

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

14 FEBRUARY 2018

Present: Councillor Walker(Chairperson)
Councillors Berman, Bowen-Thomson, Boyle, Cunnah,
Owen Jones, Mackie, McKerlich and Murphy

113 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

The Chairperson welcomed Councillor Owen Jones to the Committee.

114 : DECLARATIONS OF INTEREST

No declarations of interest were received.

115 : MINUTES

The minutes of the meeting held on 17 January 2018 were agreed as a correct record and signed by the Chairperson.

116 : CORPORATE PLAN 2018-21 - FINAL DRAFT

The Chairperson welcomed Councillor Huw Thomas (Leader of Cardiff Council), Councillor Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Paul Orders (Chief Executive), Christine Salter (Corporate Director Resources), Joseph Reay (Head of Performance and Partnerships) and Dylan Owen (Head of Cabinet Office) to the meeting.

The Chairperson invited the Leader to make a statement, in which he indicated that the Draft Corporate Plan represented the culmination of a great deal of work that began in June with the start of Capital Ambition. He thanked Members for their involvement in both formal meetings and the Committee's extended Performance Panel, which had helped develop the Plan.

The Chairperson invited Dylan Owen to make a short presentation in which he outlined the following:

- Engagement to date
- New outcome indicators
- New/revised objectives
- New KPIs
- Performance against savings targets

The Chairperson invited questions and comments from Members;

- Members raised concerns that the aspiration to become a Corporate Landlord will be difficult to achieve. The Leader acknowledged the difficulties but believed that it was a prudent allocation, despite the £25m from asset sales

being earmarked for the Band B Schools programme. Members referred to the £100m backlog for outstanding repairs to schools, and queried how this will be achieved. The Cabinet Member explained that the £25m will be used for schools with Additional Learning Needs (ALN) and other asset maintenance. The aim is to concentrate on the Councils estate but to invest in it more significantly, which would reduce the backlog. The Leader informed Members that the objectives around Corporate Landlord in the Plan are to get the best value out of the estate. The Chief Executive added that the Authority are judicious about not releasing properties that will have a negative effect on ongoing revenue budgets.

- Members further queried how effective the Corporate Landlord model will be, stating that it will require complete buy-in for it to work. They highlighted the relevant section in the Corporate Plan, which aims to ensure all of the Council's estate is compliant by the end of 2018. Members expressed fears that this is unrealistic and were also concerned that only compliance was referred to in the plan, noting that Corporate Landlord is about much more than this. The Leader agreed that the wording could be looked at, as the aspirations are wider than just compliance, but that the compliance element of the model has been working well in recent years and it is an important element which the Council hasn't got right in the past.
- Members sought clarification on the links between the Corporate Plan and the Well-being of Future Generations Act (2015). They highlighted life expectancy in the City and questioned whether there are enough objectives in the Plan in relation to health inequality and health promotion. The Leader stated that the Wellbeing Plan designed for Cardiff is compiled with the Well-being Commissioner, who has a duty of care to ensure that there is an alignment to National objectives. In terms of the inequality in Cardiff, there are actions that the Council can take to address this, but it requires coordination across the public sector. Officers elaborated that an exercise was undertaken with colleagues across the public sector to identify high level City indicators and to look at Cardiff's contribution to the National indicators. Members asked for examples of the specific commitments and actions in the Corporate Plan relating to this, and were informed that there is the forthcoming Green Paper and White Paper on clean air, the sustainable food strategy and also the Wellbeing Plan which is being developed concurrently, and which addresses some of the actions the Council will be undertaking with other partners such as the Health Board.
- Members were pleased with the changes already made to the Plan, particularly around KPIs, but highlighted the area around economic development and visitor numbers, and asked whether the figure could be a proportionate increase of people visiting and staying rather than just an increase based on last year's figures. Officers explained that this issue was raised at the performance panel, and was looked at in more detail. The Council's approach to boosting visitor numbers and staying visitors is linked to the National Tourism strategy, which sets out a target of a 2% increase for day visitors and a 2% increase for staying visitors.

- Members welcomed having measurable targets in the plan to work towards, but questioned how engrained the target culture is in the Council, and whether there is accountability down the chain that targets are delivered. The Leader agreed that it is critical that this culture exists, and structures and measures have been put in place to enable delivery of Capital Ambition. He added that the Cabinet takes a series of measures to monitor performance on an ongoing basis and that the Administration's aim is to tick off objectives. The Chief Executive explained that there are delivery programmes organised at an Officer level, which group together related projects such as Digitalisation. Progress on these will be reported to Cabinet and the Committee as part of the quarterly cycle and will focus on how the Council is tracking against Corporate Plan delivery.
- Members noted that there may be times when the Corporate Plan, the Wellbeing Plan and the Wellbeing of Future Generations Act will go against each other. An example was given in relation to selling parts of land which are not financially viable and that this would go against some Wellbeing aims. Members asked how this will be addressed, and if there is a hierarchy when it comes to the plans. The Leader stated that the plans are broadly complementary to one another, and whilst there is no hierarchy, in certain situations the reality on the ground would need to be balanced against the aspirations of the plans. The Chief Executive added that the task over the next period is to embed the Future Wellbeing legislation across the organisation and this would identify any areas of conflict.
- In relation to clean air, Members referenced the graph on page 41 of the Corporate Plan (Improving City Performance: Total Per Capita CO₂ Emissions in 2015) and highlighted that out of 11 cities, only Leeds has a worse emissions rate. Members noted that Cardiff could learn from other cities like Bristol and asked what the graph says about the high state of CO₂ problems. The Leader explained that the Green Paper on clean air is forthcoming, but it is important when comparing these core cities to take into account the manufacturing base that exists in Cardiff.

RESOLVED – That the Chairperson, on behalf of the Committee, writes to the Cabinet Member to convey their comments and observations.

117 : DRAFT BUDGET PROPOSALS 2018 -19

Draft Budget Proposals 2018/19 – Overview

The Chairperson welcomed Councillor Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Christine Salter (Corporate Director Resources), Ian Allwood (Head of Finance) and Gareth Newell (Partnership and Community Engagement Manager) to the meeting.

The Chairperson invited Councillor Weaver to make a brief statement on the draft budget proposals, in which he explained that the budget has been addressed using the following four mechanisms identified in the budget strategy last year:

1. £2.4m of reserves
2. 30% school cap
3. £40m savings
4. A proposed Council Tax increase of 5%

He added that the top three priorities that came out of the public consultation process are reflected in the budget. Social Services will receive the biggest increase of an extra £8m, which reflects the demands of the city.

The Chairperson invited Christine Salter to give a presentation on the draft budget proposals for 2018/19 in which she covered the following points:

- Final Settlement Overview
- Consultation
- Draft Revenue Budget
- Medium Term Outlook
- Draft Capital Programme

The Chairperson invited questions and comments from Members;

- Members noted that the 5% proposed Council Tax increase is higher than the anticipated 3.7% rise. The final settlement from the Welsh Government (WG) is better than expected, so Members questioned why there is this higher increase. The Cabinet Member explained that there have been some changes since the initial forecast, namely an increase in the pay award from 1% to 2%. Members argued that this increase could have been predicted earlier and factored in when Council Tax was first looked at. Members were informed that the lower Council tax proposal made earlier in the Budget Strategy gave the flexibility to increase it at a later date.
- Members highlighted that there are several big savings proposals, in particular regarding adult social care, which carry a red or red-amber risk. Members sought clarification on how achievable these proposals are, especially in the time frame given. The Cabinet Member agreed that these savings are the most challenging to achieve because of their scale and the residual risk involved. Social Services are facing significant pressures, often influenced by external factors, but there is a £3m contingency in the budget to account for some of these demands and to give a degree of flexibility. He also added that the new Corporate Director of People and Communities appointment is underway, which will align Social Services with Communities and Housing.
- Members noted that benchmarking took place in the past to compare Cardiff's debt to other Welsh Councils, and that Cardiff topped the list. The current debt is significantly higher than it was then, and Members asked if any other Welsh or English Councils are approaching this standard. The Director explained that whilst she can't answer for English Councils, no other Welsh Councils are near this figure, which she added is down to the aspirations of this Authority. Borrowing has to be sustainable in the long-term. The current external debt stands at £632m, which will likely extend to around £1b. With regards to the housing subsidy buy-out and Band B schools programme, there are guaranteed income streams to support these. The focus needs to be on any

areas where the debt is extended without the income stream to support it. Members proposed that the benchmarking exercise be repeated, and that Cardiff should be compared to both Welsh and English Councils.

- Members identified that if some of the proposed savings were made sooner (in 18-24 months), then this would positively impact on cash flow. The Director explained that if savings could be made earlier, then they would need to be kept and not offset with other expenditures. She also explained that some of the savings proposals require time and changes to take effect, such as new business processes and new technologies.
- Members sought clarification on the fact that some of the figures in the report, such as the General Fund Capital Programme, appear to vary significantly from what they were 12 months ago. The Cabinet Member explained that the Band B Schools programme wasn't in the forecast last year, and this accounts for a substantial amount. The Director added that there have been other significant increases in the Capital Programme, and that political changes and varying commitments can also have an effect.
- Members highlighted the £11m expenditure on parking enforcement, with a low surplus of £200,000 a year, and commented that other Local Authorities are generating more of a surplus, which they are using to offset council tax increases for example. Members were directed to appendix 19 of the budget report, which sets out the workings of the civil parking enforcement expenditure and income. The Director highlighted that £5m will go to support the Highways Service and there will be a surplus of £811,000 next year. Certain expenditures will come out of this surplus, such as creating 20 mph zones, which eventually results in the £200,000 figure. Members found this clarification helpful, but remarked that more could be done in this area to generate income.
- Members raised concerns about the Council running its own Fleet Services, and suggested that it would be better to outsource this. They pointed out that the department has a £6.1m gross spend, and is only finding £120,000 of savings. Members were informed that it is up to the Directorate to put forward these savings, but there will be a review of Central Transport Services. The Cabinet Member added that there is a new system in place (*Tranman*), which will give a wealth of data to help inform this review.
- Members highlighted the large amount of savings to come from Social Services and sought clarification on the proposed saving of £450,000 through better use of funding for new care home placements, noting that these targets would be difficult to reach. Members were informed that the proportion of savings from Social Services is lower than many other Directorates. When looking at new care home placements, the Council uses a number of providers, and the aim is to be more consistent and cost effective when purchasing these placements. The Director added that there has been a review taking place between Vale of Glamorgan Council and the University Health Board, which among other things is looking at why the cost of placements in the same care home differs across the authorities. Members were also informed that there is no extra cost to the service user.

- Also with regards to Social Services, Members queried whether the £8m extra money going into the Directorate includes writing off any savings from previous budgets which weren't delivered. The Director explained that this was looked at when creating the budget and that a saving of £190,000 was agreed to be written off, which related to reviewing learning disability cases and the way care was delivered.
- Members expressed concerns that high risk savings from income generation are a repeat theme across Directorates, and asked what the overall assessment of these savings is and the risk posed to the budget as a whole if they aren't delivered. The Director explained that all savings are hard to make, and there is a need to look at more innovative ways, which includes income generation. Of the overall £14.3m savings proposals, £2.4m is from income generation. The proposals vary across Directorates, with some income streams (especially new ones) riskier than others.
- Members raised concerns about the cost of borrowing, with interest rates rising, and questioned how this will affect future budgets. The Director explained that the Council borrows from the Public Works Loan Board at a fixed interest rate and that, as a Local Authority, they are not allowed to borrow in advance of need. However, there is a smooth trajectory in the rise of interest rates going forward. She added that the Council work closely with professional Treasury Advisors who advise them on interest rate rises and the Treasury Management Strategy is laid out in the budget report.
- Members noted how sickness and absence is being addressed in the new strategy, and queried how the Domestic Waste Service (DWS), which historically has a high level of absence, is able to make savings in this area. The Cabinet Member explained that all savings are signed off by Directorates, and that some areas don't use agency staff, so it is difficult to make savings. DWS have proposed more savings as they are putting mechanisms in place to reduce their dependency on agency staff.

Resources Directorate Budget Proposals

The Chairperson welcomed Councillor Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Christine Salter (Corporate Director Resources), Philip Lenz (Chief Human Resources Officer) and Ian Allwood (Head of Finance) for this item.

The Chairperson invited Christine Salter to give a presentation in which she outlined the following:

- Corporate Plan priorities in delivering Capital Ambition
- Savings Proposals for 2018/19
- Corporate Plan Commitments for 2018-21

The Chairperson invited questions and comments from Members;

- Members noted the proposed shift in the ICT department from writing programmes to using off-the-shelf ones and argued that this seems to go against other areas in the Council who are trying to be 'ahead of the game' and generate income. The Director explained that fit-for-purpose systems are required, and that to make the most efficient use of technology, departments should be streamlining processes to match a technology. In terms of income generation, she highlighted the work the Resources Directorate has done on the Commissioning & Procurement Local Authority Trading Company, which is the first in Wales. The Cabinet Member added that the most important thing is to put the customer first and listen to what they want, which will drive ICT choices. Members agreed with this, but also added that there is an opportunity for the Council to work with other partners, such as Universities, to develop new systems. Officers explained that the new Chief Digital Officer post will ensure that digitalisation in the Authority is transformed.
- With regards to digitalisation, Members raised concerns that the hands of the new Chief Digital Officer may be tied when trying to drive forward change due to the savings that need to be made. The Director explained that it is important to review processes, remove duplication and make savings before implementing new technologies.
- Members asked if the Directorate has the required resources going forward, as they are losing more posts than any other, to which officers responded that Resources needs to make its share of savings, and that whilst 2018/19 should be manageable, in the medium term there will be issues which will need to be addressed.
- Members raised concerns about e-billing, particularly in relation to online school applications, stating that in the southern arc of the City only 85% of applications are made online, and that it is important to not cut-off people for whom e-billing is inaccessible. Officers agreed that e-billing is not suitable for everyone and that in terms of Council Tax e-billing, people need to opt-in, so there is a challenge to get more people to do this. Members were also informed that the department are looking at using Chatbots (automated call centre operatives), to allow customers who don't have online access to continue to use a telephone service, but with a cost saving to the Council.

Economic Development Directorate Budget Proposals

The Chairperson welcomed Councillor Russell Goodway (Cabinet Member for Investment and Development), Neil Hanratty (Director Economic Development), Christine Salter (Corporate Director Resources), Tara King (Assistant Director Commercial and Collaboration), and Ian Allwood (Head of Finance) for this item.

The Chairperson reminded Members that only some areas of Economic Development fall under the remit of the Committee, namely Property and Facilities Management.

The Chairperson invited Neil Hanratty to make a statement in which he referenced the relevant Corporate Plan objectives, namely the maintenance backlog in schools, a review of the Council's Estate and the Corporate Landlord Delivery Model. He also highlighted the £2.486m savings to come out of the Directorate.

The Chairperson invited questions and comments from Members;

- Members noted that there are several red-amber risks for achievability in the income generation part of the savings proposals. Officers emphasized that Pest Control and Building Cleaning Services are already over-achieving this year, so they are confident these will make savings. Security Services have been going through several change processes, hence the red-amber risk, but these are near to an end and there are action plans in place to help achieve the savings. Members were pleased with this response.
- Members questioned how confident the Directorate is in knowing exactly what falls under the Council's Estate, giving the example of a recent piece of land that the Authority have only just discovered that they own. Officers explained that a review is being undertaken to help in this area, and that whilst they are confident on the building side of things, there are areas of land that need looking into. Members were also informed that the database is being digitised, and there will be a central repository for this information.
- Members noted the removal of the International Pool subsidy and questioned what impact this might have on the public and the services provided. The Cabinet Member explained that the savings have been delivered, and that the operator (Parkwood Leisure) has assured there will not be a diminution in the service. The Director added that the terms agreed will remain the same, so all of the safeguards are still in place. Members also queried whether, in hindsight, this subsidy could have been reviewed before this point, but were informed that it was a contractual agreement which couldn't be broken.
- Members again expressed concerns that the Corporate Landlord model is reduced to one line in the Plan regarding compliance and asked if cuts to the Directorate will affect the team that deal with this project. In terms of resourcing, Officers explained that there is an organisational development programme in place for Assets and Property which will take 3-5 years to achieve. Officers added that there are no job losses in that area and that there will be an increase in roles in compliance, as this is the first step of the pathway.
- Members sought further clarification on the Corporate Landlord model, highlighting that £40m from asset sales will go into unrelated schemes, and questioned if there is enough money to address the maintenance backlog for the operational estate. The Cabinet Member explained that of the £40m, £25m will go towards improving the schools estate. The Council should continue to receive a capital amount from the WG on an annual basis, which historically has been invested in maintenance. However, the extent of the capital allocation is not sufficient to address the backlog of repairs and the immediate concern is to ensure buildings are compliant. Members also asked what the time-frame is to deal with this backlog. Officers explained that condition surveys are being undertaken on buildings which will give a better idea of the total figure. Work will be undertaken to identify the next set of critical buildings and the whole process will take 5-10 years. The Director added that there are

various priorities within this backlog, with approximately £15m needed for the highest priority concerns.

- Members requested an update on buildings that house cultural venues and continue to require subsidies, and asked if there are strategies in place for these. Members were reminded that a few years ago a process took place to see if external operators could be found to run the New Theatre and St David's Hall, but at the time it was felt that the bids weren't sufficient, and that the Council could continue to run them just as well. Subsidies are still needed if these venues are to continue operating.

Governance and Legal Services Directorate budget proposals

The Chairperson welcomed Councillor Huw Thomas (Leader of Cardiff Council), Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Davina Fiore (Director Governance and Legal), Christine Salter (Corporate Director Resources) and Ian Allwood (Head of Finance) for this item.

The Chairperson invited Davina Fiore to make a statement in which she highlighted that the savings proposals for the Directorate fall into two groups. Firstly there will be additional income, including through the Cardiff Capital Region City Deal and Capital Receipts. Secondly there will be some reduction in areas such as the scrutiny function and a reduction in external legal fees.

The Chairperson invited questions and comments from Members;

- Members noted that the reduction in the scrutiny function was described as straightforward, and queried why it is down as a red-amber risk for achievability. Members were informed that the risk reflects that it is a politically sensitive matter and that scrutiny is an important function. She added that the workload should be achievable if the department sticks to the forward plan. The Leader also explained that whilst it is good that scrutiny will remain at five Committees, there is a limitation to the amount of support that the Council's scrutiny function can provide, and it may be useful to utilise external partners.
- Members asked if ties already exist with external partners, such as Universities, to assist with scrutiny work. The Leader explained that it depends on what is being scrutinised, so it could involve working with Universities but also with other external partners such as Charities, and that relations still need to be built. Members proposed that University students could do research for the Scrutiny Committees.
- Members noted the reduction in external legal work and asked if the balance is now right between the use of in-house and external legal services. Members were informed that whilst no new posts are being created, it is always more cost-effective to have a well-run in-house legal service. However, it is not possible to cover all areas of expertise, so external services will be used when necessary. There is a possibility of using shared services with other Local Authorities, but this would require a significant amount of work and the costs would likely outweigh the savings.

- Members asked if the Directorate are retaining the Solicitors that they are recruiting and were informed that on the whole they are, and that the department have been able to fill all advertised posts so far.
- Members noted that there is likely to be an increase in the number and complexity of child care cases and asked if the department are recruiting people with the expertise to deal with these. The Director explained that good quality solicitors with good experience have been recruited, as well as two trainee solicitor posts, but some work will still have to go out externally.

RESOLVED – That the Chairperson, on behalf of the Committee, writes to the Cabinet Members to convey their comments and observations.

118 : DATE OF NEXT MEETING

As the meeting of the of the 14 March 2018 has been cancelled, the next meeting of the Policy Review and Performance Scrutiny Committee is 18 April 2018 at 4:30pm.