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## CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

**Committee** POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

**Date and Time of Meeting** TUESDAY, 15 NOVEMBER 2022, 4.30 PM

Please find below correspondence send by the Committee Chair following the meeting, together with any responses received.

For any further details, please contact [scrutinyviewpoints@cardiff.gov.uk](mailto:scrutinyviewpoints@cardiff.gov.uk)

b Correspondence Following Committee Meeting(*Pages 3 - 14*)

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Date: 17 November 2022

Councillor Chris Weaver,  
Cabinet Member. Finance, Modernisation & Performance  
Cardiff Council,  
County Hall,  
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CF10 4UW



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Dear Chris,

### **PRAP Scrutiny Committee 15 November 2022: Budget monitoring m6 2022/23**

As Chair of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 15 November 2022 to present the budget monitoring month 6 2022/23 report. Please also pass on our appreciation to the Corporate Director Resources, Chris Lee and Head of Finance, Ian Allwood, for presenting an overview. The Committee thanks you for attending in person and has asked me to pass on Member's comments and observations following discussion at the Way Forward.

The Committee notes the improved position at month 6 with the achievement of £3.323m in-year efficiency savings since month 4, notwithstanding the impact of the agreed pay award and use of £6.4m of the Covid contingency fund.

### **Monitoring Children's Services overspend**

Members were keen to understand budget monitoring discussions between the Finance and Children's Services Directorates to keep a close watch on the £8m overspend. We were pleased to note that a corporate group has been formed, whose scope includes a full root and branch review, that weekly budget reporting is underway, and that the service has been allocated a dedicated group accountant for the remainder of the budget year. We note also that this level of overspend will be difficult to resolve in-year. As the scrutiny committee that has responsibility for oversight of financial matters, we are **requesting** an update once the findings of your review become available.

## **Voluntary redundancy**

The Committee understands work is ongoing to assess the impact and achievability of savings that can be derived following expressions of interest in voluntary redundancy. We note that the Council routinely invites expressions of interest in voluntary redundancy, in the interests of effective work planning since staffing costs represent 70% of the budget. We also note that work on such savings is focussed on posts not people. You indicated that a Welsh Government response on this matter is outstanding, and capitalisation of funding redundancies is the subject of national conversations that apply to all local authorities.

## **Underspends**

Members clarified the position in respect of two underspends. Firstly, we are reassured that the budget for council tax bad debt provision has not changed since month 4. Secondly, the position in respect of administrative savings related to the multi-year migration of people from housing benefit onto universal credit. You assured us that there is an administrative saving at this point in 2022/23, however that may not be evident next year.

## **Fees & Charges**

The Committee notes the outturn projection for Civil Parking Enforcement at £325,000 lower than budgeted. Members were of the view that increases in fees and charges for the service may be a reasonable approach in setting next year's budget. We look forward to the opportunity for scrutiny of the public consultation on budget proposals prior to the scrutiny of final budget proposals for 2023/24.

## **Consequences of savings**

Members are reassured by the good progress made on efficiency savings, noting that further grant funding has helped the savings position. However, we wish to highlight the consequences of making savings on services. For example, are there consequences of holding vacant posts, or is this a short-term solution? We consider holding vacancies a short-term solution, and, in effect, savings are simply rolled over and a close assessment of their impact is required. Our discussion at the Way Forward resulted in two **requests** for further information relevant to this point: Members would like more detail on the Council's use of agency workers; and we are

interested in any analysis that may be available on staff sickness absence levels where vacancies have been held.

### **Workforce Planning**

Following the realignment of the Adult Social Care budget in 2022/23, the Committee drew attention to the continuing projected underspend in Adult Services at month 6. At month 4 you referenced there were some staff recruitment challenges requiring continual watch, and we note that the recruiting of care workers continues to be a challenge at month 6, together with recruitment issues in other areas. We look forward to engaging with your workforce planning approach and would be grateful for an indication of when that will become available to the Committee.

### **Requests following this scrutiny:**

- That the Committee is updated on the findings of the root and branch review of Children's Services budget by the corporate group established to look closely at the position;
- More detail on the Council's use of agency workers;
- Whether the Council has undertaken any analysis of staff sickness absence levels where vacancies have been held to deliver in-year efficiency savings.
- An indication of when the Council's workforce planning approach may be available to the Committee.

Finally, on behalf of the Committee, thank you once again for facilitating monitoring of the budget at month 6 2022/23. With your support, I look forward to continuing the valuable internal challenge established between this Committee and the Cabinet. There are a number of requests following the scrutiny, and therefore I look forward to a response.

Yours sincerely,



**COUNCILLOR JOEL WILLIAMS  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Leaders of Opposition Parties – Adrian Robson, Rhys Taylor & Andrea Gibson  
Chris Lee, Corporate Director, Resources  
Ian Allwood, Head of Finance  
Mr David Hugh Thomas, Chair, Governance & Audit Committee  
Chris Pyke, OM Governance & Audit  
Tim Gordon, Head of Communications & External Relations  
Jeremy Rhys, Assistant Head of Communications and External Affairs  
Gary Jones, Head of Democratic Services  
Alison Taylor, Cabinet Support Officer  
Joanne Watkins, Cabinet Business Manager  
Andrea Redmond, Committees Support Officer.

Date: 17 November 2022

Councillor Chris Weaver,  
Cabinet Member. Finance, Modernisation & Performance  
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Dear Chris,

### **PRAP Scrutiny Committee 15 November 2022: Capital Programme m6 2022/23**

Thank you for attending Committee on 15 November 2022 to facilitate scrutiny of the Capital Programme at month 6 2022/23. Please also pass on my appreciation to the Corporate Director Resources, Chris Lee, Head of Finance, Ian Allwood, and Account Manager, Capital, Anil Hirani, for their presentation and for attending in person. Members of the Committee were pleased to have an opportunity to look at the Capital position in more detail. Firstly, may we congratulate you on multiple references to Cardiff's Capital Strategy within the CIPFA code of practice. Members have asked me to pass on their comments, observations and requests as follows.

#### **A rolling programme**

The Committee notes that the Council, in borrowing to fund its long-term projects is driven by the 5-year Capital Strategy 2022/23- 2026/27, as agreed by Council in February 2022. We note your clarification that the Capital Programme is a rolling programme of projects that require financial investment. As such, the Council's capital borrowing is a sum that covers all capital projects within the programme. Borrowing arrangements are not allocated to individual projects. Decisions are taken within the context of the Treasury Strategy, which states the minimum revenue provision must be a part of the prudential assessment. Reflecting on this Members were keen to establish what assessments take place to project the length of borrowing for specific projects, such as a new school. I therefore **request** a response and a copy of the assessment process in place for determining the life span of the project funded through borrowing.

## **Risk assessment**

The Committee explored your approach to risk assessment of borrowing to support the Capital Programme, given the current economic climate of volatile interest and inflation rates. We note that risk assessment focusses on the investment decision as one the Council is taking for the long-term future of the city, and why the investment is required. We would, however, like further clarity on how exactly you approach the re-prioritisation of schemes and therefore **request** that you address this in your response to this letter. We would also welcome further detail of the risk assessments undertaken regarding the Capital Programme in light of the changing and uncertain economic climate.

## **Risk appetite**

Members explored the Council's risk appetite, and whether this has changed within the current economic climate. We note that, going forward, you consider the cost of borrowing to fund capital projects will increase, but that projects chosen by members do pay back at some point and their affordability is regularly reviewed against prudential indicators. The chosen projects have a robust business case, and an exit strategy, and will be reviewed for the 2023/24 budget. We note that the affordable borrowing limit for the Council set out in its Capital Strategy is £1.4billion, as set within the 2022/23 budget, and the Council is currently benefitting from low fixed rate borrowing secured last year. We **request** that you set out in your response the 'big ticket' projects funded by the Capital Programme that do not yet have borrowing arrangements in place, and the revised costs of these projects given increases to interest rates.

## **Borrowing consequences**

The Committee notes that the Council currently sets aside £40.3m per annum to fund its capital programme borrowing requirement. This sum is accounted for in the revenue budget under the *Capital Financing* line. Members concern was whether the Council is still paying for past capital investment, and whether historic payments ever compromise the revenue budget. We note officers view that, where the Council cannot fund a project from its current budget, borrowing is sometimes the only route to delivery, and a key consideration is the cost of not borrowing and the consequences of not investing in a project, for example investment in infrastructure where capital investment will deliver maintenance savings.



### **Payback term**

Members are keen to ensure that the payback term on a capital project is appropriate to its lifespan, and that maintenance costs are factored into the project at the outset to ensure a sound investment. For example, the £4m we are borrowing to resurface highways this year, how could we be sure they will last 20 years, and appropriate maintenance costs have been factored in? We were referred to the Highways Asset Management Plan and assured that an ongoing maintenance plan is critical to avoid more pressure on borrowing. Officers added that balance is critical. There are also other levers to access funds, the Council must therefore spread the borrowing and achieve a balance between grants and capital borrowing. Given that this is a rolling programme, Members are keen to establish whether the Council has ever been in the position of having borrowed to fund a project that takes longer to pay back than the project lifetime? I therefore **request** that you address this in your response please.

### **Project aspirations**

Given the current budget challenges the Council is facing, Members expressed concern at the increasing percentage costs of capital payments and whether the Council is making responsible decisions aspiring to large scale projects, particularly if there is a risk that smaller projects, such as roads, may suffer as a consequence. We note that projects such as the Arena are invest-to-generate income projects, and decision making is founded on a critically robust business case that sets out income and regeneration possibilities from capital investment.

### **Benchmarking borrowing**

The Committee is seeking an understanding of how Cardiff compares with core cities on borrowing to support capital projects. We note that you have previously benchmarked borrowing levels, and we **request** sight of the comparisons you provided to the Governance and Audit Committee. We note that you urge caution in the comparisons made, as not all local authorities operate a housing stock for which they are fully responsible. We were seeking assurance that Cardiff would not sell its housing stock at any point in the future and were pleased to hear that the Cabinet is committed to building and retaining its own housing stock.

### Requests following this scrutiny:

- A copy of the assessment process in place for determining the life span of a project funded through borrowing.
- Clarification of how you approach the re-prioritisation of capital schemes.
- Further detail of the risk assessments undertaken regarding the Capital Programme in light of the changing and uncertain economic climate.
- A list of the 'big ticket' projects funded by the Capital Programme that do not yet have borrowing arrangements in place, and the revised costs of these projects given increases to interest rates.
- Has the Council ever been in the position of having borrowed to fund a capital project that takes longer to pay back than its lifespan?
- Sight of the borrowing benchmarking comparisons you provided to the Governance and Audit Committee.

Finally, on behalf of the Committee, thank you once again for facilitating our focus on the Capital Programme 2022/23. This was an interesting scrutiny and I look forward to your response.

Yours sincerely,



**COUNCILLOR JOEL WILLIAMS  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Leaders of Opposition Parties – Adrian Robson, Rhys Taylor & Andrea Gibson  
Chris Lee, Corporate Director, Resources  
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Anil Hirani, Account Manager, Capital  
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Jeremy Rhys, Assistant Head of Communications and External Affairs  
Gary Jones, Head of Democratic Services  
Alison Taylor, Cabinet Support Officer  
Joanne Watkins, Cabinet Business Manager  
Andrea Redmond, Committees Support Officer.

Date: 18 November 2022

Councillor Huw Thomas,  
Leader,  
Cardiff Council,  
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Dear Huw,

### **PRAP Scrutiny Committee 15 November 2022: Communications & External Relations**

On behalf of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 15 November 2022 to brief Committee on the Communications and External Relations service. Please also pass on my appreciation to the Head of Performance and Partnerships, Gareth Newell and Head of External Relations, Tim Gordon, whose presentation was really helpful in explaining the breadth of tasks, challenges and achievements. The Committee and I were pleased to welcome you all in-person, and I have been asked to pass on Members' comments and observations following discussion at the Way Forward.

#### **An effective service**

The Committee unanimously agreed that this is an effective service, operating well and delivering good work against the backdrop of increasing service demand and decreasing budgets. The focus is clearly on digital media, to develop the Council's own audience and deliver its own news.

#### **Improving understanding of Council services**

Members feel strongly that there are gaps in the public's understanding of Council functions and services. For example, misunderstanding around the Council funding large projects as a part of its Capital Programme versus delivering frontline services from its Revenue budget. We consider there is an opportunity to improve the quality of information delivered via social media on issues such as finance and the RLDP to improve understanding. We note you see this as a constant challenge, referencing 'sentiment figures' and 'likes' as measures of success. We would also make a plea that you encourage the media to assist the Council in improving residents understanding of the services the Council is responsible for delivering. For example,

the media frequently uses the terminology 'affordable housing' which can be a lost opportunity to reflect the Council is proudly delivering 'Council housing.' We welcome the Head of Communications offer to address this distinction with media outlets.

### **Reaching vulnerable communities**

The Committee is reassured that policy development is well underway on strategies for reaching vulnerable communities and will feature in the communications part of the Participation Strategy to be delivered early next year. We look forward to engaging in the draft strategy in the new year.

### **Personal data**

Given the reactive nature of digital communications, the Committee is keen to ensure that there are effective strategies in place to manage a situation where a GDPR incident occurs. We urge you to ensure there are channel management systems to ensure personal data is re-directed.

### **Dealing with misinformation**

The Committee notes that tackling misinformation in a digital world is a key challenge and truthful content sits at the heart of the Council's media strategy. As we cannot block misinformation, it is important not to enter a cycle of misinformation. We endorse your focus on creating truthful content and explaining how residents can get help.

### **Support for Scrutiny**

The Committee considers Scrutiny an important route to public participation in decision making that would benefit from the excellent work of the Communications service. We note officers' views that news has to be compelling and of interest to residents, focussing on quality not quantity. However, Members consider scrutiny is a unique stakeholder and resident channel into the Council's decision-making.

The Head of Communications acknowledged the importance of scrutiny and proposed there is merit in scrutiny having its own Twitter account to post about its work, offering to advise scrutiny officers in setting this up and sharing tweets more widely. Members are uncomfortable with this proposal. We consider that scrutiny is

very much a part of the Council brand, and this is not a route that would achieve the best outcome for the service, particularly given the level of clearances that form a critical part of maintaining control over media messaging. We therefore urge that our work is promoted on the Council's main media channels, and the excellent work delivered on the Council's Twitter feed during Full Council meetings, is afforded other committees.

Thank you for the recommendation to link with the Local Government Correspondent, based at Wales online, delivering Local Government content on a wire to multi-media outlets funded by BBC. We have taken your advice. I can confirm that scrutiny chairs recently met with the Correspondent and are planning a programme of releases on their work over the coming months.

### **Clear lines**

We concur with you that communications with the media need clear lines about the roles of Cabinet and Scrutiny. However, we consider there is a real opportunity to improve public understanding of the work of both bodies within the democratic process. Members propose that the work of scrutiny is referenced in all press releases on Cabinet items programmed for scrutiny, together with an electronic link to relevant scrutiny papers. We are pleased you agreed to consider this where timings allow. We are therefore making this a **recommendation** as set out below.

### **External opportunities**

Members consider this service would be attractive to other councils/organisations, in a similar way that the Bi-lingual Cardiff service has successfully expanded its work. We note officers' views that this would be more feasible for graphic design than for a reactive communications service. We note also that capacity would need to be built to consider this approach.

### **Recommendations following the scrutiny:**

To summarise, the Committee makes 1 formal recommendation as set out below. As part of the response to this letter I would be grateful if you could, for each recommendation, state whether the recommendation is accepted, partially accepted or not accepted and summarise the Cabinet's response. If the recommendation is accepted or partially accepted I would also be grateful if you could identify the

responsible officer and provide an action date. This will ensure that progress can be monitored as part of the approach agreed by Cabinet in December 2020.

<b>Recommendation</b>	Accepted, Partially Accepted or Not Accepted	Cabinet Response	Responsible Officer	Action Date
That the work of scrutiny is referenced in all press releases on Cabinet items programmed for scrutiny, together with an electronic link to relevant scrutiny papers.				

Finally, on behalf of the Committee, thank you once again for a full and enjoyable briefing on the Communications and External Relations service. I look forward to continuing the valuable internal challenge established between this Committee and the Cabinet, and to your response.

Yours sincerely,



**COUNCILLOR JOEL WILLIAMS  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

- cc Members of the Policy Review & Performance Scrutiny Committee  
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 Jeremy Rhys, Assistant Head of Communications and External Affairs  
 Gary Jones, Head of Democratic Services  
 Debi Said, Cabinet Support Officer  
 Joanne Watkins, Cabinet Business Manager  
 Andrea Redmond, Committees Support Officer.