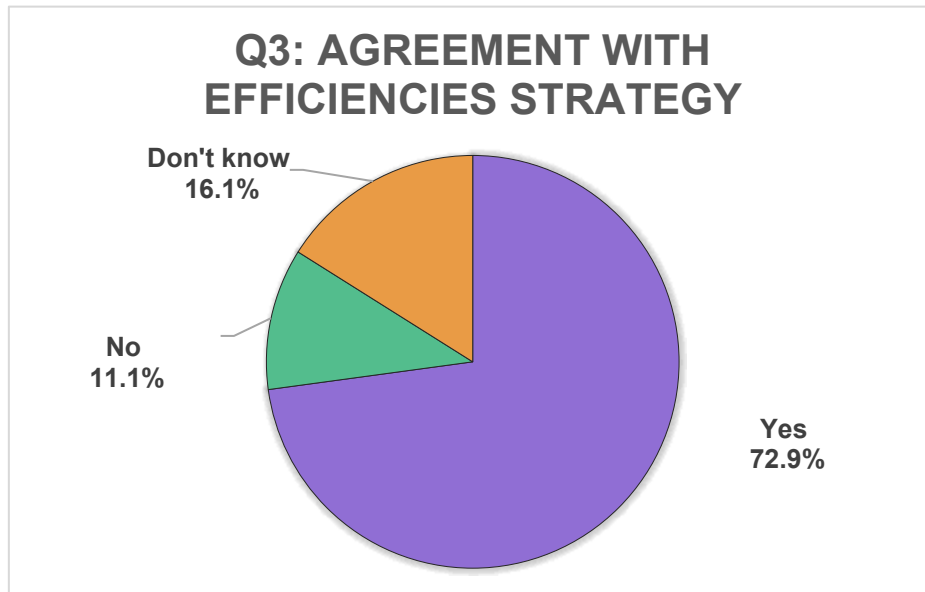
“I know people who work in schools and so much money is wasted. Instead of increasing by that much I feel like budgets should be managed in a much more appropriate way.”

- 4.15 The OPAG agreed with the approach outlined for the schools budget.

Efficiencies

- 4.16 Significant work has been undertaken across all Council Services and budget reduction measures totalling £13 million for 2024-25 have been identified which can be delivered without significantly impacting on our front-line services.

72.9% of respondents agreed that the Council should continue to maximise efficiency and pursue these efficiency savings for next year.



		Number	%
Q3 - Efficiencies	Yes	322	72.9%
	No	49	11.1%
	Don't know	71	16.1%
	Total	442	

Figure 4 – Efficiencies

4.17 Many of the responses were in agreement with the need for efficiencies:

"Yes, I agree to efficiencies, but what does 'without significantly impacting' actually mean?"

"Funds have to be used efficiently so yes, we all have to do our bit but it's hard to watch the quality of life deteriorate in the area."

"Maximizing efficiency! Yes, get on with it....."

Staffing and Efficiency:

4.18 Some of the comments on this proposal noted that efficiencies should not be found at the expense of staffing levels or support to frontline services.

"Your idea of efficiency seems to be cutting staff."

"Frontline services are negatively impacted by every single unfilled vacancy and overworked staff member."

"Efficiency is important but this must not come at the detriment of services or council employees."

- 4.19 A number of suggestions for efficiencies and savings were made in the comments, including:

"Make WFH more accessible managed during the pandemic why not now? If productivity is a concern managers need to be stronger."

"You need to listen to and engage with the staff on the ground in relation to the efficiencies that are achievable while providing the service required."

"Stop wasting money on street speed limit signs and remote funding for Welsh language, all very nice to have in a world where funding is there."

"Stop cutting grass it is not good for biodiversity."

"An easy way to save money is a strict work from home policy."

"Stop the unnecessary office moves and relocations. Stop leasing property when we have Council owned property laying empty."

"Savings should be made where possible, however, money should be spent where the public safety is at risk."

"If you're maximizing efficiencies and you've found savings why can these not be used instead of increasing council tax and increasing schooling budget."

"As long as efficiency doesn't come at a cost to safeguarding children such as school transport and social services provision."

Some comments from our school consultation included:

"Road works – spending money on roads that don't need to be fixed."

"20 mph areas are a waste of money to change signs only to change them back to 30mph."

"Lots of cars speeding in my street and nothing stops them. More cameras are needed or speed bumps in areas where needed."

- 4.20 A number of comments called for cuts to managers and Councillors:

"You need to take away from the top first, too many chiefs."

"Cut the number of highly paid members of management."

Fees and Charges

- 4.21 The Council reviews the level of fees and charges on an annual basis in the context of the rate of inflation. The current level of inflation (Consumer Prices Index to December 2023) is 4.0%, however it has been well above 5% for the majority of the past 12 months.

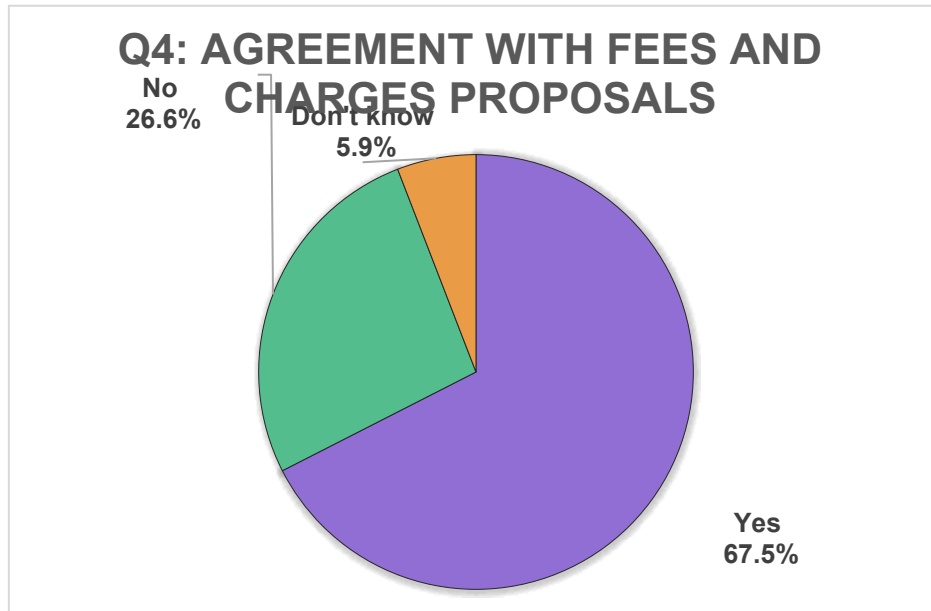
Phase 1 of the Council's 2024/25 Budget Consultation process set out that an across-the-board increase for all fees and charges is not considered reasonable, with the need for fees and charges to be reviewed individually having regard to service user impact.

It is proposed that for the year ahead, the general rate of increase across our fees and charges is set at 5% with the Council absorbing the implications of not applying an uplift in line with inflation. A number of areas are proposed to be subject to specific changes, as shown in the table below:

Area of Charge	Proposed Specific Changes
Car Park Charges	Season tickets/residential parking permits – Freeze Short stay/long stay up to 4 hours £0.10 increase and a £0.20 increase over 4 hours With the additional income generated used to off-set increased transaction costs incurred by the Council where card payments are made to purchase car park tickets*
School Meals (Secondary Schools)	£0.15 per meal
Leisure for Life – Membership / Pay and Play	Membership +£0.50 (with further proposals set out in the full Fees and Charges Review)
Rhondda Heritage Park	£9.95 to £10.95 Adult Entry (with further proposals set out in the full Fees and Charges Review)
Lido (Pontypridd)	Standard admission charge / cold water swim / paid activities - freeze Children under 16 – remain free Boxing day swim: +£0.50 Introduction of a £0.25 booking fee per individual ticket purchased to help reduce the number of pre-bookings that do not result in attendance
Community Meals (meals on wheels) & Day Services meals	Increase of £0.25
Non-residential care services	Home care Hourly Rate: £20.00 to £21.00 per hour Day Centre Services daily rate: from £20.00 to £21.00 per day Direct Payment hourly rate: £10.00 to £11.00 p hour
Bulky Waste Collection	From £17.00 to £20 (for 3 items)

* Car Park Charges – tickets machines being upgraded to enable card payments to be taken (payment by cash option to also remain in place)

4.22 All of these changes would generate additional income of £407k per year. 67.5% of respondents agreed with the proposals for fees and charges.



		Number	%
Q4 - Fees and Charges	Yes	299	67.5%
	No	118	26.6%
	Don't know	26	5.9%
	Total	443	

Figure 5 – Fees and Charges

4.23 Overall there were a wide range of comments on all the areas of fees and charges proposals, based on services used and people’s understanding of each of the services.

There was some general agreement with the overall approach:

General agreement

“I agree with all the proposed fee changes, although Car Park chargers should increase by 20p and 30p (not 10p and 20p). Lido fees should also increase by more than the proposed amount.”

“Absolutely. These are sensible increases that won’t impact too heavily”

“I believe some of these charges could be increased a little more considering past years increases compared to inflation rates.”

“If these are being used then the user's should have to pay the increase”

“on the whole I agree these are good services and the cost is acceptable”

“One or two points could be argued however in the main I'd support the increases as a whole.”

“Seems a reasonable approach in the circumstances”

- 4.24 Generally speaking, the majority of comments received were not in favour of the proposed increases to fees and charges, and there was concern for the local economy and businesses;

Disagreement

“Increases in fees could negatively impact the local economy and small businesses.”

“Stop raising prices and giving us nothing in return!”

“Without transparency of how the funds are saved, it feels like an inflationary hit without any benefit.”

“Disagree with any increases along with my council tax increase. We need more given back, not extra charges.”

“I am unsure what to make of this. The increasing prices more and more in a cost of living crisis is set to take advantage of people that are majorly affected by these increases (usually low/no income households)”

“People are already putting themselves in debt to deal with the increases we are facing year after year”

- 4.25 There were also concerns that some of the increases could have an impact on potentially vulnerable residents, particularly with regards to meal provision;

Impact on Vulnerable Populations:

“Meals young and old increasing, vulnerable people will skip meals.”

“No increase on care or meals on wheels as people who use these services already struggling.”

“These are hitting the most vulnerable in society.”

“The cost for non residential day services is too expensive. People will be excluded and become more isolated.”

“The main one I do not agree with is the increase to the residential services and meals on wheels. Again focused on the lowest earners.”

Maybe place some fees on landlord portfolio owners, 2nd 3rd 4th homes instead. Those who can afford it. Not Mrs Jones on a state pension caring for her husband struggling to heat her home."

"All except care charges. These are not fair in anyway. These are our most vulnerable people and the charge is more than most can afford"

"Some yes and some no comprehensive school meals are already expensive."

A respondent from our school consultation commented *"I don't like the day centre increases."*

4.26 The following areas received the most comments on fees and charges and a selection of those comments are provided.

4.27 The Lido was seen as an area where prices could be increased due to the service being seen as a luxury.

Lido Charge

"Lido prices should be increased."

"Lido should not be free unless family is on low income, many can afford to pay £3 per swim or £10 family of 4 pass - and if on free school means can go in free and keep a register. That way you'll encourage more families to apply for Free School Meals as many dont."

"Increase Lido booking fee"

"Pre-booking fee on the lido should be much higher. Demand far outstrips supply and as the rates are so low, people make several bookings and do not think about others if they simply fail to use their allocated slot."

"Children are free to the lido which although very nice and may encourage exercise is a luxury not a necessity."

4.28 Parking had a mixture of comments with some respondents suggesting it was cheap and charges could potentially be increased, whereas others expressed the opposite opinion;

Parking

"Parking is so cheap I would rather increase that than school meals or meals o. Wheels the the elderly and children it seems disproportionate"

"Charging for parking is killing the town centres."

"Upgrade to parking machines will be very welcomed."

"It is unfair for residents who don't own a vehicle to cushion this."

"Councils wonder why town centres are dead, increasing parking charges only facilitates this. There aren't enough chain shops in towns to want to pay for parking when you can go to a retail park with no parking charges and do much more shopping than in a town centre. Also switching to card payments only is alienating a generation who pay cash. We are not a cashless society and we should not be forced into this."

"I believe that car parking could be increased."

"I do feel that parking charges could be increased more than this though."

"I think all public car parks in RCT should be free for the first 4 hours to encourage footfall in town centres"

- 4.29 The general opinion on school meals was for them to stay as they currently are, with no increase. They were mostly seen as a necessity and not a luxury.

School meals

"School meal prices should increase by up to 50p."

"Increase in school meals by 20p"

"School meal cost should be supplemented to ensure every child gets a hot meal."

"What justifies the increase in school dinner costs? The standard of the food is not getting better but yet you want to charge more. Also, the portions in a secondary school are not always satisfactory for an almost adult for lunch."

"School meals are not a luxury they are necessity, the small ones who don't cost as much to feed are free whereas the teens are not."

- 4.30 The young people we consulted disagreed with the proposals to increase the prices of school meals.

"£2.95 increasing to £3.10... my friend can only buy one item with her allowance. If you have something for breakfast, you don't have enough for lunch. The pizza slices are too expensive."

"When I was in year 7, drinks were cheaper. Cans were 70p and now they're £1+."

"Lunch is sometimes the only hot meal some young people have in the day."

- 4.31 There was concern that there was the potential for increased fly tipping with the proposal to increase the bulky waste charges.

Bulky Waste

"Charging for bulky waste collection has caused so much fly tipping."

"The increase in bulky waste collection will lead to more fly tipping."

"Charging for bulky waste collection prices are extortionate."

"Don't agree - Bulky Waste Collection, Non-residential care services; School Meals (Secondary Schools)."

A young person commented *"Bulky waste increase isn't fair."*

- 4.32 With gym membership, the majority of comments received suggested that exercise benefitted a lot of people and was important for mental health therefore should not be increased.

"fitness activity's going up could result with more pressure o NHS budgets if people stop keeping fit."

"Leisure for life should not be increased as it may deter people from using facilities which benefit their health."

"I go to Llantrisant Gym and the prices are already so high, it needs to be lowered. The general demographic earns less than Cardiff and the Vale and yet our gyms are much higher in price."

"Why will the lido fees remain frozen and hun membership increase when teenagers and younger people are more interested and invested in going to the gym rather than swimming....long term will have a positive impact ie less people using nhs ect"

- 4.33 Some comments were received in relation to the Heritage park;

"Consider reduced charges for OAP and the Disabled at the Rhondda HERITAGE PARK."

"Some suggestions here are totally fine however I believe the impact of increasing prices through psychological price barriers may impact takings negatively. Eg. A couple last year could go to the heritage park with a £20 note, now they can't, they could go somewhere else for roughly the same cost."

“educational places like the heritage park going up? where is the incentive for family's to take their children and educate them on our past history of wales.”

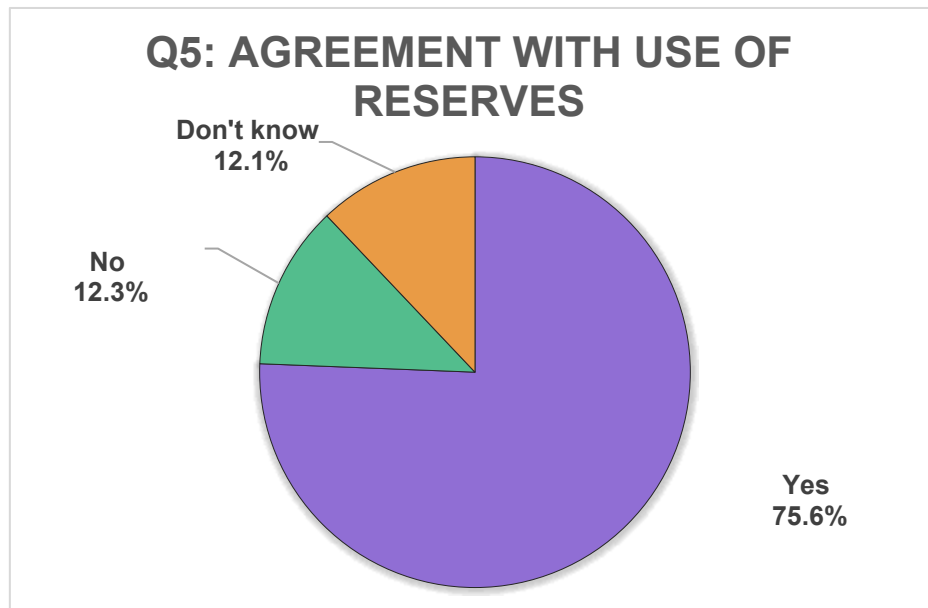
- 4.34 The OPAG noted increases in fees and charges are expected and were generally happy with the rises if they kept Council Tax levels down. They did feel that the £0.25 booking fee for Lido tickets was too low and unlikely to address people booking and not turning up. All members felt it should be higher.

Use of Reserves (Transition Funding)

- 4.35 We have for many years used our reserves (transition funding) sensibly as part of our balanced budget strategy, at a level which does not compromise the robustness of our budget and which can be replenished with some certainty, given our ongoing strategy of delivering savings early.

The Council is proposing to use £8.95 million of reserves (transition funding) to balance the budget for next year.

75.6% of respondents agreed with the proposal to use the Council’s reserves in this way.



		Number	%
Q5 - Use of Reserves	Yes	332	75.6%
	No	54	12.3%
	Don't know	53	12.1%
	Total	439	

Figure 6 – Use of Reserves

- 4.36 A number of respondents were happy with the proposed use of reserves and the way the Council manages them;

“Again RCT has effectively used reserves over a number of years”

“as long as it doesn’t compromise the stability of the council”

“income is never guaranteed so would not use as this cushion only as emergency for risk/health and safety”

“Effective use of reserves is to be encouraged, as long as there is enough held back to cover emergencies such as fire and flooding.”

“It is important that the council looks to use reserves before asking taxpayers to contribute towards higher council tax but less services.”

- 4.37 There was some confusion about the levels of reserves held by the Council and more information was needed by some.

“cannot make an informed response based on the information provided”

“This is too vague, what percentage of the reserves is £8.95m? How quickly can it be replenished.....”

“. . . there is no right answer to this question. We would also need to understand the impact of using it or not.”

- 4.38 The OPAG commented on the importance of reserves within the Council and agreed with the proposed use of the Council reserves as outlined.

Other Comments

- 4.39 A wide range of general comments were received regarding the budget. Some of the most frequent themes are described below, with relevant quotes.

Appreciation of the current financial situation

“Only that I appreciate how difficult it must be for RCT to juggle things about considering the short fall from Govt.”

“Think I have covered it all. I know have criticised but I also appreciate how difficult these decisions must be. Please put school children’s needs first”

“Seems fair in what is a tough time all round”

“Strategy reasonable in the circumstances. Could considering raising extra revenue, suggestion: local lottery, staging fund raising events”

“The strategy seems a balanced approach to deal with increasing financial constraints. I would just emphasise that a cost reduction without detriment to the provision of a required service is an efficiency saving. A

cost reduction that has a detrimental effect on a required service is not an efficiency saving. It is a cut."

Cost of living/Affordability

"I am concerned about people on low incomes: proposed increases may be readily affordable for those on higher incomes, but some people are already struggling to make ends meet - I don't know how they will cope with even small increases."

"In our area, where even working people can't afford basic living necessities, how are the increases going to be paid however justified they are.?"

"I feel that saving jobs should be a priority. In this current climate losing a job could be extremely damaging to not only finances but Health."

"More needs to be done for Pensioner's, Vulnerable and lonely people at a lower cost."

Councillor and Management Costs

"lower the level of middle management - who are doing nothing for their Wages"

"Find additional savings within the Council bureaucracy"

"Look at staffing to cut costs. Do we need as many councillors and their costs?"

Service Investment

"I would like to see the health and social care services increased as this has had a significant impact on our family and that of our community members. Delays in services has had a significant impact on our wellbeing."

"Roads must be a priority. Public transport is non existent or unusable in many areas. We must spend on our roads to encourage development and jobs. This means prioritising repairs urgently needed"

"Prioritise health, safety and education"

Income Generation/Suggestions

"council are missing out on income on litter dropping /cigarettes butts especially"

"parking permit wardens are non-existent in my area (Aberdare) many illegal parking situations going un-fined."

“Increase hire charges for council facilities”.

“Looks good. One comment, why not use local community groups to help council operatives for some general purpose use. For example litter picking ,informing on general deuteriation in council areas, playing fields etc.”

Savings/Efficiencies

“.....RCT has a vast array of Solar panels that could feed directly into the grid to increase the funds entering the council”

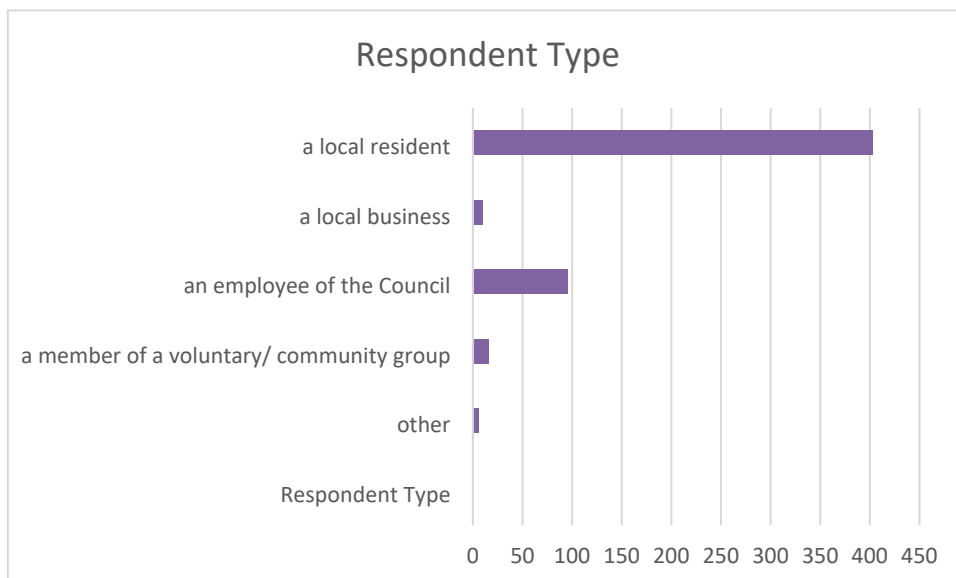
“I think the council need to look at the wastage in every department”

“An easy way to save money is a strict work from home policy. This would massively reduce the cost of heating and electricity paid for by the council.”

“Reduce the 2 day in office to 1 day. This could potentially reduce heating costs and possible the closure and selling of buildings”

About You

4.40 The majority of respondents to the survey were residents (89.6%, or 403 people). Respondents were asked to select all labels that applied to them: 21.1% (95) stated they were employees of the Council, 3.6% (16) were members of a voluntary or community group, 2.2% (10) were a local business and 1.3% (6) selected “Other”.



Note: This was a multiple response question.

Figure 7 – Respondent Type

4.41 Under the Equality Act 2010 and the Public Sector Equality Duties, the Council has a legal duty to look at how its decisions impact on people because they may have particular characteristics. Respondents were asked how the proposals affect them because of:

1. Gender
2. Age
3. Ethnicity
4. Disability
5. Sexuality
6. Religion / belief
7. Gender identity
8. Relationship status
9. Pregnancy
10. Preferred language

4.42 The most frequent theme in the comments was age, with a number of respondents expressing concern over the cost of living. Single-adult families facing rising costs were also mentioned in a number of comments.

The following are a selection of the comments received;

Age

“Age : restricted income on a pension”

“AGE More robust investment in social care as this are is suffering the most , patients not having care packages and needs assessment on discharge from hospital and having to rely on family to meet these needs .this is not acceptable and is putting pressure on families . without investment and recruitment this area will collapse and the aging population will suffer”

“As I think about retirement I increasingly think about what I need as an older person and how the Council supports the community I live in to meet my needs and ensure a happy, active and healthy old age, that does not require me to be stuck in the house 24/7. I want to be part of a community that has lots going on and activities I can enjoy.”

“Age - Being a mum of a young family and a carer to disabled peoples, any increase causes concern for us when things feel tight as it is.”

Disability

“Those with a disability will be impacted. People below the standard level of equality are always negatively impacted when money is taken out of the system”

Gender

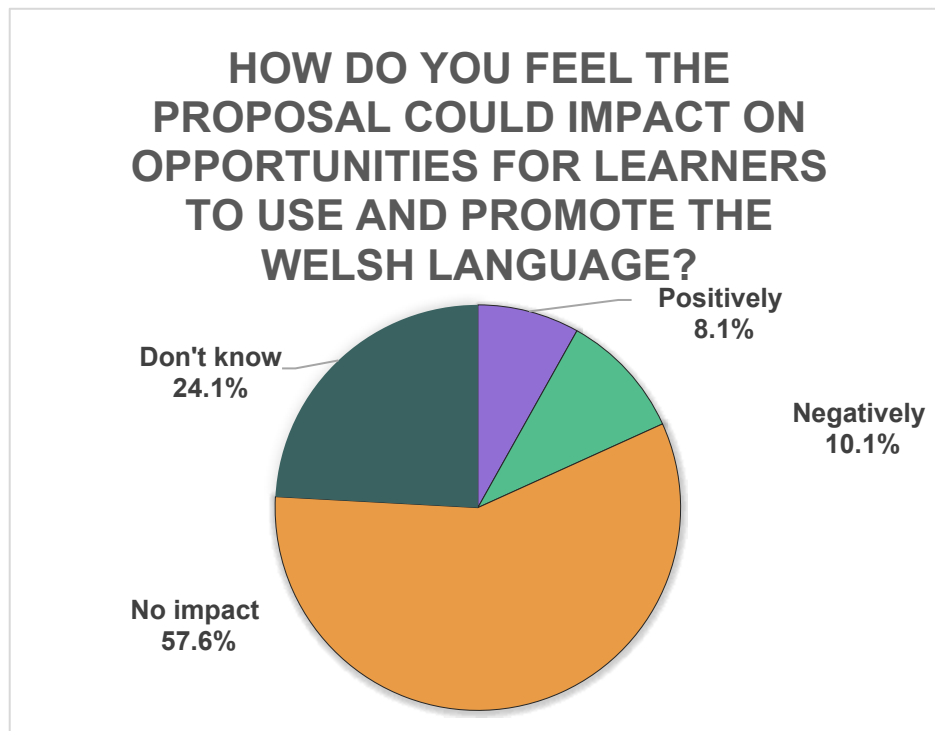
“Sex/gender - traditional females role as a caregiver (as well as working) means an increase in food expenditure for the children at school. This increased costs as well as the council tax would significantly impact us.”

“as a mother of two children who has to work part time as I cannot afford childcare, a rise in council tax will crucify me.”

General

“Cost of living so it would affect every household”

4.43 Under the Welsh Language Measure (2011) and the Welsh Language Standards (No.1) Regulations 2015, the Council has a legal duty to consider how its decisions impact upon the Welsh language. Respondents were asked how they felt the proposal could impact on opportunities for learners to use and promote the Welsh Language.



	Number	%
How do you feel the proposal could impact on opportunities for learners to use and promote the Welsh Language?	Positively	33 8.1%
	Negatively	41 10.1%
	No impact	234 57.6%
	Don't know	98 24.1%
	Total	406

Figure 8 – Impact on Welsh Language learners

- 4.44 Respondents were asked how could positive effects be increased, or negative effects be decreased?

The following are a selection of the comments received, the majority not directly related to the question, but comments around the costs of the Welsh language on the Council and potential savings.

“Bills & telephone enquiries should be in English not Welsh. Everyone speaks & reads English!!”

“Savings could be made by asking people their language preference and where paper correspondence is required...”

“Get rid of funding spends on Welsh language, business will still done and money will be saved.”

“I agree with providing opportunities for all those who wish to speak Welsh and learn Welsh, but stop wasting money making everything bilingual when you are conversing with someone who has enquired in English and is their chosen language.”

“I think the Welsh language is the last thing you should be worrying about when people are struggling to heat their homes and put food on the table.”

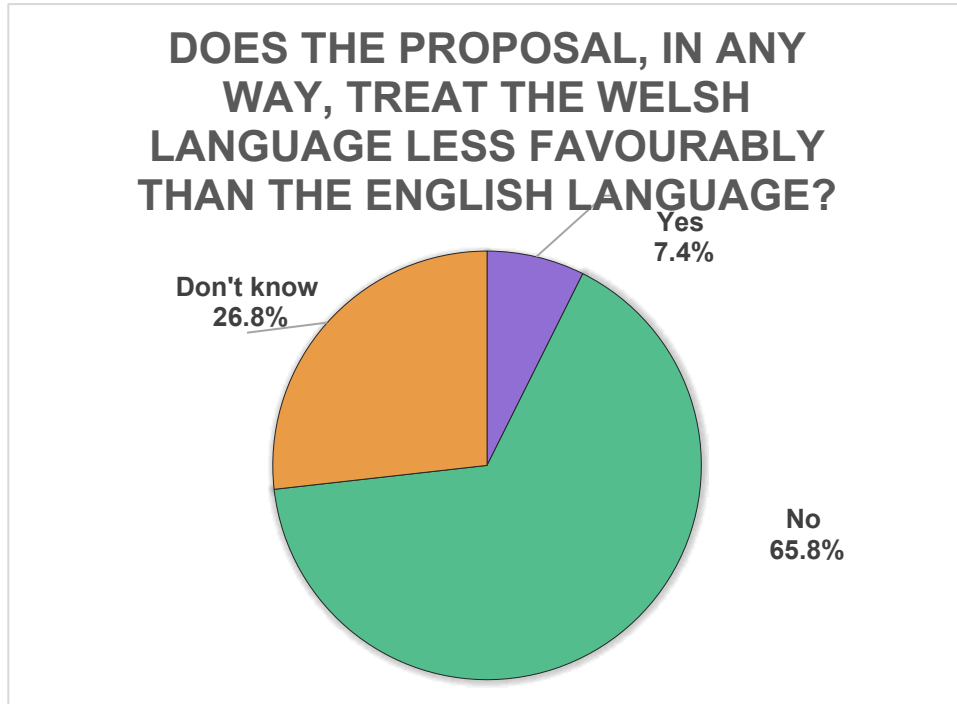
There were a number of positive responses;

“More chances to learn the Welsh medium through official means. Possible discounts and promotions of Welsh learning services to dispel the harmful perception of the Welsh language being a ‘dead language’.”

“more Welsh language recruitment in as many areas as possible to help sustain the use of Welsh in the work place”

“Starting Welsh teaching at a higher level in primary school”.

- 4.45 Respondents were asked if the proposal, in any way, treated the Welsh Language less favourably than the English Language.



	Number	%	
Does the proposal, in any way, treat the Welsh Language less favourably than the English language?	Yes	30	7.4%
	No	268	65.8%
	Don't know	109	26.8%
	Total	407	

Figure 9 – Welsh Language

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PHASE 2 BUDGET CONSULTATION (2024/25)
**(EXTRACT OF DRAFT MINUTES – SUBJECT TO APPROVAL BY THE
OVERVIEW AND SCRUTINY COMMITTEE)**

RHONDDA CYNON TAF COUNCIL OVERVIEW AND SCRUTINY 2022-2027 COMMITTEE
Minutes of the virtual meeting of the Overview and Scrutiny 2022-2027 Committee held on
Monday, 29 January 2024 at 5.00 pm

**County Borough Councillors – The following Overview and Scrutiny 2022-2027
Committee Councillors were present online:**

Councillor J Edwards (Chair)

Councillor B Stephens	Councillor M Ashford
Councillor R Bevan	Councillor J Bonetto
Councillor R Davis	Councillor Sheryl Evans
Councillor Sera Evans	Councillor S Morgans
Councillor G L Warren	Councillor M Powell
Councillor S Emanuel	

Co-Opted Members in attendance:-

Mr M Veale

Officers in attendance:-

Mr P Mee, Chief Executive
Mr P Griffiths, Service Director, Finance and Improvement Services
Mr C Hanagan, Service Director Democratic Services and Communications
Mrs S Daniel, Principal Democratic Services Officer
Ms L Lawson, Performance Manager

Apologies for absence

Councillor K Morgan
Councillor C Middle

Extract from the minutes

Budget Consultation 2024-25 (Phase 2)

The Service Director Democratic Services and Communications presented the report to Members to be consulted on and for the Committee to formally respond to the second phase of the Council's 2024-25 Budget Consultation.

The Service Director advised that the Overview and Scrutiny Committee is requested to pre-scrutinise the draft 2024/25 Revenue Budget Strategy, as part of the second phase of the 2024-25 Budget Consultation process.

The Service Director Finance and Improvement Services then gave a presentation to Members of the Overview and Scrutiny Committee and covered the following areas: Introduction – 2024/25 Draft Revenue Budget Strategy; The Council's Current Financial Position (2023/24); Phase 1 Budget Consultation – Headlines; Provisional Local Government Settlement 2024/25 – Headlines/Implications for Rhondda Cynon Taf; Cabinet Proposed Budget Strategy 2024/25; and Next steps and key dates.

A Member was pleased to see that 63% of respondents to the phase 1 budget consultation process fed back that the Council should continue with its strategy on reserves, recognising that reserves cannot be used every year without being replenished.

A Member fed back that the number of responses to the first phase of the consultation seemed disproportionate in comparison to the number of people living in Rhondda Cynon Taf and asked if there was an opportunity to learn from this and use different engagement strategies.

The Service Director Finance and Improvement Services indicated that the Council considers its arrangements on an ongoing basis to learn lessons, with a comprehensive approach to engagement in place that includes face-to-face events in town centre locations, engagement with third sector partners and schools, and also through the use of social media.

A Member asked if the Council are doing enough to educate people on the work of the Council, so they can better understand its finances, how funds are spent and its different functions.

The Service Director Finance and Improvement Services fed back that the Council aims to make available information to aid residents' understanding of the Council's finances and where it spends public money, and provided examples in the form of an easy read guide produced for budget consultation purposes; a leaflet included within Council Tax notices to residents that provides a breakdown on the Council's budget and how it is spent and also how the Council is funded; and engaging directly with school-based learners through consultation processes. The Service Director Democratic Services and Communications added that the number of consultees referenced in the presentation does not reflect on-going communication activity the Council undertakes via its social media channels and noted that a number of separate public consultation processes have also been undertaken in recent months linked to the budget setting process that have received high levels of engagement from the public.

A Member asked if demographic information in relation to individuals responding to the budget consultation was available to analyse. The Service Director Finance and Improvement Services fed back that this information is captured and can be used to inform on-going consultation arrangements.

A Member of the Committee commented that whilst increasing Council Tax is never popular and is a decision that is not taken lightly, the Council also need to

ensure the necessary funding is in place to provide a wide range of vital services to our residents.

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SCHOOL BUDGET FORUM MEETING – 25TH JANUARY 2024

THE COUNCIL'S DRAFT 2024/25 REVENUE BUDGET STRATEGY – PHASE 2 CONSULTATION

Extract from the minutes

BUDGET CONSULTATION 2024/25 (PHASE 2)

With the aid of a PowerPoint Presentation, the Service Director – Finance and Improvement Services provided Members with an update in respect of the Council's Budget Consultation 2024/25 and covered the following areas: Introduction – 2024/25 Draft Revenue Budget Strategy; The Council's Current Financial Position (2023/24); Phase 1 Budget Consultation – Headlines; Provisional Local Government Settlement 2024/25 – Headlines/Implications for Rhondda Cynon Taf; Cabinet Proposed Budget Strategy 2024/25; and Next steps and key dates.

Following the overview by the Service Director, Forum Members were informed that their feedback would be considered by Cabinet, alongside feedback received from all other stakeholders, as part of Cabinet meeting later in February 2024 to finalise its recommended Budget Strategy. As part of the overview, Forum Members were advised that the Leader of the Council, Councillor Morgan, has requested officers to explore additional one-off funding opportunities to be allocated to schools for the 2024/25 financial year, this being over and above the proposed school funding set out in the draft 2024/25 Budget Strategy.

Following this, Forum Members had the opportunity to ask questions. The Deputy Leader noted the difficulties presented by the on-going need to identify and deliver budget savings and emphasised that as a Council we are proud of our schools and will continue to provide support for education. The Deputy Leader also fed back that in the context of the very challenging financial outlook, the proposed Council Tax increase was fair; efficiency saving opportunities have once again been maximised and where service operational reconfigurations have been identified, these do not have a significant detrimental impact on frontline services; and the Council has a proven track record over many years of using its reserves sensibly to support the setting of balanced budgets. Forum Members did not feedback any further comments based on the position set out by the Council's Deputy Leader.

The Chair also fed back that at yesterday's Cabinet meeting, additional recommendations were agreed to amend the 'continuation of free breakfast club provision in primary and special schools with the introduction of a charge for the additional childcare element' proposal based on the public consultation feedback received, namely, to provide the additional option to access the provision for up to 3 days per week at £40 per term and a further category of concession whereby parents/carers would only pay for the first two children of primary age, living in the same household, accessing the provision. It was emphasised that the Council would

work in partnership with Schools as part of implementation arrangements, with the additional income generated ring-fenced and re-invested back into school budgets. In respect of the changes to Breakfast Club provision, a Forum Member noted that it will be a challenge logistically and raised concern around the possibility of increased workload for Headteachers. In respect of 2024/25 school budget information, the Forum Member queried when this would be communicated to schools. The Director of Education and Inclusion Services advised that in respect of free Breakfast Club and additional childcare provision, the team will make arrangements to progress implementation, subject to confirmation of the decision, and would include an on-line facility for parents / carers to make payments to ensure the process is as efficient as possible. In respect of school budget information, the Service Director – Finance & Improvement Services confirmed that information will be provided to schools as timely as possible, in line with agreed processes.

Discussions continued and a Forum Member queried whether efficiency savings would be included within the school budget formula. The Forum Member also noted that Schools have utilised reserves as part of budget setting for a number of years and could now be facing a deficit. The Member further queried if clarification could be provided on the funding of redundancies. The Service Director – Finance and Improvement Services advised that in respect of efficiency savings, the Council will ensure transparency as part of the school budget formula, and in respect of funding of redundancies it was fed back that internal discussions are currently on-going.

Discussions ensued and a Member queried if teacher salaries would be fully funded. The Service Director – Finance and Improvement Services confirmed this was the case. Another Forum Member queried the new grants system and the Service Director, Finance Services advised that families continue to be encouraged to apply for Free School Meal status to ensure they are eligible for Schools Essentials Grant. Discussion continued and a Forum Member emphasised that the issue with the grant is that it is dependent on parents applying. The Service Director advised that the team are currently working on a social media campaign to encourage parents to apply. The Chair acknowledged the concerns of Forum Members in respect of parents applying and advised that this has also been raised directly with the Welsh Government.

The Service Director – Finance Services added that in respect of the grant that replaces EIG, Welsh Government has committed to providing allocations by next week, with the requirement for the information to then be validated by local authority officers before distributing to schools.

Following discussion, the Service Director– Finance and Improvement Services thanked Forum Members for their time and feedback and advised on next steps and key dates.

The meeting closed at 3.09 pm.

Councillor R Lewis, Chair

RHONDDA CYNON TAF COUNCIL JOINT CONSULTATIVE COMMITTEE

Minutes of the virtual meeting of the Joint Consultative Committee meeting held on Monday, 5 February 2024 at 12.00 pm (draft, subject to approval)

County Borough Councillors - Joint Consultative Committee Members in attendance:-

Councillor M Webber (Chair)

Councillor A Morgan

Councillor A Crimmings

Trade Union Members in Attendance

Mr P Crews (Unison)

Mr C Jones (GMB)

Ms L Davies (Unite)

Mr A McCarthy (Unite)

Officers in attendance

Mr R Evans, Director of Human Resources

Mr P Griffiths, Service Director – Finance & Improvement Services

7 DECLARATION OF INTEREST

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

8 APOLOGY

An apology for absence was received from County Borough Councillor G Caple.

9 MINUTES

RESOLVED to approve the minutes of the 20th December 2023 as an accurate reflection of the meeting.

10 BUDGET CONSULTATION 2024/25 (PHASE 2)

The Service Director Finance and Improvement Services presented the report to Members which provided the Committee the opportunity to formally respond to the second phase of the Council's 2024-25 Budget Consultation.

The Service Director Finance and Improvement Services then gave a presentation to Members of the Committee and covered the following areas: Introduction – 2024/25 Draft Revenue Budget Strategy; The Council's Current Financial Position (2023/24); Phase 1 Budget Consultation – Headlines; and Provisional Local Government Settlement 2024/25 – Headlines/Implications for Rhondda Cynon Taf.

Before continuing to cover the remaining element of the presentation in respect of the Cabinet Proposed Budget Strategy 2024/25 and Next steps and key dates, the Chair fed back the implications of needing to deliver significant budget savings year-on-year and the very difficult financial outlook all local authorities across Wales are facing. The Chair noted that 75.6% of respondents to the phase 1 consultation fed back that a reasonable increase in Council Tax to contribute to closing the budget gap was preferable.

The Leader of the Council, Councillor A Morgan, commented on the Council's proposed Council Tax level that is being consulted upon, advising that the proposed 4.9% was at the lower end of the spectrum in comparison to council tax levels being proposed by other Welsh Local Authorities. Councillor Morgan also commented on the importance of setting a Council Tax level that took into account residents' ability to pay and recognising that income from council tax is an important funding source to the Council to support service delivery.

Councillor Morgan continued by referencing the significant level of efficiency savings that have once again been identified and built into the proposed budget strategy alongside a much smaller level of service changes that are deemed necessary due to funding levels being well below that needed to address budget pressures facing the Council. Councillor Morgan added that should the local authority funding position improve in the medium to long term, opportunity is available for service changes that will be implemented in 2024/25 to be revisited.

The Service Director continued the presentation by outlining the detail of Cabinet's proposed Budget Strategy and welcomed feedback and comments from members of the Committee.

The importance of communication was highlighted, with Members commenting on the usefulness of the information within Council Tax notices, explaining how Council Tax income is utilised, and it was agreed that this information would be shared, when available, with Trade Union colleagues.

The Chair provided comment on a number of areas proposed within the budget strategy and specifically referenced the Council's on-going commitment to its successful Apprenticeship and Graduate schemes, with posts being funded by individual service areas, and the introduction of a booking fee in respect of the Lido Pontypridd, noting the rationale for the proposed fee and that prices would remain competitive for users.

Mr P Crews (Unison) commented on the reduction in the Social Care Workforce Grant announced by Welsh Government, indicating the need to inform Welsh Government of the impact the reduction in funding would have on the Council. In addition, clarity was requested on the future

funding arrangements for the Graduate and Apprenticeship schemes, referring to this being met by individual service areas, and what monitoring would be in place to ensure the continued success and momentum of these schemes.

Councillor Morgan fed back that monitoring arrangements for both schemes are in place via the Senior Leadership Team, with updates provided to himself and the Deputy Leader for consideration. Councillor Morgan also highlighted the on-going importance of the Council 'growing its own talent' through these schemes, with the Council committed to ensuring resources continue to be in place to support these areas.

The Service Director also provided assurance that on-going work takes place with services as part of workforce planning arrangements, to identify the business need for graduate and apprentices, with budget management processes ensuring the necessary funding is in place.

In respect of the Social Care Workforce Grant it was confirmed that the overall savings built into the draft budget strategy, alongside the use of transition funding, takes account of the reduced level of grant. The Service Director also indicated that as part of on-going engagement with Welsh Government, the impact of the reduction in grant has been fed back.

Mr C Jones (GMB) welcomed the update regarding the apprenticeship and graduate schemes and went on to highlight concerns in respect of the proposed uplift to car parking charges and the potential financial hardship this would place on some staff. Councillor Morgan noted the availability of season parking tickets, with the price proposed to be frozen for 2024/25, and indicated that if there are specific cases to be looked into further, for these to be fed back.

Mr Jones also took the opportunity to note the Day Centre proposals and spoke of concerns of the impact on the most vulnerable residents in the County Borough.

Ms L Davies (Unite) focussed on the proposed charge for Meals on Wheels and referenced whether there had been a decline in the service following the previous service change introduced. Ms Davies noted the vulnerability of service users and the financial and social impact the proposed increase may have on them. The Deputy Leader reiterated the importance of the service, noted that rising food costs was the reason for the proposed meal price increase and commented on the quality meals that were available as part of the service.

The Service Director noted the important service the Meals on Wheels Service provides and its links to social care services within the Council. The Service Director went on to note that the Council continues to subsidise the service, with the meal price to customers at the lower end of the spectrum compared to neighbouring local authorities. The Service

Director added that further information will be requested in respect of current service take-up.

Mr McCarthy (Unite) requested further information in respect of Council investment to develop a solar farm and the associated generation and sale of energy. The Service Director fed back that an agreement is in place with Royal Glamorgan Hospital, with the Council responsible for funding the project and owning the asset, with income to be generated from 2024/25. The Service Director added that specific information in respect of the arrangement is commercially sensitive and would enquire whether further detail could be provided.

Members of the Trade Unions highlighted the importance of good communication links between the Council and Trade Unions, and the need for on-going communication on budget savings and their implementation, if agreed by the Council. The Director of Human Resources fed back that arrangements are in place to ensure open dialogue continues to take place.

Mr McCarthy posed the question to the Committee in respect of the ethical treatment of agency labour and the Director of Human Resources commented upon the discussions that have taken place in this regard and the phased approach being progressed.

The Chair thanked all Members for their contributions to the meeting and following discussions it was **RESOLVED**:

1. To provide feedback on the draft 2024/25 Revenue Budget Strategy as part of phase 2 of the Council's 2024-25 Budget Consultation

This meeting closed at 1.30 pm

**M Webber
Chairman.**

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCIL

6th MARCH 2024

COUNCIL TAX RESOLUTION FOR THE YEAR ENDING 31st MARCH 2025

REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL AND FRONTLINE SERVICES

Author: Mr. Barrie Davies (Tel No. 01443 424026)

1.0 PURPOSE OF THE REPORT

1.1 The report provides Members with details of the calculation of the Authority's Council Tax for the financial year ending 31st March 2025 in order to pass the necessary statutory resolutions.

2.0 RECOMMENDATIONS

2.1 It is recommended that Members:

- i) Note the level of the precept from the Police & Crime Commissioner for South Wales;
- ii) Note the level of the Community / Town Council Precepts, as detailed in Appendix 1;
- iii) Pass the formal Council Tax resolutions for the financial year ending 31st March 2025, as contained in Appendix 2; and
- iv) Note my comments upon robustness of the estimates and the adequacy of the proposed financial reserves as detailed at paragraph 9.2.

3.0 BACKGROUND

3.1 At the Cabinet meeting held on 20th November 2023, Members confirmed the Council Tax Base for 2024/25 as £79,696.89. This means that each £1 of Council Tax levied on dwellings within the County Borough in 2024/25 would yield an estimated Council Tax income to the Authority of £79,697.

3.2 Earlier in today's meeting Council was asked to agree the total budget for the financial year ending 31st March 2025, at £631.795M (net), the result of that earlier decision will be reported by the Council's Section 151 Officer.

4.0 NON-DOMESTIC RATES

4.1 On 22nd February 2024, Welsh Government provided notification of the Non-Domestic Rate multiplier (rate in the pound) for 2024/25 at 56.2p. The multiplier rate is normally updated based on the annual percentage change in the CPI (Consumer Price Index) but for the forthcoming financial year Welsh Government have determined to “cap” the increase in the rate of the multiplier at 5%, which is lower than the 6.7% increase that would otherwise apply.

5.0 GOVERNMENT GRANTS

5.1 The Council will receive the following non-hypothecated grants from the Welsh Government in 2024/25:

Table 1

Type of Grant	£M
Revenue Support Grant (RSG)	399.589
Redistributed Non-Domestic Rates (NDR)	85.978
Total	485.567

6.0 POLICE & CRIME COMMISSIONER FOR SOUTH WALES - PRECEPT

6.1 The Police & Crime Commissioner for South Wales notified the Council on 7th February 2024 that the precept for the financial year ending 31st March 2025 will rise by **11.1%** to £28,106,702 which equates to a Council Tax on a Band D property of £352.67, an increase of **8.69%**.

7.0 COMMUNITY / TOWN COUNCIL PRECEPTS

7.1 Appendix 1 provides details of the precepts levied by the twelve Community / Town Councils within the Rhondda Cynon Taf area. The precepts for the services rendered by the Community / Town Councils are also expressed as Band D equivalents.

8.0 COUNCIL TAX LEVELS FOR 2024/25

8.1 The net amount that the Council needs to raise from local Council Taxpayers is shown in Table 2 below:

Table 2

2024/25 Net Budget Requirement

	Budget	Band D Equivalent
	£M	£. p
2024/25 Net Revenue Spending	631.795	
Less: Revenue Support Grant	399.589	
Less: Non Domestic Rate Grant	85.978	
Less: Social Care Workforce Grant	3.668	
Sub-Total	142.560	
Less: Release of Earmarked Reserves	7.502	
Council's Requirement from Taxpayers	135.058	1,694.65
Add: Police & Crime Commissioner for South Wales Precept	28.107	352.67
2024/25 Council Tax	163.165	2,047.32

- 8.2 If agreed at the Council meeting earlier today, the County Borough Council's revenue budget for the financial year ending 31st March 2025 will result in a Council Tax increase of 4.99% (excluding Community / Town Council precepts).
- 8.3 However, the 8.69% Band D increase agreed by the Police & Crime Commissioner for South Wales will have the effect of raising the composite Band D Council Tax by 5.61% (excluding Community / Town Council precepts).
- 8.4 The figures in Table 2 above exclude Community / Town Council Precepts. Those taxpayers living in areas where a Community / Town Council Precept is payable will, therefore, have to pay an additional amount. The Band D figures for Community / Town Councils are shown in Appendix 1.

9.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES HELD

- 9.1 Under the Local Government Act 2003 (Commencement) (Wales) Order 2003, as Responsible Finance Officer (per Section 151 of the Local Government Act 1972), I have a duty to report to the Council on:
- (a) The robustness of the estimates made for the purposes of the calculations; and
 - (b) The adequacy of the proposed financial reserves.

9.2 My view upon the above matters is:

(a) Robustness of Estimates

I am satisfied that the detailed calculations which underpin the agreed budget have been undertaken in a consistent and robust manner and reflect actual budgetary requirements across the Council at this point in time. As part of the budget process, efficiency savings and other budget reduction measures have been identified which, along with other components of the budget strategy have allowed us to match service requirements against available resources. I am satisfied that the overall budget reduction measures which are built into the Council's 2024/25 budget are suitably robust.

Our budget requirements are modelled on a best estimate of demand across our services; we will continue to closely monitor spend against our budget in the knowledge that there may be volatility in demand and spend (for example in social care).

The Council also continues to monitor the financial implications of the cost of living crisis and the impact of significant inflationary pressures on Council services and contractors. There will be a need to continue to use flexibility afforded within available reserves to transition any permanent additional costs into the base budget over the medium term.

(b) Adequacy of Financial Reserves

It remains my view that the Council should maintain a minimum level of General Fund Balances of £10M. I consider this necessary given the continuing financial pressures the Council is working under and the overall quantum of our budget (for 2024/25 set at £631.795M net). Whilst this reflects the view we have held for some years, this minimum level is set in the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.

The figure is, of necessity, not based upon any defined formula, but is a judgement by myself, as the Responsible Finance Officer.

At the 31st March 2023, the level of General Fund Balances stood at £10.240M. Whilst the current financial year (2023/24) is extremely challenging, I am satisfied that plans are in place to manage the implications without adversely impacting on the level of General Fund Balances.

10.0 EQUALITY AND DIVERSITY AND SOCIO-ECONOMIC DUTY IMPLICATIONS

- 10.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.
- 10.2 An Equality Impact Assessment has been completed and concluded that the recommendations set out in the report are in line with the above legislation.

11.0 WELSH LANGUAGE IMPLICATIONS

- 11.1 The allocation of resources, as set out in the 2024/25 Revenue Budget Strategy, is based on supporting the Council's service delivery requirements and associated statutory responsibilities for the forthcoming year. In doing so, the Strategy (that includes the required funding to be raised from local Council Tax payers) is in line with the Welsh Language (Wales) Measure 2011.

12.0 CONSULTATION

- 12.1 Consultation on the level of Council Tax for the forthcoming year has been undertaken as part of the Council's 2024/25 Budget Strategy Consultation process.

13.0 FINANCIAL IMPLICATION(S)

- 13.1 The financial implications of the recommendations are set out in the main body of the report.

14.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 14.1 The Local Government Finance Act 1992 requires each local authority to calculate its budget requirement for each financial year and the authority's council tax must be set to take into account the budget requirement. This report ensures compliance with the legal duty in respect of council tax setting.

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

- 15.1 The recommended budget and council tax level for 2024/25 have been formulated to support the delivery of the Council's strategic priorities, as set out within the Corporate Plan, these being aligned to the goals and principles included within the Well-Being of Future Generations (Wales) Act.

16.0 CONCLUSION

- 16.1 Should the Council agree the net revenue budget at £631.795M for 2024/25, it is now in a position to pass the formal resolution required by statute to set the respective levels of its Council Tax for the financial year ending 31st March 2025.

Community / Town Council Precepts - 2024/25

Community Area	2024/25 Precept	Band D	Precept Variance to Previous Year
Gilfach Goch	£87,511.00	£85.35	-48.7%
Hirwaun	£92,109.57	£54.63	5.0%
Llanharan	£271,893.53	£79.17	3.8%
Llanharry	£128,322.81	£79.18	14.0%
Llantrisant	£311,199.00	£57.50	5.4%
Llantwit Fardre	£349,904.00	£52.78	6.8%
Pontyclun	£235,970.00	£67.57	15.0%
Pontypridd	£837,969.68	£77.81	6.0%
Rhigos	£17,000.00	£59.58	0.0%
Taffs Well	£41,153.00	£28.42	8.2%
Tonyrefail	£317,000.00	£75.74	29.6%
Ynysybwl & Coed-y-Cwm	£80,000.00	£55.67	40.4%
Total	£2,770,032.59		

Appendix 2

It is recommended that Members:

1. Confirm, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (as amended) made under Section 33(5) of the Local Government Finance Act 1992 (as amended), the following amounts for the year 2024/25:

(a) £79,696.89 being the amount calculated by the Council as the Council Tax Base for the year;

(b) Parts of the Council's area

Community Area	2024/25 Tax Base
Gilfach Goch	£1,025.34
Hirwaun	£1,686.02
Llanharan	£3,434.30
Llanharry	£1,620.70
Llantrisant	£5,412.15
Llantwit Fardre	£6,629.18
Pontyclun	£3,492.35
Pontypridd	£10,769.34
Rhigos	£285.34
Taffs Well	£1,448.05
Tonyrefail	£4,185.24
Ynysybwl & Coed-y-Cwm	£1,436.96

being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of the area to which special items relate;

Appendix 2

2. Agree that the following amounts be now calculated by the Council for the year 2024/25 in accordance with Section 32 to 36 of the Local Government and Finance Act, 1992:
- (a) **£862,786,805.87** ~ being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (d) of the Act;
 - (b) **£239,816,606.28** ~ being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act;
 - (c) **£622,970,199.59** ~ being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;
 - (d) **£485,141,833.00** ~ being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of Revenue Support Grant and redistributed Non-Domestic Rates (less discretionary Non-Domestic Rate relief);
 - (e) **£1,729.41** ~ being the amount at 2(c) above less the amount at 2(d) above, all divided by amount at 1(a) above calculated by the Council in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year;
 - (f) **£2,770,032.59** ~ being the aggregate amount of all special items referred to in Section 34(1) of the Act;
 - (g) **£1,694.65** ~ being the amount at 2(e) above less the result given by dividing the amount at 2(f) above by the amount at 1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates;

Appendix 2

(h) Parts of the Council's Area:

being the amounts given by adding to the amount at 2(g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate;

Community Area	Band D
Gilfach Goch	£85.35
Hirwaun	£54.63
Llanharan	£79.17
Llanharry	£79.18
Llantrisant	£57.50
Llantwit Fardre	£52.78
Pontyclun	£67.57
Pontypridd	£77.81
Rhigos	£59.58
Taffs Well	£28.42
Tonyrefail	£75.74
Ynysybwl & Coed-y-Cwm	£55.67

Appendix 2

(i) Parts of the Council's Area

Local Precepting Authority	Band A (£.p)	Band B (£.p)	Band C (£.p)	Band D (£.p)	Band E (£.p)	Band F (£.p)	Band G (£.p)	Band H (£.p)	Band I (£.p)
Gilfach Goch	1,186.67	1,384.44	1,582.23	1,780.00	2,175.56	2,571.11	2,966.67	3,560.00	4,153.33
Hirwaun	1,166.19	1,360.55	1,554.92	1,749.28	2,138.01	2,526.74	2,915.47	3,498.56	4,081.65
Llanharan	1,182.55	1,379.64	1,576.73	1,773.82	2,168.00	2,562.19	2,956.37	3,547.64	4,138.91
Llanharry	1,182.56	1,379.64	1,576.74	1,773.83	2,168.02	2,562.20	2,956.39	3,547.66	4,138.93
Llantrisant	1,168.10	1,362.78	1,557.47	1,752.15	2,141.52	2,530.89	2,920.25	3,504.30	4,088.35
Llantwit Fardre	1,164.96	1,359.11	1,553.28	1,747.43	2,135.75	2,524.07	2,912.39	3,494.86	4,077.33
Pontyclun	1,174.82	1,370.61	1,566.42	1,762.22	2,153.83	2,545.43	2,937.04	3,524.44	4,111.84
Pontypridd	1,181.64	1,378.58	1,575.52	1,772.46	2,166.34	2,560.22	2,954.10	3,544.92	4,135.74
Rhigos	1,169.49	1,364.40	1,559.32	1,754.23	2,144.06	2,533.89	2,923.72	3,508.46	4,093.20
Taffs Well	1,148.72	1,340.16	1,531.62	1,723.07	2,105.98	2,488.88	2,871.79	3,446.14	4,020.49
Tonyrefail	1,180.26	1,376.97	1,573.68	1,770.39	2,163.81	2,557.23	2,950.65	3,540.78	4,130.91
Ynysybwl & Coed-y-Cwm	1,166.88	1,361.36	1,555.84	1,750.32	2,139.28	2,528.24	2,917.20	3,500.64	4,084.08
All Other Parts of Rhondda Cynon Taf	1,129.77	1,318.06	1,506.36	1,694.65	2,071.24	2,447.83	2,824.42	3,389.30	3,954.18

being the amounts given by multiplying the amounts at 2(g) and 2(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands, as set out below:

Appendix 2

3. Note that for the year 2024/25, the Police & Crime Commissioner for South Wales has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Act 1992, for each of the categories of dwellings shown below:

Major Precepting Authority	Band A (£.p)	Band B (£.p)	Band C (£.p)	Band D (£.p)	Band E (£.p)	Band F (£.p)	Band G (£.p)	Band H (£.p)	Band I (£.p)
Police & Crime Commissioner for South Wales	235.11	274.30	313.48	352.67	431.04	509.41	587.78	705.34	822.90

4. Agree that having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2024/25 for each of the categories of dwellings shown below:

Total Council Tax Demand	Band A (£.p)	Band B (£.p)	Band C (£.p)	Band D (£.p)	Band E (£.p)	Band F (£.p)	Band G (£.p)	Band H (£.p)	Band I (£.p)
Gilfach Goch	1,421.78	1,658.74	1,895.71	2,132.67	2,606.60	3,080.52	3,554.45	4,265.34	4,976.23
Hirwaun	1,401.30	1,634.85	1,868.40	2,101.95	2,569.05	3,036.15	3,503.25	4,203.90	4,904.55
Llanharan	1,417.66	1,653.94	1,890.21	2,126.49	2,599.04	3,071.60	3,544.15	4,252.98	4,961.81
Llanharry	1,417.67	1,653.94	1,890.22	2,126.50	2,599.06	3,071.61	3,544.17	4,253.00	4,961.83
Llantrisant	1,403.21	1,637.08	1,870.95	2,104.82	2,572.56	3,040.30	3,508.03	4,209.64	4,911.25
Llantwit Fardre	1,400.07	1,633.41	1,866.76	2,100.10	2,566.79	3,033.48	3,500.17	4,200.20	4,900.23
Pontyclun	1,409.93	1,644.91	1,879.90	2,114.89	2,584.87	3,054.84	3,524.82	4,229.78	4,934.74
Pontypridd	1,416.75	1,652.88	1,889.00	2,125.13	2,597.38	3,069.63	3,541.88	4,250.26	4,958.64
Rhigos	1,404.60	1,638.70	1,872.80	2,106.90	2,575.10	3,043.30	3,511.50	4,213.80	4,916.10
Taffs Well	1,383.83	1,614.46	1,845.10	2,075.74	2,537.02	2,998.29	3,459.57	4,151.48	4,843.39
Tonyrefail	1,415.37	1,651.27	1,887.16	2,123.06	2,594.85	3,066.64	3,538.43	4,246.12	4,953.81
Ynysybwl & Coed-y-Cwm	1,401.99	1,635.66	1,869.32	2,102.99	2,570.32	3,037.65	3,504.98	4,205.98	4,906.98
All Other Parts of Rhondda Cynon Taf	1,364.88	1,592.36	1,819.84	2,047.32	2,502.28	2,957.24	3,412.20	4,094.64	4,777.08

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023-2024

COUNCIL

6th MARCH 2024

THE COUNCIL'S THREE YEAR CAPITAL PROGRAMME 2024/25 – 2026/27

REPORT OF THE CABINET

AUTHOR: BARRIE DAVIES, DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR – FINANCE, DIGITAL & FRONTLINE SERVICES (01443) 424026

1.0 PURPOSE OF REPORT

1.1 This report sets out the Council's proposed Capital Programme for 2024/25 to 2026/27, following receipt of the final local government settlement for 2024/25.

2.0 RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the detail of the final 2024/25 local government settlement for capital expenditure, reproduced at Appendix 1;
- 2.2 Agree to the proposed reallocation of existing resources, and allocation of new resources as detailed in paragraph 5;
- 2.3 Agree to allocate the funding identified in the report to the investment priorities as detailed in paragraph 6.2;
- 2.4 Agree the proposed 'core' three year programme detailed at Appendix 2;
- 2.5 Agree the proposed total three-year Capital Programme, detailed at Appendices 3 (a) to (e), which includes the following non core capital funding:
 - Prudential borrowing to support Sustainable Communities for Learning Schemes (formerly 21st Century Schools);
 - Capital grants for specific schemes;
 - Third party contributions; and
 - The investment priorities detailed in paragraph 6.2.

3.0 BACKGROUND

- 3.1 Members will be aware that each year the Council is allocated a sum of unhypothocated “Supported” borrowing and General Capital Grant from the Welsh Government (WG). Details of the final allocation for 2024/25 are shown at Appendix 1. The funding for 2024/25 has decreased by £0.058M and totals £13.828M.
- 3.2 WG’s final budget maintains General Capital Funding at £180M (all Wales) for 2024/25, with a further £20M (all Wales) in respect of decarbonisation. It is proposed that any additional resources are considered as part of future Investment Priority reviews outside of our Core Programme.
- 3.3 Members have continued to receive regular updates on the projections of the Council’s revenue budget position to 2026/27. The Revenue Budget Strategy for 2024/25 includes a proposal to capitalise expenditure which is currently funded from our revenue budgets which in line with accounting rules, is actually capital in nature.
- 3.4 These expenditure items relate to IT software licence costs totalling £0.500M which is now proposed to be included in our core programme allocations. The allocations are shown at Appendix 2 which proposes a core programme totalling £14.180M.
- 3.5 To set the core programme at this level, and in light of latest capital receipt forecasts and use of capital reserves, would leave a remaining balance of £2.148M (for 2024/25) of WG General Capital Funding which can be used to contribute toward funding Investment Priorities over and above the core programme as set out at paragraph 6.2.
- 3.6 The wider overall capital programme however includes approved prudential borrowing, specific grants and agreed additional investment in our key priorities.

4.0 THE NEW THREE YEAR PROGRAMME (2024/25 TO 2026/27)

- 4.1 The proposed new 3 year capital programme for 2024/25 to 2026/27 represents a total investment of **£165.630M**. This comprises:
- A Core programme of £42.540M over the next 3 years;
 - Prudential borrowing of £13.138M to support the Sustainable Communities for Learning Programme;
 - Specific grants of £42.968M;
 - Third party contributions of £0.015M;
 - Earmarked reserves and revenue contributions previously allocated to schemes and investment priorities of £33.588M;
 - Capital resources, in addition to the 3 year core allocation, of £14.114M; and
 - If agreed, allocated earmarked reserves of £15.035M, reallocated earmarked reserves of £2.084M and reallocated core funding of £2.148M, to fund the proposed investment priorities detailed in paragraph 6.2.
- 4.2 Having due regard to the level of available capital resources, both from WG and from our own capital receipts, the new core programme for 2024/25 to 2026/27 is

set at £14.180M per year. This represents a fully funded £42.540M core programme across the 3 years.

- 4.3 There remains a risk that the projected capital receipts are less than anticipated and projections will continue to be closely monitored.
- 4.4 Whilst allocating core resources for three years, there remains the requirement for us to continue to review and challenge any commitments made into years two and three, to robustly monitor capital receipt projections and to position ourselves to respond as appropriate and necessary as we move forward.
- 4.5 Given the timing of external funding approval processes, it will be necessary to maintain flexibility of funding across individual schemes in order to ensure the most efficient delivery of the overall programme.
- 4.6 Details of the overall capital programme for the 3 year period are set out in Section 7 of this report.

5.0 FURTHER AVAILABLE FUNDING

- 5.1 The Council has maintained an Investment/Infrastructure reserve for a number of years to fund the cost of maintaining and enhancing infrastructure across the County Borough. The balance of this reserve at 31st March 2023 was £24.950M, against which £7.730M has already been released, leaving £17.220M available to fund further investment priorities.
- 5.2 An Invest to Save reserve has also been maintained to fund opportunities as and when they arise, including investment in carbon reduction and renewable energy projects which results in a reduction in energy costs and/or additional income for the Council. The balance of this reserve at 31st March 2023 was £6.887M, of which £4.021M has been committed to projects leaving £2.866M available to fund further Invest to Save opportunities.
- 5.3 Our capital expenditure and commitments are closely monitored across the 3 year period of the programme and it is not unusual for spend to slip into future years and present opportunities for the reallocation of resources. In this regard an amount of £2.084M has been identified which can be reprioritised without adversely impacting on wider programme delivery and whilst maintaining the new core programme.
- 5.4 The total additional available funding, as outlined above (and paragraph 3.5) is £24.318M

6.0 INVESTMENT PRIORITIES

- 6.1 The Cabinet believe that the most appropriate use of these one off resources is to continue to invest in our infrastructure and to support the aspirations and priorities of the Corporate Plan.
- 6.2 In being able to support the above objectives, Cabinet have identified the following specific areas which it is proposed that Council agree to be invested in:

Investment Priority	£M
Highways Maintenance	5.050
Unadopted Roads	0.200
Highways Structures	1.000
Rhigos Mountain Road Rock Netting	1.404
Flood Alleviation	1.000
Streetcare Bins (revenue allocation)	0.025
Parks Structures	0.250
Parks & Green Spaces	1.395
Country Parks Investment	0.305
Play Areas	0.350
Multi Use Games Areas (MUGAs)	0.225
Coed Ely Solar Farm	7.388
Hawthorn Hockey Pitch	0.350
Leisure Fitness Equipment	0.350
Total Council Investment	19.292

6.3 The above investment priorities can be funded from the resources identified at paragraph 5.4, with the remaining resource amounting to £5.026M being retained in our Investment/Infrastructure reserve to fund future priorities.

6.4 Further details on these investments are included in section 7.

7.0 THE THREE YEAR CAPITAL PROGRAMME 2024/25 – 2026/27

7.1 The details of the 3 year proposed programme for each Service Group are provided below.

CHIEF EXECUTIVE'S GROUP

7.2 The latest projections show expected full year capital spend of £28.498M for the Chief Executive's Group in 2023/24.

CORPORATE ESTATES

7.3 The total resources for 2024/25, as outlined in the proposed three-year Capital Programme is £8.829M.

7.4 As identified in 6.2 additional investment has been provided in Corporate Estates in the following areas:

- Coed Ely Solar Farm – £7.388M (including £2.866M from the Invest to Save reserve referenced in paragraph 5.2). The Council is progressing the development of a 6-megawatt solar farm on the former Coed Ely colliery site, which is owned by the Council. The renewable (green) energy produced will be for the benefit of the public sector and enable an offset of over 1,100 tonnes of

carbon per year, and around 47,000 tonnes over the expected 40 year lifecycle.

- 7.5 As part of the Council's on-going programme to ensure high standards of health and safety and operational efficiency within its premises, appropriate resources continue to be allocated to our operational accommodation, the management and remediation of Asbestos and Legionella and resources for energy efficiency/carbon reduction measures across our property estate. We await details of the £20M allocated by WG for decarbonisation.

PROSPERITY AND DEVELOPMENT

Regeneration

- 7.6 A budget of £15.875M for 2024/25 has been allocated to support the next phase of Regeneration.
- 7.7 The Council's Capital Programme continues to provide a long-term funding commitment to the economic regeneration of the County Borough in line with its Corporate Plan.
- 7.8 In addition to the above, sustained investment has been maintained across a range of funding streams, supported by external funding and resources prioritised toward the Corporate Plan Investment Priorities. This has enabled a wide range of regeneration activity to be delivered to benefit the local economy.
- 7.9 The Council will continue to work with partners to develop and progress exciting and innovative schemes such as:
- The redevelopment of key sites in the Southern Gateway Quarter in Pontypridd town centre including the former Bingo Hall site and former M&S, Burton and Dorothy Perkins site;
 - Townscape Enhancements across our key town centres – a targeted approach to acquiring, redeveloping and upgrading town centre buildings for increased business and commercial use and continuing to improve the quality of the townscape providing business investment and employment growth. This will be supported by the development and delivery of strategies and placemaking plans for our key town centres;
 - The former Rates Building redevelopment and plans to redevelop the Rock Grounds Buildings are being brought forward as part of the Aberdare Town Centre Strategy; and
 - Sources of investment post EU funds are being accessed to bring forward projects such as the UK Government Levelling Up Fund where successful bids have been made for the Muni Arts Centre Redevelopment, Porth Transport Hub and A4119 Dualling projects and also the UK Government Shared Prosperity Fund (SPF) where delivering the RCT SPF Local Investment Plan is a key priority.
- 7.10 The programme of regeneration projects will add value to the significant regeneration investment that has already taken place and will act as a catalyst for the development and delivery of further regeneration activity.

Cardiff Capital Region City Deal

- 7.11 A budget of £1M per year is allocated toward the Council's commitment to the Cardiff Capital Region City Deal Wider Investment Fund.

Planning and Countryside

- 7.12 A budget for 2024/25 of £0.943M has been allocated to the Planning and Countryside programme, this will enable the Council to continue to develop and progress schemes which improve the countryside. Supported by external funding, the Council will continue working on schemes which improve access to and on the Public Rights of Way network, open access land and green and blue spaces.

- 7.13 As identified in 6.2 additional investment has been provided in Planning and Countryside in the following area:

- Country Parks Investment - £0.305M

Private Sector Housing

- 7.14 A budget for 2024/25 of £11.574M has been allocated and the programme comprises the following schemes to contribute to the delivery of the Council's Corporate Plan.

- Disabled Facilities Grants;
- Maintenance Repair Assistance Grants;
- Renovation Grants in Exceptional Circumstances;
- Delivery of Welsh Government's National Empty Homes Grant Scheme for all participating Local Authorities in Wales from April 2024 to March 2026;
- Shared Prosperity Fund Heating Grant and Solar Panel Grant which provides financial support for residents to make their homes more energy efficient;
- Affordable Housing through the Social Housing Grant; and
- Tackling Poverty Fund.

FINANCE, DIGITAL AND FRONTLINE SERVICES

- 7.15 The latest projections show expected full year capital spend of £79.246M for Finance, Digital and Frontline Services in 2023/24.

- 7.16 The total resources for 2024/25, as outlined in the proposed three-year Capital Programme is £41.760M.

- 7.17 As identified in 6.2 additional investment has been provided in Finance, Digital and Frontline Services in the following areas:

- Highways Maintenance – £5.050M
- Unadopted Roads – £0.200M
- Highways Structures – £1.000M
- Rhigos Mountain Road Rock Netting – £1.404M
- Flood Alleviation – £1.000M
- Parks Structures Improvements – £0.250M
- Parks & Green Spaces – £1.395M

This additional investment is included in the figures presented in Appendix 3b.

FRONTLINE SERVICES

Highways Technical Services

- 7.18 A budget for 2024/25 of £14.265M has been allocated to the next phase of the Council's Highways Improvement programme and in doing so supports the delivery of the Council's Corporate Plan. Schemes comprise:
- Road surface treatments and resurfacing – £6.757M
 - Car park improvements – £0.035M
 - Major repairs to structures such as bridges and walls – £6.580M
 - Parks Structures Improvements – £0.320M
 - Street lighting replacement and upgrades – £0.473M
 - Traffic Management – £0.100M

Strategic Projects

- 7.19 A budget for 2024/25 of £16.629M has been allocated to Strategic Projects for major economic infrastructure investment and a programme of multi-modal transport enhancements ranging from sustainable travel initiatives to encourage walking and cycling, park and ride facilities, "making better use" enhancements, road safety and drainage improvements. Funding has been allocated as follows:
- Transport Grant Schemes – £0.580M
 - Major Economic Transport Infrastructure investments and associated transportation enhancements – £14.779M
 - Drainage Improvements and Land Reclamation Schemes – £1.270M
- 7.20 There remains uncertainty with regard to the level of WG grant funding for 2024/25. It is anticipated that further funding will be made available to undertake modifications to the Welsh Government Default 20mph speed limit initiative. Road Safety Revenue and Road Safety Capital grants will also be available to be bid for this year. A number of individual grants, such as Resilient Roads fund, have now been incorporated into the Local Transport Fund grant. Bids for various funds returned during January and February are expected to be confirmed during March. Bids have also been submitted for "Small Scale" flood alleviation schemes with the upper limit of funding for individual schemes set at £0.200M, and to the major projects Flood and Coastal Erosion Risk Management (FCERM) programme to gain Approval in Principle for funding.
- 7.21 A supplementary report on the detail of proposed schemes for Highways, Transportation & Strategic Projects will be presented to Cabinet shortly.

Storm Dennis Flood Recovery

- 7.22 Following the unprecedented weather events of Storm Dennis in February 2020, the Council will have already spent £47M on repairing, replacing and improving infrastructure damaged by this exceptional storm event by the end of March 2024.

7.23 Funding for the recovery work is provided by WG on an annual basis and the Council continues to work closely with WG to ensure funding is increased and secured during the financial year to maintain the momentum of the recovery programme. Formal confirmation of the funding for 2024/25 is awaited from WG, however the Council has assurance from WG to continue with recovery works. In anticipation of the funding for 2024/25 being confirmed a total budget for 2024/25 of £4.485M is now included.

7.24 There are a significant number of schemes ongoing to repair and replace bridges, river walls and retaining walls, as well as a work programme to deal with coal spoil tip safety, including the remediation process following Tylorstown landslip.

Parks

7.25 Investment in Parks infrastructure in 2024/25 totals £1.643M to fund a rolling programme of improvements to drainage, pavilions, buildings and other infrastructure such as seating, fencing, paths and walls.

Waste Strategy

7.26 The budget for 2024/25 is £1.184M. This relates to consideration of the feasibility of implementing a transfer station to reduce operational costs associated with hauling waste and recycling, and to reduce the carbon footprint associated with the significant operation.

Fleet

7.27 The 3 year rolling programme for replacement vehicles continues. The 3 year allocation is £4.958M. This service area is subject to ongoing assessment and continuous review of requirements.

EDUCATION AND INCLUSION SERVICES

7.28 The latest projections show expected full year capital spend of £72.862M for Education & Inclusion in 2023/24.

7.29 The total resources available to Education & Inclusion Services for 2024/25, as outlined in the proposed three-year Capital Programme, is £38.790M and will support the delivery of the Council's Corporate Plan. This investment will also support the delivery of Strategic Priority 5: Delivering 21st Century learning environments and innovative services for our learners and communities, of the Education and Inclusion Services Strategic Plan.

7.30 As identified in 6.2 additional investment has been provided in Education and Inclusion Services in the following areas:

- Hawthorn Hockey Pitch - £0.350M

Schools

- 7.31 The Council will continue to deliver and support its long-term strategic investment school modernisation programme, creating environments that meet the needs of learners and our communities, providing the best learning provision and supporting positive outcomes for young people and the wider community. The programme of capital investment is delivered utilising Council funding, WG Sustainable Communities for Learning funding (previously the 21st Century Schools and Colleges Programme) and Section 106 funding.
- 7.32 The following key school projects are either in progress or planned, and are included in the overall strategic programme and include a combination of refurbishments, remodelling, demolitions and new buildings:
- YGG Llyn Y Forwyn – construction is ongoing to build a brand new school on a new site in the Rhondda Fach, increasing Welsh medium capacity and providing community facilities;
 - Creation of Ysgol Afon Wen – works are continuing to construct a new teaching block providing exciting new learning environments for all pupils of the new school. Demolition of the existing school buildings plus extensive external improvement works are also planned;
 - Creation of Ysgol Bro Taf – significant remodelling and refurbishment works will continue throughout the school, providing new learning environments for all pupils, delivering new sports facilities that will be available for the wider community, plus the creation of a new car park and bus-bay area;
 - Creation of Ysgol Awel Taf – works on the brand new Welsh medium school are ongoing, remaining works include the creation of the staff and visitor car park and bus-bays;
 - Bryncelynnog Comprehensive School – works to improve facilities at the school continue. The remaining works include the creation of a new car park; and
 - Childcare Capital Grant – improvements to existing childcare provision at Glenboi Primary School and Penderyn will be delivered, improving the environments and increasing the childcare offer.
- 7.33 In addition to the above schemes being delivered through capital funding, the Council has been successful in securing funding via WG's Mutual Investment Model (MIM) programme, which is the revenue funding element of the Sustainable Communities for Learning Programme. The Council has entered into a 25-year contract for the design, build, funding and building maintenance of three schools. Continuation of work during 2024/25 will deliver:
- Pontyclun Primary School (by early 2025) – All existing buildings (including temporary classrooms) will be demolished to construct a new two-storey school building, sports and recreation facilities. Hard play areas will be provided externally, along with two (MUGAs) and other informal grass play areas;
 - Llanilltud Faerdref Primary School (by spring 2024) – A new single-storey building will be constructed on the existing grassed playing field area on the eastern part of the site. Externally, there will be landscaped areas and hard and soft play areas set around the school. Two MUGAs will be built, along with a grass sports pitch (5-a-side) and a 40-metre grass sprint track; and
 - Penygawsi Primary School (by summer 2024) – All existing buildings will be demolished to construct a new two-storey building at the north-east corner of

the site. Hard play areas will be provided externally, along with a grass sports pitch (7-a-side), two MUGAs and informal play areas at the southern end of the site.

Planned Capital Works

- 7.34 The planned capital works programme allocation for 2024/25 is £6.315M. The allocation includes an on-going rolling programme for kitchen refurbishments/remodelling, window & door replacements, essential works, electrical rewiring, fire alarm upgrades, toilet refurbishments, Equalities Act/compliance works, access condition surveys, boiler replacements, roof renewals, asbestos remediation works, 21st Century classroom upgrades, external improvements, capitalisation of IT hardware/software & licences and improvements to schools. Also included is funding to support capital expenditure in relation to the Universal Primary Free School Meals initiative.
- 7.35 A supplementary report detailing proposals of works for consideration within the above-mentioned programme will be presented to Cabinet shortly.

COMMUNITY AND CHILDREN'S SERVICES

- 7.36 The latest projections show expected full year capital spend of £13.110M for Community and Children's Services in 2023/24.
- 7.37 The total resources available to Community and Children's Services for 2024/25, as outlined in the proposed three-year Capital Programme is £12.464M.
- 7.38 As identified in 6.2 additional investment has been provided in Community and Children's Services in the following areas:
- Multi Use Games Areas (MUGAs) – £0.225M
 - Play Areas – £0.350M
 - New Leisure Fitness Equipment - £0.350M

This additional investment is included in the figures presented in Appendix 3d.

Adult & Children's Services

- 7.39 The programme for Adult and Children's Services includes a budget of £7.464M in 2024/25. This will continue to fund the essential refurbishment and improvement works to the Council's Adult & Children's Services establishments, including the extra-care programme, in line with care standards and health & safety legislation. Also included are additional costs associated with Telecare Services.
- 7.40 The Council is working towards the successful delivery of the Council's extra care strategy including residential dementia care, a fourth new accommodation for adults with learning disabilities, and investment in the Council's own care homes. The strategy will lead to the development of a more sustainable model of residential services providing the best possible care and support.
- 7.41 The capital funding requirements to deliver the proposals for investment in new

facilities will be considered by Cabinet as individual schemes are developed. This will include reviewing all opportunities to secure any available external (Welsh Government) sources of finance to support the timely delivery of the strategy.

- 7.42 These investments will support the delivery of the Council's Corporate Plan Priorities.

Public Health & Protection

- 7.43 The Public Health and Protection programme has a budget of £5.000M in 2024/25. This budget is allocated across the ongoing rolling programmes for Cemeteries and Community Safety measures. Also included in this budget are allocations for investment and improvement works at Leisure Centres and Play Areas. The redevelopment of the Muni Arts Centre is also included in this programme, and overall, the areas of investment support the delivery of the Council's Corporate Plan Priorities.

8.0 EQUALITY & DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 8.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.
- 8.2 An Equality Impact Assessment has been completed and concluded that the recommendations set out in the report are in line with the above legislation.

9.0 WELSH LANGUAGE IMPLICATIONS

- 9.1 There are no Welsh language implications as a result of the recommendations in this report.

10.0 CONSULTATION

- 10.1 Consultation and engagement has been undertaken as part of formulating the revised programme and this was also built into the wider consultation exercise undertaken in respect of the recommended 2024/25 Revenue Budget Strategy, where consultees were asked what services are important to them in Rhondda Cynon Taf.

11.0 FINANCIAL IMPLICATION(S)

- 11.1 The financial implications of the recommendations are set out in the main body of the report.

12.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 12.1 The Council's proposed Capital Programme for 2024/25 to 2026/27 complies fully

with all legal requirements.

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

13.1 The Council's proposed Capital Programme for 2024/25 to 2026/27 has been formulated to support the delivery of the Council's strategic priorities, as set out within the Corporate Plan, with these documents being aligned to the goals and principles included within the Well-Being of Future Generations Act.

14.0 CONCLUSIONS

14.1 The three year Capital Programme is a key component of the overall Medium Term Financial Planning and Resources Strategy for this Council. Targeted capital investment can make a significant impact on service delivery and used effectively, is able to underpin the Council's Corporate Plan Priorities, where relevant.

14.2 This report sets out the capital investment priorities for the Council through to March 2027. It represents an ambitious and significant level of investment (£165.630M) over the next 3 years.

14.3 The programme includes some element of slippage identified throughout 2023/24, which is subject to change when final spend for the capital programme is known and the 2023/24 accounts are finalised. Any changes to slippage will be reported as part of the Council's quarterly performance reports.

14.4 This report has also identified the opportunity to invest £19.292M of additional resources in our local area and infrastructure in order to improve the services and facilities which are available to our residents.

14.5 As the year progresses, changes will be made to the programme, for example, where new schemes can be supported by specific grants. Approval from Members will be sought as these opportunities arise throughout 2024/25.

Table 2a: Breakdown of General Capital Funding (GCF), by Unitary Authority, 2024-25 (£000)

Final Settlement				
Unitary Authority	General Capital Funding 2024-25	of which: General Capital Grant	of which: Unhypothecated Supported Borrowing	
Isle of Anglesey	4,386	2,222		2,164
Gwynedd	8,223	4,166		4,057
Conwy	6,899	3,496		3,403
Denbighshire	6,185	3,134		3,051
Flintshire	8,142	4,125		4,017
Wrexham	7,018	3,556		3,462
Powys	9,297	4,710		4,587
Ceredigion	5,854	2,966		2,888
Pembrokeshire	7,587	3,844		3,743
Carmarthenshire	11,989	6,074		5,915
Swansea	12,943	6,558		6,385
Neath Port Talbot	8,950	4,535		4,415
Bridgend	7,980	4,043		3,937
The Vale of Glamorgan	6,986	3,540		3,446
Rhondda Cynon Taf	13,828	7,006		6,822
Merthyr Tydfil	3,157	1,600		1,557
Caerphilly	9,731	4,930		4,801
Blaenau Gwent	3,855	1,953		1,902
Torfaen	5,405	2,739		2,666
Monmouthshire	4,938	2,502		2,436
Newport	8,459	4,286		4,173
Cardiff	18,188	9,215		8,973
Total unitary authorities	180,000	91,200		88,800

PROPOSED "CORE" THREE YEAR CAPITAL PROGRAMME

2024 / 2027

SERVICE GROUPS	2024-25	2025-26	2026-27
	£M	£M	£M
Chief Executive's Group	5.740	5.740	5.740
Finance, Digital & Frontline Services	4.926	4.926	4.926
Education & Inclusion Services	2.768	2.768	2.768
Community & Children's Services	0.746	0.746	0.746
Total Capital Expenditure	14.180	14.180	14.180

Estimated Resources Required to Fund Capital Programme

Welsh Government General Capital Funding

Supported borrowing	6.822	6.822	6.822
General Capital Grant	7.006	7.006	7.006
Total WG Funding	13.828	13.828	13.828

WG capital funding allocated to fund Investment Priorities	-	2.148	-	1.898	-	1.898
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Total Available to fund the Core Programme	11.680	11.930	11.930
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Council Resources

Council Resources	2.500	2.250	2.250
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Total Resources Required to Fund the "Core" Capital Programme	14.180	14.180	14.180
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Scheme	3 Year Capital Programme 2024 - 2027			
	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget	Total 3 Year Budget
	£'000	£'000	£'000	£'000

Corporate Estates

Major repair/refurbishment and/or rationalisation of Service Group Accommodation	611	100	100	811
Strategic Maintenance	40	40	40	120
Asset Management Planning	35	35	35	105
Asbestos Management	115	115	115	345
Asbestos Remediation Works	35	35	35	105
Legionella Remediation Works	180	180	180	540
Legionella Management	115	115	115	345
Coed Ely Solar Farm	6,638	750	0	7,388
Carbon Reduction Programme	760	280	280	1,320
Electric Vehicles Charging	300	0	0	300
Total Corporate Estates	8,829	1,650	900	11,379

Prosperity & Development

Regeneration

Enterprise Investment Fund	480	130	130	740
Town Centre Maintenance Grants (SPF)	50	0	0	50
Town Centre Property Improvements (SPF)	715	0	0	715
96-102 Taff St, Pontypridd	100	0	0	100
Pontypridd Southern Gateway	12,198	0	0	12,198
Transforming Towns Place Making Grant	690	0	0	690
Former Rates Building, Aberdare	646	0	0	646
Major Projects Investment Fund	589	0	0	589
Regeneration Investment	350	270	270	890
Ynysangharad Park Brilliant Basics Fund	37	0	0	37
Rock Grounds Development	20	0	0	20
Total Regeneration	15,875	400	400	16,675

Cardiff Capital Region City Deal

Cardiff Capital Region City Deal	1,000	1,000	1,000	3,000
Total Cardiff Capital Region City Deal	1,000	1,000	1,000	3,000

Planning & Countryside

Local Places for Nature	539	0	0	539
Countryside	404	0	0	404
Total Planning & Countryside	943	0	0	943

Scheme	3 Year Capital Programme 2024 - 2027			
	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget	Total 3 Year Budget
	£'000	£'000	£'000	£'000

Private Sector Housing

Disabled Facilities Grants/Adaptations (DFG)	2,315	2,875	2,875	8,065
Maintenance Repair Assistance (MRA)	235	235	235	705
Renovation Grants Exceptional Circumstances & Home Improvement Zones	711	235	235	1,181
Empty Properties Grants Investment	2,213	0	0	2,213
National Empty Homes Grant Scheme	2,383	1,811	0	4,194
Affordable Housing	2,000	1,000	515	3,515
Tackling Poverty Fund	250	0	0	250
Community Regeneration	1,467	100	95	1,662
Total Private Sector Housing	11,574	6,256	3,955	21,785

Total Prosperity & Development	29,392	7,656	5,355	42,403
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Group Total	38,221	9,306	6,255	53,782
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Chief Executive

Paul Mee

Service Director - Finance Services

Martyn Hughes

Scheme	3 Year Capital Programme 2024 - 2027			
	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget	Total 3 Year Budget
	£'000	£'000	£'000	£'000

Finance & Digital Services

CIVICA Financials	240	240	240	720
Capitalisation of Computer HW/SW & Licences	1,342	1,342	1,342	4,026
Total Finance & Digital Services	1,582	1,582	1,582	4,746

Frontline Services

Highways Technical Services

Highways Improvements	6,757	930	930	8,617
Car Parks	35	40	40	115
Structures	6,580	195	195	6,970
Parks Structures	320	0	0	320
Street Lighting	473	330	130	933
Traffic Management	100	100	100	300
Total Highways Technical Services	14,265	1,595	1,395	17,255

Strategic Projects

Transportation and Travel Schemes	580	0	0	580
Transportation Infrastructure	14,779	25	25	14,829
Drainage Improvements	1,255	95	95	1,445
Land Reclamation	15	0	0	15
Total Strategic Projects	16,629	120	120	16,869

Storm Dennis Flood Recovery

Storm Dennis Flood Recovery	4,485	0	0	4,485
Total Storm Dennis Flood Recovery	4,485	0	0	4,485

Parks

Parks	1,643	65	65	1,773
Total Parks	1,643	65	65	1,773

Waste Strategy

Waste Strategy	1,184	0	0	1,184
Total Waste Strategy	1,184	0	0	1,184

Fleet

Vehicles	1,758	1,600	1,600	4,958
Total Fleet	1,758	1,600	1,600	4,958

Scheme	3 Year Capital Programme 2024 - 2027			
	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget	Total 3 Year Budget
	£'000	£'000	£'000	£'000

Buildings

Buildings	95	45	45	185
Capitalised Equipment	119	119	119	357
Total Buildings	214	164	164	542

Total Frontline Services	40,178	3,544	3,344	47,066
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Group Total	41,760	5,126	4,926	51,812
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Deputy Chief Executive and Group Director

Barrie Davies

Service Director - Finance Services

Martyn Hughes

Scheme	3 Year Capital Programme 2024 - 2027			
	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget	Total 3 Year Budget
	£'000	£'000	£'000	£'000

Schools

School Modernisation Rhondda and Tonyrefail	974	0	0	974
School Modernisation	5,177	259	100	5,536
Bryncelynnog Comprehensive	296	0	0	296
Y Pant Extension	351	0	0	351
Aberdare Church in Wales Primary School	350	0	0	350
SRIC - School Modernisation Programme	1,089	0	0	1,089
Childcare Facility Improvements	1,588	0	0	1,588
21st Century Schools Band B				
YGG Awel Taf (New Welsh Medium Primary School Rhydfelin)	680	431	0	1,111
Ysgol Bro Taf (3-16 Pontypridd School Modernisation)	5,615	350	0	5,965
Ysgol Afon Wen (3-16 Hawthorn School Modernisation)	6,062	375	0	6,437
Bryncelynnog Comprehensive School Modernisation	1,592	0	0	1,592
YGG Llyn Y Forwyn	6,350	429	0	6,779
Mutual Investment Model Projects	2,351	0	0	2,351
Total	32,475	1,844	100	34,419

Supplementary Capital Programme

Planned Kitchen Refurbishments	390	130	130	650
Window & Door Replacements	100	100	100	300
Essential Works	651	270	270	1,191
Capitalisation of Computer HW / SW & Licences	258	258	258	774
Roof Renewal	1,094	465	465	2,024
Boiler Replacement	290	170	170	630
Equalities Act/Compliance Works	1,939	155	155	2,249
Education & Inclusion Services Condition Surveys	200	35	35	270
Electrical Rewiring	115	130	130	375
Asbestos Remediation Work	500	595	595	1,690
Fire Alarm Upgrades	45	65	65	175
Toilet Refurbishments	308	235	235	778
Universal Primary Free School Meals Capital	360	0	0	360
Improvements to Schools	65	65	65	195
Total	6,315	2,673	2,673	11,661

Group Total	38,790	4,517	2,773	46,080
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Director of Education and Inclusion Services

Gaynor Davies

Service Director - Finance Services

Stephanie Davies

Scheme	3 Year Capital Programme 2024 - 2027			
	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget	Total 3 Year Budget
	£'000	£'000	£'000	£'000

Adult & Children's Services

Modernisation Programme (Adults)	6,968	95	95	7,158
Modernisation Programme (Childrens)	160	25	25	210
Asbestos Remediation	25	25	25	75
Telecare Equipment (Inc of Carelink Equipment)	140	140	140	420
Capitalisation of Computer HW / SW / Licences & Equipment	171	171	171	513
Total Adult & Children's Services	7,464	456	456	8,376

Public Health, Protection & Community Services

Leisure Centre Refurbishment Programme	415	55	55	525
Play Areas	620	45	45	710
Cemeteries Planned Programme	110	90	90	290
Community Safety Initiatives	2,149	45	45	2,239
Community Hubs	348	0	0	348
Culture	130	20	20	170
Muni Arts Project	1,193	0	0	1,193
Buildings	35	35	35	105
Total Public Health, Protection & Community Services	5,000	290	290	5,580

Group Total	12,464	746	746	13,956
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Director of Social Services

Neil Elliott

Director of Public Health, Protection & Community Services

Louise Davies

Service Director - Finance Services

Neil Griffiths

Appendix 3e

Capital Programme from 1st April 2024 to 31st March 2027

Group	2024/25	2025/26	2026/27	Total
	£M	£M	£M	£M
Chief Executive	38.221	9.306	6.255	53.782
Finance, Digital & Frontline Services	41.760	5.126	4.926	51.812
Education and Inclusion Services	38.790	4.517	2.773	46.080
Community and Children's Services	12.464	0.746	0.746	13.956
Total	131.235	19.695	14.700	165.630

Estimated Resources Required to Fund Capital Programme

Supported Borrowing	6.822	6.822	6.822	20.466
Unsupported Borrowing	12.157	0.981	0.000	13.138
Total	18.979	7.803	6.822	33.604

Capital Grants

General Capital Grant	7.006	7.006	7.006	21.018
WG National Empty Homes Grant Scheme	2.383	1.811		4.194
WG Local Transport Fund	0.580			0.580
WG Flood and Coastal Erosion Risk Management Grant	0.070			0.070
WG Flood Recovery Grant	3.619			3.619
WG Coal Tips Safety Grant	0.866			0.866
WG Sustainable Communities for Learning	10.721	0.604		11.325
WG Universal Primary FSM Grant	0.360			0.360
WG Access Improvement Grants	0.078			0.078
WG Voluntary Aided Schools Urgent Capital Repairs	0.350			0.350
WG ENABLE	0.476			0.476
UK Government Levelling Up Fund	0.731			0.731
UK Government Shared Prosperity Fund	14.752			14.752
WG Transforming Towns	1.336			1.336
WG PRS Lease Scheme	2.104			2.104
WCVA Local Places for Nature	0.539			0.539
WG Childcare	1.588			1.588
Total	47.559	9.421	7.006	63.986

Third Party Contributions	0.015	0.000	0.000	0.015
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Council Resources

Revenue Contributions	49.757	0.950	0.000	50.707
General Fund Capital Resources	14.925	1.521	0.872	17.318
Total	64.682	2.471	0.872	68.025

Total Resources Required to Fund Capital Programme	131.235	19.695	14.700	165.630
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Difference Total Spend to Total Resources	0.000	0.000	0.000	0.000
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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023 / 2024

COUNCIL

6th March 2024

TREASURY MANAGEMENT STRATEGY INCORPORATING INVESTMENT STRATEGY, TREASURY MANAGEMENT INDICATORS AND MINIMUM REVENUE PROVISION (MRP) STATEMENT FOR 2024/25

REPORT OF THE DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR - FINANCE, DIGITAL & FRONTLINE SERVICES
AUTHOR:- BARRIE DAVIES (01443) 424026

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to set out the Council's:-
- Treasury Management Strategy for 2024/25;
 - Investment Strategy for 2024/25;
 - Treasury Indicators for 2023/24 (actuals to date), 2024/25, 2025/26 and 2026/27; and
 - Minimum Revenue Provision (MRP) Policy Statement.

2.0 RECOMMENDATIONS

It is recommended that Members:

- 2.1 Approve the Treasury Management Strategy, Investment Strategy, Treasury Indicators, and the Minimum Revenue Provision (MRP) Policy statement as set out in the report.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 To ensure 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.

4.0 INTRODUCTION

- 4.1 CIPFA defines Treasury Management as:
“The management of the organisation’s borrowing, investments and cash flows, including 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.”
- 4.2 The Local Government Act 2003 and supporting regulations require the Council to have regard to the CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code of Practice and the CIPFA Prudential Code. This report also meets the requirements of Welsh Government Minimum Revenue Provision (MRP) Guidance and Welsh Government Investment Guidance.
- 4.3 This Treasury Management Strategy details the expected activities of the Treasury Management function in the forthcoming financial year (2024/25).
- 4.4 The Prudential Code is produced by CIPFA and is underpinned by the Local Government Act 2003. The Code sets out a framework which supports local strategy planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure capital expenditure and investment plans are affordable and proportionate, all external borrowing and other long term liabilities are prudent and sustainable, the risks associated with investments for commercial purposes are proportionate to financial capacity, and that treasury management decisions are taken in accordance with good professional practice.
- 4.5 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires revenue costs from capital financing decisions to be included in the budget requirement.
- 4.6 The implementation of MiFID II (Market in Financial Instruments Directive) reclassified local and public authorities as retail investors, by default, from 3rd January 2018. Such a reclassification would increase costs for financial advice and potentially restrict access to certain financial products. To avoid such additional costs and restrictions the Council has elected for a return to professional status (“opt up”) in order to ensure there is access to the full range of services and products required. The conditions of professional status require local authorities to have an investment balance of at least £10M and the person authorised to make the investment decision must

have at least one year's relevant professional experience. The Council's money market brokers and treasury management advisors have confirmed our professional client status.

5.0 TREASURY MANAGEMENT STRATEGY 2024/25

5.1 The proposed Treasury Management Strategy for 2024/25 is based on officers' views on likely interest rates, supplemented with forecasts provided by the Council's independent treasury advisors. The strategy covers:

- Current Portfolio Position;
- Prospects for Interest Rates;
- Borrowing Strategy; and
- Debt Rescheduling Opportunities.

5.2 Information is also provided on the use of Treasury Management advisors and relevant training that has taken place.

6.0 Current Portfolio Position

6.1 The Council's treasury portfolio position as at the end of December 2023 comprised:

		£M	Av. Rate
<u>Debt</u>			
Fixed Rate	PWLB	201.757	2.44%
	Market	54.500	5.00%
	Market (LOBO)	31.000	4.50%
Variable Rate	Market	0.000	0.00%
		287.257	3.15% *
<u>Investments</u>			
Variable Rate	Public Bodies	38.072**	4.93%

* Estimated weighted average rate of borrowing for 2023/24 is 3.25%

** Does not include investment with Cynon Taf Community Housing Group nor ring-fenced resources held in our role as regional lead authority for the Shared Prosperity Fund

6.2 A LOBO (Lender’s Option Borrower’s Option) is a financial instrument which provides a lower rate of interest for an 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.

7.0 Prospects for Interest Rates

7.1 The level of the Bank Rate tends to be the main factor which determines the rate of interest the Council receives on its short term investments. The Bank of England’s Monetary Policy Committee (MPC) sets the rate and has brought in a number of increases over the last year:

	% Increase	Interest Rate
May 23	0.25%	4.50%
June 23	0.50%	5.00%
August 23	0.25%	5.25%

7.2 The current forecast is for the Bank Rate to start decreasing in the latter half of this year. The MPC sets monetary policy to meet the government’s 2% inflation target. In its February 2024 report, it was noted that inflation rates will move lower over the next 12 months and by April 2025 the headline CPI rate is expected to be at or below the 2% target. The publication of GDP data demonstrated that the UK economy contracted in the final quarter of 2023 for a second successive quarter and thereby a recession in the second half of 2023. UK activity remains weak, although there has been some evidence of recovery in the services sector and housing market.

7.3 Generally, the Council borrows its long term funding from the Public Works Loan Board (PWLB). Long term PWLB rates increase and decrease in line with gilt yields (government bonds). The Council’s Treasury Management advisors latest forecast of interest rates (certainty rate) is as follows:

	5 yr	10 yr	20 yr	50 yr
2024/25	4.30%	4.50%	5.00%	4.70%
2025/26	4.10%	4.45%	5.00%	4.75%
2026/27	4.20%	4.55%	5.05%	4.75%

8.0 Borrowing Strategy

- 8.1 The Council's borrowing requirement for 2024/25 is currently £19.0M based on the updated Capital Programme 2024/25 – 2026/27 (subject to approval by Council 6th March 2024). The opportunities afforded by the Prudential Code provide for further borrowing in line with decisions taken during the year and the Strategy, Prudential Indicators and Limits may need to be refined accordingly in light of future decisions. Further details of Prudential Indicators and Limits are detailed within the Capital Strategy being considered alongside this report.
- 8.2 Uncertainty over future interest rate prospects increase the risks associated with treasury activity. As a result the Council will continue to take a cautious approach to its treasury strategy.
- 8.3 The policy will be to continue to maximise “internal borrowing”, running down cash balances and foregoing interest earned. This also minimises counterparty risk (risk that an investment may become irrecoverable). This continues to be our favoured approach (referred to as maintaining an “underborrowed” position), meaning that the capital borrowing need (the Capital Financing Requirement - CFR) has not been fully funded with loan debt. We will though take the opportunity to lock in longer term debt as and when the opportunity arises, in line with advice from our Treasury Advisors.
- 8.4 Short term borrowing could be taken from the money market or other public bodies such as local authorities by the Treasury Management team for day to day cashflow purposes.
- 8.5 The majority of the Council's borrowing is from the PWLB. Long-term borrowing rates are influenced by gilt yields and these are expected to be volatile around a relatively narrow range.
- 8.6 The PWLB updated its guidance in August 2021 whereby loans are no longer available to Councils planning to buy investment assets primarily for yield or solely for exploiting commercialisation opportunities in any of the following three years.
- 8.7 The Council may arrange forward starting loans where the interest rate is fixed in advance, but the cash is received at a later date, up to a maximum of one year. This would enable certainty of costs without suffering a cost of carry in the intervening period. The cost of carry is the interest cost incurred where funds are borrowed prior to being required.
- 8.8 There are uncertainties associated with the forecasts detailed above. Alternative approaches given different interest rate forecasts are shown below:
- Risk of sharp fall in long and short term rates – long term borrowing will be postponed and potential rescheduling from long term to short term borrowing could be considered.

- Risk of sharper than forecast rise in long and short term rates – fixed rate borrowing taken whilst rates still cheap.

8.9 The Section 151 Officer (or in his absence the Deputy Section 151 Officer), under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates and forecasts at the time, taking into account advice provided by our advisors and an assessment of risk. Members will be advised of borrowing activity during the year as part of the Council's quarterly performance reporting arrangements and the Mid Year Treasury Management Stewardship review.

9.0 Debt Rescheduling Opportunities

9.1 Debt rescheduling refers to the premature repayment of existing debt and replacing it with alternative cheaper borrowing.

9.2 The difference in rates applied to new borrowing and repayment of existing debt has meant that PWLB rescheduling is now less attractive. Consideration would need to be given to the large premiums which would be incurred on repaying debt early.

9.3 Early repayment of debt could be considered. This would run down investment balances as short term rates on investments are likely to be lower than that on debt. However, premium costs may be expensive and our investment balance estimates for 2024/25 are relatively low given the approach to maximise “internal borrowing”, therefore such a course of action is unlikely to be viable.

9.4 Any rescheduling and repayment of debt is likely to impact upon the Council's debt maturity profile and this will need to be considered in accordance with the relevant indicator.

9.5 The Council has previously taken advantage of maximising debt rescheduling opportunities. The reasons for any rescheduling to take place could include:

- the generation of savings, at minimum risk;
- to help fulfil the strategy outlined in section 8 above; or
- to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

9.6 The Section 151 Officer will monitor prevailing rates for any opportunities during the year based upon information provided by the Council's Treasury advisors.

10.0 Treasury Management Advisors

10.1 The Council's Treasury Management advisors are Arlingclose Ltd. The company provides a range of services including:

- Technical support on treasury matters, capital finance issues and suggested report formats;
 - Economic and interest rate analysis;
 - Debt services which includes advice on the timing of borrowing;
 - Debt rescheduling advice on the existing portfolio;
 - Generic investment advice on interest rates, timing and investment instruments; and
 - Credit ratings/market information service.
- 10.2 Whilst the advisors provide support to the Council's treasury function, the final decision on any treasury matter remains with the Council.
- 10.3 The Council ensures that quality of service is maintained via feedback at regular online meetings with key contacts.
- 10.4 The Council is currently finalising the outcome of a procurement process to appoint a Treasury Management Advisor for a 3 year period from 1st April 2024, with an option to extend for a further 2 years.

11.0 Member and Officer Training

- 11.1 During 2023/24, officers with Treasury Management responsibilities have attended virtual webinars facilitated by our advisors and attended virtual strategy meetings.
- 11.2 As part of continued professional development, officers will continue to keep up to date with emerging issues via webinars, research and regular information provided by advisors and other sources.
- 11.3 If any emerging issues arise, specific training sessions can be arranged for Members facilitated by our advisors. The contractual arrangements with Arlingclose include an annual training session for elected Members, this being delivered on the 4th September 2023 prior to the Governance and Audit Committee considering the Treasury Management Annual Report 2022/23.
- 11.4 The Council's Principal Accountant, Pension Fund and Treasury Management holds the Certificate in International Treasury Management – Public Finance, a professional qualification of CIPFA and the Association of Corporate Treasurers in the fundamentals of treasury management for the public service.

12.0 Reporting and Scrutiny

- 12.1 The Governance and Audit Committee will continue to undertake the required scrutiny function for treasury management activities as detailed in its Terms of Reference. This is in line with the relevant Codes of Practice,

including the CIPFA Treasury Management in the Public Services Code of Practice 2021, and will include:

- Quarterly updates (available as part of the Council's Performance Reporting arrangements);
- Strategy report (as reported to full Council);
- Formal mid year review of treasury management (as reported to full Council); and
- Annual review (as reported to full Council).

13.0 INVESTMENT STRATEGY

13.1 The Council's investment strategy has regard to the Welsh Government's Statutory Guidance on Local Government Investments and the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes. The Council's investment priorities will be security first, liquidity second and then yield (return).

13.2 The Treasury Management Code categorises investments into three categories, those for:

- Treasury management purposes – investments that arise from the Council's cash flows or treasury risk management activity and represent balances that need to be invested until the cash is required for use in the course of business;
- Commercial purposes – investments taken or held primarily for financial return and are not linked to Treasury management activity or directly part of delivering services; and
- Service purposes – investments taken or held primarily for the provision of delivering of public services (including housing, regeneration and local infrastructure), or in support of joint working with others to deliver such services.

13.3 The Welsh Government statutory guidance also requires local authorities to categorise investments as either Financial or Non-Financial. Financial investments can be further sub categorised into Specified, Loans and Non-Specified.

13.4 Financial Investments

13.5 The key requirements of both the Treasury Management Code and the Welsh Government statutory investment guidance are to set an investment strategy, as part of its annual treasury strategy for the following year. The guidance includes the identification and approval of the following:

- **Specified investments.** These are high security (i.e. high credit quality, this is defined by the Council) and high liquidity investments in sterling and with a maturity of no more than a year.
- **Loans.** These are agreements where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who

agrees a return according to the terms and conditions of receiving the loan.

- **Other Non-specified investments.** These are investments not meeting the definition of a specified investment or loan.

13.6 The priority intention of the strategy is to provide security of investment and minimisation of risk. In order to comply with the Code, the Council must not borrow to invest for the primary purpose of financial return.

Specified Investments

13.7 An investment is a Specified Investment if all of the following apply:

1. the investment is denominated in sterling
2. it is not long term
3. it is not defined as capital expenditure
4. it is of high credit quality or with one of the following public sector bodies:
 - a. the UK government; or
 - b. a local authority in England or Wales (as defined in S23 of the 2003 Act) or similar body in Scotland or Northern Ireland
 - c. a town or community council.

13.8 These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account Deposit Facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- A local authority, parish council or community council.
- A body that is considered of a high credit quality. This covers bodies with a minimum long term rating of A- (or the equivalent) as rated by Fitch rating agency or equivalent.
- Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.

13.9 The Code of Practice requires Councils to not rely solely on credit ratings but to supplement it with other information. The other information referred to includes quality financial press publications, credit default swaps, share prices, annual reports, statements to markets, information on government support for banks, credit ratings of that government support, rates being paid, what other banks are saying, information provided by advisors, market price (and movement of market price) of existing debt securities

issued by counterparties. This represents a significant pool of “other information”.

- 13.10 The review of all such information will be incorporated into the Council’s decision making processes although it will not be a simplistic and quick process and will need to be considered alongside the relative benefits of making one investment over another (e.g. versus the Debt Management Office - DMO) and the relative risks of exposing the Council’s resources.
- 13.11 Members will recall that all of the Council’s investments were transferred to the DMO DMADF (Debt Management Account Deposit Facility) upon the onset of the national and international economic crisis which started in 2008.
- 13.12 It is proposed that these arrangements continue for 2024/25, that is, that all Council investments will be with the DMADF or with other Government backed Public Sector Bodies, and that these arrangements should be kept under constant review.
- 13.13 These investments could also include the Council’s own banker if it fails to meet the high credit criteria. In all instances balances are minimised by transferring monies to the DMO but there is a possibility that not all sums can be transferred as there are minimum amounts in place for these transfers. For example, deposits are on occasion transferred into the Council’s bank account after the deadline for daily trading / cash transfer. In such circumstances the Council’s exposure is limited to the next working day.
- 13.14 The Council aims to be a responsible investor and any changes to current investment policy will consider environmental, social and governance (ESG) issues. ESG considerations are increasingly a factor in global investors’ decision making. The framework for evaluating investment opportunities is still developing and therefore the Council’s investment monitoring processes does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.
- 13.15 The CIPFA Treasury Management Code does not permit local authorities to both borrow and invest long-term for cash flow management. The Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years.

Loans

- 13.16 At its meeting on the 20th July 2016, Council agreed to supplement our existing investment strategy by approving lending to organisations upon which we would undertake appropriate due diligence **and** put in place appropriate security arrangements. This 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.

- 13.17 Such transactions are classified as “Loans” within the “Financial” investments category under the Welsh statutory guidance. They are classed as investments for service purposes under the Code.
- 13.18 Decisions on these financial investments will be subject to S151 officer determination, following appropriate due diligence and subject to appropriate and acceptable security arrangements being put in place as part of a commercial agreement. Such loan arrangements should align with and be led by the Council’s own corporate priorities.
- 13.19 A maximum exposure for this type of investment is set at £25M with a maximum maturity limit of 30 years.
- 13.20 The Council has one commercially agreed loan. Such loans are treated as financial investments and are part of the Investment Strategy enabling lending to organisations, subject to S151 officer determination, following appropriate due diligence and subject to appropriate and acceptable security arrangements. The balance outstanding at 1st April 2024 is expected to be £2.1M.
- 13.21 During 2023/24, the Council repaid an interest free loan from Welsh Government relating to transport infrastructure.

Non-Specified Investments

- 13.22 Non-specified investments are any other type of investment (i.e. not defined as Specified or a Loan above).
- 13.23 The non-specified investments held by the Council are:
- Cynon Valley Waste Disposal Company Ltd, trading as Amgen Cymru Ltd. The principal activities of the company are the provision of recycling services and waste disposal facilities.
 - Amgen Rhondda Ltd. The principal activities of the company are the stewardship of a closed landfill site and associated opportunities for income generation.

These are shown in the Council’s 2022/23 balance sheet as £3.045M, under “Investment in Subsidiaries”. These are the only non-specified investments held, the value of which changes in line with the net assets on the balance sheet of the companies. Under the Treasury Management in the public services Code of Practice, these investments are deemed investments for service purposes.

13.24 **Non-Financial Investments**

- 13.25 The Council has one investment it categorises as a non-financial and commercial investment. Ty Dysgu at Cefn Coed Business Park, Nantgarw was originally approved as an acquisition to support service provision. However, as a result of a change of use for the building consequent to a review of service delivery requirements, the asset was reclassified as an investment property within the balance sheet. The building and site has a fair value of £3.0m, with an annual rental of £322k.
- 13.26 The Council has investments it categorises as non-financial and other investments relevant to Council functions (investment for Service purposes). These buildings have a fair value of £22.5m, with an annual rental of £1.6m. They relate to 50-53 Taff St, Pontypridd; Unit 1 Cambrian Industrial estate, Clydach Vale; Rhos Surgery, Mountain Ash; Coed Ely Business Units; 103-110 Taff Street, Pontypridd; 13-17 Sardis Road, Pontypridd; Robertstown Business Park and Llys Cadwyn, Pontypridd.
- 13.27 Under the International Financial Reporting Standard 9, Financial Instruments (IFRS 9), the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows (interest) and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost in the balance sheet, as principal amount outstanding plus any interest due.

14.0 **Risk Benchmarking**

- 14.1 In accordance with Welsh Government guidance (revised 2019), this Investment Strategy sets out the Council's policies for giving priority to firstly, the security of investments, secondly liquidity, and thirdly yield. It sets out the Council's criteria for choosing investment counterparties and limiting the exposure of risk of loss.
- 14.2 The codes and statutory guidance require the consideration, approval and monitoring of security and liquidity benchmarks. Yield benchmarks are currently widely used and less subjective than those relating to security and liquidity.
- 14.3 The benchmarks for security, liquidity and yield are targets, not limits and as such, may be breached from time to time. The purpose of the benchmark is to monitor trends and act as early warning signals. Actual activity levels will be reported in the mid year and annual reports.
- 14.4 **Security**
- 14.5 Investment limits are set by reference to the lowest published long term credit rating from a selection of external rating agencies. Where available,

the credit rating relevant to the specific investment class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

14.6 When deteriorating financial market conditions affect the creditworthiness of all organisations, this is not generally reflected in the credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the level of security.

14.7 Liquidity

14.8 This is defined as having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities. The Council maintains a bank overdraft facility at £3.0m.

14.9 It is recommended that the Council sets limits for:

- Liquid short term deposits available with a week's notice.
- Weighted Average Life benchmark and maximum. The shorter the weighted average life of the portfolio implies less risk.

As we are maintaining low levels of cash to minimise credit risk, the setting of such targets / limits is not appropriate.

14.10 Any investment for greater than 365 days will be made with a prudent approach to cashflow requirements and in accordance with above limits.

14.11 Yield

14.12 The benchmark used is 7 day Sterling Overnight (SONIA) rate.

15.0 Forecast for Investment Returns

15.1 Traditionally, investments which would have been invested longer would secure better returns, however uncertainty over counterparty creditworthiness suggests short dated investments in higher credit quality establishments will provide better security. The Council will continue to favour security above return.

15.2 Shorter-term interest rates are expected to follow changes in Bank Rate.

16.0 TREASURY MANAGEMENT INDICATORS AND LIMITS FOR 2024/25

16.1 To comply with both the Prudential Code and Treasury Management Code, the Council has to determine and set Prudential and Treasury

Management Indicators in relation to capital expenditure, external debt and treasury management activities. The purpose of the indicators is to provide a framework for Capital Expenditure decision making.

- 16.2 To comply with the Codes every Council is required to agree a set of prudential indicators prior to the start of the financial year. These indicators are prepared by the Chief Finance Officer and presented to Council prior to the start of the financial year, and take into account the Council's budget setting process. The indicators cover a three year period and must be monitored during the year.
- 16.3 The indicators are purely for internal use by the Council and are not intended for use as comparators (i.e. between Councils) nor should they be viewed individually. The real value will arise as a result of monitoring the movement in indicators over time.
- 16.4 The following indicators are required (by the Prudential Code) to be approved and are included in the Capital Strategy:
- Capital Expenditure
 - Capital Financing Requirement
 - External Debt
 - Gross Debt and the Capital Financing Requirement
 - Liability Benchmark
 - Authorised Limit
 - Operational Boundary
 - Ratio of Financing Costs to Net Revenue Stream
 - Ratio of Net Income from Commercial and Service Investment to Net Revenue Stream
- 16.5 The following Treasury Management Prudential indicators are required (by the Treasury Management Code) to be approved:
- Maturity Structure of Borrowing
 - Long Term Treasury Management Investments
 - Interest Rate Exposure (optional)
- 16.6 Indicator : Maturity Structure of Borrowing**
- 16.7 The Maturity Structure of Borrowing indicator sets gross limits to reduce the Council's exposure to large sums falling due for refinancing annually. The indicator includes variable rate debt. Where the maturity date of borrowing is uncertain, the maturity will be determined by reference to the earliest date at which the lender can require repayment. This applies to the Council's LOBO loans which will be deemed to have a maturity date of the next call date for risk management purposes. This position continues to be under review.

	2023/24 Projected Outturn as at 31/12/23	Upper Limit	Lower Limit
Under 12 months	33%	70%	0%
12 months to 2 years	3%	70%	0%
2 years to 5 years	10%	70%	0%
5 years to 10 years	8%	70%	0%
10 years to 20 years	2%	90%	0%
20 years to 30 years	18%	90%	0%
30 years to 40 years	26%	90%	0%
40 years to 50 years	0%	90%	0%

16.8 Indicator : Long Term Treasury Management Investments

16.9 In order to maximise investment returns there may 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.

16.10 Where a Council invests for treasury management purposes in fixed interest instruments for periods longer than a year, the Council will set an upper limit for each forward financial year for the maturing of such investments. The Council does not currently have any such investments.

	Upper Limit £'M	Actual £'M
2024/25	25	0
2025/26	25	0
2026/27	25	0

16.11 Indicator : Interest Rate Exposure

16.12 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 31st December 2023):

Interest Rate Risk	Impact £M
One year revenue impact of a 1% rise/fall in interest rates	0.381

16.13 LOBO's are included as fixed rate debt. 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

The amount of LOBO debt held is £31m being 10.8% of our total debt portfolio. This internally set limit may be temporarily exceeded as a consequence of debt restructuring activities.

17.0 THE MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

- 17.1 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. This charge is known as the "Minimum Revenue Provision (MRP)".
- 17.2 The implementation of the Prudential Code in 2004 (and subsequent updates) provided greater flexibilities for Councils to borrow to fund capital projects over and above their previous level of capital approvals - referred to as prudential or unsupported borrowing.
- 17.3 In 2008, and to complement the flexibilities afforded by the Prudential Code, Welsh Government amended the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the 'Regulations') to provide for a number of differing options for charging to revenue the costs incurred in respect of Capital Expenditure. The regulations also required the approval by full Council of this MRP Policy Statement.
- 17.4 In November 2018 the Welsh Government issued revised guidance on MRP, with effect from 1st April 2019. The main amendments to the guidance being:
- A revised definition of a prudent provision – “To ensure that the cost of debt is charged to a revenue account over a period that is commensurate with that over which the capital expenditure provides benefit”;
 - If there is a change in the method of calculating MRP, and the MRP reduces, then this does not give rise to an overpayment;
 - Asset lives should not normally exceed 50 years; and
 - MRP extends to investment properties where their acquisition is fully or partially funded by an increase in borrowing (as depreciation is not charged on investment properties, the depreciation method is not a suitable approach).
- 17.5 Supported Borrowing – The MRP on supported borrowing is written off on a straight line basis over 40 years, linked (broadly) to the lives of the Council's assets.
- 17.6 Unsupported Borrowing - 3 options are detailed:
- Asset life method (equal instalments);

- Asset life method (annuity method); or
 - Charge in accordance with the depreciation of the asset.
- 17.7 Each of these methods might be appropriate depending on the type of asset being created / funded by Prudential borrowing. It is also feasible that an alternative method might be appropriate (for example, linked to a payback period or the period over which the asset provides benefits to the Council) - this is also recognised in the relevant Welsh Government guidance.
- 17.8 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, and will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement.
- 17.9 The Regulations also allow for the commencement of MRP to be in line with the asset being brought into use. Accordingly, a decision upon the relevant method to apply should be made as part of the option appraisal decision to proceed with any Prudential borrowing on a project by project basis.
- 17.10 Lease schemes and Mutual Investment Models (MIM) - MRP is equivalent to the principal value of repayments as detailed in the Welsh Government Guidance on Minimum Revenue Provision.
- 18.0 FUNDING OF PROJECTS SUPPORTED BY THE SUSTAINABLE COMMUNITIES FOR LEARNING PROGRAMME (FORMERLY, 21ST CENTURY SCHOOLS AND COLLEGES PROGRAMME)**
- 18.1 This Council continues to successfully deliver new, improved and modern schools to make a significant improvement to the learning environment for our young people.
- 18.2 On the 4th October 2021, Cabinet considered a report which detailed a significant increase in the approved Strategic Outline Programme (SOP) for Band B of the programme from £167M to £252M. The individual school projects were reported as part of that update, which are being funded by a combination of WG Grant Funding (at 65%) and the WG Mutual Investment Model (MIM) Funding (at 81%, subsequently updated to 83.66%). The Council is also responsible for funding fit out costs at 35% for the MIM projects. The Council's contributions are funded using prudential borrowing and revenue funding respectively.
- 18.3 The individual schemes continue to evolve through the Welsh Government's five case business model and approval process, with procurement processes running alongside to enable the delivery of timetabled on-site development.

- 18.4 Whilst absolute costs are not known until the completion of procurement processes and WG approvals, the overall envelope has previously been agreed by WG and accordingly the Council's contributions in line with the agreed envelope likewise need to be secured to avoid unnecessary delays to the programme.
- 18.5 The Council's contributions to the respective funding packages are and will continue to be built into the Council's Medium Term Financial Plan and Capital Programme accordingly.
- 18.6 Council has previously agreed the overall level of contribution of £43.2M borrowing to fund the full programme in line with the detail set out above and up to and within the overall envelope. Set against this, current borrowing amounts to £41.6M.

19.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 19.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty, as part of compiling the recommended 2024/25 Revenue Budget Strategy and recommended new three-year Capital Programme (2024/25 to 2026/27).

20.0 WELSH LANGUAGE IMPLICATIONS

- 20.1 There are no Welsh language implications as a result of the recommendations in this report.

21.0 CONSULTATION

- 21.1 Following consideration by Council, this report will be presented to the Governance and Audit Committee in line with the laid down Codes of Practice and also the Terms of Reference for this Committee.

22.0 FINANCIAL IMPLICATION(S)

- 22.1 The financial results / implications of the Council's Treasury Management arrangements will be incorporated into quarterly Performance Reports during the year.

23.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 23.1 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.

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

- 24.1 This report supports the delivery of the Council's Corporate Plan by pursuing optimum treasury management performance or return at the same time as managing associated risk.
- 24.2 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.

25.0 CONCLUSIONS

- 25.1 This report provides the Council's Treasury Management Strategy, Investment Strategy, Treasury Management Indicators and MRP policy for 2024/25.
- 25.2 With regard to the Treasury Management Strategy, a cautious approach will continue to be followed. The Section 151 Officer (or in his absence the Deputy Section 151 Officer) will monitor the interest rate environment and adopt a pragmatic approach to any changing circumstances, in consultation with the Council's independent treasury advisors.
- 25.3 With regard to the Prudential and Treasury Management Indicators, these will be monitored throughout the financial year with details reported to Members as part of the Council's quarterly performance reporting framework and scrutiny process.

Other information:

Relevant Scrutiny Committee – Governance and Audit Committee

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCIL 6TH MARCH 2024

**REPORT OF THE DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR -
FINANCE, DIGITAL & FRONTLINE SERVICES**

**Item: 2024/25 TREASURY MANAGEMENT STRATEGY INCORPORATING
INVESTMENT STRATEGY, TREASURY MANAGEMENT INDICATORS AND
MRP STATEMENT**

Background Papers

- 6th March 2024 Council meeting – Report: 2024/25 Capital Strategy report
- 6th March 2024 Council meeting – Report: The Council’s Capital Programme 2024/25 – 2026/27.
- 6th March 2024 Council meeting – Report: The Council’s 2024/25 Revenue Budget

Officer to contact: Barrie Davies (Deputy Chief Executive & Group Director - Finance, Digital & Frontline Services)



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023 / 2024

COUNCIL

6th March 2024

2024/25 CAPITAL STRATEGY REPORT INCORPORATING PRUDENTIAL INDICATORS

REPORT OF THE DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR - FINANCE, DIGITAL & FRONTLINE SERVICES

AUTHOR:- BARRIE DAVIES (01443) 424026

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the Capital Strategy report is to provide a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services along with an overview of the associated risk, its management and the implications for future financial sustainability.

2.0 RECOMMENDATION

It is recommended that Members:

- 2.1 Approve the Capital Strategy report incorporating the Prudential Indicators.

3.0 REASON FOR RECOMMENDATION

- 3.1 To ensure compliance with the 2021 edition of the Prudential Code requiring local authorities to produce a Capital Strategy Report.

4.0 BACKGROUND

4.1 The framework established by the Prudential Code¹ supports local strategic planning, local asset management planning and option appraisal. The objectives of the Prudential code are to ensure that a local authority's :

- Capital and investment plans are affordable and proportionate;
- External borrowing and other long-term liabilities are within prudent and sustainable levels;
- The risks associated with investments for commercial purposes are proportionate to their financial capacity; and
- Treasury management decisions are taken in accordance with good professional practice.

4.2 The Council has developed this Capital Strategy document to support its strategic and financial planning arrangements, and also complement other key strategies and plans in place. The Capital Strategy does not duplicate information included within other key strategies and plans such as the Treasury Management Strategy, Three Year Capital Programme and Corporate Plan, and should be read in conjunction with them.

4.3 The Council's Capital Strategy covers the following areas:

- Strategic Context
- Capital Expenditure and Financing
- Asset Management
- Asset Disposals
- Treasury Management
- Other Long Term Liabilities
- Revenue Budget Implications
- Knowledge and Skills

5.0 STRATEGIC CONTEXT

5.1 The Council's Capital Strategy is inherently linked to and informed by other key strategy documents.

The Council's Corporate Plan

5.2 Capital investment decisions made by the Council are guided by the long term priorities and ambition set out within the Corporate Plan. Whilst the current plan is in the process of being updated, the vision set out in the 2020-24 plan "Making a Difference" has served us well in guiding our investment activities which sets out our ambition through a vision 'To be the best place in Wales to live, work and

¹ Prudential Code - produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and is underpinned by the Local Government Act 2003 and the Capital Financing Regulations (Wales) 2004

play, where people and businesses are independent, healthy, and prosperous' and focussing on three priorities:

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

The forthcoming new Corporate Plan will guide our future investment and resource allocation decisions and provide us with the opportunity to consider and appropriately prioritise our resources going forward.

Other Key Strategies and Plans

5.3 The Council also has a number of other key strategies and plans that inform service delivery and its programme of capital investment. These include²:

- Revenue Budget Strategy – setting out the Council's annual revenue budget requirement that includes its Capital Financing budget to support the delivery of the Capital Programme. The Revenue Budget Strategy 2024/25 is to be considered by full Council on 6th March 2024.
- Three Year Capital Programme – setting out capital expenditure plans and funding. The Capital Programme 2024/25 to 2026/27 is to be considered by full Council on 6th March 2024.
- Medium Term Financial Plan (MTFP) – setting out a forecast of revenue spending and funding for the period 2023/24 to 2026/27. The latest MTFP can be viewed by clicking [here](#) and references, amongst other things, the proactive strategy the Council has adopted in recent years to identify a range of budget saving options to address the budget gap.
- Treasury Management Strategy – reported alongside this Capital Strategy.
- Annual Self-Assessment 2022/23 Incorporating the Council's Draft Corporate Performance Report and approved by full Council on [17th January 2024](#).
- Corporate Asset Management Plan, Climate Change and Carbon Reduction Plans, Sustainable Communities for Learning Programme (formerly 21st Century Schools), Regeneration Plans and Highways Improvement Programme.
- Service Delivery Plans – a plan for designated service areas setting out key priorities, measures and risks.

² A brief summary of the strategy or plan is provided, where appropriate / not covered elsewhere within the Capital Strategy

- Cwm Taf Morgannwg Well-Being Plan 2023 – 2028 – this being a long term partnership plan for the Cwm Taf Morgannwg area (Rhondda Cynon Taf, Merthyr Tydfil and Bridgend) in line with the Well-Being of Future Generations Act. The Cwm Taf Morgannwg Well-being Plan can be viewed by clicking [here](#).

5.4 The importance of on-going investment has been recognised by the Council with over £161M already invested (over and above the normal Capital Programme) in areas supporting key Corporate Plan priorities since October 2015, and more recently £7.7M of investment being agreed by Council in September 2023 and further investment of £19.3M included in the updated Capital Programme 2024/25 to 2026/27.

6. CAPITAL EXPENDITURE AND FINANCING

6.1 Capital expenditure is where the Council spends money on assets such as property or vehicles that will be used for more than one year. The Council does have some limited discretion over what it deems to be capital expenditure, for example, assets costing less than £10k are not capitalised and are charged to revenue in-year.

Capital Programme 2024/25 to 2026/27

6.2 The Council is to consider an updated capital programme on 6th March 2024 totalling £165.630M investment over three years.

6.3 All capital expenditure must be financed either from external sources (e.g. grants and third party contributions), the Council's own resources (e.g. revenue and capital receipts) or borrowing (e.g. loans, leasing). A summary of available capital resources for the Capital Programme 2024/25 to 2026/27 is included at 'Indicator 1 : Capital Expenditure'.

6.4 The Council's Capital Programme continues to provide a long term funding commitment to the economic regeneration and well-being of the County Borough and in doing so supports the Council's Corporate Plan Priorities.

6.5 In addition to the above, sustained investment has been maintained across a range of funding streams, supported by external funding and the Corporate Plan Investment Priorities. This has enabled a wide range of regeneration activity to be delivered to benefit the local economy.

6.6 The Council will continue to work with partners to develop and progress exciting and innovative schemes such as:

- The redevelopment of key sites in the Southern Gateway Quarter in Pontypridd town centre including the former Bingo Hall site and former M&S, Burton and Dorothy Perkins site;
- Townscape Enhancements across our key town centres – a targeted approach to acquiring, redeveloping and upgrading town centre buildings for increased business and commercial use and continuing to improve the

quality of the townscape providing business investment and employment growth. This will be supported by the development and delivery of strategies and placemaking plans for our key town centres;

- The former Rates Building redevelopment and plans to redevelop the Rock Grounds Buildings are being brought forward as part of the Aberdare Town Centre Strategy;
- Sources of investment post EU funds are being accessed to bring forward projects such as the UK Government Levelling Up Fund where successful bids have been made for the Muni Arts Centre Redevelopment, Porth Transport Hub and A4119 Dualling projects and also the UK Government Shared Prosperity Fund (SPF) where delivering the RCT SPF Local Investment Plan is a key priority;
- The long-term strategic investment school modernisation programme, creating environments that meet the needs of learners and our communities, providing the best learning provision and supporting positive outcomes for young people and the wider community;
- The successful delivery of the Council's extra care strategy including residential dementia care, a fourth new accommodation for adults with learning disabilities, and investment in the Council's own care homes. The strategy will lead to the development of a more sustainable model of residential services providing the best possible care and support;
- Leisure Centres, parks and play areas – an on-going programme of investment to provide upgraded, modern and safe facilities for residents to use, enjoy and support their health and well-being; and
- Deliver strategic projects for major economic infrastructure investment and a programme of multi-modal transport enhancements ranging from sustainable travel initiatives to encourage walking and cycling, park and ride facilities, "making better use" enhancements, road safety and drainage improvements.

6.7 There is a statutory duty under the Local Government Act 2003 for the Council to determine and keep under review how much it can afford to borrow. The Council must have due regard to the **Prudential Code** when setting its affordable borrowing limit ("Authorised Limit"). This requires the Council to ensure that total capital investment and borrowing remains affordable, proportionate, sustainable and prudent.

6.8 To comply with both the Prudential Code and Treasury Management Code, the Council must determine and set Prudential and Treasury Management Indicators in relation to capital expenditure, external debt, investments and treasury management activities. The purpose of the indicators is to provide a framework for Capital Expenditure decision making.

6.9 To comply with the Codes, every Council is required to agree a set of prudential indicators prior to the start of the financial year. These indicators must be prepared by the Chief Finance Officer, presented to Council, and align with the budget setting process. The indicators cover a three year period and must be monitored during the year.

- 6.10 The indicators are purely for internal use by the Council and are not intended for use as comparators (i.e. between Councils) nor should they be viewed individually. The real value will arise as a result of monitoring the movement in indicators over time.
- 6.11 Capital Expenditure is predominantly funded by Welsh Government support, capital grants and capital resources. General capital funding from the Welsh Government takes the form of General Capital Grant plus “supported borrowing”. The remaining balance of expenditure will form a borrowing need and be classed as unsupported and will have an impact on the Council’s budget requirement (unless extra borrowing costs are funded through existing budgets).
- 6.12 The following indicators are required (by the Prudential Code) to be approved:
- Capital Expenditure
 - Capital Financing Requirement
 - External Debt
 - Gross Debt and the Capital Financing Requirement
 - Liability Benchmark
 - Authorised Limit
 - Operational Boundary
 - Ratio of Financing Costs to Net Revenue Stream
 - Ratio of Net Income from Commercial and Service Investments to Net Revenue Stream

Capital Expenditure and the Capital Financing Requirement

- 6.13 The Capital Expenditure plans of the Council will be financed through various sources such as capital resources, grants and other contributions. The remaining element which cannot be immediately financed from resources will constitute our borrowing requirement. The estimated level of available capital resources is provided in summary as the Capital Expenditure Indicators below.

Indicator 1 : Capital Expenditure

	2023/24 Projected Outturn £M	2024/25 Estimate £M	2025/26 Estimate £M	2026/27 Estimate £M
Supported spend	168.786	119.078	18.714	14.700
Unsupported spend	24.930	12.157	0.981	0.000
Total spend	193.716	131.235	19.695	14.700
Financed by:-				
Borrowing	31.780	18.979	7.803	6.822
Other Capital Resources (e.g. Grants, Capital Receipts)	161.936	112.256	11.892	7.878

- 6.14 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.
- 6.15 The expected movement in the CFR over the next three years is dependent on the level of supported and unsupported capital expenditure and decisions taken during the budgeting cycle.
- 6.16 The unsupported element of borrowing relates to the capital expenditure freedom allowed under the Prudential Code and enables Councils, subject to agreed reporting and approval arrangements, to enter into projects such as "spend to save" schemes or decisions to allocate additional resource from revenue to capital, to enable service / asset enhancements. Members have shown their willingness to use this option for schemes such as investment in schools and highways.
- 6.17 The main factor limiting the Council's ability to undertake unsupported capital expenditure is whether the revenue resource is available to support in full the implications of capital expenditure, i.e. both borrowing costs and running costs. In other words, can the Council afford the implications of the unsupported capital expenditure?
- 6.18 The Council's expectations for the CFR in the next three years is shown below.

Indicator 2 : Capital Financing Requirement (CFR)

	2023/24 31/03/24 Projected Outturn £M	2024/25 31/03/25 Estimate £M	2025/26 31/03/26 Estimate £M	2026/27 31/03/27 Estimate £M
CFR	519.553	578.877	569.009	557.509
Net movement in CFR		59.324	(9.868)	(11.500)

- 6.19 CFR estimate for 2024/25 onwards includes the impact of IFRS 16 and the Mutual Investment Model (MIM), please refer to paragraph 6.22 for further details.
- 6.20 A key risk is that the level of Welsh Government support has been estimated and is, therefore, subject to change. Similarly, some of the estimates for other sources of funding, such as capital receipts, may also be subject to change over this time. Officers will continue to monitor the totality of capital resources and will report back to Members if further action is required.
- 6.21 The expected external debt for each year is as detailed below.

Indicator 3: External Debt

	2023/24 31/03/24 Projected Outturn £M	2024/25 31/03/25 Estimate £M	2025/26 31/03/26 Estimate £M	2026/27 31/03/27 Estimate £M
Borrowing	283.423	352.004	361.585	366.166
Other long term liabilities	0.581	56.812	55.539	54.215
Total External Debt 31 st March	284.004	408.816	417.124	420.381
Net movement in External Debt		124.812	8.308	3.257

6.22 Other Long Term Liabilities from 2024/25 includes an estimate of the Council's future lease liabilities and liabilities in relation to Sustainable Communities for Learning Mutual Investment Model (MIM) schemes in accordance with mandatory accounting changes.

Limits to Borrowing Activity

6.23 The first key control over the Council's borrowing 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.

Indicator 4: Gross Debt and the Capital Financing Requirement

	2023/24 31/03/24 Projected Outturn £M	2024/25 31/03/25 Estimate £M	2025/26 31/03/26 Estimate £M	2026/27 31/03/27 Estimate £M
Gross Borrowing	284.004	408.816	417.124	420.381
Capital Financing Requirement	519.553	578.877	569.009	557.509

6.24 As the above shows, gross borrowing is below the relevant CFR for current and future years. This is termed "under-borrowing". This view takes into account current commitments, existing plans and the proposals in the latest 3-year capital programme. Again, this indicator will be monitored and reported to

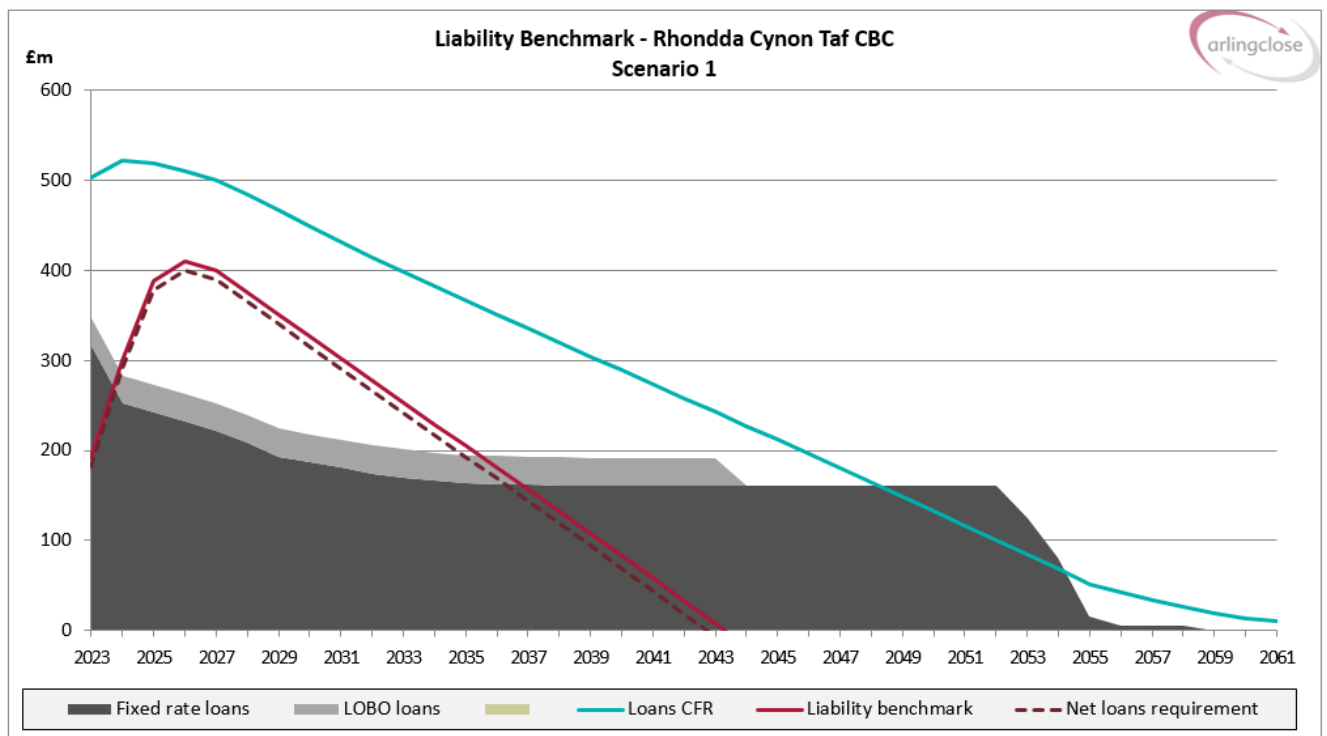
Council during the three-year period, including the incorporation of revisions if deemed necessary.

- 6.25 The Liability Benchmark is calculated to show the lowest risk level of borrowing where cash and investment balances are kept to a minimum of £10M at each year end to maintain sufficient liquidity but minimise credit risk.
- 6.26 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and in doing so shapes its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. The following chart is based on the current 3 year capital programme and assumes that there is no further capital expenditure after this period.

Indicator 5 : Liability Benchmark

	31/03/23 Actual £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
Loans CFR *	502.8	521.2	522.07	513.47	503.29
Less: Balance sheet resources	(321.0)	(231.0)	(141.0)	(111.0)	(111.0)
Net loans requirement	181.8	290.2	381.07	402.47	392.29
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	191.8	300.2	391.07	412.47	402.29

* The loans CFR in the above table does not include any finance leases or the MIM schemes as there is no net cash effect.



6.27 Explanation of the Chart:

- Loans CFR – this is the total CFR minus the amounts that are met by other long term liabilities e.g. lease liabilities.
- Fixed Rate Loans and LOBOs – this represents the level of long-term borrowing based on the maturity profile of the current loans portfolio
- Net Loans Requirement – this is the forecast level of net borrowing calculated as external borrowing minus treasury investments.
- Liability Benchmark – this is the net loans requirement plus an allowance for liquidity. The liability benchmark represents the lowest level of borrowing taking into account credit, liquidity and market risks.

6.28 Where the actual borrowing is lower than the liability benchmark, 2024-2036, the Council will take short term borrowing for cash flow management. This is in line with the advice from our treasury management advisers to use internal balances and borrow short term.

6.29 The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be set, monitored and revised by Council. 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.

6.30 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the

total of all Councils' plans or those of a specific Council. The Government has not yet exercised this control.

Indicator 6 : The Authorised Limit

	2023/24 31/03/24 Projected Outturn £M	2024/25 31/03/25 Estimate £M	2025/26 31/03/26 Estimate £M	2026/27 31/03/27 Estimate £M
Gross Borrowing Limit	283.423	502.000	512.000	517.000
Other long term liabilities	0.581	86.000	85.000	83.000
Authorised Limit	284.004	588.000	597.000	600.000

- 6.31 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 7 : The Operational Boundary

	2023/24 31/03/24 Projected Outturn £M	2024/25 31/03/25 Estimate £M	2025/26 31/03/26 Estimate £M	2026/27 31/03/27 Estimate £M
Gross Borrowing	283.423	360.000	365.000	370.000
Other long term liabilities	0.581	57.000	56.000	54.000
Operational Boundary	284.004	417.000	421.000	424.000

Affordability Prudential Indicators

- 6.32 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.
- 6.33 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", with lease liabilities for IFRS 16 and MIM now included in this ratio from 2024/25. 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 8 : Ratio of Financing Costs to Net Revenue Stream

	2023/24 Comparator	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
General Fund	4.54%	5.22%	5.45%	5.43%

- 6.34 The Ratio of Net Income from Commercial and Service Investments to Net Revenue Stream identifies the net income from financial and commercial investments (other than treasury management investments) and is intended to show the financial exposure of the Council to the loss of income. Direct costs of the investment may be netted off.

Indicator 9 : Ratio of Net Income from Commercial and Service Investments to Net Revenue Stream

	2023/24 Comparator	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
General Fund	0.28%	0.32%	0.31%	0.31%

Governance

- 6.35 The rolling Three Year Capital Programme is constructed in line with the Council's agreed strategies and plans on an annual basis, reviewed by Cabinet and if deemed acceptable, is recommended to full Council for approval each year.
- 6.36 Throughout the year, capital programme updates are made public through the Council's quarterly Performance Reports that are reported to Cabinet for approval and thereafter scrutinised by the Governance and Audit Committee.

7.0 ASSET MANAGEMENT

- 7.1 To ensure that capital assets are managed in a proactive and efficient way, and continue to be of long-term use, the Council has a Corporate Asset Management Plan (CAMP). The CAMP outlines the vision and approach to the strategic management of the assets of the Council and sets out the primary aims: to maximise the benefits derived from the Council's land and buildings; to support the delivery of its priorities; to meet service requirements; and to comply with regulatory and statutory duties. An updated CAMP is due to be prepared alongside the new Corporate Plan.

8.0 ASSET DISPOSALS

- 8.1 When a capital asset is no longer needed it may be sold so that proceeds, known as capital receipts, can be spent on new assets or to repay debt. Capital receipts are used as part of the overall General Fund Capital Resources to fund the Capital Programme 2024/25 to 2026/27 as set out below. Capital receipts are used to fund the Capital Programme across years and so the figures below will not align with those estimated to be received within each year as included in the CAMP.

	2024/25 Estimate £M	2025/26 Estimate £M	2026/27 Estimate £M
General Fund Capital Resources	14.925	1.521	0.872

9.0 TREASURY MANAGEMENT

- 9.1 CIPFA defines Treasury Management as “The management of the Local Authority’s borrowing, investments and cash flows, including 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.”
- 9.2 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the Council’s bank current account.
- 9.3 The Council’s Treasury Management Strategy Incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision (MRP) Statement for 2024/25 (from hereon, the Treasury Management Strategy) is being considered alongside this report.

Borrowing Strategy

- 9.4 The Council’s policy will continue to be to maximise “internal borrowing”, running down cash balances and foregoing interest earned. We will though take the opportunity to lock in longer term debt as and when the opportunity arises, in line with advice from our Treasury Advisors.
- 9.5 Where the Council does need to borrow to fund the Capital Programme, its main objective is to achieve a low but certain cost of finance while retaining flexibility should there be changes in the financial market. The Council seeks a balance between lower cost short term loans and longer-term fixed rate loans where the future cost is known and secured.

Investment Strategy

- 9.6 The Council's policy on treasury investments is to prioritise security and liquidity over yield and to focus on minimising risk rather than maximising returns.
- 9.7 The Council complies with paragraphs 51-53 of the Prudential Code, in respect of prudence in borrowing and investment, in that the Council will:
- Not borrow to invest primarily for financial return.
 - Not make any investment or spending decision that will increase the CFR unless directly and primarily related to the functions of the Council and where any financial returns are either consequential to supporting the viability of the project in question or otherwise incidental to the primary purpose.
 - Comply with PWLB rules for lending.
 - Review options for exiting financial investments for commercial purposes in the annual treasury management or investment strategies (noting that Rhondda Cynon Taf Council originally acquired one asset for service delivery purposes (i.e. Ty Dysgu at Cefn Coed Business Park, Nantgarw); this has subsequently been re-classified as a commercial investment, following a change of use and will be kept under on-going review in line with the requirements of the Prudential Code).
- 9.8 The Welsh Government statutory guidance on Local Government Investments categorises investments as either Financial or Non-Financial. Financial investments can be further sub categorised into Specified, Loans and Non Specified. The updated Prudential and Treasury Management Codes categorise investments as Commercial Investments, Service Investments or Treasury Management Investments. Details of the Council's Investment Strategy is set out within its Treasury Management Strategy.
- 9.9 Cash that is likely to be spent in the near term is invested with the Debt Management Office (DMO) and other public bodies. Longer term investments include lending to organisations, subject to S151 officer determination, following appropriate due diligence and are subject to appropriate and acceptable security arrangements. These type of investments provide support for the delivery of investment aligned to the Council's own strategic objectives.

Commercialisation

- 9.10 This section sets out the Council's high-level approach and appetite for commercial opportunities:
- Property acquisitions will be regeneration led and whilst there may be a commercial aspect, that is very much a by-product of our regeneration priority where, for example, public ownership will maximise the potential for property to be brought back into use, improve the viability and sustainability of our town centres and guard against properties being mothballed and a blight on our town centres and communities;

- We will not acquire assets outside of Rhondda Cynon Taf, other than via the auspices of the Cardiff Capital Region Joint Committee and the South East Wales Corporate Joint Committee, where the asset is of regional significance;
- In line with our Treasury Management Strategy we will lend to other public sector organisations for the purpose of supporting and enabling them to contribute positively to our own corporate priorities and deliver projects from which the Council, our residents and communities will benefit. We will not lend money solely for income generation;
- We will continue to operate in the commercial market place where we have historically been a service provider, for example Trade Waste, Building Regulations, Waste Disposal and providing services to other public bodies, including local Registered Social Landlords. We will not develop our services to enter market places where there is sufficient supply and alternative providers other than where we can provide significant and demonstrable benefit to our residents, businesses and communities. We will continue to deploy our Community Asset Transfer arrangements as part of our work with communities and the voluntary sector to explore alternative delivery models to maintain services and facilities.

9.11 We summarise our approach further in the table below.

Commercial Skills	Our staff development activities and programmes will incorporate opportunities for our staff to develop and enhance their commercial awareness and exploit opportunities, including appropriate risk management;
Efficient and Effective Organisation	Already a pillar within our Corporate Plan, our robust self-assessment and service delivery planning arrangements will require all our services to consider commercial opportunities;
Procurement	We will ensure that our purchasing activities are focussed on achieving best value and will negotiate the best deals we can secure for the Council taking into account both cost and quality considerations. In doing so, we will also consider opportunities to ensure that local suppliers and service providers have the opportunity to compete for contracts we bring to the market and that we are socially responsible and contribute to reduce our carbon footprint;
Use of Assets	We will take advantage of our existing scale, breadth of activities and our asset base to identify opportunities where we can add value and generate income whilst not adversely destabilising existing markets and where the private sector can already provide excellence at good value;
Charging	We will continue to review and update our charging policy annually as part of setting our budget and seek to balance income generation alongside provision of our

	valued services at affordable prices and not seek to disincentivise our customers based on price;
Trading	We will continue to trade commercially through our wholly owned company, Amgen, seeking opportunities to extend trading operations and maximise income generation and profit;
Investing	We will invest in line with the prudential code principles where it is prudent, sustainable, affordable and proportionate; we will lend commercially where there are clear service and/or regeneration benefits which align with the Council's priorities;

- 9.12 Decision making on commercial activities will be in line with the 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 and Democratic Services.

Governance

- 9.13 Decisions on investments are made by the S151 Officer in line with the criteria and limits approved by Council in the Treasury Management Strategy. Property and other regeneration and commercial investments can be capital expenditure and therefore will be approved via the appropriate decision-making arrangements.
- 9.14 Following approval by full Council, the Treasury Management Strategy and the Capital Strategy Report incorporating Prudential Indicators are reported to the Governance and Audit Committee at the start of each financial year. A Mid-Year Treasury Management Stewardship Report and an Annual Treasury Management Review Report (following year-end) are reported to full Council and thereafter scrutinised by the Governance and Audit Committee. The role of scrutiny is a specific requirement of the laid down code of practice "CIPFA Treasury Management in the Public Services 2021" and also the Terms of Reference for the Governance and Audit Committee.

10.0 OTHER LONG-TERM LIABILITIES

- 10.1 The Council is committed to making future payments to cover its pension fund liabilities (deficit) on the Pensions Reserve of £127M within the Council's balance sheet, under unusable reserves, and in line with actuarial valuations.
- 10.2 The Council has short term and long term provisions set aside amounting to £4.5M, the majority of which (£3.5M) is to cover Insurance claims.
- 10.3 The Council's latest audited Statement of Accounts for the 2022/23 financial year can be viewed by clicking [here](#).

- 10.4 The 2024/25 CIPFA Code of Practice on Local Authority Accounting has been updated for a mandatory change in the accounting rules for leases. The lessee will account for a lease by including in its balance sheet a right-of-use asset representing the economic benefits and service potential over which it has obtained control for the term of the lease, together with a liability for the payments it will make for the acquisition of those rights. This means that included within Other Long Term Liabilities will be estimated figures for lease liabilities, with the right of use value for the underlying asset of the lease being included within the CFR. Previously only finance leases were accounted for on the balance sheet of lessees.
- 10.5 The mandatory accounting changes for leases are also applicable to schools funded by the Mutual Investment Model (MIM) within the Sustainable Communities for Learning programme.

11.0 REVENUE BUDGET IMPLICATIONS

- 11.1 The Council's borrowing or debt is only a temporary source of finance, since loans and leases must be repaid over time, usually from Revenue which is known as the Minimum Revenue Provision (MRP). The interest costs and principal repayment of debt, net of any investment income, are known as financing costs and are determined in line with the Council's MRP policy.
- 11.2 The Council's net capital charges form part of the revenue budget and actual spend against budget is reported to Cabinet as part of quarterly Performance Reports. They are also set out within the Mid-Year Treasury Management Stewardship Report and Annual Treasury Management Review Report. The Council also has a Treasury Management Earmarked Reserve in order to mitigate short / medium term volatility against this budget.

12.0 KNOWLEDGE AND SKILLS

- 12.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions, in line with approved strategies and statutory / regulatory requirements. The Council also employ Treasury Management advisors to provide a range of specialist services including training for elected Members and officers, interest rate analysis, investment advice and technical support.

13.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 13.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty, as part of compiling the recommended new three-year Capital Programme (2024/25 to 2026/27).

14.0 WELSH LANGUAGE IMPLICATIONS

- 14.1 There are no Welsh language implications as a result of the recommendations in this report.

15.0 CONSULTATION

- 15.1 Subject to approval of the Capital Strategy, this Report will be presented to the Governance and Audit Committee for review, challenge and where deemed required, the scrutiny of specific areas in more detail.

16.0 FINANCIAL IMPLICATION(S)

- 16.1 The financial results / implications of the Council's Treasury Management arrangements will be incorporated into quarterly Performance Reports during the year.

17.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 17.1 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.

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

- 18.1 This report supports the delivery of the Council's Corporate Plan by pursuing optimum treasury management, capital and revenue performance or return at the same time as managing associated risk.
- 18.2 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.

19.0 CONCLUSIONS

- 19.1 The Capital Strategy Report incorporating Prudential Indicators sets out a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services along with an overview of the associated risk, its management and the implications for future financial sustainability.

- 19.2 With regards to the Prudential and Treasury Management Indicators, these will be monitored throughout the financial year with details reported to Members as part of the Council's quarterly performance reporting arrangements and scrutiny process.

Other information:

Relevant Scrutiny Committee – Governance and Audit Committee

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCIL 6th MARCH 2024

**REPORT OF THE DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR -
FINANCE, DIGITAL & FRONTLINE SERVICES**

**Item: 2024/25 CAPITAL STRATEGY REPORT INCORPORATING PRUDENTIAL
INDICATORS**

Background Papers

- 6th March 2024 Council meeting – Report: The Council’s Capital Programme 2024/25 – 2026/27.
- 6th March 2024 Council meeting – Report: The Council’s 2024/25 Revenue Budget.
- 6th March 2024 Council meeting – Report: Treasury Management Strategy incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision Statement for 2024/25

Officer to contact: Barrie Davies (Deputy Chief Executive & Group Director - Finance, Digital & Frontline Services)

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023/24

COUNCIL

6th MARCH 2024

THE COUNCIL'S 2024/25 PAY POLICY STATEMENT

JOINT REPORT OF THE DIRECTOR OF HUMAN RESOURCES AND THE DIRECTOR OF LEGAL & DEMOCRATIC SERVICES

Authors:

Richard Evans, Director of Human Resources

Andrew Wilkins, Director of Legal & Democratic Services

1. **PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to provide Members with information in respect of the Council's 2024/25 Pay Policy Statement.

2. **RECOMMENDATION**

- 2.1 It is recommended that Council approves, the Pay Policy Statement at Appendix A of this report.

3. **REASONS FOR RECOMMENDATION**

- 3.1 To respond to the legal requirement under the Localism Act 2011.
- 3.2 The production of the pay policy statement also provides openness and accountability in how the Council rewards its employees.

4. **BACKGROUND**

- 4.1 Under Section 38(1) of the Localism Act 2011 (the 'Act'), the Council is required to produce a pay policy statement, which must be prepared each financial year.
- 4.2 Employees who are appointed and directly managed by Governing Bodies are not required to be included within the scope of Pay Policy Statements as the provisions in the Localism Act (2011) only apply to employees appointed and directly managed by the Council. This reflects the requirements contained within the Staffing of Maintained Schools (Wales) Regulations (2006) where school-based staff are considered to be employees of the Council, yet the appointment and management of this staff group is discharged to the Governing Body.

However, in the interests of consistency and transparency, the staff and pay data set out within this Pay Policy Statement includes information relating to those who are appointed and managed by Governing Bodies.

- 4.3 Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions in the Act do not seek to change this or to determine what decisions on pay should be taken or what policies individual employing authorities should have in place. Rather, they only require that authorities are open about their own local policies and how local decisions are made.
- 4.4 The Act requires that the Council include in its pay policy statement, its approach to the publication and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of chief officers includes the head of paid service, statutory chief officers and non-statutory chief officers and those who report to them.
- 4.5 Section 38(2) of the Act also requires the Council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees.
- 4.6 The Council must, in setting pay policy statements have regard to any guidance issued by the Welsh Ministers. The Welsh Government's published guidance under Section 40 of the Act is entitled 'Pay Accountability in Local Government in Wales'. Due regard has been given to this guidance in the preparation of the proposed Pay Policy Statement. The Pay Policy Statement also has due regard to the Accounts and Audit (Wales) Regulations 2014.
- 4.7 The Pay Policy Statement must be approved by a resolution of full Council before it comes into force. Once in force it must be complied with, although full Council may amend it during the relevant financial year. It must be published on the Council's website as soon as reasonably practicable after approval or amendment.
- 4.8 A Pay Policy Statement meeting the legal requirements of the Localism Act 2011 and having regard to the Welsh Government guidance is attached at Appendix A and is recommended for approval by Council.
- 4.9 This report has been prepared and written by the Director of Human Resources and Director of Legal & Democratic Services and the Pay Policy reflects the current grading of those officers. Given previous cases where concerns have been expressed about Officers being involved in the preparation of reports that affect their own pay, this point is explicitly drawn to the attention of Members of the Council.
- 4.10 It should be noted however that any officer of the Council writing this report would be in the same position. It is also important to note that this Pay Policy

statement provides an accurate summary of the Council's current policy for the purposes of publication under the Localism Act. What is also important to note is that this policy is not specifically about the authors in an individual capacity otherwise than as part of the Council's group of Chief Officers.

5. FINANCIAL IMPLICATIONS

- 5.1 The conditions and rates relating to pay, as detailed in the Pay Policy Statement, are reflected in the Council's budget for 2024/25.

6. LEGAL IMPLICATIONS

- 6.1 Under Section 38 of the Localism Act 2011 the Council must prepare a Pay Policy Statement for each financial year before the commencement of that year. The Pay Policy Statement for 2024/25 must therefore be approved by full Council by 31st March 2024.
- 6.2 The Act requires the Pay Policy Statement to cover certain specific matters and the Welsh Government has issued statutory Guidance in relation to Pay Policies, to which the Council must have regard. It is considered the Pay Policy at Appendix 1 meets the requirements set out in the guidance.
- 6.3 The Pay Policy Statement must be published in such manner as the Council thinks fit, which must include publication on the Council's website.

7. EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 The Council's pay structures are considered to be compliant with Equalities legislation.

8. WELSH LANGUAGE IMPLICATIONS

- 8.1 There are no Welsh language implications as a result of the recommendations in this report.

9. CONSULTATION

- 9.1 There are no specific consultation requirements aligned to this report.

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

- 10.1 The Pay Policy Statement supports the Council's Corporate Plan as how employees are rewarded for their contribution is directly linked to the delivery of the Council's key aims and priorities. The well-being goals are overarching and are considered during the development of all Council Human Resource policies.



RHONDDA CYNON TAF COUNCIL

PAY POLICY STATEMENT

2024/2025

Contents

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- 11. Independent Remuneration Panel**
- 12. Accountability and Decision Making**
- 13. Reviewing the Policy**

1. Introduction & Purpose

Leader's Introduction

- 1.1 Rhondda Cynon Taf Council recognises the importance of administering pay fairly, objectively and consistently in a way that encourages employees to make a positive contribution to the Council's business. The decisions that are taken regarding pay and grading are crucial to maintaining equality across the Council.
- 1.2 In setting its pay structure, the Council reflects on its corporate priorities, the important role that senior leadership plays in achieving those aims and also seeks to continually demonstrate value for money to the residents of the County Borough.

Purpose

- 1.3 Under Section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 and Section 40(2) of the Localism Act 2011 (the Act).

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation.

3. Pay Structure

- 3.1 The Council has adopted and implemented an objective, analytical job evaluation system based on job demands and developed a pay and grading structure based on spot salaries.
- 3.2 This determines the salaries of the majority of the Council workforce. The features of the pay & grading structure are as follows:
 - Eighteen spot salaries;
 - Weekend enhancement of time plus a third is paid for Saturday and time plus a half for Sunday;
 - There are no enhanced rates for overtime payments;
 - There are no bonus payments.
- 3.3 The pay and grading structure applies to all employees covered by the NJC for Local Government Services.
- 3.4 The Council continues to pay the Real Living Wage (RLW) rate that in October 2023 increased to £12.00 per hour. In line with our agreement with the trade unions, this increase will be implemented from the 1st April this year.

The increase to £12.00 per hour from April will affect all staff on grades 1 – 3 of the Council's grading system. This position may of course change, once the Council receives confirmation of the NJC for Local Government Services pay award uplift that is effective from the 1st April 2024.

- 3.5 Employees covered by Soulbury terms and conditions have their pay determined by the Soulbury Committee. There are no overtime or bonus payments for this group of employees.
- 3.6 The Council makes payments in respect of a 'holiday pay' supplement which was implemented to ensure all holiday payments to staff are made in accordance with the Working Time Directive.
- 3.7 The determination of salary scales for employees covered by JNC for Local Authority Chief Executives and Chief Officers are dealt with under paragraph 4 below.
- 3.8 In addition to basic salary, the Council will reimburse all reasonable business travel and subsistence expenses on production of receipts and in accordance with the Council's scheme for payment of travelling expenses, subsistence allowances and redeployment expenses. The Council operates a single scheme that applies to all employees.
- 3.9 All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining arrangements and/or as determined by the Council's Constitution and the Scheme of Delegation contained therein. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public funds, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
- 3.10 The process for paying any temporary additional payments for undertaking additional responsibilities are in accordance with the Council's Honoraria and Secondment Policies that apply to all Council employees (including Chief Officers).
- 3.11 The Council does not operate a performance related pay system for any of its employees (including Chief Officers).
- 3.12 There are occasions where it is necessary to take account of the external pay market through the payment of a 'market supplement', in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council has ensured that such requirements are objectively justified by reference to evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4. Senior Pay Remuneration

Definition of Chief Officer Remuneration

4.1 For the purposes of this statement, 'chief officers' are as defined within Section 43 of the Act. The posts falling within the statutory definition are set out below:

- Chief Executive
- Deputy Chief Executive/ Group Director
- Directors
- Service Directors
- Heads of Service

Role of the Chief Executive

4.2 The role of the Chief Executive, as the senior officer, is to advise and support the Council's Cabinet to:

- Provide leadership, vision and strategic direction;
- Develop strategic policies to fulfil the Authority's objectives;
- Define the corporate culture and promote core values;
- Ensure the Authority meets its statutory obligations and exercises sound corporate governance and effective resource management;
- Ensure the performance of the Authority is managed effectively.

4.3 Rhondda Cynon Taf had a Net Revenue Budget of £609.955M for the 2023/24 financial year and a 3-year capital programme (2023/24 to 2025/26) of £314.750M (Quarter 2 Performance Report). The Net Revenue Budget for 2024/25 is £631.795M and the updated 3-year capital programme for the period 2024/25 to 2026/27 amounts to £165.630M. The Council delivers a wide range of services employing approximately 10,583 staff.

4.4 In Rhondda Cynon Taf the Chief Executive salary is determined by the criteria set out in the JNC for Local Authority Chief Executives National Agreement for Pay and Conditions of Service. The Chief Officer salary structure is based on a percentage of the Chief Executives salary and within the Education & Inclusion Services directorate, there are some Heads of Service positions which are remunerated at the senior Soulbury pay scale level. For details of the Chief Officer salary structure, please refer to Section 6 below.

4.5 Any change to the existing Chief Executive and Chief Officer pay structure for Rhondda Cynon Taf can only be determined by the Council's Cabinet and full Council as necessary. Should any changes to the existing value of the pay structure be considered, then due regard will be given to the Independent Remuneration Panel which is covered in Section 11 below.

5. Recruitment of Chief Officers

- 5.1 The Council's policy and procedures with regard to recruitment are set out within the Officer Employment Procedure Rules in Part 4 of the Council Constitution.
- 5.2 When recruiting to all posts the Council will take full and proper account of its own Equalities, Recruitment and Management of Change Policies.
- 5.3 The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Welsh Government recommends that full Council should be offered the opportunity to vote on salary packages of £100,000 and above in respect of new appointments.
- 5.4 Where the Council is unable to recruit to a post at the designated grade, it will consider the use of market forces supplements in accordance with its relevant policies.
- 5.5 Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring that the Council not only meets its statutory obligations but can also demonstrate the maximum value for money benefits in securing the relevant service.
- 5.6 The Council does not currently have any chief officers engaged under such arrangements.

6. Additions to Salary of Chief Officers

- 6.1 The Council does not apply any bonuses, performance related pay, or any other benefits to its chief officers.

Chief Officer Remuneration Details

- 6.2 The Council publishes in the Council's Annual Statement of Accounts details of remuneration in respect of chief officer posts where the annual sum paid is at least £60,000. It is important to note that whilst Teaching posts are outside the scope of this Pay Policy, any Teacher whose earnings are over the £60,000 threshold will still be recorded within the Council's Statement of Accounts. The Council's Annual Statement of Accounts can be accessed via the following link:-

<http://www.rctcbc.gov.uk/EN/Council/PerformanceBudgetsandSpending/StatementofAccounts.aspx>

6.3 The Council must appoint a returning officer (currently the Director of Legal & Democratic Services). All fees paid in relation to the performance of the returning officer duties are determined by the Secretary of State for Levelling Up, Housing and Communities for reserved elections/Minister for Finance and Local Government for devolved elections and published in the Fees Order for the relevant election/referenda or in the case of County Borough elections by the Council itself. The details of any such fees paid are published in the Council's Annual Statement of Accounts. The Council has determined that no fees shall be payable to the returning officer for duties associated with undertaking the County Borough elections.

7. **Payments on Termination**

7.1 The Council's approach to statutory and discretionary payments on termination of employment, prior to reaching normal retirement age, apply to all staff including chief officers and is set out within its policy statement in accordance with Regulation 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 30(6), 30(7) and 30(8) of the Local Government Pension Scheme Regulations 2013.

7.2 Applications under these schemes are made in accordance with the Council Constitution and Scheme of Delegation and are agreed by the Council's Voluntary Early Retirement Panel (and full Council as necessary). All applications for early retirement will be considered objectively. The schemes will apply to the following groups of staff:

- JNC for Chief Executives
- JNC for Chief Officers
- NJC for Local Government Services
- Staff employed under Soulbury terms and conditions

7.3 Redundancy Payments are made in accordance with the Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999, for the purposes of continuous service, as is any such declared re-employment by a body covered by the Modification Order.

7.4 Welsh Government recommends that full Council should be offered the opportunity to vote before severance packages for chief officers of £100,000 and above are approved for senior staff leaving the organisation. Within Rhondda Cynon Taf, any such severance package will firstly be considered by the Voluntary Early Retirement Panel. This Panel will make a recommendation to full Council as to whether or not the Council should agree a particular severance package. Following consideration by full Council a vote will be taken on whether to agree the severance package.

- 7.5 However, Members must be made aware of the statutory or contractual entitlements due to an employee and the consequences of non approval by Council which may allow an employee to claim damages for breach of contract.

The Welsh Government considers the following components of a severance package for chief officers should be included when determining whether the package exceeds £100k:

- (i) salary paid in lieu;
- (ii) lump sum redundancy / severance payment; and
- (iii) cost to the authority of the strain on the pension fund.

- 7.6 Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made in accordance with the Council Constitution and Scheme of Delegation.

8. Re-employment

- 8.1 The Council will not re-employ or re-engage either as an employee, agency worker or consultant, any officer in receipt of an enhanced severance or redundancy payment which formed part of their early retirement. Those officers not of retirement age who accepted an enhanced severance payment as part of their voluntary redundancy will be precluded from being an employee, agency worker or consultant for a two-year period following their termination.

9. Publication

- 9.1 Upon approval by the full Council, this statement will be published on the Council's website.

10. Pay Relativities

- 10.1 The lowest paid employee of the Council is paid at Grade 1 of the Council's pay and grading structure.
- 10.2 The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this statement.
- 10.3 In accordance with the requirements of Section 38(2) of the Act this statement must state the relationship between the remuneration of chief officers and the remuneration of its employees who are not chief officers.
- 10.4 The statutory guidance issued by the Welsh Ministers under Section 40(2) of the Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

- 10.5 Hutton recommended the publication of an organisation's pay multiple, the ratio between the highest paid employee and the median average earnings across an organisation, as a means of illustrating that relationship and concluded that the most relevant measure for the median earnings figure should be the full time equivalent earnings of all staff employed.
- 10.6 In accordance with the recommendation of the Hutton report the ratio between the Chief Executive's pay and the median earnings of the workforce calculated using current pay levels within the Council is 1:6.
- 10.7 Whilst there is no legal requirement within Wales to publish separately, in the interests of transparency and equity, it is considered good practice to report on the Gender Pay Gap. Utilising the recommended calculation method, the combined pay gap within Rhondda Cynon Taf currently stands at 8.1%.

11. Independent Remuneration Panel

- 11.1 In accordance with Section 143A of the Local Government (Wales) Measure 2011 the Independent Remuneration Panel for Wales ("the IRP") has powers to make recommendations in relation to any policy in an authority's pay policy statement which relates to the salary of the Chief Executive.
- 11.2 If the Council proposes to change the salary value of the Chief Executive (except one which is commensurate to a change affecting the authority's other staff more generally) then the Council is obliged to consult the IRP about the proposed change. The Council is then required to have regard to the IRP's recommendations on the proposal.

12. Accountability and Decision Making

- 12.1 The Council Constitution and Scheme of Delegation sets out the procedure for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to all employees of the Council.

13. Reviewing the Policy

- 13.1 This Pay Policy Statement will be kept under review and developments considered in the light of external best practice and legislation. The Council will ensure the Pay Policy Statement is updated on an annual basis in line with the requirement of the Localism Act 2011. The annual Pay Policy Statement will be submitted to full Council each year for approval.