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## AGENDA

<b>Committee</b>	POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE
<b>Date and Time of Meeting</b>	WEDNESDAY, 12 SEPTEMBER 2018, 4.30 PM
<b>Venue</b>	COMMITTEE ROOM 4 - COUNTY HALL
<b>Membership</b>	Councillor Walker (Chair) Councillors Berman, Bowen-Thomson, Boyle, Cunnah, Hudson, Lister, Mackie and Murphy

*Time approx.*

**1 Apologies for Absence**

To receive apologies for absence.

**2 Declarations of Interest**

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

**3 Minutes (Pages 3 - 8)**

To approve as a correct record the minutes of the meeting held on 11 July 2018.

**4 Sickness Absence (Pages 9 - 74)**

4.30 pm

Short scrutiny to monitor improvement. The Committee will consider the current position target and plan for 2018/19; progress on the action plan; and comparative research undertaken since January 2018.

**5 Budget Strategy 2019/20 (Pages 75 - 124)**

5.45 pm

Consideration of the budget strategy and financial resilience planning approach underway, including a case study of the challenges faced by the Social Services Directorate.

**6 Work Programme 2018/19 (Pages 125 - 138)**

6.45 pm

*This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg*

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Consideration and approval of the Forward Work Programme.

**7 Way Forward**

**8 Date of next meeting - 3 October 2018 at 4:30pm**

**Davina Fiore**

**Director Governance & Legal Services**

Date: Thursday, 6 September 2018

Contact: Kate Rees, 029 2087 2427, [kate.rees@cardiff.gov.uk](mailto:kate.rees@cardiff.gov.uk)

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

11 JULY 2018

Present: Councillor Walker(Chairperson)  
Councillors Berman, Bowen-Thomson, Boyle, Cunnah, Hudson,  
Lister, Mackie and Murphy

10 : APOLOGIES FOR ABSENCE

None

11 : DECLARATIONS OF INTEREST

Members had a responsibility under Article 16 of the Members' Code of Conduct to declare any interests and complete Personal Interest Forms at the commencement of the agenda item in question.

12 : MINUTES

The minutes of the 20 June 2018 were signed as a correct record.

13 : CARDIFF'S DIGITAL AMBITION

The Committee had a responsibility within its Terms of Reference for scrutiny of the Council's Digital Ambition. The item was therefore an opportunity for the Committee to receive a progress update on where the Council was in delivering on Digitalisation and the proposed new Digital Strategy. The Committee should also monitor progress going forward for the 2018/19 work programme.

The Chairperson welcomed the following:

- Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance;
- Isabelle Bignall, Chief Digital Officer

Councillor Weaver explained this was an important strategy going forward and reflected the Council's Capital Ambition.. A new Chief Digital Officer had been appointed to take this programme forward and progress the Digital aspirations outlined in Capital Ambition. Councillor Weaver was pleased with the strategy and drew attention to the key principles outlined, indicating that Action Plans would follow if approved.

The Committee received a presentation on Cardiff's Digital Journey.

The Chairperson thanked the Chief Digital Officer for the presentation and invited the Committee to ask questions.

Members of the Committee drew attention to costs, and asked whether savings would be met through the development of the strategy.

The Committee was advised that current resources were being used at the moment to operate the Customer Services function. Three Teams had been brought together to deliver the Digital Strategy for the Capital Ambition Programme. Individual Business Plans would be addressed by the Investment Review Board (IRB). To date no set amount had been placed against the digital saving.

Members were advised that a proposal to introduce Hybrid Mail, a process that lets users securely send mail from their computers to a distribution centre where it was packaged and made ready for distribution using the latest technology, was being considered. This would save printing and postage costs and not impact on staff.

The Committee was advised of the resource capacity of C2C and how the calls were categorised. Some of these calls were considered low value and could be dealt with via the Cardiff App.

Some Members of the Committee had taken part in pre-testing of the Cardiff App before its launch, and were of the view that its three functions were still limited. It was essential that as many services as possible be supported through the App, which was key for citizens. It was also noted that the Parking App was operating as a separate function.

The Committee was advised the Parking App would be embedded into the functionality of the Cardiff App however, it would be kept separate for users who lived outside of the city. The roadmap for continuous development of the App was in place, with highways, potholes and street lighting being transactional services by the end of the year.

Members were concerned that some people did not have access to smart phones or the internet and asked how they were being supported in this digital era.

The Committee was assured that Digital Inclusion Days were taking place through the Hub's to reach out to people who were not digitally connected and to interact with outreach services.

The Committee was informed of the introduction of the Virtual Assistant – "ChatBot" that could be introduced to initially handle enquires about waste disposal. This would open additional channels for citizens, lower costs, increase efficiency and provide 24 hour access. There was also a drop down system to an adviser during business hours which became active if questions could not be answered virtually.

Members asked if the App could recognise when a Councillor was logging a call and get feedback. Officers explained that currently, as a result of the high volume of calls, more information was required to identify Councillors and this would be addressed in the long term.

The Committee drew attention to a variety of issues relating to ICT problems being experienced by Members. Lost access to the Members Enquiry system, issues with mobile phones not being supported by Microsoft 365, in-cab technology not working leading to missed waste collections, and E-signatures with no digital template.

Members were informed of the forthcoming “Connected Members Workshop” and suggested that Councillor Ashley Lister attend the event and resolve the issue with E-signatures. It was recognised there were current issues with phones not being supported by Microsoft 365 and this was being addressed. Further issues had been identified with Bartech, supporting Community Maintenance Service devices and this was also being analysed along with a complete change in culture as to how services were being delivered.

The Committee drew attention to data privacy, efficiency risks and how high volumes of data were handled. For the high volumes of data received by Councillors there was no filter to monitor the information. Therefore for the Council to operate more efficiently it was vital that smart technology be put in place to monitor the amounts of data being received.

Members were advised that the Principles of the Strategy were key, particularly the first “Customer experience comes first”.

The Committee was advised that as part of delivering the Digital Strategy, efficiency procedures would be addressed to support improvement.

RESOLVED: The Committee AGREED that the Chairperson writes to the Cabinet Member on behalf of the Committee to convey their thoughts and observations.

#### 14 : 21ST CENTURY SCHOOLS BAND B PROGRAMME: CAPACITY & GOVERNANCE

The Chairperson welcomed the following:

- Councillor Sarah Merry, Cabinet Member Education, Employment & Skills
- Nick Batchelar, Director of Education

The Chairperson explained that within the Committee’s Terms of Reference was scrutiny of Financial Control, Council Property, Commissioning and Procurement, and the Council’s use of Human Resources. It was on this basis that we have an opportunity for pre-decision scrutiny of the Council’s proposed Band B schemes under the 21<sup>st</sup> Century Schools Programme, specifically:

- To familiarise ourselves with the two funding options available to the Council to deliver the Band B Programme;
- To consider amended senior management arrangements for leadership of the Council’s school estate development Programme; and also
- To consider governance arrangements for the programme.

The Chairperson invited Councillor Merry to make a statement.

Councillor Merry explained that Capital expenditure of £284M in School Estates was required. Project direction and management of this programme was essential to support the Schools Estate going forward and eliminate the risks within the appropriate timeframe.

Nick Batchelar, explained that following the decision made by Cabinet in October 2017 it was essential to have the right skills in place to support the Band B priorities and requirements.

The Chairperson invited the Committee to ask questions.

Members were concerned with the post of Corporate Landlord and asked for clarification that the post would sit within Education.

The Director of Education referred to the different functionalities of the post and where responsibility sat at each phase. Members were directed to the ARUP report contained in their papers to page 81 and noted the Summary of the four key stages in a typical school development life cycle.

- Need Phase
- Scheme Phase
- Delivery Phase
- Operation Phase

The Committee discussed the phases, looking at the specific skills required for the position. Strong expertise on the client side was needed, with knowledge of Property Services/Building Services linking into the Economic Development Directorate.

Members of the Committee drew attention to the job specification, which should have a clear commitment and understanding of how future schools should be able to meet the demands of a growing population.

The Committee continued to ask which Directorate the position sat within and were of the view that the Council's property function should have overall responsibility for schools project management whilst harnessing knowledge of schools requirements from the Education Directorate..

Members were advised the role should be able to identify and support Well-being and engage at a strategic level, with the ability to identify future catchment areas to build schools for the future driven by Education not Building and Design purposes.

The Committee drew attention to the post of Corporate Landlord and were of the view that the post would also be doing work for other Directorates.

Members were advised this project was being driven by Education improvement and what schools required in specific areas, and therefore a specialist in Education was vital.

The Committee asked about the funding for the new post and the costing involved.

Members were referred to paragraph 44 of the papers, financial implications: Resourcing requirements recommended for the effective delivery of the 21<sup>st</sup> Century Schools Band B Programme, Asset Renewal, schools required as a result of the Local Development Plan and other capital schemes being undertaken in connection with the school estate. Therefore, it would be necessary for this post to be funded from existing SOP revenue resources, as part of the overall SOP Financial Model.

The Director of Education in partnership with the Head of Finance would work with directorates to ensure that the funding required would be representative of the level of work undertaken. This would require reprioritisation of existing financial resources as well as identifying appropriate funding resources in order to ensure that the overall model remains affordable.

Members of the Committee asked about the implications of MIM (Mutual Investment Model) funding.

The Committee was advised that the Capital route was the decision being taken forward by Cabinet. The suitability of schemes had been considered, with a number of projects still open for review.

Members of the Committee drew attention to the Corporate Finance Model and asked for further information on the calculations.

It was explained to the Committee there was a slight element of uncertainty in relation to MIM. The size of schools and their consistency along with the number of schools required. Timescales for delivery were also under consideration, as issues had been identified in some schools. .

The Committee asked why the MIM was not being taken forward when it was being encouraged by Welsh Government.

Members were informed of the impact the MIM model could have on the delivery of schools and the suitability of the schemes. Cabinet would reconsider the position on MIM, if the current proposals were not successful.

RESOLVED: The Committee AGREED that the Chairperson writes to the Cabinet Member on behalf of the Committee to convey their thoughts and observations.

16 : DATE OF NEXT MEETING

12 September 2018

The meeting terminated at 6.07 pm

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**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 September 2018**

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**Sickness Absence – short scrutiny**

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**Purpose of the Report**

1. To undertake a short scrutiny of the Council's approach to tackling sickness absence levels. The Committee will monitor improvement by focussing on:
  - current levels of sickness absence;
  - targets and action plans for tackling sickness absence in 2018/19;
  - progress on implementing the Action Plan developed to address APSE recommendations following a formal review.
  - how the Council's performance compares with other Welsh Authorities, Core Cities, and private sector provider GLL.
  
2. This scrutiny will be informed by benchmarking information on local and national trends, and comparative research with organisations identified following the Committee's previous short scrutiny of sickness absence in January 2018.

**Structure of the Papers**

3. To assist Members' preparation for the scrutiny as described above papers attached to this cover report are as follows:

**Appendix 1: *Correspondence following the previous scrutiny.***

- a. The Committees letter capturing its concerns, comments and recommendations following a short scrutiny of sickness absence on 17 January 2018. Members are referred to page

4 of the letter for a quick reference list of issues raised with the Cabinet.

- b. The Cabinet response to Committee addressing all issues raised.

### **Appendix 2: Sickness Data**

- a. **Sickness Report at Quarter 1 2018-19** providing the latest published data, for the number of FTE days lost per person by Service Area, available at this point in the year.
- b. **Sickness Absence Quarter 1 2018-19** graphical representation of the trend.

### **Appendix 3: Action Plan**

#### **a. Action Plan for Sickness Absence APSE**

**Recommendations.** Following publication of the APSE Solutions (*a not for profit local government body that promotes excellence in public services*) review in October 2017, HR services developed an action plan. Each recommendation has been assigned actions and identifies lead officers/bodies. This document will enable the committee to monitor activity to address sickness absence since January 2018.

#### **b. Examples of Actions following APSE review.**

#### **c. Occupational Health Leaflet**

### **Appendix 4: Scrutiny Research Briefing.**

Following the Committee's short scrutiny of sickness absence in January 2018, on behalf of the Committee the Chair commissioned a comparison of Cardiff's Attendance and Well-being Policy with that of GLL, the private sector company currently under contract to manage the city's eight leisure centres. The findings of the review by the Scrutiny Research Team are set out as follows:

- a. A narrative based briefing
- b. A tabular comparison of the two policies

- c. A tabular comparison of both parties special leave provision

**Appendix 5: Comparison with Merthyr Tydfil Council's policy.**

During the Committee's short scrutiny in January 2018 Members heard that Merthyr Tydfil Council had succeeded in reducing sickness absence to 5.5 average working days lost for 2016/17, and were keen to establish how this had been achieved. The Employee Relations Team within HR have undertaken a comparison of both Councils' policy and procedures.

**Appendix 6: Benchmarking, WLGA comparative all-Wales data**

The WLGA compiles the annual sickness absence data of all Welsh Councils and the average for 2017/18 was 10.4 FTE Days lost per employee. The comparison reveals that at 11.3 days lost to sickness p.a., in 2017/18 Cardiff Council is 19/22 Welsh Authorities, and has slipped from a position of 15/22 in 2016/17.

**Appendix 7: Benchmarking, core cities comparative data.**

In September 2018, the HR service requested data from nine core cities facing similar challenges to Cardiff. All nine approached have provided the data for 2017/18. Seven responders have seen sickness absence levels rise since the previous year. Glasgow reports the lowest at 8.9 days lost per employee, whilst Sheffield reports the highest at 12.66 days lost.

## **Background**

4. Members will be aware that a central feature of the Committee's Terms of Reference is the scrutiny and review of the effectiveness of the Council's use of human resources. Subject to the agreement of its 2018/19 work programme at this meeting, it is proposed that the Committee's interest in sickness absence levels in the Council will continue.
5. In January 2018, the Committee received a presentation that focussed on the HR review underway to address the upward trend in FTE days lost per employee. Members considered the Welsh context with the attendance of WLGA, and the

findings of the in depth review undertaken by APSE. The depth of scrutiny prevented Members focussing on the action plan developed by the HR service at that time, and it was agreed to re-visit sickness absence six months into the implementation of the Plan. The Committee advised the Cabinet Member of its intention following the scrutiny, and that it would consider undertaking its own primary research prior to inviting him and his senior officers to report on progress in summer 2018.

6. The Scrutiny Research Manager was commissioned to undertake the research and in doing so worked closely with officers of the HR service. The findings are attached at **Appendix 3**, as indicated above.

## **Issues**

7. The Council's Capital Ambition policy programme establishes the Cabinet's key priorities, focussing on four main Ambition areas, which form the basis for the Corporate Plan 2018-21: Working for Cardiff; Working for Wales; Working for the Future; and Working for Public Services.
8. Within the Working for Public Services priority is a clearly stated aim to modernise and integrate Public Services, and an objective *to improve the health and well-being of our employees by reducing sickness absence by March 2019 through continued monitoring, compliance and support for employees and managers*. Within the Corporate Plan, this objective is supported by a Key Performance Measure "The number of working days/shifts per full-time equivalent (FTE) local authority employee lost due to sickness absence".
9. The Council's overall sickness absence levels had been falling steadily since 2012/13, until rising to above average levels for Wales in 2016/17. The final outturn for 2017/18 was 11.3 FTE days lost per person against a Council Wide Target of 9 FTE days lost per person. This is an increase of 0.5 days lost per FTE compared to 2016-17 (10.77) and represents the second year of increasing sickness absence.

10. Performance at Quarter 1 2018/19 for this key indicator is encouraging. There are early signs that the action plan is having an impact since the Q1 2018/19 sickness absence figure 2.36 is lower than the Q1 2017/18 figure 2.59. The forecast for end of financial year based on Q1 data is 10.15 FTE Days lost per employee which would be 1.1 days less than 2017/18 outturn.

11. Since January 2018, work has been ongoing to implement the APSE action plan. Focus groups have taken place with frontline staff, investigating three specific groups with high levels of sickness, to understand the specific issues, home carers, teaching assistants and refuse workers.

12. For information, Members may recall that in its report APSE concluded:

- The increase in overall sickness rates in 2016/17 is predominately due to an increase in long-term sickness.
- Some occupational groups are disproportionately likely to take time off sick.
- Teachers' absence represents the highest number of days lost because they are the largest proportion of the workforce. Nonetheless, even a 1% reduction in absence levels would be a significant benefit to the overall absence levels.
- Grade 4 and 5 workers, who make up 31% of the workforce, account for 38% of days lost and would be a sensible point for drilling down into sickness absence. The occupational groups represented by these grades include refuse collectors, homecare workers, teaching assistants, school catering staff and enforcement officers.
- APSE Performance Networks benchmarking data shows conclusively that manual and front-line staff are more likely to take time off sick than non-manual and back office workers.
- APSE information looking at the absence trends in English authorities following the onset of austerity indicates that recent reductions in Welsh council budgets should not be expected to fuel an automatic increase in absence.

- The Sickness absence policy framework needs fine-tuning but is not the problem.
- Some specific changes to process can emphasise the importance of good management decision making
- Early intervention and support is critical to head off stress and muscular skeletal reasons for absence
- Free up Occupational Health time and resources to use where they will make a difference
- Ensure that initiatives are accessible and relevant to all workforce.
- Multi-disciplinary case work is essential

13. In order to address the above the Action Plan at **Appendix 3a** proposes a broad range of initiatives. For example, bespoke support for Managers and Head Teachers; additional sickness absence training on policy and procedure; a focus on compliance; early intervention work with key staff groups; signposting of the Council's Well-being Directory to outside agencies; changing the policy language from warnings to improvement notice; reviewing the policy of referral to occupational health; providing more information to school governors; further support to Managers in respect of long term sickness cases and case management approach generally; further research into preventative measures and good practice by other Local Authorities.

### **Scope of the short scrutiny**

14. To facilitate this scrutiny of sickness absence attendance will include:

- a. Councillor Chris Weaver, Cabinet Member with portfolio responsibility for human resources.
- b. Philip Lenz, Chief Human Resources Officer.
- c. Anita Batten, Operational Manager, HR People Partner

15. Members will receive a presentation from Philip Lenz followed by an opportunity for questions to the panel. In scope for the Scrutiny is consideration of current levels and future targets for sickness absence, and evaluating progress on

implementing the Action Plan developed to address the APSE review. The Committee may also wish to explore how the Council's performance compares with other Welsh Authorities, with Core Cities, and with private sector provider GLL.

## **Legal Implications**

16. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

17. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **Recommendations**

18. The Committee is recommended to:

- a) Consider the evidence presented, both internal and external comparisons, and agree whether it wishes to report its comments and observations in a letter to the Cabinet.
- b) Consider how it wishes to continue monitoring progress in tackling sickness absence on its 2018/19 work programme.

**DAVINA FIORE**

Director, Governance & Legal Services

6 September 2018



Date: 25 January 2018



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

Dear Councillor Weaver,

### **Policy Review & Performance Scrutiny Committee: 17 January 2018**

Thank you for attending the Policy Review and Performance Scrutiny Committee last week, to participate in a short scrutiny of sickness absence. The Committee's work on this issue has been well supported by the Chief Human Resources Officer, Philip Lenz, and I would be grateful if you would pass on our appreciation, particularly in securing contributions from two external expert witnesses, Jonathan Lloyd (WLGA) and Andy Mudd (APSE).

The Committee was unable to consider all of the evidence on offer from the panel due to time restrictions. We therefore wish to reassure you that we will give consideration to the content of the action plan you have in place, raise any queries we have with Philip, and prioritise monitoring the Plan in July 2018, six months into its implementation. Following the scrutiny Members agreed that the Committee will continue its work and interest in sickness absence, but wishes at this point to pass on its observations and concerns for your reflection and action between now and July where appropriate.

The Economy and Culture Scrutiny Committee (Dec 2017), during its scrutiny of Leisure Services post contracting-out services to GLL, heard that in the last 18 months GLL had successfully tackled sickness absence amongst staff, reducing long-term sickness levels and sickness overall by 50% in Leisure Services. Members of this Committee were very interested to hear of such success given the increase in sickness absence in the Council generally during the same period.

Similarly, we recall that during a scrutiny of Alternative Delivery Models in December 2014 we heard from Cormac that they would typically expect to reduce sickness to around 3% where a service such as waste is contracted out. We therefore join our Economy and Culture colleagues in encouraging you to engage with GLL, and with Cormac to explore whether there are lessons that can be shared and effectively applied to the in-house delivery of similar frontline services.

During the scrutiny, we heard the WLGA expert witness state there is no silver bullet in tackling sickness absence. Our view is that an appropriate culture and strong leadership which is prepared to take on this issue is critical. We will therefore be looking for evidence of this when we scrutinise progress on the action plan to address APSE recommendations in July 2018.

The Committee noted with interest Merthyr Tydfil Council's success in reducing sickness absence to 5.5 average working days lost for 2016/17, compared with our own at 10.8. We note this is likely to be linked to Merthyr's decision to limit long-term absence to 4 months before reviewing an individuals' sickness absence. We may wish to investigate this approach further, accepting that there is a significant difference in authority size, and that Cardiff's sickness at 10.8 is at the higher end of the spectrum when compared with all other Welsh authorities.

Members are very concerned that the Council does not appear to have undertaken an organisation-wide employee stress risk assessment. Our understanding is that we are obliged to do so under Health and Safety law. You suggested such an assessment is a part of Health and Safety policy planning and parts of the organisation have in fact undertaken such assessment. We are therefore seeking reassurance that this organisation wide stress risk assessment is in hand and look forward to clarification and to seeing the results of that work.

We were pleased to hear that the occupational health service continues to play an important part in tackling sickness absence. We note, whilst there have been log jams due to a change in the Council's policy that introduced as a default referral to occupational health, management are now expected to exercise greater judgement, and a triage approach is used, resulting in waiting times falling to 2-3 weeks.

We also heard that some managers had concerns about whether occupational health fulfils its role, and believe it is timely to undertake a full review of this service, involving its key management sponsors.

The Committee notes that the sickness absence action plan has many implications for managers and is keen to ensure that, as a key group in tackling sickness absence, managers are fully supported, particularly in the early recognition of stress related issues. We note the new early intervention initiatives such as sports massage at Lamby Way, but consider the development of skills in managers getting to know their teams and spotting issues early is key to preventing an escalation in sickness absence and needs to be prioritised.

Further, we wish to stress that managers not only need support in recognising early signs of stress in their workforce, importantly they need to know they will be later supported when formal action is required. Alongside strong support for managers in delivering the policy, Members have asked me to reiterate that managers need freedom to be flexible, as well as tools with which to manage sickness.

We cannot stress enough the importance of developing a culture where managers get to know their staff well. We feel, where this is the case, managers should not need DigiGov reminders to undertake a return to work interview. We would be interested to hear whether there are any incentives for managers to analyse and identify when staff appear to be playing the system. As such, we consider it important that managers receive HR support in the process of addressing their concerns.

In the context of the £11million opportunity cost of sickness absence to the Council Members referenced data published by the Office of ONS which suggests that as a large Welsh public sector organisation the Council may be more likely to show high rates of sickness absence. We note WLGA's view that local government sickness is higher than that in the NHS, but note that NHS work pressures are very different.

Our concern that there is the potential for non-recording of sickness absence was not fully answered, particularly where it is management absence, and we would be interested in your view on this matter. For example, we note from the Head Teachers workshop findings a call for absence reports to be presented to governors, and we

support such an initiative being introduced. One conclusion from this under-reporting is that the sickness absence levels reported by HR are likely to be understated, making it unclear what the true level is.

We are also interested in the reasons that make it more likely that teaching assistants take sick leave. We note teaching assistants are often part time, and may feel undervalued compared with teachers, We therefore consider further analysis of this particular work group may be required.

The Committee, in its role as the voice of those affected by the sickness absence policy, notes that frontline staff have not been consulted as a part of the review process to date. We consider the findings would benefit from the input of focus groups held with frontline staff and recommend this be considered in light of the findings so far. If this is not considered feasible I will be discussing with the Committee that we consider a scrutiny research exercise to seek the views of staff prior to monitoring progress in delivering the action plan in July 2018.

Members generally consider this is a sound report but that more data is required for specific groups and the absence/sickness related culture at various levels within the organisation. We particularly note APSE's view at the meeting that grades 6-8 are contributing significantly to sickness absence levels and more information may be required about cultural effects at this level.

To recap, the Committee:

- Will give consideration to the content of the action plan in place, raise any queries we have, and prioritise monitoring the Plan in July 2018.
- Encourages you to engage with GLL, and Cormac to explore whether there are lessons that can be shared and effectively applied to the in-house delivery of services.
- Will be looking for evidence of strong senior management leadership on this issue when we scrutinise progress on the action plan in July 2018.
- Will consider investigating further Merthyr Tydfil Council's success in reducing sickness absence to 5.5 average working days lost for 2016/17, compared with our own at 10.8.

- Would like clarification that an organisation wide stress risk assessment is in hand.
- Considers managers are a key group in tackling sickness absence and must be fully supported, particularly in the early recognition of stress related issues, and in addressing repeat absenteeism.
- Considers managers need to know they will be supported when action is required in delivering the policy,
- Considers managers need authority to react flexibly, as well as tools with which to manage sickness.
- Would like clarity on whether there any incentives for managers to analyse and identify when it is considered that staff may be playing the system.
- Would like clarity on the potential for non-recording of sickness absence, particularly management absence. For example, how can the Council be reassured that all Head Teacher sickness is recorded?
- Considers further analysis may be required of the reasons that make it more likely that teaching assistants take sick leave.
- Is concerned that frontline staff have had no voice in the consultative process to date. Therefore recommends focus groups be held with frontline staff.
- May consider undertaking our own frontline primary research prior to monitoring progress in delivering the action plan in July 2018.
- Considers more data is required around high levels of sickness absence within specific groups, and the culture at various levels within the organisation which may impact on this, particularly grades 6-8.

I look forward to your response. Once again, on behalf of the Committee, please pass my sincere thanks to all internal witnesses who attended PRAP Scrutiny Committee to assist us in consideration of sickness absence.

Yours sincerely,



**COUNCILLOR DAVID WALKER**  
**CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Paul Orders, Chief Executive  
Philip Lenz, Chief Human Resources Officer  
Joanne Watkins, Cabinet Office Manager  
Heather Warren, Cabinet Support Officer.

**SWYDDFA CYMORTH Y CABINET  
CABINET SUPPORT OFFICE**



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Fy Nghyf / My Ref : CM39058

Eich Cyf / Your Ref :

Dyddiad / Date: 13th March 2018

Councillor David Walker  
Chair Of Policy Review & Performance Scrutiny Committee  
County Hall  
Atlantic Wharf  
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CF10 4UW

Annwyl / Dear Councillor Walker

**PRAP Scrutiny Committee - 17th January 2018**

Thank you for your letter of 25<sup>th</sup> January 2018. This is an important issue and I welcome the Committee's comments and work on this matter.

Concerning GLL, the 18 months leading up to December 2017 included 6 months in which the Council managed Leisure prior to the transfer on 1<sup>st</sup> December 2016. During these six months, the leisure management put in considerable effort to bringing cases to a conclusion so that the minimal number of long term cases were passed over to GLL on transfer. This resulted in eight of the long-term cases being reduced to three as at the date of transfer. The transfer involved 201 staff (147.61 FTE). However, as you have suggested we have contacted GLL to discuss and understand their data on sickness absence and any good practice that we could use within the Council. Officers from both Scrutiny and HR have met with GLL and a report is being prepared on any learning which will be shared with your Committee.

With regards to Cormac, this is more difficult as we do not have an on-going partnership arrangement with them. We understand that once we had met with them during the Alternative Delivery model to have discussions and shared our policy and processes, they felt that any improvements in sickness levels would be marginal, as we had already done much of the work that they would do. Andy Mudd from APSE has also been trying to verify the Cormac claims through APSE's network with contacts in Cornwall but at the time of writing this response, no evidence has been found to support the suggestion that their sickness had been reduced to 3% where a service such as Waste is contracted out.

ATEBWCH I / PLEASE REPLY TO :

Swyddfa Cymorth Y Cabinet / Cabinet Support Office, Ystafell / Room 518, Neuadd y Sir / County Hall, Glanfa'r Iwerdydd /

Atlantic Wharf, Caerdydd / Cardiff, CF10 4UW

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The Council welcomes correspondence in English and Welsh and we will ensure that we communicate with you in the language of your choice, whether that's English, Welsh or bilingual as long as you let us know which you prefer. Corresponding in Welsh will not lead to any delay.

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Cyflwyni ein gwledigaeth o ddot y brifddinas orau i fyw ynddi yn Ewrop Mae Cyngor yn croesawu gohebiaeth yn Gymraeg a Saesneg a byddwn yn sicrhau ein bod yn cyfathrebu â chi yn eich dewis iaith boed yn Gymraeg, yn Saesneg neu'n ddwyieithog dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi.

difference | gwnewch wahaniaeth

We also appreciate your comments regarding other Councils such as Merthyr and we are liaising with the Head of HR there to understand their policies and processes and officers will be visiting Merthyr for further discussions. To assist with this work Appendix 1 provides a direct comparison of their policy against ours.

We do agree that in order to improve sickness we need strong leadership and this is evidenced in the significant interest and resource that is being put into both the delivery and overseeing of the action plan, including by the Chief Executive himself. This will also be reflected within Education and the leadership provided by the Director of Education and the Chairs of Governors.

A number of areas within the Council have undertaken team stress risk assessments and this is also part of all directorate H&S policies where consideration is given to the six Stress Management Standards identified by the HSE. These have not always been successful and have sometimes created more stress for the individuals taking part. Individual stress risk assessments are undertaken on request by an individual and for every occasion where work place stress is identified whether an individual is absent from work or not. In addition, in order to assist managers with spotting the early signs of stress, the Council runs a course for managers and employees regarding mental health in the workplace and this is available through the Academy. I am happy to discuss this issue further or receive further correspondence if Committee members have detailed questions or comments around stress risk assessments.

There is a dedicated team in HR, which provide managers with support in dealing with absence cases. This team provide support and guidance to managers in dealing with cases including long-term sick, frequent short-term sickness and those who have patterns of sickness. The CEX has requested that we look to add additional support to this team over the medium term to add additional capacity.

The non-recording of sickness has been a concern for officers and particularly where the spotlight is being placed on services with high sickness. However, there is no evidence that sickness is going unreported and if it were there would be an expectation that sickness levels would fall which has not been the case.

It is part of the action plan to look at particular groups, which would include both teaching assistants and frontline employees in order to ascertain whether there are any reasons as to why certain occupational groups would have higher sickness than others and what processes can be put in place to assist this. We have engaged APSE to carry out this additional work with focus groups covering the areas identified in the APSE report.

I hope the above is of assistance.

Yn gywir / Yours sincerely



**Cynghorydd / Councillor Chris Weaver**  
**Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad**  
**Cabinet Member for Finance, Modernisation & Performance**



Sickness Absence FTE days lost per person - Target per Service Area 2017/19

Final Outturn for 2017/18 = 11.27 FTE days lost per person  
 Council Wide Target 2018/19 = 9.50 FTE days lost per person

2017/18 Target					2018/19 Cumulative Data									
Service Area/Division	Average FTE staff No.s (Forecast)	FTE target	Target FTE days lost	Q1 FTE days lost	Forecast based on Q1 x 4.30		Q2 FTE days lost	Forecast based on Q2 x 2.20		Q3 FTE days lost	Forecast based on Q3 x 1.4		Q4 FTE days lost - final	Final Difference
ECONOMIC DEVELOPMENT	842	10.7	9013	2.06	8.86	-		-	-		-	-		-
EDUCATION & LL - CENTRAL	622	10.0	6220	3.09	13.29	+		-	-		-	-		-
EDUCATION & LL - SCHOOLS	5923	7.9	46792	2.10	9.03	+		-	-		-	-		-
PLANNING TRANSPORT & ENVIRONMENT	912	12.8	11718	3.24	13.93	+		-	-		-	-		-
<b>Total For Operations Directorate</b>	<b>8299</b>	<b>8.9</b>	<b>73743</b>	<b>2.30</b>	<b>9.89</b>	<b>+</b>		-	-		-	-		-
HOUSING & COMMUNITIES	1052	12.4	13023	2.80	12.04	-		-	-		-	-		-
SOCIAL SERVICES	977	14.4	14039	3.01	12.94	-		-	-		-	-		-
<b>Total For People &amp; Communities Directorate</b>	<b>2029</b>	<b>13.3</b>	<b>27062</b>	<b>2.90</b>	<b>12.47</b>	<b>-</b>		-	-		-	-		-
GOVERNANCE & LEGAL	96	6.0	576	1.83	7.87	+		-	-		-	-		-
RESOURCES	825	6.7	5495	1.71	7.35	+		-	-		-	-		-
<b>Total For Resources Directorate</b>	<b>921</b>	<b>6.6</b>	<b>6071</b>	<b>1.72</b>	<b>7.40</b>	<b>+</b>		-	-		-	-		-
<b>COUNCIL WIDE GRAND TOTAL</b>	<b>11252</b>	<b>9.5</b>	<b>106894</b>	<b>2.36</b>	<b>10.15</b>	<b>+</b>		-	-		-	-		-

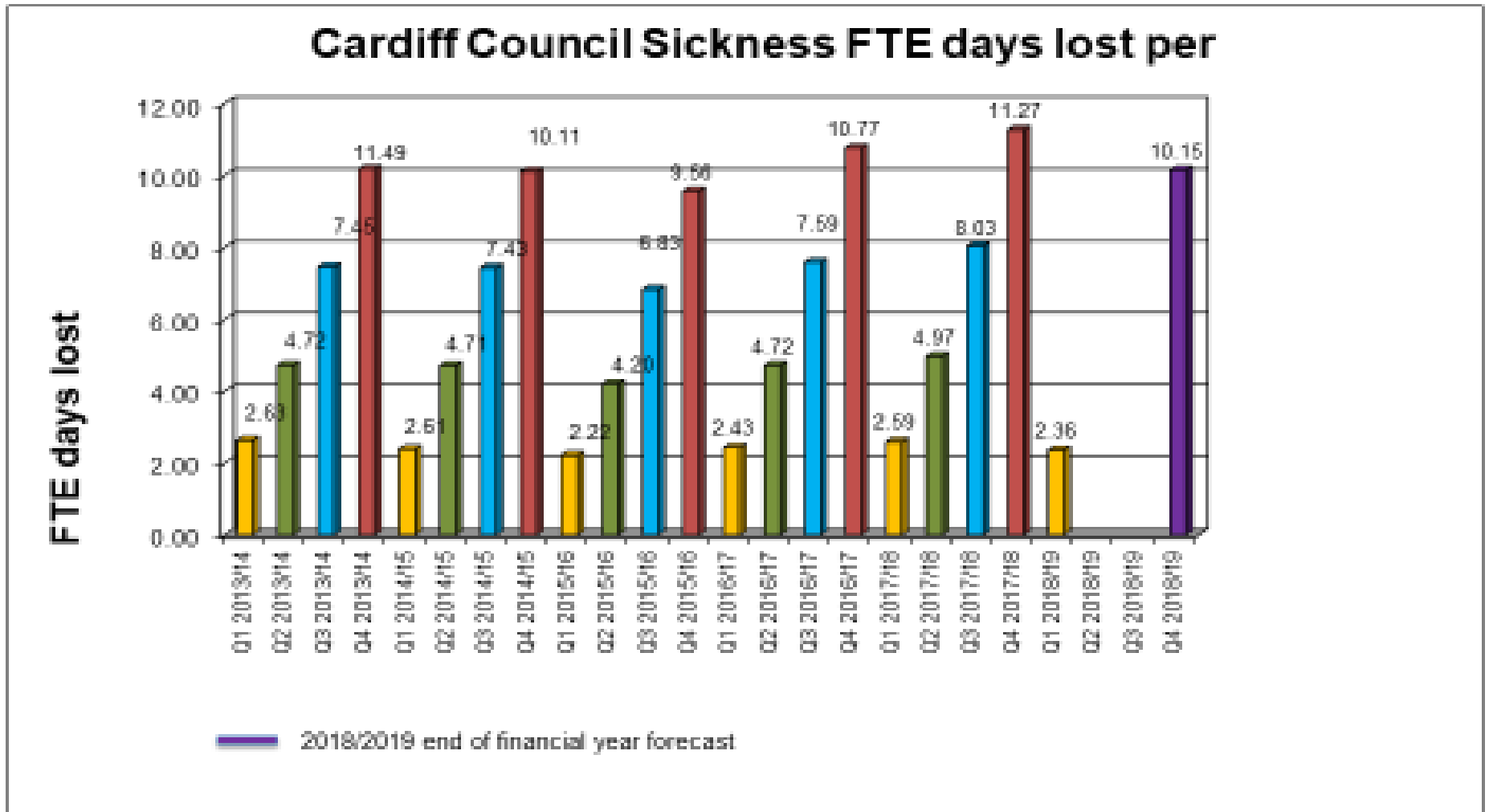
Note:  
 Data as at 9th July 2018

\* Forecasting methodology

Based on historic data, sickness increases throughout the year due to seasonal fluctuations. There are also fluctuations in FTE numbers which also affect forecasting calculations.

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## Cardiff Council Sickness FTE days lost per person (Cumulative Data)



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## Action Plan for Sickness Absence APSE Recommendations

Recommendation	Actions	Who
1. Target and tailor HR support to those managers who most need it - the data feedback from the focus groups indicate that this could be those managing smaller workforce groups who rarely use the system and find it onerous.	<p>Central Attendance and Manage Teams to work with Directorates / Head Teachers to target support.</p> <p>Gather information on those managing smaller workforce groups to establish common causes, and identify remedies including wellbeing approaches.</p> <p>Specifically provide Management Information and support for those managers / Head Teachers where compliance has not been met in relation to triggers or stages and provide targeted training.</p> <p>Escalate this information as required.</p>	Central Sickness and Manage teams Headteachers / Directorate Managers
2. Ensure that operational managers understand and are able to follow policy and process consistently and that this is reflected in the performance management process. This will include clarifying the difference between long term and short-term absence.	<p>Continue additional Sickness Absence Management training that covers both policy and practice.</p> <p>Ensure that compliance to the Attendance and Wellbeing Policy is a part of performance management process.</p> <p>Review training provision, consider including case studies and outcomes to provide tangible understanding of decision-making. Look at different approaches to training.</p> <p>Refresh e-learning module to provide additional support for managers</p> <p>Ensure tailored support as identified above supports managers with the policy and process requirements.</p> <p>Develop Manager's Guides and Quick reference Guides (flow charts), with videos, FAQ's and What If information on the intranet. Include hyperlinks to websites so managers can self-help (e.g. ACAS).</p> <p>Introduce an induction session with new managers.</p>	<p>Academy</p> <p>Directorates</p> <p>HR &amp; Academy</p> <p>Academy &amp; HR</p> <p>HR &amp; Managers</p> <p>HR</p> <p>Academy &amp; Managers</p>
3. Identify work groups where early intervention and support is most likely to be effective and tailor this to	Work with key directorates and the staff groups identified in the report to provide early interventions	HR , Relevant Directorates

<p>suit specific needs e.g. early referral to physiotherapy for heavy manual staff and easy access to advice and support for low paid/part time/shift working staff.</p>	<p>OH evaluate OH and sickness data combined. Identify cases where physio would benefit, including those jobs where muscular skeletal is more likely to occur.</p> <p>Increase physio sessions for muscular skeletal cases (not where NHS appointments already given). Inform clinical staff to refer for physio *</p> <p>Continue with Health Surveillance work – will reduce numbers as these will be picked up earlier</p> <p>Improve the OH website to include FAQ's, SOPs, Guidance, What if's and self-help guides for physical activity etc. Also provide examples of completing referrals</p> <p>Develop a Wellbeing Directory to sign post all support available. Available in Intranet, posters, leaflets, links on intranet to outside agencies</p> <p>Provide further training on DSE and Risk Assessments</p> <p>Complete the Guidance for Managers on Health Surveillance, so quality information is passed to OH from managers</p>	<p>OH, Support from HRPP and Attendance Team</p> <p>OH</p> <p>OH, H&amp;S, Managers</p> <p>OH</p> <p>HR</p> <p>H&amp;S and Academy</p> <p>H&amp;S, Managers</p>
<p>4. Further explore the possible relationship between the (over) compliance with process driven short-term absence management systems and the increase in long-term absence.</p> <p>If there are cases where workers, in conjunction with their doctors, are in effect, choosing long-term absence as the least risky option, there may be a case for greater discretion in the way the system operates to ensure that there are no perverse incentives in individual cases.</p>	<p>Investigate further through data research, as well as looking at some individual cases, which are within the 4 to 12 week category.</p> <p>Review cases with OH to identify if there is a correlation and whether there is any evidence of this.</p> <p>Develop Manager and Employee Guide</p> <p>Consider liaison with Health Authority to share what the council offers e.g. Wellbeing Directory as a positive initiative. Meet with GP clusters.</p> <p>Attendance and Wellbeing (A&amp;W) Policy– review for 'perverse incentives'. Allow areas for discretion for management.</p> <p>Re-visit educating managers on how to interpret Fit Notes and Medical Reports</p>	<p>HR</p> <p>HR &amp; OH</p> <p>HR</p> <p>HR</p> <p>HR</p> <p>OH &amp; HR</p>

<p>5. Ensure that ubiquity does not create anomalous application of policy and process. Schools in particular would benefit from a tailored approach that emphasises the role of informed, reasonable decision making in the management of both short and long-term absence. A positive, evidenced decision to discount an absence for example should not be treated as non-compliant and at certain stages in the process managers should be required to exercise judgement. On the other hand, the reasons for decisions must be recorded and managers held to account where their judgement is flawed or otherwise lacking.</p>	<p>Review A&amp;W Policy –</p> <p>Consider removal of punitive language and move from ‘warnings’ to ‘improvement notice’.</p> <p>Remove automatic referrals at four weeks to OH</p> <p>Consider discretionary decisions as each case is different, e.g. ‘linked cases’</p> <p>Consider the value added by referral to OH – again discretion to not refer</p> <p>Consider possibility of ‘auto’ issue of ‘<b>improvement notice</b>’ with opportunity for appeal. Would remove need for meetings to consider and issue warnings.</p> <p>Consider transferring the Special Leave provision from the A&amp;W policy to the Leave policy</p> <p>Consider the RTW interview process as ‘review meetings’ that focus on early intervention initiatives for improved attendance.</p>	<p>HR, Directorates, Managers, Headteachers, TU’s Members</p>
<p>6. The need for supportive management practice should be emphasised and blind process compliance discouraged. Managers should be encouraged to demonstrate in their practice that effective absence management is an important aspect of meeting duty of care requirements as well as compliance with the law governing workplace health and safety.</p>	<p>As above, Review the A&amp;W Policy</p> <p>Lack of value added where referrals are made unnecessarily to OH.</p> <p>Where fit note are received indicating RTW. Some cases must be reviewed before a return. Manager knows the role, risks and ailment, so opportunity to ensure Duty of Care covered.</p> <p>Provide the up to date Job Description for OH when referral made</p> <p>Introduce Fast Track appointments to OH for the above cases.</p> <p>Produce Guidance on Phased Returns. More pro-active approaches to phased returns. For example Introduce a Light Duties Policy, Procedure and Guidance</p>	<p>HR, Directorates, Managers, Headteachers, TU’s Members</p>

	Identify GP partnerships with the Council	
7. Any allegations of misuse of process by managers should be investigated and dealt with via appropriate procedures.	Where the A&W Policy is not being adhered to, action is taken in line with Councils policy and procedures.	All
8. School governors should be provided with regular reports showing levels of absence at the school for which they are responsible, along with comparator data and an estimate of the cost to the school of the absence. This would be an effective way of holding head-teachers to account.	<p>Benchmarked data reports already issued and improved for Q1 and Q2 2017/18 – issued in October 2017.</p> <p>Explore possibility of including costs of absence.</p> <p>Share reports with Education Management team</p> <p>Provide training on how to identify patterns and trends</p>	<p>HR</p> <p>HR &amp; Schools</p> <p>HR</p> <p>HR &amp; EMT</p>
9. The absence data for school based staff should be analysed on a school by school basis to establish whether, as the head teachers believe, there are a small number of schools contributing disproportionately to the overall figures. This would enable support to be targeted at those schools that most require it.	<p>HR to review data using Q1 and Q2 2017/18 onwards.</p> <p>Produce more informative data, broken down by school, number of sicknesses and length</p> <p>Target the schools identified above. Provide additional advice and training</p>	<p>HR</p> <p>HR</p> <p>HR &amp; Academy</p>
10. Ensure that occupational health resources are available and targeted at cases where they will make a genuine difference. This may mean ending automatic referrals in cases where medical evidence, or the view of service management, indicates that adjustments are unlikely to be	<p>Currently analysing data to identify demand on OH and where resources should be placed (supply). Health Surveillance will continue to place a higher demand on OH, but should reduce number of muscular skeletal cases being referred (prevention).</p> <p>Meetings being held on a regular basis with OH Physicians and OH Nurses to bring an organisational perspective to some recommendations.</p>	<p>OH</p> <p>OH, HR</p>



<p>feasible or conversely, where they are obvious and do not require the involvement of occupational health. Specifically it is recommended that:</p> <ul style="list-style-type: none"> <li>• A specific requirement be imposed on managers to proactively consider whether referral to occupational health will contribute to the definitive conclusion of a long term absence case before the referral is made. Automatic referral should not be regarded as non-compliant.</li> <li>• If possible, remove any de facto or actual veto by the subject member of staff on the provision of occupational health reports to managers.</li> <li>• Redefine or clarify the mission statement of occupational health to ensure that it is clear to all stakeholders that the primary focus of the service is prevention of ill health.</li> <li>• Actively discourage follow up reviews where these delay medical redeployment or dismissal by placing a positive requirement on the service to provide definitive advice as soon as is reasonable practicable.</li> </ul>	<p>OH and Council Physician to hold a number of forums, which will provide an outline of OH and the opportunity for question/answer sessions.</p> <p>Review the A&amp;W Policy – four week automatic referral and value added for referrals. Allow discretionary decisions on referrals and record reasons. Include in Mangers Guide</p> <p>Removal of de facto or actual veto of OH reports is not possible. It is a clinical legal obligation. OH have to have signed consent to release the report (which will include medical information). Not all employees wish to see the report. A paper outlining timescales has been distributed.</p> <p>Will consider a Mission Statement, but possibly more relevant would be an understanding and education of the functions and limitations of OH. Clinical staff instruct the employee to discuss matters outside their medical condition, to the manager.</p> <p>If an issue raised by an employee relates to the medical condition, then this is referred to in the report as it may relate to the manager’s decision.</p> <p>The phrase ‘Management issue’ are often referred to as the matter is not a medical issue, but a management decision.</p> <p>Reviews are currently being monitored. They have been reduced in the last nine months, but some reviews will be necessary for extreme cases.</p>	<p>OH, Managers</p> <p>HR &amp; OH</p> <p>HR</p> <p>OH</p> <p>OH</p> <p>OH</p> <p>OH, Managers</p> <p>HR, OH</p>
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<ul style="list-style-type: none"> <li>Ensure that the process for self-referral is fully understood and that managers are aware of the need for them to play a proactive part in ensuring that Occupational Health Resources are not wasted on referrals that will not benefit from the involvement of the service.</li> </ul>	<p>Self referrals are very few, but due to the demand, these cases are usually referred to the GP and or manager and or EAP (Care First) /ECS. Possibility of reviewing the A&amp;W Policy.</p>	<p>OH , Managers</p>
<p>11. Early intervention based on a multi-disciplinary approach, should be accommodated within the policy framework, including where patterns of absence or behaviour are of concern to managers, whether or not these are picked up by the absence management system. Swift and appropriate referrals to a range of support services should aim at helping staff to cope with issues leading to stress and to avoid muscular-skeletal conditions, before these lead to problematic absence levels.</p>	<p>All LTS cases over 6 months - reminder to apply multi-disciplinary approach to Case management involving all parties</p> <p>Review Guidance for Managers on Patterns and Trends. Educate managers on how to use DigiGov to do this and factors to consider.</p> <p>As above, encourage the use of EAP (CareFirst) and ECS.</p> <p>As above, continue with Health Surveillance</p> <p>Consider provision of fitness equipment in certain buildings.</p> <p>Support managers to become confident in making the correct decisions and the right approach on cases.</p> <p>Use Case Conference (OH, Manager, TUs &amp; employee) to discuss more complex cases.</p> <p>Direct Managers to standard procedures and templates for managers to use when writing to and recording events. Make easier access through SharePoint</p>	<p>HR &amp; Managers</p> <p>HR, Academy, Managers</p> <p>HR, Managers, OH</p> <p>OH</p> <p>SMT</p> <p>HR, Academy</p> <p>HR &amp; OH, Managers, Academy</p> <p>Manage, Managers, Academy</p>
<p>12. Consider what further training is appropriate to assist managers to offer early stage support to workers. As in the South Lanarkshire example, the aim would be to refer</p>	<p>Research and explore good practice such as the South Lanarkshire example.</p> <p>Continue to reinforce Health &amp; Wellbeing agenda</p>	<p>HR</p> <p>HR &amp; OH, Managers</p>

<p>to appropriate support, on a case-by-case basis, with the aim of avoiding the need for later process driven action in response to absence triggers.</p>	<p>Research other organisations for preventative measures e.g. additional stress control programmes (Mindfulness), use of technology to remind staff of exercises, faster turnaround for Employee Counselling services, as above increase physiotherapy sessions and target cases etc.</p> <p>Ensure that preventative measures are being taken such as manual handling, training and regular checks to ensure that work is being carried in accordance with these requirements</p>	<p>HR &amp; OH</p> <p>Managers, H&amp;S, OH, HR</p>
<p>13. Further explore potential and options for limiting the impact of non-work related stress. This will require detailed further analysis of complex issues and the establishment of measures capable of demonstrating the impact of workplace initiatives on the wider well-being of those within the workforce who are most at risk. Further information about the impact of the Wigan and Stockton examples may assist with ensuring that the Cardiff Employee Voice Project penetrates the culture of the entire organisation.</p>	<p>Explore findings from Health &amp; Well-being survey.</p> <p>Further investigate ways of providing anonymised support services to front line staff that provide advice and links for employees who have non-work related and personal issues.</p> <p>Research Wigan and Stockton examples for good practice in terms of support groups, policies, initiatives etc. for front line staff.</p> <p>Use new and refreshed approaches to the Health &amp; Wellbeing of front line staff, which support them through change.</p> <p>Evaluate approaches and impact</p>	<p>HR</p> <p>HR</p> <p>HR</p> <p>HR</p>
<p>14. Investigate work systems and conditions for some members of the workforce to establish whether changes could be made that would reduce propensity for LT sickness. This might include identifying unsafe working practices, revising shift patterns and taking action to ameliorate the impact of lone working for example.</p>	<p>Conduct a work-study of some roles within directorates and work with managers and trade unions to improve work systems and conditions.</p> <p>Continue to improve Health Surveillance throughout the Council to assist.</p> <p>Further education on determining what is reasonable or not when requiring an employee to return to work.</p>	<p>H&amp;S with support of HR &amp; OH, Directorates</p> <p>OH and H&amp;S</p> <p>OH and H&amp;S</p>
<p>15. Introduce a case management approach whereby all relevant parties are involved in seeking</p>	<p>This is already in place, but needs to be publicised throughout the Council and its use should be encouraged.</p>	<p>HRPP, OH, Managers, employees, Tus</p>

<p>solutions. Formal, case conference type meetings should be used to implement a positive solutions focussed approach to difficult cases, with an expectation of multi-disciplinary attendance.</p>	<p>Produce a specific Guidance for Managers and Employees on case management approach</p>	<p>HR</p>
<p>16. Monitor the application of the updated drugs and alcohol policy to ensure that it is effective in supporting staff. A number of authorities, including the UK's largest, Birmingham, have implemented testing regimes, alongside awareness raising, in an effort to eliminate the threat to public safety that affected staff can pose.</p>	<p>Keep policy under review.</p> <p>Research other LA's on practices used and successes/lessons learnt.</p> <p>Seek advice and guidance from OH &amp; H&amp;S</p>	<p>HR</p> <p>HR</p> <p>Managers, HR, OH &amp; H&amp;S</p>



# **Policy Review & Performance Scrutiny Committee 12<sup>th</sup> September 2018**

## **Sickness Absence Review APSE Actions - Examples**



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
Working for Cardiff, working together

# OH Leaflet



Cardiff Council

**Occupational Health Service**  
Unit 6, Cefn Coed  
Nantgarw, CF15 7QQ  
Tel: 029 2078 8500

**Occupational Health**

Occupational Health is about helping to ensure employees are fit to undertake the work that is asked of them. It also assists in instances where there is an illness of occupational origin, or where the employee's health might be affected by their job. The Occupational Health service is **NOT** intended to replace the employee's own family doctor.

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graph TD; OH[Occupational Health] <--> HR[HR People Services]; M[Management] <--> E[Employee]; OH <--> M; HR <--> E;
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# GP Slide / Poster



## DO YOU WORK FOR CARDIFF COUNCIL ?

If so, please let your doctor know that you have access to the following services:

- In house Occupational health to assist with phased return to work and reasonable adjustments.
- Employee Assistance Programme offering 24/7 telephone counselling and a health and well being website.
- Employee face to face counselling service where appropriate.
- Physiotherapy treatment to aid an early return to functional capability and work.
- **During your appointment let your doctor know about these services to enable them to reach a decision about your fitness for work.**



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# GP Letter

Dear Dr,



I am writing to raise awareness of our Occupational Health Department at Cardiff Council.

Any patients of yours who work for Cardiff Council will have access to counselling including CBT and physiotherapy services. We have an Occupational Health Department staffed by experienced and qualified staff who are happy to help with phased return to work programmes and reasonable adjustments for those who meet the criteria of disability under the Equality Act 2010 and also for those only needing short term adjustments following a temporary change to their health status.

Please could you consider sign posting your patients to us who are unwell and who work for Cardiff Council as we are trying all that we can to facilitate an early return to work where possible.

Many Thanks  
Paul Orders



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**Physical Activity Guidance & Information**




**Purpose**

The aim of this guidance is to provide information, promote, support and encourage employees in participating in physical activities, to help employees understand the benefits of physical activity and to raise awareness the benefits of physical activity as part of the Councils Health and Wellbeing Strategy.

The Council is committed to promoting the workplace as an important setting in which people can increase their awareness of, and importance of physical activity to benefit their health and protect against illness. The workplace is an important setting in which people can increase their levels of activity to benefit their health and protect against illness.

It is the responsibility of line managers, health and well-being group, HR and Occupational Health to promote physical activity in the workplace. The health and well-being group will be responsible for driving forward any actions and updates, if you have any suggestions in the way the organisation can improve please send your suggestions to [employeevoice@cardiff.gov.uk](mailto:employeevoice@cardiff.gov.uk)

**Did you know?**

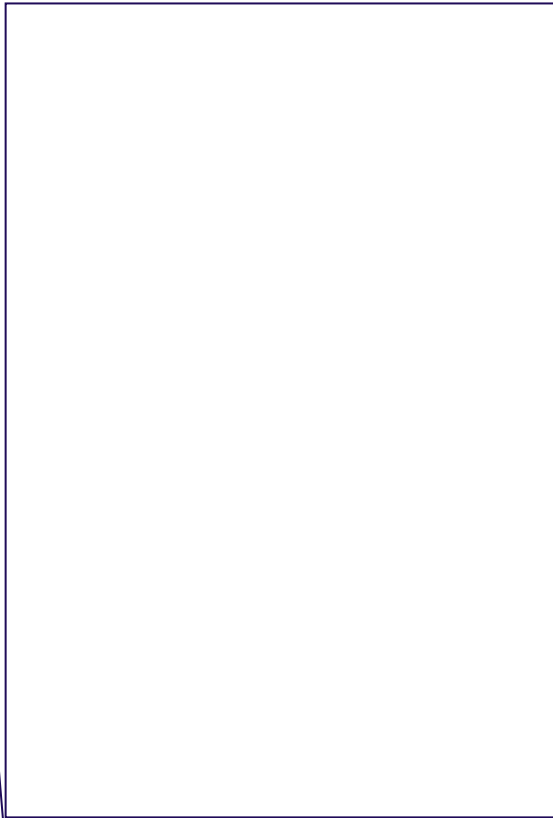
Employees engaged in physical activity initiatives have reported greater enjoyment of their work, improved concentration and mental alertness and improved cooperation and rapport with colleagues.

For general health benefits, adults should achieve a total of at least 30 minutes a day of at least moderate intensity physical activity on 5 or more days of the week. The 30 minutes of physical activity can be achieved either by doing all the daily activity in one session, or through several shorter bouts of activity of 10 minutes or more.

Moderate physical activity includes activities such as:

- brisk walking
- housework
- cycling
- gardening
- dancing
- as well as participation in sport and formal exercise.





**Health and Well-being Directory**



**Generic Links**

[HR A-Z](#)  
[Occupational Health DEWIS](#)  
[Employee Assistance Programme](#)

Alcohol and Drugs	Employee Networks	Long Term & Terminal Illness
Mental Health and Wellbeing	Other Support Services	Physical Activity & Nutrition
Smoking	Trade Unions	Work Life Balance



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
 Working for Cardiff, working together

# Ddim yn gwybod pa ffordd i droi?

Os ydych chi'n teimlo dan straen, yn bryderus, yn **flinedig** neu'n dddig, gallwch chi gael sesiynau cwnsela cyfrinachol am ddim i chi a'ch teulu gan ddarparwr Rhaglen Cymorth Cyflogaion y Cyngor, Care First.

Mae cwnselwyr cymwys wrth law i roi cymorth i chi **gyda phob** math o broblemau a allai fod yn effeithio arnoch **chi, boed yn** y cartref, yn y gwaith, eich iechyd meddwl neu gorfforol.

# Don't know which way to turn?

If you're feeling stressed, anxious, tired, sad or **angry**, you can access free and confidential counselling sessions from the Council's Employee Assistance Programme (EAP) provider, Care first.

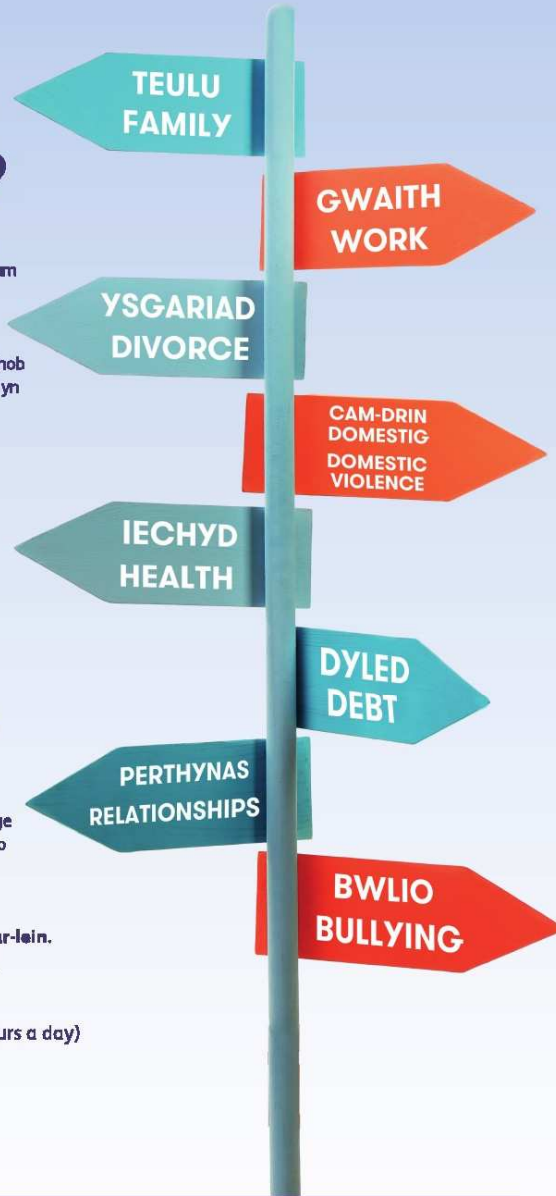
Trained counsellors are on hand to support you with a **range** of issues that you may be experiencing whether **they are to** do with your home life, work, mental or physical health.

**Gallwch chi gael y cymorth hwn dros y ffôn neu ar-lein.**  
This support is available via telephone or online.

**0800 174 319** (24 awr y dydd / 24 hours a day)

**www.carefirst-lifestyle.co.uk**

enw defnyddiwr / username: **ccw001**  
cyfrinair / password: **diff1234**



dros Gaerdydd, gweithio gyda'n gilydd  
Working for Cardiff, working together





# Occupational Health Service Mission Statement

The Occupational Health Service operate within legal frameworks and best practice guidance, to prevent or reduce the incidence of work related illness and injury.

OH aims to:

Provide a quality, impartial and confidential Occupational Health service.

- Support services through the protection and maintenance of employee's good health.
- Aims to deliver a focused, professional and cost effective service designed to promote and maintain the highest possible level of physical, mental and social well-being of all Cardiff Council employees.

OH are committed to:

- Providing definitive impartial employment focused medical advice. Promoting and maintaining the health of all Cardiff Council employees.
  - Preventing as far as possible work related ill-health and empowering employees to adopt healthy lifestyles.
  - Supporting continuous improvement in relevant workplace conditions and tasks.
  - Adopting the highest professional and ethical standards.

**Confidentiality** Employee medical information gathered by Occupational Health, is treated in the strictest confidence. Information is held in a secure environment and the medical notes are not passed onto other parties, this information is for Occupational Health purposes only. There may be occasions where the clinician feels it necessary to include brief references to an employee's condition as a part of the medical report, this is to assist the manager in supporting the employee. This will only be done with the employees consent and will be discussed with the employee during the appointment. At the commencement of an appointment with Occupational Health, the employee will be asked to sign a consent form which allows the clinician to release a medical report.



## Good Health is good Business

Services OH provide:

- Pre-employment health questionnaire to determine fitness for work
- Advice to managers and HR People Services in relation to sickness absence management.
- Health Promotion advice offered on an extensive range of health issues either during face-to-face health interviews or cascaded via referrals or signposting to external resources.
- Statutory Health Surveillance where identified via the risk assessment process undertaken by Managers
- Referral to counselling services as part of a range of provisions that provide confidential welfare support for employees.
- Rehabilitation advice to employees and managers.
- Referral for assessment and treatment if appropriate for musculoskeletal injuries.

Services OH does not provide:

- First Aid – A trained first aider should deal with any injuries/illnesses whilst at work
- Treatment of illnesses – this is not a function of the Occupational Health Unit and treatment should be sought from either the local pharmacy or family doctor.

What welfare help is available to me?

- Care First 24/7 help and support and telephone counselling. Self-refer Tel: 0800 174319. Website: [www.carefirst-lifestyle.co.uk](http://www.carefirst-lifestyle.co.uk). Username ccw001 Password diff1234
- Face to face confidential counselling. Employees are able to self-refer or as an aspect of an Occupational Health appointment, they may refer employees to this service.
- Samaritans - provide support for anyone in emotional distress. Telephone: 08457 90 90 90. Website: [www.samaritans.org.uk](http://www.samaritans.org.uk).
- Education Support Partnership - mental health and wellbeing support services to all people working in the education sector. Free 24 hour helpline: 08000 562 561. Website: [www.educationsupportpartnership.org.uk](http://www.educationsupportpartnership.org.uk).

## Referral

Managers will make referrals to the Occupational Health team for advice in relation to an employee's health condition. Employees must advise their manager if they have any condition, which is substantially affecting their ability to carry out their work, or where they consider themselves in need of a referral for Occupational Health support.

## Medical not Managerial

The Occupational Health team offer specialist opinion and advice but employment decisions are a management responsibility.

## Where to find us

### BY CAR:

From Cardiff town centre, take North Road / A470, continue over Gabalfa Interchange towards Caerphilly. Exit A470 at Caerphilly roundabout. Take the 1<sup>st</sup> exit signposted A4054 Treforest Industrial Estate. At the next roundabout, take the 4<sup>th</sup> exit, Cefn Coed. Proceed up the hill and take the 2<sup>nd</sup> turning left. The Occupational Health Service is the first building (Unit 6) on your left. Please ensure you park in the bays marked 'OHS' immediately outside the building.

### BY BUS:

**Please note that the buses are Stagecoach (not Cardiff Buses) and they do not accept a Cardiff Bus Pass.**

**Bus No. 26:** Leaves lower St Mary St (outside The Philharmonic) every half an hour and stops include Kingsway, Whitchurch, Tongwynlais and Taff's Well. The bus drops you in Nantgarw on Cardiff Rd A4054. Walk down the hill towards the roundabout and follow instructions as above from "take the 4<sup>th</sup> exit, Cefn Coed".

**Bus No. 132:** Leaves Lower St Mary St (outside The Philharmonic) every 15 minutes and stops include Kingsway, Whitchurch, Tongwynlais and Taff's Well. The bus stops in Nantgarw. Walk to the roundabout and follow instructions as above from "take the 4<sup>th</sup> exit, Cefn Coed".

**For further Traveline bus information, Tel: 0871 200 2233. Website:**

[www.traveline.cymru](http://www.traveline.cymru)

# Cardiff Council Occupational Health

Occupational Health is about helping to ensure employees are fit to undertake the work that is asked of them. It also assists in instances where there is an illness of occupational origin, or where the employee's health might be affected by their job. The Occupational Health service is NOT intended to replace the employee's own family doctor.



Unit 6, Cefn Coed  
Nantgarw, CF15 7QQ  
Tel: 029 2078 8500

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**Research briefing paper: *A comparative review of GLL and Cardiff Council's policies for Managing Attendance.***

**Introduction and background**

The Policy Review and Performance Scrutiny Committee meeting in January 2018 conducted a short scrutiny of the sickness absence review undertaken by APSE for Cardiff Council. During this meeting and in the letter to Cabinet that followed, the Chair of the Committee, Cllr David Walker and Committee Members noted GLL's success in managing sickness absence as cited during GLL's presentation to the Economy and Culture Scrutiny Committee in December 2017. In this presentation, a GLL Director stated that that during its operation of the eight Leisure centres in Cardiff, GLL had *"reduced sickness hours by 50%; and significantly reduced long term sickness cases"*.

As follow-up work on the sickness absence scrutiny, the Committee's Chair, Cllr David Walker, on behalf of its Members commissioned a short briefing paper that would provide a better understanding of the reasons for GLL's success in managing sickness absence at these 8 leisure centres. The purpose of the research was to inform future consideration of sickness absence in summer 2018. The points highlighted in this briefing paper are a result of a comparative review of GLL's and Cardiff Council's Sickness Absence policies and arrangements and was supported by data gathered in face to face interviews with selected officers and managers from both Cardiff Council and GLL. Additionally, sickness absence figures were also requested from Cardiff HR People Services and from the GLL HR team so that a comparative analysis of these figures and indicative trends could be established.

A fully robust comparative analysis of the sickness absence figures could not be undertaken due to the limited data that was available. GLL has so far shared some of the sickness absence figures requested, but due to constraints in existing

workload and commitments, they asked to provide outstanding requested data on a later date.

The findings of the review undertaken will highlight the key differences and similarities between the sickness absence policies of Cardiff Council and GLL.

## **Cardiff Council's Attendance and Well-being Policy vs GLL Sickness Absence Policy and Procedure**

### *Introduction, purpose and language of policy document*

Cardiff Council's Attendance and Well-being policy puts emphasis on a holistic and positive approach to managing employee sickness and absence, whereas the tone and language used in the GLL policy suggest a more commercially focused approach. The importance of employee wellbeing and work-life balance and health promotion are regarded as key in supporting attendance of Cardiff Council employees. In comparison the GLL document stresses that due regard is given to the needs of the business and its customers and the negative impact of sickness absence to service delivery.

The approach taken by Cardiff Council on attendance is to "encourage employees to achieve and maintain acceptable standards" while in contrast, the GLL's approach is to "encourage employees to maximise attendance at work"

### *Expectations of employees.*

Cardiff's policy states that it expects employees to attend work on a regular basis as required by their contract. Although the GLL policy has a similar provision, it further specifies that employees should not allow ... "minor ailments to negatively affect their attendance"

### *HR responsibilities*

The GLL policy illustrates that the HR team in GLL has a broader scope in monitoring and supporting the management of sickness absence. To support the



management of short-term absence, the HR team undertakes regular analysis of sickness absence data and identifies patterns of absence and employees who have high sickness absence and have exceeded absence thresholds. In Cardiff, the policy is reliant on the managers and the Digigov facility to identify absence patterns and cases where an employee hits absence triggers. Although HR can provide support to managers, their role is much more focused in leading and providing support during the management of long-term sickness cases and absence due to stress.

#### *Sickness notification and certification requirements*

The Cardiff Council and GLL policy have similar provisions in requiring employees to contact their manager on the first day of absence before 10am or before their scheduled start time, and to maintain this contact on each day of subsequent absence. Cardiff's policy allows employees to self-certify for absences lasting 1-7 days but does not require employees to submit a written self-certification as in the Employee Statement of Sickness form. However, the Council's return to work interview form, which must be completed after every absence, including half a day, includes an employee's declaration that the information recorded is correct and they have not engaged in any work whatsoever during the period of absence. The GLL policy does not require a written self-certification for absences of up to three calendar days, but requires employees to submit an Employee Statement of Sickness form for absences lasting 4-7 days. Employees of Cardiff Council and GLL are required to submit a medical certificate or Statement of Fitness for Work absences of more than 7 days.

For Cardiff Council employees, sickness absence of less than a day will be counted as a full day. In comparison, the absence of GLL employees who become ill (as part of the day) but have been at work for more than 4 hours, will not be classified as sickness absence but will still be recorded by managers for future reference.

### *Sickness absence triggers and thresholds*

Both Cardiff Council and GLL have well defined and structured processes for managing long-term and short-term sickness absence. Cardiff's policy follows a four key stage process that also specifies the sickness absence threshold for each stage, and the duration for the monitoring of improvements in employee attendance. Within this management procedure or trigger stages, it can take from 20 months to as long as 38 months to end the case management of an employee's sickness absence.

The GLL policy outlines three key sickness absence thresholds for monitoring employee sickness levels and specifies the two key stages for monitoring and managing sickness absence. Unlike the Cardiff Council process, the management of each sickness stage in GLL does not specify the time scales involved for management of sickness of those who have exceeded the thresholds and in monitoring improvements in employee attendance which suggests that that the time scale for the management of each case could be shorter.

### *Occupational health referral and review*

As part of managing sickness absence, Cardiff Council and GLL could refer employees for an Occupational Health assessment. The findings of the assessment would inform any reasonable adjustments or further action that the authority or organisation would implement in managing individual sickness cases. Cardiff Council employees may be referred to the Council's Occupational Health Service at any stage during the process, regardless of the duration of sickness absence. If a referral has not already taken place when the employee hits a Stage 2, a medical opinion must be sought. Referrals may also be made where the employee expresses concern before actually reaching the point of reporting sick. In contrast, GLL employees could be referred for Occupational Health assessment, from as early as the Informal Absence Review stage.

For Cardiff Council employees, failure or refusal to attend an occupational health appointment can lead to stoppage of pay and disciplinary action. In cases where a GLL employee fails to keep an occupational health appointment, they will be required to pay the full cost of referral.

The in-house Occupational Health service of Cardiff Council aims to review the employee within 10 working days of referral and submit a medical report within 5 working days of examination. GLL's occupational health assessment is externally provided, and has a quick turnaround time. According to GLL managers, the scheduling of appointments is generally dependent on the availability of employees. The occupational health assessment report provided for GLL is often ready on the day or within 24-48 hours of the assessment.

#### *Payment during Sickness absence*

Cardiff Council and GLL calculate sickness pay entitlement depending on the employee's duration of service. The sickness pay entitlement for both GLL and Cardiff Council is the same for employees after 4 months service. Cardiff Council's entitlement appears to be more generous for employees with less than 4 months service than the provision made by GLL for its employees. For example, the sickness payment for employees who have worked less than 4 months for Cardiff Council is 1 month (26 days) full pay. In contrast, the sick pay for employees who have worked less than 4 months for GLL is only Statutory Sick Pay (SSP). There is no provision for full pay for less than 4-months tenure.

#### *Return to Work Interviews (RTW)*

Cardiff Council and GLL use the RTW interviews to manage and monitor sickness absence, to discuss and determine underlying causes of absence and to provide advice on support that is available to enable the employee's safe return to work.

Cardiff Council and GLL also uses the RTW as an opportunity to identify and validate reasons for sickness absence, and where a manager is not satisfied with the

reasons provided, or has reason to conclude that sickness absence is not genuine; the employee can be subject to disciplinary procedures. Cardiff Council managers certify that they have discussed the absence with the employee in accordance with the Attendance and Wellbeing Policy, which states any form of abuse of this procedure, will be dealt with under the Council's Disciplinary Policy.

### *Phased return*

Cardiff Council and GLL offer a phased return to work which will be agreed with employee, manager and HR. GLL allows for a phased return of no more than 4 weeks whilst Cardiff Council allows for a phased return of up to a month, which can be extended by a month (maximum total period of two months.)

### *Flexible working provision*

The Cardiff policy allows the use flexible working arrangements to support the work-life balance of its employees. In contrast, GLL has no provision for flexible working due to the nature of its service, which requires employees to undertake shift work. GLL management however, allows employees to swap schedules/rotas to a limited extent by special arrangement between employees and managers

### *Special Leave provisions*

Cardiff Council has an extensive variety of special leave provisions that can be requested/applied for via Digigov and are subject to approval of the employee's line manager. Although GLL has a number special leave provisions, these are limited compared to those Cardiff Council provides.

The provision for special leave for part-time employees of GLL is calculated on a pro-rata basis. GLL employees applying for certain types of special leave e.g. domestic or personal emergencies, medical appointments, undertake public duties, jury service may be required by their manager to provide documentation to evidence

their application. In contrast, Cardiff Council policy does not require employees to submit supporting documentation for such special leave applications.

Where time off is taken as unpaid special leave, GLL employees are required submit a request form and provide as much notice as possible to attend funerals, medical appointments or take carer's leave. GLL also requires at least two weeks' notice for unpaid leave for religious and cultural observance and to undertake public duties e.g. as local councillor, school governor etc.

The provision for paid special leave for Cardiff Council employees are generous compared with the allowances provided by GLL. For example, Cardiff provides for bereavement leave of up to 10 days, which can be extended in exceptional circumstances while GLL provides a maximum of 5 days. For personal medical appointments, Cardiff Council employees are allowed up to 2 hours paid leave, which can be extended up to a max of 1 day. In contrast, GLL will allow for time off to be taken where medical appointments cannot be made outside of working hours; however, employees are required to make up the work hours taken at another time.

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<b>Policy Section</b>	<b>Cardiff Council Policy</b>	<b>GLL Policy</b>
Introduction	Emphasis on <b>well-being of employees</b> and taking a <b>positive approach</b> to attendance through <b>work life balance, health promotion and assistance to employees.</b>	Emphasis of the policy on <i>“Due regard must... be given to the needs of the business and its customers as sickness absence disrupts service delivery and places an additional burden on other employees”</i>
Purpose of Policy	To <i>“help and encourage all employees to <b>achieve and maintain acceptable standards of attendance</b>”</i> .	To <i>“encourage employees to <b>maximise their attendance at work</b>”</i> .
Flexible working and Special Leave Provisions	Provision for <b>flexible working</b> and a <b>variety of special leave provision (detailed within Leave Policy)</b>	<b>No flexible working arrangements</b> due to the nature of service – shift work. Allows for <b>swapping of schedules and a limited degree of special arrangements</b> agreed with Managers.  <b>Some provision for special leave</b> that requires specified notice periods.
Employee Responsibilities	<b>Attending work on a regular basis</b> in accordance with contract of employment.	<b>Attending work when they are fit to do so and not allowing minor ailments to affect their attendance negatively.</b>
Management Responsibilities	Recording and <b>accessing information regarding policy compliance by their direct reports via DigiGov and ensuring that non- compliance is addressed.</b>	<b>Recording and monitoring of all periods of sickness absence.</b> Reporting of infectious diseases related to sickness absence. <b>Completing a form monthly</b> and submitting to <b>HR Employee Services team by the specified deadline.</b>
HR responsibilities	Review and monitor sickness cases and support managers to undertake any remedial action.  <b>Support line managers to manage sickness cases of 4 weeks plus and cases of absence due to stress</b>	Key role for HR team to <b>analyse the sickness absence</b> information <b>on a regular basis</b> in order to <b>identify employees with high levels of absence or patterns of absence, which may be a cause for concern.</b> HR discuss cases with managers <b>where employees have exceeded these thresholds.</b>
Short-term Sickness	<b>Frequent/persistent absences</b> are <b>normally sporadic</b> and are	Short-term absences are defined as <b>single, frequent or sporadic absence for short periods</b>

<b>Policy Section</b>	<b>Cardiff Council Policy</b>	<b>GLL Policy</b>
Absence Definition	often attributable to unconnected, minor ailments.	(normally one or more periods of absence totaling <b>8 days or less</b> )
Long-term Sickness Absence Definition	Long-term sickness absence is defined as <b>continuous sickness of four weeks</b> or more.	Long-term sickness absences are defined as <b>absences lasting more than 20 days</b> (where days equal missed day or night shifts)
Sickness Notification	<b>Employee must contact the relevant manager</b> or nominated representative by telephone as soon as possible on the <b>first day of absence before the scheduled start time. Must maintain this contact each day or until a Statement of Fitness for Work</b> from the General Practitioner is submitted.	Employee is required to contact <b>their manager or another senior manager before their shift starts and before 10am regardless of their scheduled start time.</b> Required to telephone before 10am on each day of absence if sickness continues and provide <b>Employee Statement of Sickness after 3 calendar days.</b>
Certification Less than 7 days absence	<b>Self-certification 1-7 days</b> maintain contact <b>no written form until 8<sup>th</sup> day.</b>  <b>No requirement to submit self-certification. However, the RTW Interview Form requires employees to sign the declaration that the absence information is correct.</b> Statement of Fitness for Work will be required on the 8 <sup>th</sup> day of absence.	Up to <b>3 calendar days, no written certification</b> required. On <b>4-7 calendar days</b> written self-certificate – <b>Employee Statement of Sickness</b> required on return to work.
More than 7 days of absence	<b>Statement of Fitness for Work</b> (medical certificate) <b>required on 8<sup>th</sup> day of absence.</b>	<b>Statement of Fitness for work</b> (medical certificate) is <b>required on 8<sup>th</sup> day of absence.</b>
Sickness while at work as part of the day	Sickness absences of <b>less than a full day will count as a full day's absence</b>	When employee has been <b>at work for more than 4 hours</b> their <b>absence will not be classified as sickness absence.</b>
Short term absence triggers	<ul style="list-style-type: none"> <li>• <b>Informal Support Stage</b> <b>2 absences</b> within a <b>6 month</b> rolling period</li> <li>• <b>Stage1 Formal Action- First Written Caution</b></li> </ul>	Thresholds used for monitoring sickness absence levels: <ul style="list-style-type: none"> <li>• <b>One or more</b> period of absence <b>lasting 4 weeks or more</b> in a <b>rolling 12 month</b> period</li> </ul>



Policy Section	Cardiff Council Policy	GLL Policy
	<p><b>4 absences within an 8 month rolling period and 1 additional absence of 6 calendar days or more within 8 months or when the employee's pattern of absence is likely to lead to or is already causing difficulties.</b></p> <p>The <b>first formal written caution</b> remains <b>valid for 12 months. Employee under "Case Management"</b>.  Manager to inform <b>employee that</b> failure to improve absence record could <b>lead to a further caution and that their future employment is at risk.</b></p> <ul style="list-style-type: none"> <li>• <b>Stage 2, Final Formal Written Caution</b></li> </ul> <p><b>6 absences within a 10 month period and/or 1 additional absence of 6 calendar days or more within the period of the stage 1 warning, i.e. 12 months or when employee 2 further absences in a six month period of the caution. The Final Written Caution is valid for 18 months.</b></p> <p><b>"Case Management"</b> will end when <b>attendance levels have improved.</b></p> <ul style="list-style-type: none"> <li>• <b>Stage 3. Potential termination of employment</b></li> </ul> <p><b>8 absences in any rolling 14 month period) and 1 additional absence of 6 days calendar or more within the period of the</b></p>	<ul style="list-style-type: none"> <li>• <b>3 or more periods of absence of any length in a rolling 12 month period</b></li> <li>• <b>15 days' absence in a rolling 12 month period</b></li> </ul> <p><b>Informal Absence Review</b></p> <p>When an <b>employee has breached the threshold</b>, they will be invited to attend an <b>Informal Absence Review Meeting</b>. This may involve <b>setting targets to improve attendance, and referral to occupational health. A follow-up meeting to review attendance standards and reasonable work place adjustment might be made to facilitate return to work.</b></p> <p><b>Stage 1. Formal Absence Review Meeting</b></p> <p>Where no reasonable adjustment can be made to enable the employee to return to work, or if the <b>agreed attendance targets have not been met</b>, the employee will be invited to a <b>Formal Absence Review meeting</b>. Further consideration for a <b>referral to Occupational Health Clinician or review of a medical report from GP or consultant</b> and set <b>further targets and a timescale for improvement</b></p> <p>The panel will also decide <b>whether formal action is justified which could include the following:</b></p> <ul style="list-style-type: none"> <li>• First written warning;</li> <li>• Final written warning;</li> <li>• Dismissal</li> </ul>

Policy Section	Cardiff Council Policy	GLL Policy
	<p><b>Stage 2 warning, i.e. 18 months;</b>, i.e. <b>they have 2 further absences in a six month period</b> an absence pattern emerges which causes concern.</p> <p>Employee will be invited to a <b>formal Stage 3 interview in the form of a hearing</b>. Decision of possible <b>termination of employment will</b> be discussed and employee notified of their <b>right of appeal</b>.</p>	
Management of Short-term sickness absence	<p><b>Managers to take action in line with short-term absence triggers or when there is a pattern of absence causing concern.</b></p> <p>Managers can escalate the employee to the next trigger stage when deemed appropriate.</p>	<p>HR will discuss with the manager, <b>and take action where the employee has exceeded the thresholds</b>, and a decision will be taken <b>whether to monitor the attendance of that specific employee for a further specified period</b>.</p> <p>Where there are grounds to believe that the <b>employee's absence was not genuinely caused by sickness or injury</b>, and is potential <b>misconduct</b> an investigation will be conducted in accordance with the <b>company's disciplinary policy</b>.</p>
Long term sickness management	<p>A central sickness <b>team in HR People Services will support</b> the management of any <b>sickness cases that go beyond 4 weeks</b>. <b>HR People Services will lead</b> on the management of the case.</p> <p><b>Contact meeting</b> made by manager when the <b>employee reaches 2 weeks of sickness absence</b>. <b>Thereafter meetings will be coordinated by HR People Services on a regular basis (at least every 6 weeks), attended also by the manager</b>.</p>	<p>Where an employee <b>has been absent from work due to sickness for a period of 20 days</b> or more, or where an underlying health condition that is causing high levels of absence has been identified, <b>manager will review the advice provided in the Statement(s) of Fitness for Work and any further information provided</b> by the employee. If the employee is likely to <b>be fit to return to work within the next 8 weeks</b>, the manager will <b>discuss with employee how they can be best in their safe return to</b></p>

Policy Section	Cardiff Council Policy	GLL Policy												
	<p>At the first contact meeting employees are advised that a <b>medical referral to Occupational Health may be required</b>. For <b>work related stress, manager and HR People Services will meet with employee and stress risk assessment will be explored</b>.</p> <p>Where an <b>individual refuses to attend an appointment, the <u>Disciplinary Policy</u></b> will be invoked.</p> <p>Where an <b>employee is considered “unfit to return to work for the foreseeable future”</b> as recommended by Occupational Health (Option 4), HR People Services, in conjunction with the manager, will initiate proceedings to consider <b>dismissal on the grounds of long-term ill health</b>.</p> <p>Dismissal considered by Senior Manager.</p>	<p><b>work. Maybe referred to an Occupational Health Clinician if their advice would be helpful.</b></p> <p>Where an <b>employee is unlikely to be fit to return to work within the next 8 weeks</b>, they will be invited to attend an <b>Informal Absence Review Meeting</b>.</p> <p><b>Where no reasonable adjustment can be made</b> to enable the employee to return to work, or if the agreed <b>attendance targets have not been met</b>, the employee will be invited to a <b>Formal Absence Review meeting to decide on further action that needs to be taken, and will consider dismissal of the employee</b>.</p> <p>Where dismissal may be a possible outcome of the review hearing, <b>the panel will normally be chaired by two senior independent managers and supported by a HR representative</b>.</p>												
Occupational Health Report	Occupational Health endeavours to review an employee within 10 working days of referral and where possible submit a medical report within 5 working days of examination.	Occupational health report provided within 24-48 hours of appointment.  Employee will <b>be charged cost of occupational health assessment if employee fails to attend scheduled appointment</b> .												
Payment during Sickness absence	<table border="1" data-bbox="453 1778 890 2002"> <thead> <tr> <th data-bbox="453 1778 592 1917">Length of service</th> <th data-bbox="592 1778 740 1917">Full pay</th> <th data-bbox="740 1778 890 1917">Half Pay</th> </tr> </thead> <tbody> <tr> <td data-bbox="453 1917 592 2002">1<sup>st</sup> year</td> <td data-bbox="592 1917 740 2002">1 month pay (26</td> <td data-bbox="740 1917 890 2002"></td> </tr> </tbody> </table>	Length of service	Full pay	Half Pay	1 <sup>st</sup> year	1 month pay (26		<table border="1" data-bbox="922 1765 1385 2018"> <thead> <tr> <th data-bbox="922 1765 1066 1917">Length of service</th> <th data-bbox="1066 1765 1219 1917">Basic Pay (months)</th> <th data-bbox="1219 1765 1385 1917">Half Basic Pay (months)</th> </tr> </thead> <tbody> <tr> <td data-bbox="922 1917 1066 2018">4 months+</td> <td data-bbox="1066 1917 1219 2018">1</td> <td data-bbox="1219 1917 1385 2018">2</td> </tr> </tbody> </table>	Length of service	Basic Pay (months)	Half Basic Pay (months)	4 months+	1	2
Length of service	Full pay	Half Pay												
1 <sup>st</sup> year	1 month pay (26													
Length of service	Basic Pay (months)	Half Basic Pay (months)												
4 months+	1	2												

Policy Section	Cardiff Council Policy			GLL Policy		
		days)		1 year+	2	2
	1st year+ 4 months	1 month (26 days)	2 months (52 days)	2 years+	4	4
	2 <sup>nd</sup> year	2 months (52 days)	2 months (52 days)	3 years+	5	5
	3 <sup>rd</sup> year	4 months (104 days)	4 months (104 days)	5 years+	6	6
	4 <sup>th</sup> and 5 <sup>th</sup> year of service	5 months (130 days)	5 months (130 days)	<p>Payment stopped if employee fails to comply with reporting and certification procedures</p> <p><b>Employees will not be entitled to sick pay if the period of sickness absence begins while the employee is subject to disciplinary procedure.</b></p> <p>GLL can vary the amount of sick pay and extend the periods of full and half pay at its discretion.</p> <p>If the <b>manager believes that an employee's absence</b> was not genuinely caused by sickness or injury, the matter <b>may need to be referred to the company's disciplinary policy and the employee could be asked to repay any sickness payments made to them and may receive a formal warning.</b></p> <p>The calculation of sick pay entitlement will include all periods of sickness that have been incurred by the employee throughout the year.</p> <p><b>The rate of company sick pay will be calculated by deducting from the employee's entitlement the periods of paid sickness absence during the 12 months immediately preceding that day.</b></p>		
	After 5 years	6 months (156 days)	6 months (156 days)			
	<p><b>Sick pay can be suspended</b> if an employee fails to comply fully with <b>the procedure and any local reporting arrangements</b> including <b>attendance at any occupational health appointments or contact meetings.</b> (4.34)</p>					

Policy Section	Cardiff Council Policy	GLL Policy
Return to work interviews	<p>RTW should be <b>on the day of return</b> or <b>no later than 3 days following the return to work.</b></p> <p><b>Manager to advise on the possibility of the employee hitting an absence trigger. Advise the employee of the help available through <u>Employee Counselling Service</u> or the Council's <u>Stress Management Policy</u> and any other appropriate policies.</b></p>	<p>RTW meeting should take place <b>on the employee's first day back at work</b> or <b>within 3 calendar days</b> of the employee's return.</p> <p>Manager will <b>remind employees of the support service available from the Employee Assistance Programme</b>, which offers information, <b>advice and the services of qualified counsellors</b></p> <p>RTW as a way of determining or validating reasons for sickness absence</p>
Attendance at Occupational Health appointments	<p>Employee to <b>notify the Occupational Health Service</b> at the earliest opportunity and <b>no less than 3 working days prior</b> if they are <b>unable to attend an appointment. Failure to attend 2 appointments or refusal to attend</b> will result in a <b>stoppage of pay and disciplinary action</b> may be taken.</p>	<p><b>GLL will meet any costs</b> associated with the medical examination. However, if the <b>employee fails to keep an appointment</b> which they have agreed, and are unable to provide a satisfactory explanation, the employee <b>will be required to pay the full cost of the referral.</b></p>
Referral to Occupational Health	<p><b>All employees on long term sickness absence</b> should be advised at the first contact meeting that a <b>medical referral to the Council's Occupational Health Service may take place.</b> A referral <b>must</b> take place when employees <b>hit Stage 2 of the short term triggers.</b></p>	<p>Following an <b>informal review meeting, employee may be referred to Occupational Health.</b></p> <p>During long term absence - and where it is advised that the employee is likely to be <b>fit to return to work within the next 8 weeks</b>, the employee may be <b>referred to an Occupational Health clinician if their advice would be helpful, or, if absence is expected to be more than 8 weeks, employee may also be referred to Occupational Health</b></p>
Phased Return	<p>A <b>phased return to work for up to a month.</b> Review undertaken after one month <b>phased return; the period may be extended by a further month. Maximum</b></p>	<p>Where <b>Occupational Health or the employee requests</b> a phased return to work (<b>normally no more than 4 weeks</b>) programme will be agreed between the employee, their Manager and HR.</p>

Policy Section	Cardiff Council Policy	GLL Policy
	period for any phased return will be 2 months.	

Type of Special Leave	Cardiff Council Special Leave Provision	GLL Special Leave Provision
General provisions	Apply for approval via Digigov or using the prescribed form as far in advance as possible	<p>Requirement for relevant supporting documentation provided (3.1)</p> <p>Maximum number of days allowable will be pro-rata for part-time staff. (3.3)</p> <p>Where time off is taken as unpaid leave – form must be completed and sent to employee services with as much notice as possible (medical appts, some carer leave, funeral) at least 2 weeks notice (religious or cultural observance, leave for public duties).</p> <p>Where leave is unforeseen – employee must call the manager to obtain authorisation for leave before shift starts or before 10 am whichever is earlier (bereavement, carer leave)</p> <p>Managers to check appropriate documentation and ensure maximum provision not exceeded.</p>
<p>Bereavement Leave</p> <p>Death of immediate relative</p>	10 days, maybe extended in exceptional circumstances	Up to 5 days leave, further time off to be taken as annual or unpaid leave as a result of death of a close relative. (normally but not exclusively defined as spouse, partner, parent, son, daughter, brother or sister)

Type of Special Leave	Cardiff Council Special Leave Provision	GLL Special Leave Provision
Death of relative	1 day for funeral	Discretionary paid leave to attend funeral of relative, close friend or colleague
Death of staff/colleague	Leave to attend funeral – for direct line manager or representative. Other employees may request leave /flexi	Discretionary paid to leave to attend funeral
Domestic or Personal emergencies	<p>Depending on circumstances of the case, up to 2 days leave for each circumstance</p> <p>Leave to deal with certain unexpected or sudden emergencies which are immediate, severe and/or tragic and to make necessary long-term arrangements. Some examples are critical illness of family / fire / theft / flood</p>	<p>Carer leave provision to deal with emergency involving a dependent (spouse, partner, child or parent or cared for individual who lives with employee)</p> <p>Discretionary paid leave up to a maximum of 5 days in a 12 month period.</p> <p>Unpaid leave can be granted by Manager to deal with such crises</p> <p>A medical certificate, copy of the MATB1 form or evidence of breakdown of carer arrangement may be required</p>
<p>Personal medical appointments e.g. GP, Dentist and Opticians</p> <p>Hospital appointments, OH and Employee Counselling</p>	Where not possible to arrange an appointment outside of working hours. Time allowed for appointment and reasonable travel time usually up to 2 hours or can be extended to a reasonable time agreed or up to a maximum of 1 day for hospital appointment, day surgery or medical procedure etc.	<p>Where appointments cannot be made outside of working time, dates and time of appointment must be agreed in advance and should be made at beginning or end of working day to minimise disruption.</p> <p>Employee required to make up the hours at some other time. Where time off is taken (paid or unpaid) evidence of the</p>



Type of Special Leave	Cardiff Council Special Leave Provision	GLL Special Leave Provision
		<p>medical appointment maybe required by the manager (7.3)</p> <p>Time-off for elective treatments will normally be taken as annual or unpaid leave. Evidence of a medical appointment maybe required by manager</p>
<p>Dependant appointments – accompanying dependants to attend medical appointments GP or hospital or to non-medical appointments e.g. social worker or care professional</p>	<p>Time allowed for appointment and reasonable travel time usually up to 2 hours</p>	
<p>Sporting or Cultural Events selected to participate in a representative sporting or cultural event national or international levels</p>	<p>Participants in representative events allowed to stay for the duration if they are actively participating, up to a maximum of 5 days</p>	<p>Provision to allow for employee to take time off for religious and cultural observance. Time should be taken as annual leave, unpaid leave or swapping of shifts.</p> <p>Normal leave request apply for annual leave to cover this, two weeks notice required if time off taken as unpaid leave. Shift swapping or TOIL by arrangement with manager</p>
<p>Training</p> <p>Leave to sit approved examinations relevant to job approved through post entry training scheme</p>	<p>Time required to sit exams plus up to three days revision leave. Maximum half a day per examination</p> <p>Up to 1/2 day leave</p>	

Type of Special Leave	Cardiff Council Special Leave Provision	GLL Special Leave Provision
Leave to attend personal graduation		
Attendance to a job interview:  For jobs within the council  For any other job interview	Time required to attend interview  Annual leave / flexi leave. For roles that do not have access to flexi time or not able to take ad-hoc annual leave special leave permitted as long as evidence of interview provided to attend Local Authority / public body interviews.	
Public duties	Up to a maximum of 18 days (aggregated) per annum for all categories identified e.g. Members of LA, appt to serve on a Committee, Tribunal or panel, Justices of the Peace, School Governors, Official Prison Visitors, Special Constabulary	Recognise statutory right to reasonable unpaid time off for public duties – e.g. holding duties as magistrate, local Councillor or School Governor, being a member of a governing body in England and Wales, serving in territorial army etc.  Taken as annual leave or at least two weeks notice for unpaid leave. Evidence of meeting maybe required by manager/
Military duties (non regular forces)	Up to a maximum of 2 weeks per annum for annual camp	
Candidate in local authority, Parliamentary, Welsh Assembly or European Election	One day leave on polling day	
Cardiff Council run elections	1 day off with pay per election, subject to business requirements	

Type of Special Leave	Cardiff Council Special Leave Provision	GLL Special Leave Provision
Volunteering activities in accordance with Cardiff Volunteering service	Up to a maximum of 5 days (pro-rata)	
Attendance to court as witness or juror (not in connection with work)	Time required attending court ( Employee must claim and pay to the Council any “loss of earnings”	<p>Where employee is summoned for Jury service and send a copy of the jury summons with request for authorisation. GLL will continue to pay the employee as normal and claim for loss of earnings from the Courts and Tribunal Service. GLL will deduct amount from their pay in the next period. Evidence of amount paid for loss of earnings should be sent to Employee services within 6 working days - so that an equal amount can be deducted from employees next pay period.</p> <p>Send a copy Jury summons with authorisation from manager</p>
Attendance to court as defendant	Special leave available where employees are required to attend court either by the Council or where this is a requirement of their job	
Adverse Weather	Annual leave, flexi, unpaid leave or making up hours	
Unpaid Leave	Requests beyond 5 days approved by Director, and HR in consultation with Line manager	

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## COMPARISON WITH MERTHYR TYDFIL COUNTY BOROUGH COUNCIL'S SICKNESS PROCEDURE

The table below shows a comparison in sickness policy and procedure between Cardiff Council and Merthyr Tydfil County Borough Council.

	Cardiff Council	Merthyr Tydfil Council
<b>Headcount</b>	6,205 (excluding schools)	<b>951</b> (excluding schools)
<b>Total FTE days lost per person</b>	10.77 days	5.5 days
<b>Waste Management</b>	In house	In house
<b>Key priority as stated in policy</b>	Committed to help prevent and reduce absence levels	<b>Target of reducing sickness</b> absence to below 3% and reduce cost and impact to service delivery
<b>Notification procedures</b>	Telephone contact every day for the first 5 days usually before the scheduled start time or until a Statement of Fitness is submitted - scope to vary reporting arrangements	Telephone contact every day no later than one hour after their normal start time for the first 5 working days (pro-rata'd)
<b>Triggers</b>	<p>Informal stage (2 absence within 6 months)                      Stage 1 - Formal First Written (4 absences in 8 months)                      Stage 2 - Final Written Caution (6 absences in 10 months)                      Stage 3 - Potential Termination (8 absences in 14 months)</p> <p>It is not appropriate to miss out stages in the procedure and move to a further level</p>	<p>3 or more occasions of sickness in a 12 month                      An aggregate of 10 working days or more in a 12 month (pro-rata)                      Informal Stage                      Stage 1 - Verbal Warning (6 months)                      Stage 2 - Written Warning (9 months)                      Stage 3 - Final Written Warning (12 months)                      Stage 4 - Dismissal</p> <p><b>Scope to enter any Stage if improved since previous warning but declines significantly again</b></p>
<b>Long Term Sickness</b>	4 weeks (2 weeks for first contact)	4 weeks
<b>Return to work interview</b>	No later than 3 days unless work patterns dictates otherwise	No later than <b>5 working days</b>
<b>Referral to Occupational Health</b>	<p>Automatic referral if absence is related to industrial injury, work place injuries or occupational ill health (excluding work related stress).</p> <p>Referral after 4 weeks of absence</p> <p>If not already taken place, a referral must be sought at Stage 2</p> <p>Prior to dismissal</p>	Must be referred no later than 4 weeks of absence
<b>Phased return</b>	Maximum period will be 2 months	Usually for 4 weeks (up to a maximum of 6 weeks)
<b>Redeployment</b>	12 weeks	<b>6 - 8 weeks</b>
<b>Action on OH Reports</b>	The same 5 options	The same 5 options
<b>Continued employment review</b>	From informal stage or regularly from long-term absence	2/3 months
<b>Mutual Termination</b>	<p>Mutual termination of contract and early release of pension benefits (will involve a reduction in the benefits payable)</p> <p>Outstanding holiday and lieu of notice payment</p>	Mutual termination will include outstanding holiday and lieu of notice payment. If employee refuses, a capability hearing will be arranged with a recommendation to termination their contract.
<b>Non Compliance</b>	Disciplinary focus on employee with reference to manager	Shared disciplinary focus for employee and manager

Employee Relations Team - October 2017

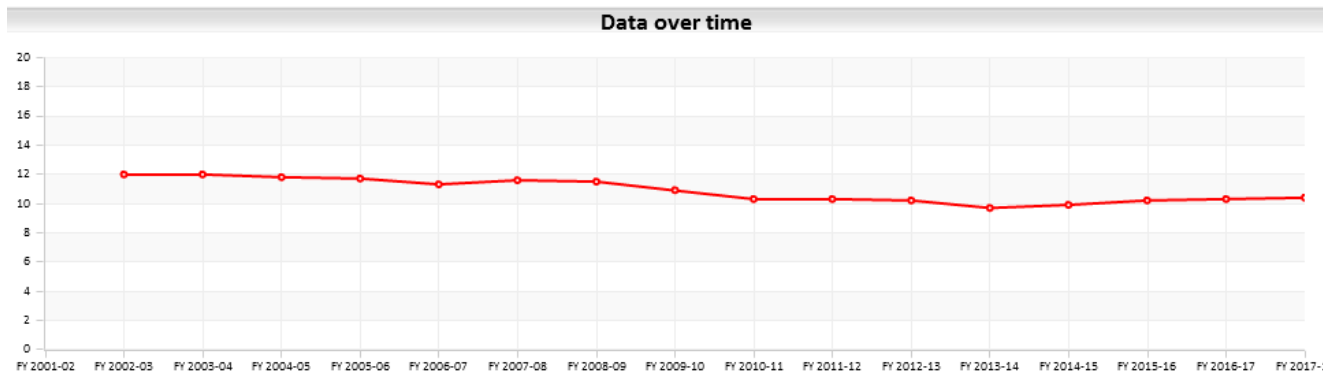
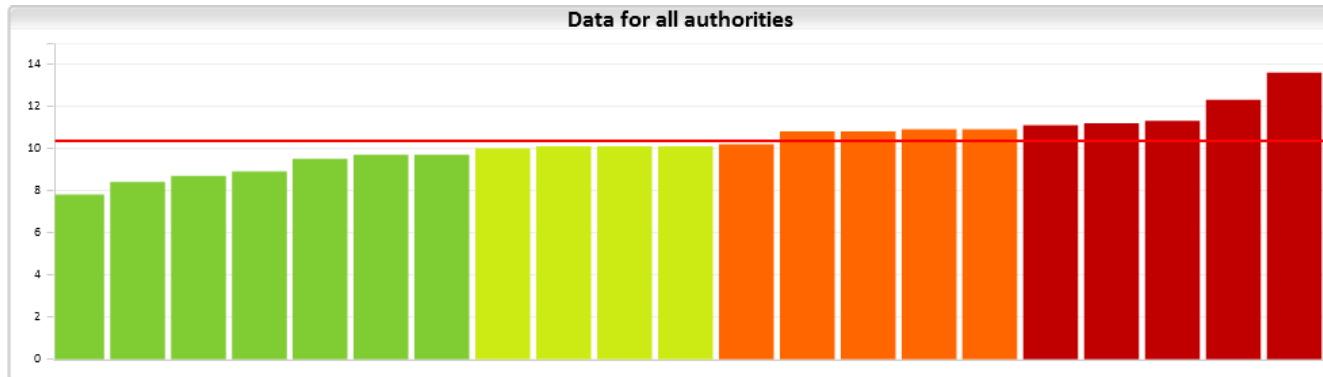
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# All Wales Data on Sickness:-

Number of Working days lost to sickness absence per employee (FY 2017-18)



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Name	Value
Merthyr Tydfil	7.8
Denbighshire	8.4
Gwynedd	8.7
Flintshire	8.9
Neath Port Talbot	9.5
Powys	9.7
Conwy	9.7
Isle of Anglesey	10.0
The Vale of Glamorgan	10.1
Carmarthenshire	10.1
Newport	10.1
Pembrokeshire	10.2
Swansea	10.8
Bridgend	10.8
Wrexham	10.9
Monmouthshire	10.9
Torfaen	11.1
Blaenau Gwent	11.2
Cardiff	11.3
Caerphilly	12.3
Ceredigion	13.6
Rhondda Cynon Taf	-

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**CORE CITY SICKNESS DATA**

**Background**

1. HR People Services sent an email request to the following authorities to obtain data of their sickness absence.

- Birmingham City Council
- Bristol City Council
- Glasgow City Council
- Leeds City Council
- Liverpool City Council
- Manchester City Council
- Newcastle City Council
- Nottingham City Council
- Sheffield City Council

The above authorities that actually supplied data are shown below;

Core City Authorities	No. of FTE 2017/18	Total FTE days lost per person		2018/19 Target
		2016/17	2017/18	
Glasgow City Council	20,386	8.8 days	8.9 days	7.4 days
Nottingham City Council	5329.52	9.70 days	10.20 days	9.9 days
Birmingham City Council		Data not supplied	10.43 days	
Newcastle City Council		Data not supplied	10.71 days	
Leeds City Council	12,376	9.24 days	10.79 days	8.5 days
Bristol City Council	6,526	8.40 days	11.02 days	
Liverpool City Council	4475	11.79 days	11.13 days	
Cardiff Council	10,954	10.77 days	11.27 days	9.5 days
Manchester City Council	6,000	11.94 days	12.16 days	Just reduce
Sheffield City Council	5,645	12.62 days	12.66 days	

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**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 September 2018**

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**Budget Strategy 2019/20**

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**Reason for this Report**

1. To provide an opportunity for the Committee to consider the Council's Budget Strategy for 2019/20 and the financial resilience planning underway, specifically focussing on the challenges faced by the Council's Adult Social Services Directorate.

**Background**

2. The Committee's Terms of Reference include scrutiny of the Council's financial policies, and its systems of financial control. Members routinely scrutinise budget proposals and monitor financial performance throughout the year.
3. The Budget Strategy Cabinet report attached at **Appendix A** was discussed at Full Council on 19 July 2018. The report sets out the Council's financial strategy and timetable for developing the 2019/20 capital and revenue budget proposals.
4. The report outlines the National and Welsh Government financial planning context within which the Council is operating; the Council's financial and strategic context and priorities; key risks faced and financial resilience. It clarifies the Budget Reduction Requirements and the Budget Strategy to achieve them; indicates consultation and engagement plans for budget proposals, and outlines the Capital Programme with a view to developing the Council's Investment Plan for 2019/20 to 2023/24.

5. The Council has been dealing with increasing financial constraints for several years, and over the next three years, the pace of change will accelerate. Members need to be an active part of the oversight for these changes and ensure the Council has the finances in place to continue to deliver sustainable local services, particularly in demand-led areas such as adult social care. Scrutiny has a critical role to play in ensuring that councils have realistic plans in place that take account of their financial constraints and challenges.

## **Context**

6. In terms of financial resilience planning, the budget strategy report highlights the following key factors:
  - a. The need to continue to deliver significant levels of savings during a period of prolonged austerity.
  - b. The impact that delays to the delivery of savings proposals has on the budget monitoring position.
  - c. The cumulative impact of achieving 2018/19 savings in addition to the unachieved 2017/18 savings which remain to be realised.
  - d. The increasing ratio of capital financing charges as controllable budgets reduce, which impacts on the relative affordability of the Capital programme.
7. The budget gap is estimated to be £34.2 million in 2019/20 and £91.4 million over the next three years.
8. The Council's budget for the current year is £609m, of which £231m is allocated to schools, £166m to Social Services, £113m to other services, £46m to capital financing and £53m is non-controllable. Given the significant allocation of the total controllable budget to Social Services and the difficult challenges faced by the service, the Committee will consider how the Service is approaching financial resilience planning.

## The Budget Strategy

9. The strategy to address the budget gap of £34.2m in 2019/20 is framed around four assumptions;
  - a. a Council Tax Increase of 4.3% generating £5,785m;
  - b. a cap on schools growth generating £2,796m,
  - c. the use of earmarked reserves generating £1,5m; and
  - d. savings required of £24,117m.
  
10. As Directorate savings form the largest component of the strategy this presents a huge challenge and whilst every effort will be made to identify savings via digitalisation, prevention, early intervention, commissioning, collaborative arrangements, income generation and the use of specific grants, all services with the exception of Schools and Social Services, are required to identify 17% savings.
  
11. The budget strategy report highlights that “the identification and delivery of the required level of savings will be extremely challenging. In recognition of this, there will need to be continued improvement to the challenge and due diligence process to improve savings achievability rates. To increase the deliverability of savings, every opportunity should be taken to accelerate detailed planning and preparatory work to maximise the chances of securing a full year saving in 2019/20.”
  
12. Therefore Directorates have been working on 2019/20 savings proposals in readiness for detailed public consultation in late autumn. To illustrate the financial resilience planning underway, Members will have an opportunity at the meeting to focus specifically on a case study - the challenges faced by the Council’s Social Services Directorate.
  
13. For quick reference, appended to the Cabinet report at **Appendix 2** is an outline budget timetable, and at **Appendix 1** a useful question and answer summary.

## Case Study – Adult Social Services

14. The Social Services Directorate is facing twin pressures of increasing demand due to changing demographics and increasing costs of care at a time of continually shrinking budgets. The service's strategy going forward establishes three key principles:

- **What Matters? (Person- Centred Care)** ensuring information, advice and assistance is easily accessible and tailored to the needs of individuals and their communities; and services build outwards from the strengths of the individual, their family and their community.
- **Home First (Preventative Approach)** ensuring social care packages support people to remain part of their communities and remain close to their social and cultural networks. Services should be planned around an individual with support put into place before crisis point so that their quality of life can be protected for longer.
- **Sustainable Communities & Resources (Localities)** Services should be planned, designed and provided in partnership with individuals and organisations to ensure the most joined up approach possible at point of delivery. Support should be available locally and make the best use of assets in the community.

## Scope of the Scrutiny

15. This item will give Members the opportunity to consider the Council's strategy for developing the 2019/20 budget proposals, and specifically a fuller understanding of the financial resilience work underway to tackle the challenges in the Social Services Directorate.

16. To facilitate the scrutiny the Cabinet Member for Finance, Modernisation & Performance, Councillor Chris Weaver, and Head of Financial Services, Ian Allwood will attend Committee to briefly outline the Strategy and answer Members questions.

17. In a case study to illustrate the financial resilience planning underway Corporate Director People and Communities, Sarah McGill, will give a presentation of Social Services approach to reconfiguring funding streams to deliver service improvement and financial sustainability, whilst taking the opportunity to improve management and monitoring of the budget.

### **Legal Implications**

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision

that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATIONS**

20. The Committee is recommended to:

- i. note the Budget Strategy for 2019/20;
- ii. consider the financial challenges faced by Adult Social Services;
- iii. consider whether it wishes to relay any comments or observations for consideration by the Cabinet Member for Finance, Modernisation & Performance.

**DAVINA FIORE**

Director, Governance & Legal Services

6 September 2018



**CABINET MEETING: 12 July 2018**

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**BUDGET STRATEGY REPORT 2019/20 AND THE MEDIUM TERM**

**PORTFOLIO: FINANCE, MODERNISATION & PERFORMANCE  
(COUNCILLOR CHRISTOPHER WEAVER)**

**AGENDA ITEM: 7**

---

**Reason for this Report**

1. To consolidate and update the financial strategy of the Council in readiness for the preparation of the 2019/20 revenue and capital budgets.
2. To outline the timetable that the budget process will follow in order to present the 2019/20 Budget to Council in February 2019.
3. To provide an update in relation to the Council's financial resilience.

**Structure of the Report**

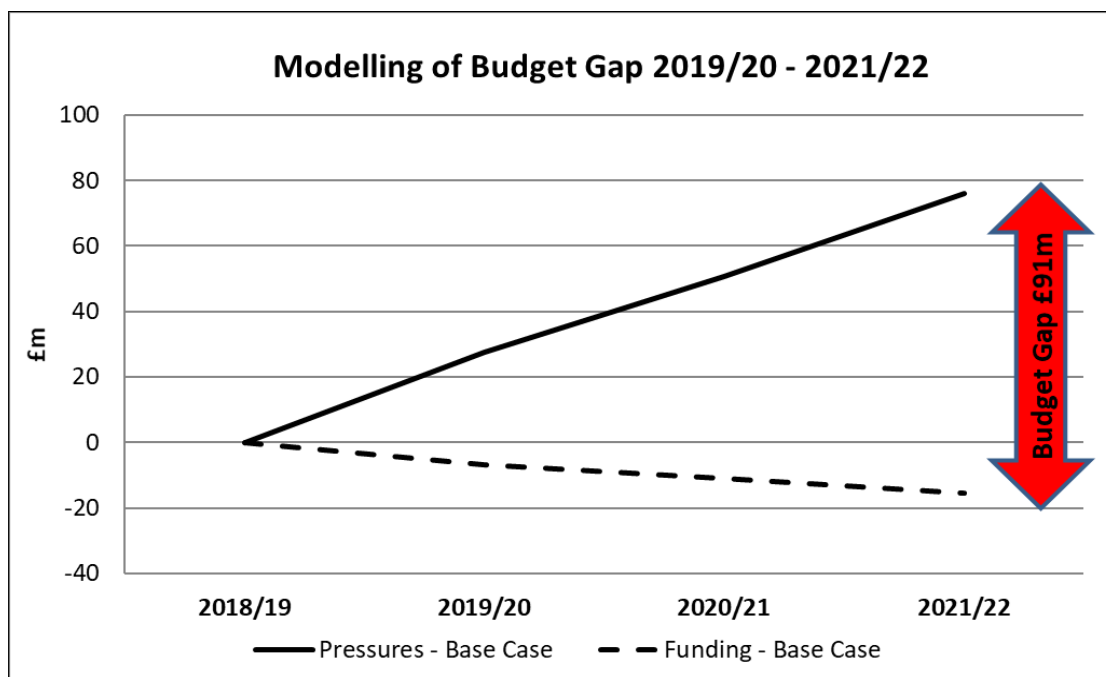
4. The following table provides a guide to the key sections of the Report. Appendix 1 provides a short overview of the Budget Strategy in a question and answer format.

<b>Section</b>	<b>From Para No</b>
<b>General Background and Context</b>	5
<b>Budget Reduction Requirement</b>	23
<b>Budget Strategy</b>	26
<b>Consultation and Engagement</b>	42
<b>Capital Programme</b>	45
<b>Financial Resilience and Risk</b>	74

**General Background**

5. The Medium Term Financial Plan (MTFP) included within the Council's 2018/19 Budget Report identified a potential budget gap of £34.2 million in 2019/20 and £91.4 million over the period 2019/20 – 2021/22. The budget gap is due to anticipated funding reductions, at the same time as demand and

inflationary pressure on services is expected to rise significantly. This is illustrated in the chart below.



- This Report reviews the budget gap, outlines the strategy and timetable for addressing it and considers the Council's ongoing financial resilience in the face of continued financial challenge.

### National Context

- Local financial planning and horizon scanning is inextricably linked to the wider economic and financial context. The Chancellor's Spring Statement provides an update on the overall health of the economy and takes into account economic forecasts produced by the Office of Budget Responsibility (OBR). The 2018 Spring Statement identified some positive signs, including that:-

- The economy has grown for five consecutive years, exceeding expectations in 2017. The OBR forecast growth of 1.5% in 2018 and 1.3% in 2019, a slight revision from the growth prediction of 1.4% in the Autumn Budget.
- Employment has increased by 3 million since 2010 with predictions of a further 500,000 people in work by 2022.
- Forecasts suggest inflation of 2.3% for 2018, falling to 2.1% in 2019 with wages anticipated to rise faster than prices over the next five years.
- National debt as a percentage of GDP is forecast to fall from 85.5% in 2017/18 to 77.9% in 2022/23.

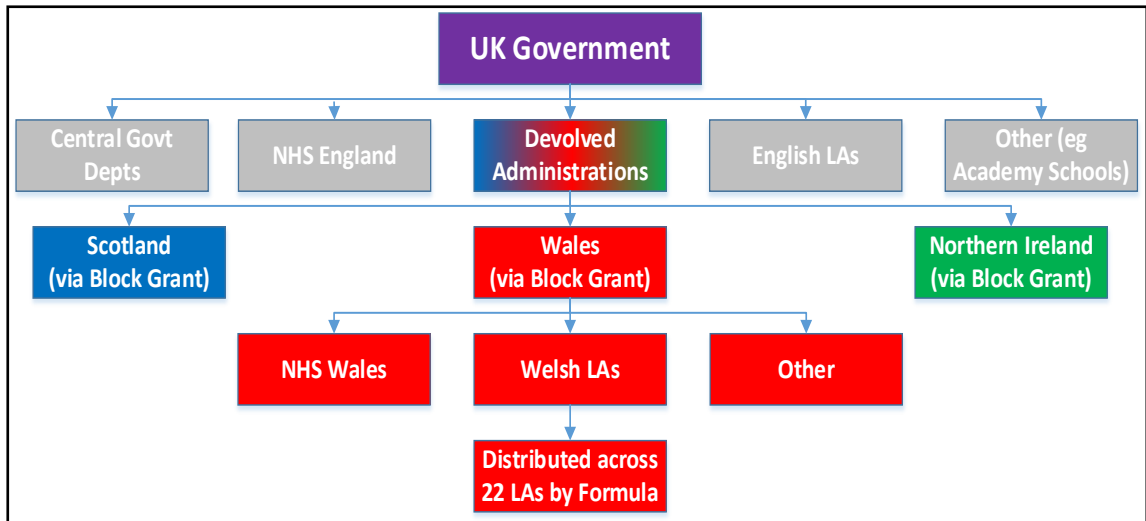
- The level of national debt (relative to GDP) has been at the root of public spending reductions in recent years. Forecasts that this measure will begin to fall this financial year are therefore positive. However, the Chancellor called for caution, indicating his view that national debt is still too high, leaving the

UK economy vulnerable to future financial shocks. He advocated a balanced approach to weighing public spending against the ongoing need to reduce the deficit. Nevertheless, there was a suggestion within the Spring Statement that if public finances continue on an improved path, there could be increases to public spending and investment in the years ahead.

9. A key uncertainty in the economic analysis is how Britain's exit from the European Union (BREXIT) may ultimately affect forecasts. Throughout their analysis, the OBR note that because negotiations around the terms of exit are still ongoing, there is no firm basis upon which to reflect the end-point of BREXIT within their forecasts. It is also of note that whilst the forecasts outlined above appear broadly positive, the Institute for Fiscal Studies' (IFS) commentary on the Spring Statement noted that compared to two years ago, projections of growth are lower and the forecast national deficit is higher. The IFS also pointed out that despite forecast wage increases, 2022/23 levels would be similar to 2007/08 and that inflation will continue to erode most working age benefits, which are frozen in cash terms. The overall outlook therefore seems to be cautiously positive with ongoing uncertainty around BREXIT.
10. In June 2018, three months following the Spring Statement, the Government announced £20 billion additional funding for the NHS by 2023. The Prime Minister has suggested that this may be financed from possible tax increases and through the potential financial outcome of BREXIT. From a Welsh perspective the Barnett consequential of this announcement and subsequent Welsh Government decisions regarding its allocation will need to be kept under review.

### **The Welsh Context**

11. The diagram below sets out how funding flows through to Welsh Local Government. The previous section identified that there is uncertainty regarding future public spending at a UK level. The diagram is intended to illustrate how the level of uncertainty increases for bodies further down the flow chart, such as Welsh Local Government. This is because multiple decisions must be made as to how limited funds will be distributed across significant and competing demands before any funding reaches individual Welsh local authorities.



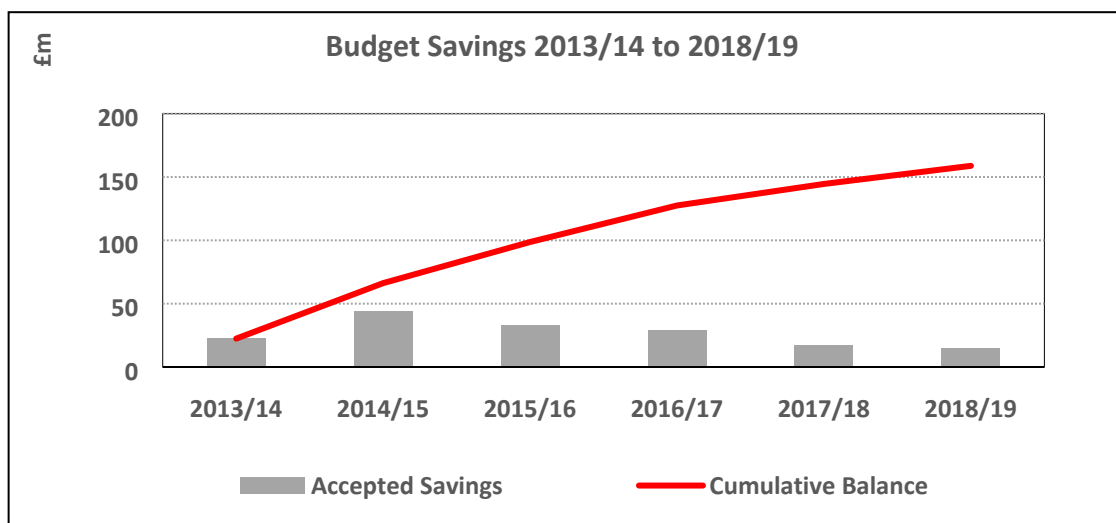
12. This illustrates the inherent difficulty for Welsh Local Government in trying to predict future funding settlements. It is also worth noting that the recent change to the timing of the UK budget (from Spring to Autumn) may increase the potential for changes to the Welsh Local Government funding settlement between its provisional announcement in October and final announcement in December. This is because any changes to fiscal policy announced in the Autumn Budget may have implications for the Welsh Block Grant, as was the case last year.
13. In October 2017, the 2018/19 Provisional Settlement set out an indicative average AEF reduction of 1.5% for 2019/20. As a direct result of announcements made in the UK budget in November 2017, Welsh Government announced a further £20 million for Welsh Local Government in 2019/20 at final settlement in December 2017. Although the final settlement did not restate the indicative 1.5% reduction previously announced, it is generally accepted that it has been improved to an average reduction of 1%. The additional funding is clearly very welcome, but this highlights the uncertainty inherent in the process. Given the significant impact that minor percentage fluctuations can have on the budget gap, provisional and final settlement are two crucial stages in the budget timetable, which is outlined at Appendix 2.
14. In recognition of the uncertainty in relation to general grant funding, the Council has a financial resilience mechanism (FRM) that was set up to provide support in the event that Aggregate External Finance (AEF) is worse than the Council had anticipated. The FRM is a £4 million base budget that is used annually for one-off investment in priority areas. This means that is available for immediate release in the event that AEF is worse than assumed in the MTFP, thus limiting the need to identify significant additional savings at short notice. Once released, the FRM will provide no further mitigation in respect of subsequent settlements.
15. The position in relation to specific grants is also likely to be challenging. A number of reductions are already anticipated for 2019/20, as indicated in the

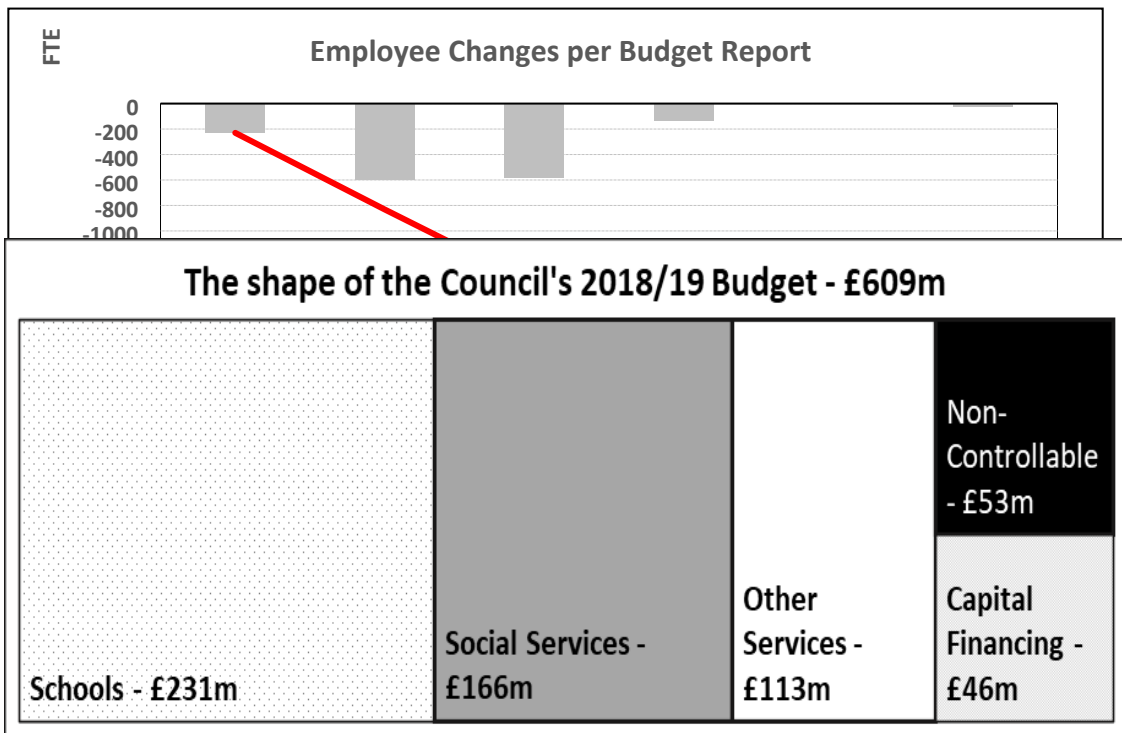
2018/19 settlement. The latter indicated that there would be reductions of £11 million to Education Improvement Grant (EIG) and £9.8 million to the schools' post-16 grant at an All Wales level, which are in addition to significant reductions experienced in the current financial year. In 2018/19, WG announced that there would be flexibility across a number of significant grant streams, including Flying Start, Supporting People and Families First. This is with a view to them becoming a single Early Intervention, Prevention and Support grant in 2019/20, which would be subject to a 5% reduction. Opportunities for flexibility across these grant streams will need to be considered during the course of this year in order to accommodate this.

16. Beyond these known reductions, the position on specific grants is relatively uncertain. Specific Grant information at Provisional Settlement tends to be at an All Wales level and is frequently incomplete at that stage. There is a risk that grants may reduce or fall out altogether or that transfers into Revenue Support Grant (RSG) are not effected in the correct way. The latter is particularly problematic as it hinders visibility and results in a worse than published position to AEF. This was the position in relation to the Minority Ethnic Achievement Grant (MEAG) element of the EIG in the 2018/19 settlement. The treatment of this grant within the settlement would have resulted in a £4 million loss of funding to Cardiff, however this was not initially evident as there was no identifiable transfer into RSG. Whilst WG have put in place transitional support for MEAG in the current year, the position for 2019/20 will need to be kept under review.

### Council Context – Financial

17. The charts below and overleaf highlight the intensity of the financial challenge that the council has faced, which will make it more challenging to deliver the significant savings required over the medium term. The first shows that the Council has identified cumulative savings of £145 million over the past five years with a further £14.3 million in the current year. The second shows that over 1,500 full time equivalent (FTE) posts have been lost over the same period.





18. The chart below sets out the current shape of the Council's budget. The bullet points below the graph provide a brief description of each identified area

- **Capital Financing** – this includes the budget for the repayment of borrowing associated with the capital programme, along with other budgets that relate to the funding of capital schemes such as contributions to the Schools' Organisation Plan Reserve. There is upward pressure on capital financing budgets in future years due to the additional borrowing reflected in the capital programme.
- **Non-controllable areas** – this block comprises budgets that are much more difficult for the Council to influence in terms of savings. It includes areas outside the Council's direct control including the Council Tax Reduction Scheme (CTRS) budget and the budget for levies paid to other organisations such as the Fire Service.
- **Other Services** – this includes all council services with the exception of schools and social services. It contains areas of statutory duty.
- **Schools and Social Services** - these blocks are self-explanatory and reflect the controllable budgets for these particular services.

19. The shape of the budget makes the medium term position even more challenging. Schools and Social Services are the subject of exceptional inflationary and demand pressure. They account for 65% of the current budget and 70% of the financial pressures identified over the medium term. Non-controllable areas are difficult to reduce and there is upward pressure on the capital financing budget. Collectively, Schools, Social Services, capital financing and non-controllable budgets account for 82% of the Council's overall budget. Consequently, in the absence of additional grant funding to meet particular pressures in these areas, funds are being diverted from other

services, which are being squeezed much harder and currently equate to just 18% of the Council's overall budget.

### **Council Context - Strategic**

20. The Council approved its Corporate Plan 2018-2021 in May 2018. The Corporate Plan, which was produced alongside the 2018/19 Budget, recognises that given the financial position, the reality is that there is a need to focus on a smaller number of key priorities. These priorities are identified in the Administration's Capital Ambition programme and are set out below.
  - **Working for Cardiff** – Making sure that all our citizens can contribute to, and benefit from, the city's success.
  - **Working for Wales** – A successful Wales needs a successful capital city.
  - **Working for the Future** – Managing the city's growth in a sustainable way.
  - **Working for Public Services** – Making sure our public services are delivered efficiently, effectively and sustainably in the face of the rising demand and reducing budget
  
21. The Corporate Plan and the Well-being Plan are key documents in delivering Capital Ambition and translating the Administration's priorities into deliverable organisational objectives. The Corporate Plan focuses on the issues and services that the Council has prioritised and the Well-being Plan focuses on areas of collaborative advantage in the delivery of public services in the city. The well-being plan contains the following seven well-being objectives:
  - A Capital City that works for Wales
  - Cardiff grows in a resilient way
  - Safe, confident and empowered communities
  - Cardiff is a great place to grow up
  - Supporting people out of poverty
  - Cardiff is a great place to grow older
  - Modernising and integrating our public services
  
22. The well-being objectives outlined above have been adopted by all members of the Cardiff Public Services Board (PSB,) and are designed to contribute to the national well-being objectives for Wales. They have been developed in the context of the Well-being of Future Generations (Wales) Act. As well as aiming to improve the social, economic, environmental and cultural well-being of Wales, the Act aims to make public services more sustainable by encouraging public bodies to think about the long term, how they can work together and with their communities to prevent problems and take a joined up approach (known as the five ways of working).
  
23. The four priorities and seven well-being objectives outlined above form the strategic context for the development of the Budget Strategy. Budget Strategy assumptions will also need to have regard to the principles within the Well-being of Future Generations (Wales) Act.

## The Medium Term Budget Reduction Requirement

24. The 2018/19 Budget Report identified a budget reduction requirement of £34.2 million for 2019/20 and £91.4 million over the three-year MTFP period. These figures are a base case scenario predicated upon the Council receiving Welsh Government funding decreases of 1% per annum. This section of the Report outlines the key components of the budget gap and the assumptions that underpin them.
25. The MTFP undergoes regular review to ensure it reflects most recent information. A refresh undertaken during the first quarter of 2018/19 has resulted in minimal change, either confirming the assumptions already within the MTFP, or suggesting no reasonable basis to depart from them at this stage. The key components of the MTFP are summarised in the table below. Further detail on each component along with information on key assumptions can be found in Appendix 3.

	Medium Term Budget Gap			
	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Schools Growth	11,184	8,532	8,183	<b>27,899</b>
Pay and Price Inflation (Non Schools)	7,438	6,768	6,726	<b>20,932</b>
Capital Financing, Commitments & Realignments	2,317	1,314	3,848	<b>7,479</b>
Non Schools Demographic Growth	3,500	3,538	3,577	<b>10,615</b>
Emerging Financial Pressures	3,000	3,000	3,000	<b>9,000</b>
Fall out of 2018/19 Reserve Funding	2,350	0	0	<b>2,350</b>
Estimated 1% funding reduction	4,409	4,366	4,322	<b>13,097</b>
<b>TOTAL</b>	<b>34,198</b>	<b>27,518</b>	<b>29,656</b>	<b>91,372</b>

26. The MTFP will undergo further review as the year progresses both to reflect any emerging issues and to make any necessary adjustments to assumptions in light of more recent information. Whilst all areas will be kept under review, particular consideration will need to be given to:
- Funding assumptions, following announcement of the Provisional Settlement in October 2018.
  - The 2018/19 monitoring position as the year progresses.



- The effect of the new NJC pay structure on local arrangements once this has been agreed.
- The Council Tax Base for 2019/20 when it is approved in December 2018, taking into account any related redistributive impact in AEF at final settlement.
- Teachers' Pensions Contribution rates, once there is further clarity of changes associated with the discount rate and pending actuarial review of the fund. At present, the impact within the MTFP is estimated.
- The proposed corporate landlord planned preventative maintenance programme for new buildings.
- The impact of the Local Development Plan, particularly in the last year of the MTFP and beyond given that the variables involved are complex. As well as identifying additional demand for services, there is a need to consider potential additional funding that could result from tax-base increases or population increases that feed through into the RSG funding formula, as people move into the area. For services such as schools, there is a need to consider population movement within Cardiff, as well as the potential influx of people from outside the city in shaping future service provision.

### Approach to Budget Strategy

27. The strategy to address the budget gap is framed around four over-arching assumptions. These assumptions along with their respective contributions to bridging the gap are set out in the table below and are in line with the 2018/19 Budget Report. These will require further review and refinement as the budget process progresses, not least because the budget gap itself may change.

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Council Tax (+4.3%)	5,785	6,034	6,293	<b>18,112</b>
Cap on Schools' Growth	2,796	2,172	1,926	<b>6,894</b>
Use Earmarked Reserves	1,500		(750)	<b>750</b>
Savings Required	24,117	19,312	22,187	<b>65,616</b>
<b>Total</b>	<b>34,198</b>	<b>27,518</b>	<b>29,656</b>	<b>91,372</b>

28. The council tax increase will be kept under review as the budget process progresses. The income is after taking account of the impact on Council Tax Reduction Scheme (CTRS) budgets and is therefore the *net* additional income that will be generated. Council Tax accounts for approximately 27% of the Council's funding. This means that to generate a 1% increase in the Council's overall funding would require a net 3.7% increase in council tax.

29. The Council Tax income in the table is based on the current year's tax base and will be updated for the 2019/20 tax base once it is approved by Cabinet in December 2018. Due to the way in which the local government funding formula works, any increase in tax base may result in an associated reduction in AEF. However, this is difficult to predict as the change is relative to the tax base fluctuations of all other Welsh Local Authorities. For this reason, the Council does not account for any increases in tax base until final settlement has been announced.
30. It is important to note that the cap on schools growth will not result in a reduction to the current level of schools' budgets. In fact, under the outlined strategy, schools would receive additional budget of £21 million over the next three years. By comparison, most other directorate budgets are expected to reduce from their existing base line over the next three years. The cap reflects schools contributing to the Budget Strategy by managing 30% of their emerging pressures. This is with the exception of increasing pupil numbers, which would continue to be fully funded. As set out in the 2018/19 Budget Report, schools will contribute the additional capital financing costs associated with the 21<sup>st</sup> Century Schools' Band B programme.
31. The 2018/19 Budget includes a £2.35 million drawdown from earmarked reserves as general budget funding. The Budget Strategy reduces the use of earmarked reserves to £1.5 million per annum in 2019/20 and 2020/21 and to £750,000 in 2021/22. The decision to reduce annual use of reserves was taken in the context of existing levels of reserves and the Council's ongoing financial resilience. Good practice avoids over-reliance on reserves for a number of reasons, including that their use in one year creates an immediate gap in the finances of the following year. The strategy will require a total drawdown from reserves of £3.75 million over the three-year period. The Council has a Strategic Budget Reserve to support this strategy. The reserve had a balance of £4 million as at 31 March 2018 of which £1 million will be used in support of the 2018/19 Budget. The remaining £3 million budget will support the £3.75 million requirement outlined in the Budget Strategy, accompanied by ongoing review of the Council's other earmarked reserves.
32. Directorate savings form the largest component of the strategy, with a requirement of £66 million over the three-year period. Clearly, this is a huge challenge in view of the significant levels of savings that have already been found. The Council will continue to explore opportunities to identify savings that align with its key strategic priorities, including for example digitalisation, prevention and early intervention. In addition, there will be ongoing review of external spend and collaborative arrangements to ensure that value is secured on commissioned spend and services. Directorates will continue to explore opportunities to maximise income, both in new and existing markets as well as reviewing and challenging the cost base associated with generating income. In addition, the Council will continue to review the use of specific grants to ensure they are used as efficiently and flexibly as possible.
33. In reality however, whilst every effort will be made to identify savings of the nature outlined above, it is no longer possible that all savings will be

achievable by these means and without impact on services. Savings at the quantum required in the Budget Strategy equate to an annual reduction of 17% in 2019/20 for all services with the exception of Schools and Social Services, with similarly challenging levels in years 2020/21 and 2021/22. It will not be possible to deliver savings on this scale without impact on services, particularly taking into account the significant levels of savings that have already been found over an extended period.

34. In reviewing and challenging existing budgets, all means of reducing spend will need to be explored, including review of the level at which discretionary services are currently subsidised and consideration of how universal services are delivered. Whilst Social Services will not be subject to the 17% reductions outlined above, there will be ongoing effort to identify savings within this area and to release as much as it is possible to take in support of the Budget Strategy. This will include exploring opportunities for an integrated approach to services.
35. The identification and delivery of the required level of savings will be extremely challenging. In recognition of this, there will need to be continued improvement to the challenge and due diligence process to improve savings achievability rates. To increase the deliverability of savings, every opportunity should be taken to accelerate detailed planning and preparatory work to maximise the chances of securing a full year saving in 2019/20. This report recommends that a reminder of the voluntary redundancy scheme be circulated to all staff to enable managers to consider expressions of interest alongside their preparatory work for savings delivery. To support this and where feasible, proposals may be actioned during this financial year particularly where policy decisions are not required or where decisions have already been taken.
36. Directorates have been undertaking work to review and challenge all areas of their budgets and further work on the detailed development of 2019/20 savings proposals will take place over the summer months. In line with the budget timetable set out in Appendix 2, this will enable 2019/20 proposals to be consulted upon over the autumn, once Provisional Settlement has been confirmed. In parallel to the more detailed work that is being undertaken in relation to 2019/20, directorates are also assessing what the medium term savings requirements mean for their areas in years two and three of the MTFP. Different scenarios are currently being modelled to enable discussion around the most appropriate way to manage the incidence of savings in later years, which will include exploring options for an integrated approach in this regard.

37. The table below summarises the key elements of the budget gap and the strategy to address it.

<b>Estimated Budget Reduction Requirement</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>TOTAL £000</b>
Schools Growth	11,184	8,532	8,183	<b>27,899</b>
Pay and Price Inflation	7,438	6,768	6,726	<b>20,932</b>
Capital Financing, Commitments & Realignments	2,317	1,314	3,848	<b>7,479</b>
Non Schools Demographic Growth	3,500	3,538	3,577	<b>10,615</b>
Emerging Financial Pressures	3,000	3,000	3,000	<b>9,000</b>
Fall out of 2017/18 Reserve Funding	2,350	0	0	<b>2,350</b>
Estimated 1% funding reduction	4,409	4,366	4,322	<b>13,097</b>
<b>Budget Reduction Requirement</b>	<b>34,198</b>	<b>27,518</b>	<b>29,656</b>	<b>91,372</b>

<b>Strategy to Address Budget Reduction Requirement</b>				
<b>Budget Strategy Assumptions</b>				
Council Tax at 4.3%	5,785	6,034	6,293	<b>18,112</b>
Cap on Schools Non-Demographic Growth @ 30%	2,796	2,172	1,926	<b>6,894</b>
Use of Earmarked Reserves	1,500		(750)	<b>750</b>
<b>Directorate Savings</b>	<b>24,117</b>	<b>19,312</b>	<b>22,187</b>	<b>65,616</b>
<b>Total Strategy to Address Gap</b>	<b>34,198</b>	<b>27,518</b>	<b>29,656</b>	<b>91,372</b>

### Medium Term Financial Plan Scenario Analysis

38. The sensitivity analysis below flexes some of the key assumptions within this report to produce a worse-case scenario. This reflects the possibility of:-

- pay awards 1% higher than modelled in the base case (where there is currently no accepted award)
- annual funding reductions of 2% over the MTFP compared to the 1% that has been assumed within the base case
- a more pessimistic view of potential Teachers Pension Scheme contribution rates

<b>Worse Case Scenario</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>TOTAL £000</b>

<b>Base Case MTFP Position</b>	<b>34,198</b>	<b>27,518</b>	<b>29,656</b>	<b>91,372</b>
Changes:				
AEF	4,409	4,366	4,322	13,097
Pay Award	1,554	3,595	3,640	8,789
Pensions Issues - actuarial	1,245	889		2,134
<b>Revised MTFP Shortfall</b>	<b>41,406</b>	<b>36,368</b>	<b>37,618</b>	<b>115,392</b>

39. A 1% annual fluctuation in AEF has the biggest impact on the base case MTFP, adding £13.1 million to the estimated budget reduction requirement over the three-year period. Release of the Council's FRM would mitigate this sum by £4 million in total. As noted at the start of the Report, there is inherent uncertainty in trying to predict future funding settlements. The table above highlights that relatively minor percentage changes can be significant in terms of their impact on the MTFP.
40. One key risk over the MTFP period is the level of pay awards. The base case MTFP reflects the known award for NJC staff in 2019/20. It assumes 2% thereafter for NJC staff and assumes 2% per annum for teaching staff. Given the significant impact that minor changes to these assumptions can have, the worse-case scenario models the potential for awards to be 1% higher in each year of the MTFP in all instances where there is not currently an accepted award. The table above identifies that this could add £8.8 million to the MTFP.
41. The worse-case scenario models the potential for employer's contribution rates in respect of the teachers' pension to increase to 20% over the medium term. This is higher than the increase from 16.48% to 18% that is included within the base case MTFP. Commentators advising Academy Schools in England in relation to potential risk factors over the medium term have suggested that the rate could increase to 20%. This issue will require careful monitoring as it depends upon two factors, which are changeable or difficult to predict. Firstly, it depends upon a discount rate, which is changeable over this period. Secondly, it will be impacted by the outcome of the next actuarial review of the Teachers Pensions Scheme, which has not yet been published.
42. A number of "known unknowns" are also being monitored in relation to the MTFP period. These are currently too uncertain to quantify but will be monitored closely as many have the impact to be significant in terms of quantum. These include:
- The terms agreed as part of the UK's exit from the European Union and their impact on the economy
  - The impact of WG's devolved tax powers
  - WG's stated intention to review the Local Government Finance system
  - Local Government Reform in Wales and associated pooled budget options

- Future pressures on demand led budgets which may require budget realignments to be considered
- The impact of the Local Development Plan, particularly in the last year of the MTFP and beyond
- The impact of Universal Credit following its roll-out in Cardiff
- The potential for further changes or reductions to specific grants
- Wales Audit Office's suggested changes to the accounting treatment of the Council Tax Reduction Scheme (CTRS) within Welsh Authorities' Statement of Accounts and WG's interpretation of whether this requires any adjustment to tax-base calculations used within the funding formula
- Welsh Government policy changes that may come into force over the MTFP period

### **Consultation and Engagement**

43. The Council places a high regard on being open and honest about difficult choices. In order to provide an opportunity for people to have their say on what is important to them and their communities, a detailed consultation on 2019/20 budget proposals will take place in the autumn once provisional settlement affords additional clarity to the funding position. Over the summer, the Ask Cardiff survey will pave the way for the detailed consultation through consulting on a number of budget themes.
44. The proposed Budget Timetable Framework for 2019/20 is included at Appendix 2. Over this period, involvement and consultation will take place with Cardiff Citizens, the third sector, Budget Forum, Scrutiny Committee, Audit Committee, Trade Unions and schools.

### **Employee Engagement**

45. Employee engagement at all levels within the organisation continues to be given high priority through a number of mechanisms including frequent directorate and council-wide roadshows, dissemination of the core brief, the ambassador network and the staff app. The Council has in place various mechanisms to engage directly and work with employees at all levels of the organisation. Employees will continue to receive briefings through these channels at all key stages of the budget process.

### **Capital Strategy**

46. Councils have a legal requirement to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities and this was updated in December 2017. This was primarily to strengthen it in light of concerns regarding some authorities undertaking activities of a more commercial nature, such as investments in property and companies primarily for financial benefit.
47. The Code requires that by 2019/20, the Council or a body nominated by it, approves a Capital Strategy that sets out the long-term context in which both capital expenditure and investment decisions are made. This is:-

- to ensure that the strategy, governance procedures and risk appetite are fully understood by members
- that the strategy should form part of the authority's integrated revenue, capital, treasury management and balance sheet planning to understand future financial sustainability
- to include sufficient detail in the strategy to allow members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured to meet legislative requirements on reporting

48. The S151 Officer is required to report explicitly on the affordability and risk associated with the capital strategy and where appropriate, may access specialised advice to enable them to reach their conclusions.
49. The Council already adopts many of the good practices that accord with the CIPFA code. Areas of improvement identified will need to be embedded over future years as part of a process of continuous improvement. Appendix 4 highlights the main areas that form part of a Capital Strategy and how this already links to the Treasury Management Strategy, Revenue Budget plan and also the approach to repayment of historic borrowing, already approved by Council and integrated into the budget strategy process. With this in mind, the Capital Strategy will form part of the Council Budget report to be considered in February 2019 rather than be a separate document.

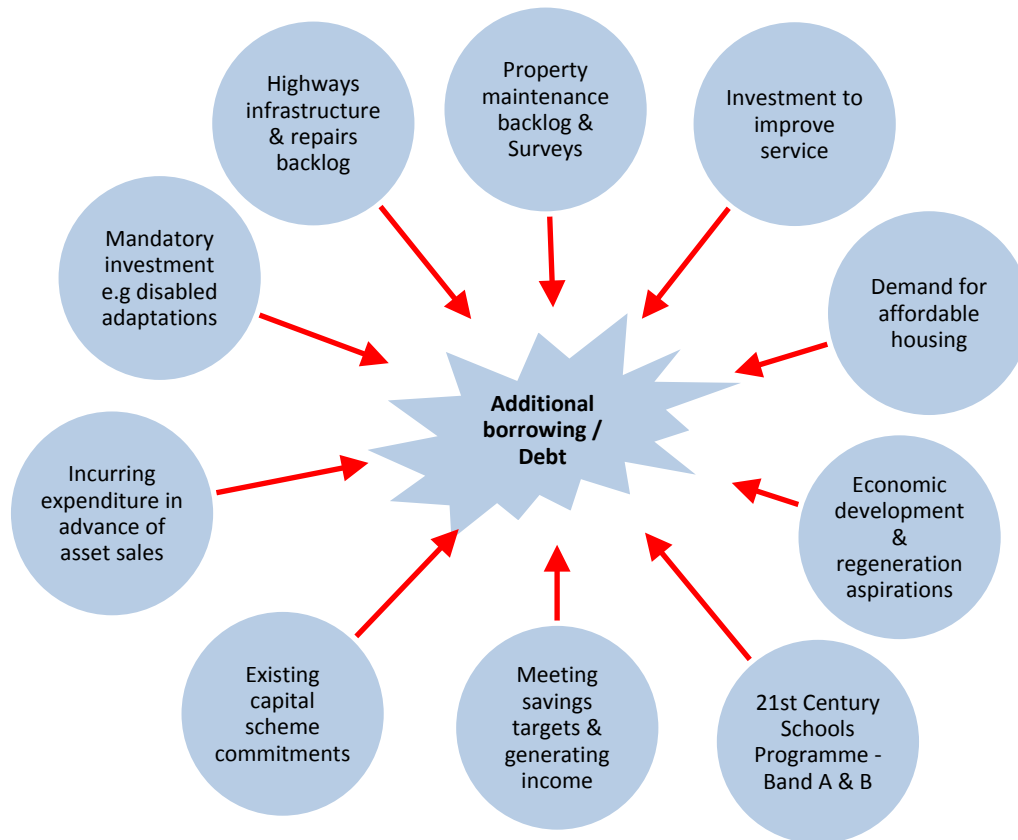
### Current Capital Programme

50. Capital Expenditure is incurred on the acquisition and enhancement of assets. The Council sets a five-year rolling capital investment programme, which is updated annually. The current programme was approved by Council in February 2018 and is summarised in the table below.

Capital Programme	2018/19*	Indicative 2019/20	Indicative 2020/21	Indicative 2021/22	Indicative 2022/23	Total
	£000	£000	£000	£000	£000	£000
Annual Sums Expenditure	20,465	15,247	15,247	15,247	14,620	80,826
Ongoing Schemes	27,275	22,513	1,238	770	130	51,926
New Capital Schemes	13,247	15,510	27,403	24,187	10,567	90,914
Schemes Funded by External Grants and Contributions	20,460	20,346	51,497	51,380	24,704	168,387
Invest to Save Schemes	18,292	22,385	35,823	42,880	21,204	140,584
<b>Total General Fund</b>	<b>99,739</b>	<b>96,001</b>	<b>131,208</b>	<b>134,464</b>	<b>71,225</b>	<b>532,637</b>
<b>Total Public Housing (HRA)</b>	<b>42,025</b>	<b>29,522</b>	<b>39,200</b>	<b>42,530</b>	<b>34,800</b>	<b>188,077</b>
<b>Total Capital Programme</b>	<b>141,764</b>	<b>125,523</b>	<b>170,408</b>	<b>176,994</b>	<b>106,025</b>	<b>720,714</b>

\* Includes slippage estimated at Month 9. The final slippage figure, from the outturn, will be reflected in the Month 4, 2018/19 budget monitoring report.

51. Pressures on the Capital Programme are arising from a number of sources as illustrated in the following diagram.

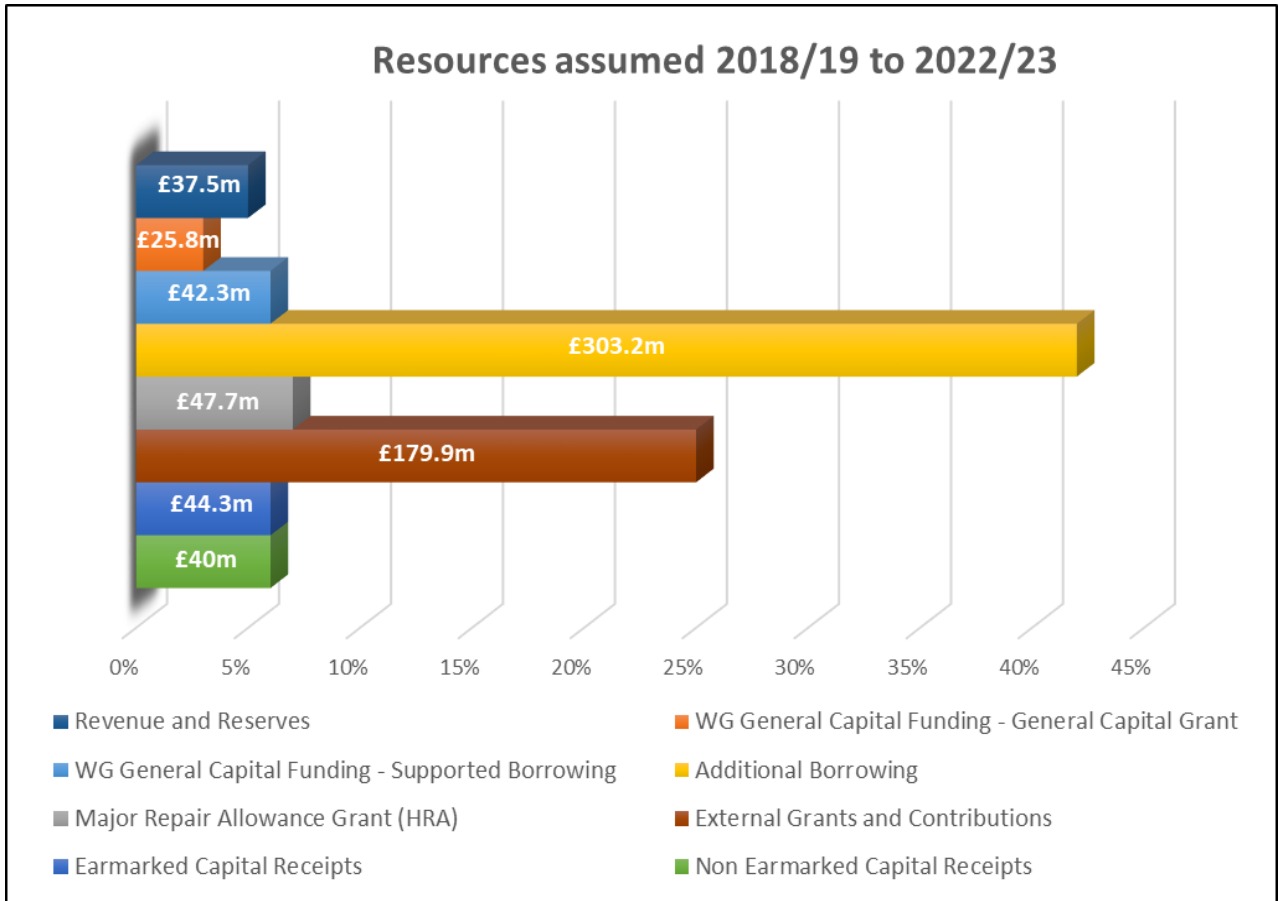


52. In recognition of the need to invest to meet the identified pressures, the 2018/19 budget process took a medium term view rather than an incremental approach and new investment was approved on the following principles:-

- New schemes proposed should support key priorities and improvement objectives of the Council’s Capital Ambition
- Additional borrowing to be principally for existing assets such as highway infrastructure, and to address the condition of properties to be retained in the long term.
- Directorates should manage priorities within existing budgets and no further requests for additional asset renewal funding from directorates are expected over the five-year period 2018/19 – 2022/23, in future years.
- There should be recognition that the Council’s controllable budget alone cannot afford the capital financing implications of additional investment required for existing and new schools.
- Investment to be confined to where it needs to be made by the Council and cannot be better made by others
- Take advantage of opportunities for grant match funding to secure investment in schools, transport and regeneration.

53. Appendix 5 details the key schemes included in the programme. The resources assumed to pay for capital investment during 2018/19 to 2022/23 are shown below.





54. The level of General Capital Support provided by WG as part of the annual settlement has reduced by 35% since 2010/11. This means that essential investment must be paid for by the Council. Expenditure approved to be funded by unsupported additional borrowing is £303 million. Of this, £213 million is to meet General Fund capital expenditure, including schemes expected to pay for themselves on an invest-to-save basis. The remaining £90 million is in respect of public housing capital expenditure. The programme assumes £40 million of non-earmarked capital receipts which are to be determined through a review of the Council’s whole estate.

**Borrowing and Affordability**

55. The following sections of the Report outline some of the key considerations in developing the capital investment plan.

**Capital Financing Requirement Projection**

56. Where capital expenditure is incurred without a resource to pay for it immediately (e.g. via capital receipts, grants or other contributions), this

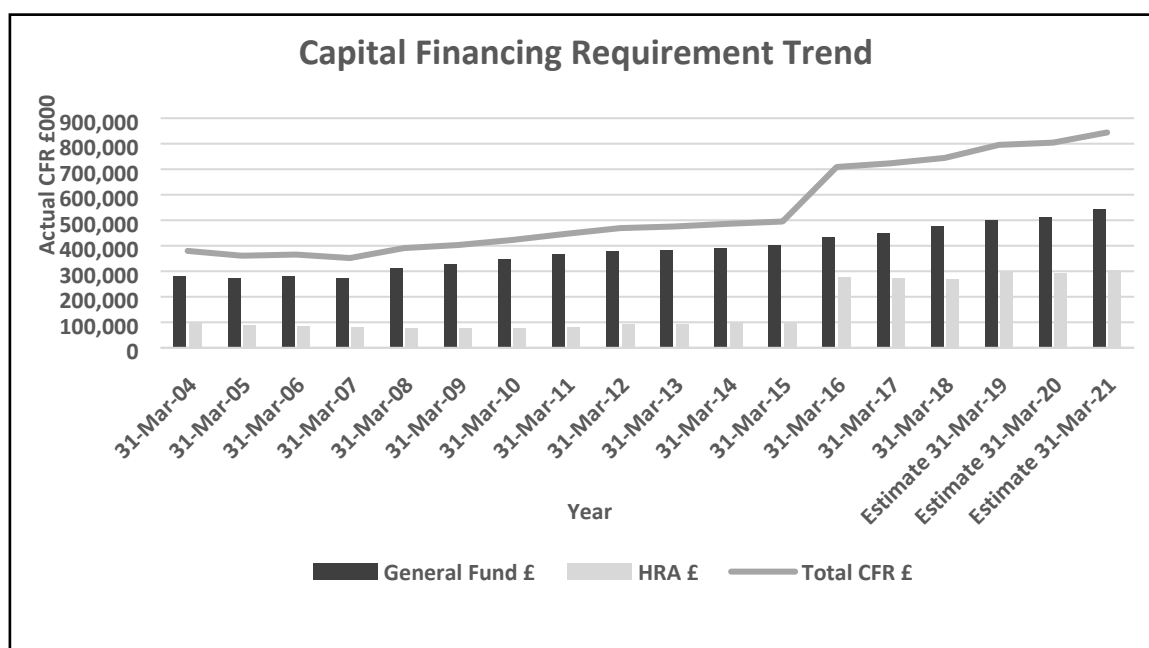
increases the Council's Capital Financing Requirement (CFR), which is the requirement to borrow. The Council is required to make a prudent provision for the repayment of historic capital expenditure annually from its revenue budget. This reduces the CFR. Calculation of the CFR is summarised in the table below and results in the need to borrow money.

	<b>Opening Capital Financing Requirement (CFR)</b>
+	Capital expenditure incurred in year
-	Grants, contributions, reserves & receipts used for capital expenditure
-	Prudent Minimum Revenue Provision & Voluntary Repayment
=	<b>Closing Capital Financing Requirement (CFR)</b>

57. The actual CFR as at 31 March 2018 and estimates for current and future years for the General Fund and HRA as per the 2018/19 budget are shown below:

<b>Capital Financing Requirement as at 31 March</b>				
	<b>2018 Actual £m</b>	<b>2019 Est. £m</b>	<b>2020 Est. £m</b>	<b>2021 Est. £m</b>
General Fund	478	500	510	541
Housing Revenue Account (HRA)	267	295	294	303
<b>Total</b>	<b>745</b>	<b>795</b>	<b>804</b>	<b>844</b>

58. As shown in the chart below, this continues a long-term increasing trend since this measure was introduced in 2004. The spike in 2015/16 was a result of payments made to HM Treasury to exit the Housing Revenue Account Subsidy System.



59. The same considerations of affordability, prudence and sustainability to rent payers must be undertaken before additional investment is undertaken. Unlike the HRA, which has a debt cap of £316 million, there is no borrowing cap currently in place for the General Fund. The Council's borrowing requirement is managed in accordance with the Treasury Management Strategy approved by Council as part of the budget

### **Minimum Revenue Provision**

60. Where capital expenditure is paid for using borrowing, the Council must charge an amount to future revenue budgets for the eventual repayment of that expenditure. This spreads the cost of capital expenditure incurred now and historically, to future revenue budgets. The Council's policy to providing prudent provision is approved annually as part of the Budget Report and was considered by Audit Committee in November 2016, particularly in relation to the approach taken for any borrowing costs supported by WG as part of the revenue budget settlement.
61. Every authority's circumstances may differ and this will result in different approaches. However, it is important that a range of factors, specific to local authority circumstances are considered in determining a long term prudent approach. This could include:-
- Capital expenditure in terms of asset life and the period over which benefits will be spread
  - The efficacy of our approach and revenue resources to maintain assets
  - The Well-being of Future Generations (Wales) Act 2015
  - Consistency with the future direction of level of capital expenditure
  - Impact on Financial Resilience
  - WG Guidance
62. Welsh Government are reviewing their guidance and approach to supported borrowing within the Local Government Settlement and this will need to be kept under review.

### **Revenue Budget and MTFP Impact**

63. The Council's revenue budget makes no allowance for increasing the level of additional borrowing further. The Capital Financing revenue budget includes the costs of interest and a provision for repayment of historic expenditure. The latter is based on WG guidance and the Policy is approved by Council as part of the budget. Based on assumptions included in the 2018/19 budget, this is forecast to increase over the medium term and is now bigger than some directorate net expenditure budgets.
64. The proportion of the Council's controllable budget that is spent on capital financing has increased over recent years, with forecasts shown below:-

<b>Capital Financing Costs expressed as percentage of Controllable Budget</b>			
	<b>2011/12 Actual %</b>	<b>2022/23 Estimate %</b>	<b>Diff 2011/12 – 2022/23 (%)</b>
Net capital financing budget	13.47	16.65	23.61
Gross capital financing budget	15.17	24.62	62.29

65. Continuing to increase the amount of borrowing will have a consequential increase on the capital financing budget within the revenue account. In general terms, each £1 million of capital expenditure funded by borrowing, costs £65,000 in the initial years of the revenue budget and that is assuming a very long asset life of 25 years. In most cases, the types of schemes being undertaken by the Council mean that asset life is lower and so the annual cost of additional borrowing will be higher.

### **Capital Receipts – Disposal Strategy**

66. The Council's Corporate Land and Property Management Plan approved by Cabinet in February 2018 sets out the approach to managing the Council's property assets. It is clear that within this financial climate of reducing revenue resources, all necessary actions must be taken to reduce both initial capital expenditure and by accelerating a reduction in the Council's asset base within a limited timeframe.
67. Capital receipts are important to increase the affordability of the Capital Programme, however, the actual realisation and timing of capital receipts is relatively unpredictable given the number of variable factors involved. The budget assumes non-earmarked net capital receipts of £40 million, a significant increase on previous years. This includes:
- £4 million for commitments made in the 2017/18 five year capital programme
  - £11 million commitments for new capital schemes and grant match funding over the period 2018/19 – 2022/23 approved by Council
  - £25 million towards the 21<sup>st</sup> Century Schools (Band B) model
68. Such significant levels of capital receipts need to be supported by a clear, approved strategy for their realisation and timing. To do otherwise is a significant risk to the Council's borrowing requirement and future revenue budget. Accordingly, the Council's approach to delivery of capital receipts is to be set out in a disposal strategy developed by Strategic Estates and considered by Cabinet in October 2018. In setting the target for capital receipts, it was recognised that earmarking would need to be limited, with the priority being to pay for schemes in the existing capital programme. Any shortfall in the £40 million target would necessitate a review of the affordability of the current programme. Should receipts exceed £40 million over the period, it is intended that they would be used to repay debt rather than to take forward

further new commitments although this would be subject to review at the relevant time.

### **Invest-to-Save**

69. Examples of proposed capital investment to be paid for from borrowing on an invest-to-save basis are shown in Appendix 5. It includes investment in 21<sup>st</sup> Century Schools and essential health and safety improvements in schools. Invest-to-Save schemes are assumed to be net neutral on the capital financing budget. However, there are risks that the level of income, savings or capital receipts anticipated from such schemes will not materialise and would have a detrimental long-term consequence on the revenue budget. Accordingly, these represent an additional risk to borrowing levels and affordability, which requires robust due diligence and risk assessment of business cases before approval as well as ensuring any such schemes are essential to be undertaken by the Council to meet strategic objectives.

### **Developing the Capital Programme 2019/20 to 2023/24**

70. Borrowing has long-term financial consequences and costs span generations. Accordingly, previous advice for development of budget strategy in terms of the capital programme remains even more relevant.

*“Particular Attention needs to be given to the medium and long term impact of additional borrowing on the Council’s revenue budget, as it is clear that continuing to increase levels of additional borrowing within the General Fund is not consistent with the significant level of savings to be found” – S151 Officer*

*“Within this financial climate of reducing revenue resources all action necessary must be taken to reduce both initial capital expenditure and the subsequent need to borrow.”*

71. The Council must consider the consequences of increasing borrowing along with:-
- The Prudential Indicators highlighting longer term impact of capital decisions on the revenue budget and affordability, prudence and sustainability
  - Control mechanisms for different types of unsupported borrowing before approval
  - Whether the inherent risks in a project are better managed via commercial options rather than direct Council investment
  - The key long term strategic priorities for the city for which investment to be funded by additional borrowing is to be approved
  - Risk appetite and due diligence, where commercial or non-treasury investments are proposed.
72. In updating and formulating the five-year Capital Programme for 2019/20 to 2023/24, emerging pressures should be managed and prioritised where

possible within the resources allocated in the 2018/19 and indicative future Capital Programme. As mentioned earlier, the capital financing budget in the MTFP does not make any allowance for additional borrowing. The approach to formulating the investment priorities will be as follows:-

- Directorates consider whether existing commitments remain essential or can be reduced / deferred
- Determine the affordability of the existing programme following the Cabinet Report on generation of capital receipts
- Any other expenditure requests to be considered in the context of external funding or robust invest to save business cases
- For 2023/24, the new year covered by the 2019/20 – 2023/24 programme, funding requests to undertake additional borrowing will only be considered where they relate to Asset Renewal for existing assets to be retained
- HRA investment to remain within the legal cap and business plan affordability modelling, with new build schemes subject to individual viability assessments.
- All investment to be in accordance with Directorate Asset Management Plans, Capital Ambition delivery programme and :-
  - be evidence based
  - be risk prioritised
  - have considered all alternative solutions for funding and achieving the same outcome before request for council funding
  - demonstrate value for money in expenditure and approach to delivering outcomes.

73. There are also emerging capital expenditure and wider financial implications of major projects either being or planned to be undertaken by the Council that need to be developed as part of a longer term budget strategy process rather than on an ad-hoc basis. Examples are:-

- New Public Services Hub
- Economic regeneration initiatives such as indoor arena
- Transport Strategy
- Clean Air Zones
- Electric Vehicle Charging
- The Metro as it impacts on Cardiff Council aspirations
- Heat Network

74. It is essential that due diligence is undertaken on business cases for such projects, with sourcing of external expertise where relevant to support decision making and to understand key risks and any financial liabilities that could arise from such investment. The taking forward of those projects must also consider whether investment needs to be made by the Council and cannot be better made by or together with others.

## **Financial Resilience**

75. Given the scale of the financial challenge and the risks that have been identified in previous sections, it is important to undertake regular review of the Council's financial standing and resilience. Key challenges in respect of financial resilience include:
- The need to continue to deliver significant levels of savings during a period of prolonged austerity.
  - The impact that delays to the delivery of savings proposals has on the budget monitoring position.
  - The cumulative impact of achieving 2018/19 savings in addition to the unachieved 2017/18 savings which remain to be realised.
  - The increasing ratio of capital financing charges as controllable budgets reduce, which impacts on the relative affordability of the capital programme.
76. The financial resilience snapshot included at Appendix 6 provides a high-level overview of the financial health of the Council at the time of setting the Budget Strategy for 2019/20. Financial snapshots are produced at intervals during the year and are designed to provide an overview of the Council's financial resilience through consideration of key past, present and future information. The current snapshot reflects information contained in the draft Statement of Accounts 2017/18, the 2017/18 Outturn Report, the risk profile of 2018/19 savings and the budget strategy reflected within this report.
77. The first column looks at past information, including trends over recent years. It provides important context to the information contained in the two subsequent columns. The challenges associated with the way in which the Council is funded and the cumulative level of savings over recent years have already been covered in previous sections and while they are not repeated here, they are an important part of the overall picture on financial resilience.
78. Reserves are also an important part of financial resilience. In times of uncertainty they provide a financial cushion and help to ensure a healthy cash position. The first column of the snapshot sets out changes in the levels of the Council's Reserves over the past four financial years. The unaudited accounts show that the level of the Council's General Reserve as at 31 March 2018 was unchanged on the previous year at £14.3 million. As a proportion of net revenue expenditure there has been a slight reduction from 2.47% as at 31 March 2017 to 2.43% as at 31 March 2018. Whilst 2017/18 comparator information is not yet available, this remains below the Welsh average as at 31 March 2017.
79. The snapshot shows an increase in earmarked reserves during 2017/18 from £59.3 million as at 31 March 2017 to £61.8 million as at 31 March 2018. As percentage of the Council's net budget, the balance is still in the region of 10% of total net budget. Part of the increase in earmarked reserves relates to a top-up made to the strategic budget reserve at the end of 2017/18. This was made in order to improve resilience by supporting the budget process over the medium term period. As noted in earlier sections the balance on this

reserve will assist in covering the planning assumptions on use of reserves that is contained within the 2019/20 Budget Strategy.

80. Whilst all earmarked reserves theoretically improve financial resilience, there are some that have a particular focus on resilience, which account for a significant component of the overall balance. These include the £6.5 million insurance reserve and the £7.3 million employee changes reserve. The latter will support the funding of voluntary redundancy costs over the medium term.
81. The first column also looks at financial ratios. Whilst these can be used to support benchmarking, scrutiny and challenge of finances, there are risks inherent in making such comparisons and care should be taken in doing so. It should be remembered that balance sheet data is taken at a point in time, and that accounting and other balances within a Council's accounts can skew comparisons.
82. The ratios provided in the Financial Snapshot are based on the Council's single entity Statement of Accounts and several show little change between 2017/18 and 2016/17. One of those that has changed is Working Capital as a percentage of Gross Revenue Expenditure. This indicator measures the authority's ability to cover existing expenditure from working capital (current assets less current liabilities). Whilst Local Authorities are protected to a degree, given their ability to obtain short-term borrowing, this measure acts as an indicator of how an authority manages its short-term finances. The inference of year-on-year increases in this ratio is that the Council continues to improve its position to cover day-to-day expenditure.
83. Another increase can be seen in the Usable Reserves as a percentage of Gross Revenue Expenditure Ratio. This measure indicates the level of funds the Council is retaining for future plans and unforeseen expenditure, relative to its expenditure. This increased from 11.48% to 13.28% between 2016/17 and 2017/18. This partly reflects the fact that, as already outlined above, the year-end position allowed the Council to increase the level of reserves for use in connection with future demands and in support of budget strategy, thereby improving the Council's financial resilience. However, it should also be noted that the definition of usable reserves for the purposes of this ratio, includes capital receipts. As such, the annual increase in this indicator is also attributable to several asset disposals that were made in 2017/18. These generated capital receipts that formed part of usable reserves at year-end. The receipts will be used in support of the capital programme moving forward.
84. Council tax as a percentage of taxation and non-specific grants has been incrementally increasing over the four year period shown. This is to be expected in the current financial climate given that AEF has seen real term reductions over a number of years.



85. The middle section of the snapshot outlines the 2017/18 outturn position and the level of savings achieved in 2017/18. The snapshot shows that the 2017/18 outturn position was balanced overall, but with a £4.9 million overspend at a directorate level. This was offset by the Council's £3 million general savings contingency along with underspends in others areas such as insurance and the Council Tax Reduction Scheme.
86. The delivery of delayed savings in addition to those included in the 2018/19 Budget is a key area of risk that will be monitored closely as the year progresses. The 2018/19 Budget wrote out £306,000 of prior year savings deemed to be unachievable and realigned particular pressures in relation to Social Services which were a significant factor in the £4.9 million directorate overspend. The achievability risk associated with 2018/19 savings is set out at the foot of the middle column on the snapshot. Monitoring of savings has already commenced in the current year, with regular consideration at Senior Management Team and timetabled discussion with Cabinet Members. As the year progresses, further iterations of the snapshot will reflect the in-year monitoring position, setting out the position on achievement of in year savings.
87. The final column summarises the contents of this report and the future financial challenge that faces the Council. The challenge, which is significant in itself, is amplified by the context summarised in the preceding columns of the snapshot.

## Risk

88. The risk assessment carried out as part of 2018/19 budget preparation identified a number of financial and operational challenges over the medium term. These risks remain relevant and most have already been discussed during the course of this report. The table on the next page summarises the key challenges. These will need to be kept under careful review as the budget process progresses.

Area	Key Challenges
Demand Pressures	<ul style="list-style-type: none"> <li>Increased volume and complexity of demand in social services</li> <li>Increasing pupil numbers both generally and in relation to Additional Learning Needs budgets</li> <li>The potential impact of welfare reforms including the roll out of Universal Credit in Cardiff</li> </ul>
Pricing Pressure	<ul style="list-style-type: none"> <li>The expectation that inflation will remain at or above 2%</li> <li>The exceptional price inflation already being experienced in some areas as a result of the National Living Wage and other pressures</li> <li>The impact of pay award over the MTFP following the easing of the 1% public sector pay cap</li> </ul>

<b>Funding Uncertainty</b>	<ul style="list-style-type: none"> <li>• The potential for negative redistributive impacts within the formula</li> <li>• Recent volatility and uncertainty in relation to specific grants and transitional arrangements</li> <li>• Increased potential for changes between the provisional and final settlement as a result of the timing of the UK budget</li> <li>• The intention of WG to revisit reform of Local Government Finance in Wales</li> <li>• The potential requirement to address significant specific grant reductions at short notice where these are integral to the functions of the Authority</li> </ul>
<b>Capital Pressures</b>	<ul style="list-style-type: none"> <li>• Increased pressure on the revenue budget as a result of additional borrowing undertaken in previous years, which affects the ability to take forward new schemes</li> <li>• Pressure on scarce resources due to the condition of property and infrastructure assets</li> <li>• The increasing financial exposure of the Council in relation to the development of the 21<sup>st</sup> Century Schools Band B Programme and Cardiff Capital Region City Deal</li> <li>• The potential for capital schemes predicated upon income generation failing to do so</li> <li>• The need to realise capital receipts in support of the existing programme – net target of £40 million</li> <li>• The current five year programme assumes that no additional expenditure funded by borrowing will be undertaken unless it is self-financing</li> </ul>
<b>Resilience</b>	<ul style="list-style-type: none"> <li>• The need to continue to deliver significant levels of savings during a period of prolonged austerity.</li> <li>• The impact that delays to the delivery of savings proposals has on the budget monitoring position.</li> <li>• The cumulative impact of achieving 2018/19 savings in addition to the unachieved 2017/18 savings which remain to be realised</li> <li>• The increasing ratio of capital financing charges as controllable budgets</li> <li>• The ongoing impact of the past reduction in headcount that has taken place over an extended period</li> </ul>

### Reasons for Recommendations

89. To seek Cabinet approval for the Budget Strategy in respect of 2019/20 and the MTFP.
90. To note the Budget Timetable Framework and forward this to Council for approval.
91. To seek approval to request expressions of interest from officers in respect of the voluntary redundancy scheme.

## **Legal Implications**

92. It is the responsibility of the Cabinet to receive financial forecasts and develop a medium term financial strategy with a view to proposing a Budget for the Council to approve. The report highlights the seriousness of the financial challenges ahead. As stated in the body of the report, it is important that members take note of the statements made by the Section 151 Officer in this regard.
93. There are no general legal issues arising from the report. Specific legal issues will be addressed as part of the proposed budget preparation.
94. The report provides that the proposed Budget Timetable framework for 2019/20 will make provision for consultation. It is important to note that consultation raises the legitimate expectation that any feedback received from the consultation will be taken into account in developing the proposals consulted upon.
95. In considering this matter and developing the budget proposal regard must be had to the Council's duties under the Equality Act 2010 and appropriate steps taken to ensure that i) the Council meets the requirements of the Public Sector Equality Duties; and ii) due regard as been / is taken of the likely impact of decisions in terms of equality and discrimination.

## **Financial Implications**

96. The report sets out the Budget Strategy for 2019/20 and the medium term. It is written in a period of prolonged financial constraint and economic uncertainty. It outlines a likely budget reduction requirement of £91.4 million over the next three years, of which £34.2 million relates to 2019/20. The budget gap and the assumptions that underpin it will need to be kept under review as the year progresses.
97. The report sets out the strategy for addressing the budget reduction requirement. Collectively, a 30% cap on schools (non-pupil number growth), a 4.3% council tax increase and £1.5 million use of reserves (reducing to £750,000 in 2021/22) will contribute £25 million to the budget reduction requirement, leaving a savings requirement of £65 million. Further refinement of 2019/20 savings will take place over the summer to enable public consultation on proposals once the 2019/20 funding position is confirmed by provisional settlement in October 2018.
98. The Council has identified £160 million in savings since 2013/14. The £65 million savings requirement indicated in the current strategy will add to this quantum. Delivering savings of this scale over a sustained period is extremely challenging. In circumstances such as these, careful monitoring of financial controls and financial resilience will continue to be extremely important. Due diligence and acceleration of planning and preparatory work will be important in aiming to improve the achievability rates of savings.

99. The financial resilience snapshot at the time of this report shows that earmarked reserves have increased during 2017/18. This improves the Council's financial resilience generally, as reserves provide a financial cushion. More specifically, one of the increased reserves was the Strategic Budget Reserve. This will assist with the challenging medium term position and is used as part of this budget strategy. Whilst the 2017/18 outturn position was balanced overall, there was an overspend of £4.982 million at a directorate level. This was offset by the use of the £3 million general savings contingency and underspends in corporate areas such as insurance and council tax reduction scheme. Delivery of delayed 2017/18 savings in addition to planned 2018/19 savings will require close monitoring and this has already begun.
100. The report models a worse-case scenario of £41.4 million for 2019/20 and £115.4 million over the medium term. The variables that contribute to this potential worsening are the potential for higher pay awards, less favourable funding settlements and higher TPS contributions than currently assumed within the plan. The Council has a financial resilience mechanism that would enable it to withstand one funding reduction of 1% worse than covered by the MTFP without having to resort to identifying additional savings at short notice. Thereafter, funding reductions that deviate from 1% would require a review of the strategy.
101. The report sets out that the position in respect of capital is equally challenging. The capital programme currently relies on £40 million capital receipts. Cabinet will receive a report in October regarding how and when these will be delivered. This could result in a need to review the affordability of the existing programme. The MTFP currently assumes there will be no further additional borrowing over and above that which is already assumed in the Capital Programme approved in February 2018. Any additional borrowing for 2023/24, the new year covered by the 2019/20-2023/24 programme should only be considered where it relates to asset renewal on existing assets that the Council intends to retain. All other funding requests will need to be considered in the context of external funding or robust invest-to save business cases. It is also essential that capital expenditure and wider financial implications of capital projects are factored into longer term budget strategy.

### **HR Implications**

102. The report outlines the UK and Welsh contexts under which the budget is being set together with the continued financial challenges faced by the Council in balancing reducing finances with increasing demands. The Council will continue to review the shape and scope of the organisation and the way in which services are delivered and efficiencies achieved. New service delivery models will need to meet demand pressures and reflect budgetary realities alongside securing further efficiency savings through better collaboration and partnerships, integration of service delivery and reducing duplication of effort and resources.

103. Given the level of savings required in 2019/20 and beyond, it will be key that the savings proposals identified are robust and deliverable. The extent of financial challenge in a continued period of restraint will result in savings targets for controllable budgets which will be considerably challenging and will result in significant changes to how local government services are delivered. The availability of resources to support the delivery of these radical and sustained changes will be key.
104. Whilst it is not possible to provide specific HR implications on any changes at this time, it is clear that the ongoing budget difficulties will continue to have significant people implications associated with actions necessary to manage the financial pressures facing the Council. As service delivery proposals are brought forward, there will be consultation with employees (those directly and indirectly impacted) and the Trade Unions so that they are fully aware of the proposals, have the opportunity to respond to them and understand the impact that the new model of service will have on them. Further and specific HR implications will be provided when relevant models are proposed. Any proposed reductions in resource levels will be managed in accordance with the Council's recognised policies for restructuring which include, where appropriate, redeployment and voluntary redundancy.
105. The Council's Voluntary Redundancy Scheme is always available however, following this report it will be widely publicised to employees. Whilst those interested in leaving on this basis (with a post subsequently deleted) should express an interest to do so, a business case to support the exit will still need to be made and signed off. Flexible retirement continues to be another option available and a Sabbatical policy is in place as well as ability to request voluntary reductions in working hours. Training and development to support new skill requirements will remain available in order to place employees in the best possible position for potential redeployment.
106. Initial Trade Union consultation has taken place on this report. A Trade Union Partnership Meeting has been established and will meet on a monthly basis to facilitate early discussion with Trade Unions on key organisational proposals, with more detailed discussion continuing with employees and trade unions at local directorate level. It is essential that there continues to be appropriate consultation on proposals that are taken forward, as and when they are developed. This could include early proposals which are required to be implemented in preparation for the 2019/20 financial year. Many of these will have people implications that will need to be considered at an early stage in consultation with the Trade Unions and employees affected.
107. There will be employee engagement events during the autumn with the Leader of the Council and the Chief Executive that will include the budget strategy on the agenda as well as the developments within the Council around service delivery.

## **RECOMMENDATIONS**

The Cabinet is recommended to:

- (1) Agree the budget principles on which this Budget Strategy Report is based and the approach to meeting the Budget Reduction Requirement both in 2019/20 and across the period of the Medium Term Financial Plan. Whilst recognising the objectives set out in Capital Ambition.
- (2) Agree that directorates work with the relevant Portfolio Cabinet Member, in consultation with the Corporate Director Resources and Cabinet Member for Finance, Modernisation and Performance to identify potential savings to assist in addressing the indicative budget gap of £34 million for 2019/20 and £91 million across the period of the Medium Term Financial Plan.
- (3) Delegate to the Chief Executive, in consultation with the Leader and Cabinet Member for Finance, Modernisation and Performance, the authority to implement any saving proposal in advance of 2019/20 where no policy recommendation is required or where a policy decision has already been taken.
- (4) Agree that the Council indicates to Joint Committees and to bodies which raise precepts and levies on the Council, the level of the financial challenge facing the Council, and that this be taken into consideration when they are developing their own financial plans but still within the framework of the objectives set out in Capital Ambition.
- (5) Delegate to the Corporate Director Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, the authority to identify an alternative budget reduction requirement upon receipt of further clarification in respect of Welsh Government funding.
- (6) Delegate to the Corporate Director Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, the authority to amend the Budget Strategy, if this amendment does not significantly depart from the underlying principles. Any requirement to depart significantly from these principles would require a further Budget Strategy Report to Cabinet.
- (7) Agree that the Council seeks expressions of interest from officers in respect of the voluntary redundancy scheme by 14 September 2018.
- (8) Propose that Council agree that the Budget Timetable Framework set out in Appendix 2 be adopted and that the work outlined is progressed with a view to informing budget preparation.
- (9) Agree that there will be a two stage process in relation to public consultation on 2019/20 proposals. This will commence with the Ask Cardiff Survey including a section on general budget themes, followed by more detailed consultation on 2019/20 proposals later in the Autumn, once there is further clarity on the 2019/20 funding position.

**CHRISTINE SALTER**  
**Corporate Director Resources**

12 July 2018

*The following appendices are attached;*

Appendix 1 - Budget Strategy Frequently Asked Questions

Appendix 2 - Proposed Budget Timetable Framework 2019/20

Appendix 3 - Key Assumptions underpinning the MTFP

Appendix 4 - Capital Strategy as part of Budget Strategy

Appendix 5 - Key Schemes within the 2018/19 – 2022/23 Capital Programme

Appendix 5 - Appendix 6 - Finance Snapshot – Financial Resilience

### **Background Documents**

2018/19 Budget Report – February 2018

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# Budget Strategy Report 2019/20 - Question and Answers

## Revenue Budget

### What is this about?

- This is a brief overview of the Council's 2019/20 Budget Strategy Report, which you can view in full online.

### What are things looking like?

- In two words, uncertain and challenging

### What are the uncertainties?

There are many, but here is a flavour:-

- **General Grant Funding** - the general grant we receive from Welsh Government (WG) accounts for 72% of how we fund our budget. We have an early indication of what this may be next year at an All Wales level although this may change. Individual Councils will not have funding figures until October 2018 and these will not be finalised until December 2018.
- **The UK Budget** - this is now held in the autumn. This increases the likelihood for changes to funding between WG's initial announcement in October and finalisation in December.
- **BREXIT** - we don't yet know what terms the Government will secure and how these will affect the economy.
- **Welsh Local Government Reform and Local Government Finance Reform** - what will this mean for the future shape of Councils and their financing?

### What are the challenges?

Again, there are many but here is an overview:-

- **Cost Pressures and Funding Reductions** - the Council is still facing significant cost pressures over the next few years. These pressures are partly inflation related, e.g. pay awards and external providers increasing their prices. They are also demand related, for example, increasing pupil numbers and the well-publicised pressures on social services that are being experienced UK wide. In addition, we believe that funding will continue to reduce but we don't yet know by how much. The combination of funding reductions and financial pressures creates a "budget gap." In other words, our expected need to spend exceeds the level of funding we believe we will have and so we need to bring the two back into balance.
- **The extended period of financial challenge** - every year, balancing the books becomes harder because so much of the budget has already been reduced - £145 million savings over the past five years with another £14 million in the current year.
- **The shape of our budget** - two areas of the budget that are under demand pressure – schools and social services – account for 65% of the Council's budget. This means the squeeze on other areas is even harder.

### How much is the Budget Gap?

- The budget gap is estimated to be **£34 million in 2018/19 and £91 million over the next three years.**

2019/20 £m	2020/21 £m	2021/22 £m	Total £m
34.2	27.5	29.6	91.3

### So how will the Council bridge this gap?

- The Council's plan to address the gap is set out in its Budget Strategy
- The four things the Council can consider to address the gap are 1) increase council tax 2) use reserves 3) limit schools growth 4) make savings.
- The Budget Strategy is about deciding the right mix. To do this we need to balance the Council's priorities as set out in the Corporate Plan and Capital Ambition document, with risk and the Council's long-term financial resilience.
- This is the strategy as outlined in the Budget Strategy Report:-

	2019/20 £m	2020/21 £m	2021/22 £m	TOTAL £m
<b>Budget Strategy</b>				
Limit Schools Growth - @ 30%	2.8	2.2	1.9	6.9
Council tax at 4.3%	5.8	6.0	6.3	18.1
Use of Earmarked Reserves	1.5		(0.8)	0.7
Savings	24.1	19.3	22.2	65.6
<b>Total Strategy</b>	<b>34.2</b>	<b>27.5</b>	<b>29.6</b>	<b>91.3</b>

£3.75m in total over 3 years

**This is a cap not a cut.**  
Schools will receive +£21m

To be kept under review

### Savings

- Savings form the largest component of the strategy at £66m over the three-year period – this will be a huge challenge in view of the significant levels of savings already found.
- The Council is reviewing and challenging all areas of the budget and work on the detailed development of 2019/20 proposals will continue over the summer months.
- Taking into account the significant levels of savings that have already been found over an extended period, the reality is that it is no longer possible that all savings will be achievable without impact on services, though every effort will be made to minimise any such impacts.
- Although the immediate focus must be on delivering savings for 2019/20, directorates are also considering in broader terms how to address savings requirements for 2020/21 and 2021/22.

### How can I have my say?

- The Council is open and honest about the difficult choices it faces.
- Over the summer you can have your say by responding to budget-related questions in the "Ask Cardiff" survey.
- In the autumn, there will be a more detailed consultation, once there is a clearer picture on funding.

**What if funding reductions are worse than planned?**

- We have assumed that funding will reduce by 1% and that is reflected in our budget gap.
- The Council could withstand a further 1% reduction by using a budget we would otherwise use for one-off investment. This budget was set up to protect the Council from future funding uncertainties.

**What next?**

- We will continue to keep the budget gap under review – things change quickly and regular review is an important part of being prepared.
- General consultation on budget themes will take place during the summer
- Directorates will refine their work on the 2019/20 position during the summer
- Detailed consultation on budget savings proposals will take place in the Autumn, once 2019/20 funding levels have been announced
- Whilst immediate focus will be on developing a robust position for 2019/20, work on addressing savings requirements for 2020/21 and 2021/22 will run in parallel but will be in broader terms at this stage

## The Capital Programme

**What is capital?**

- Capital expenditure refers to acquiring or improving assets for the long term. The way the Council can fund this type of expenditure is different to revenue.
- The capital programme sets out our expenditure plans and how we will pay for them over a five year period

**What is the picture on Capital?**

- To fund new capital spend, we must either sell existing assets or borrow. Borrowing places pressures on the revenue budget - debt must be repaid with interest.
- The need to maintain our essential buildings and highways as well as to address corporate priorities places pressure on the capital programme.
- Replacement of schools buildings, regeneration of the city and sustainable transport initiatives also place pressure on the programme.

**How will the capital programme be updated?**

- The approach is to focus on looking after our existing assets – the need to spend must be evidence based and prioritised by risk.
- Any new capital expenditure pressures that do not relate to existing assets that we intend to keep should only be considered if they can be funded externally, or if there is clear evidence that they will pay for themselves (invest to save).
- There will be a need to review the resources assumed to be available in paying for the expenditure

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## PROPOSED BUDGET TIMETABLE FRAMEWORK 2019/20

Date	Budget Strategy
July 2018	Budget Strategy Report considered at Cabinet
	Budget Strategy Report considered at Council
July-September 2018	Directorates develop further detail on 2019/20 budget proposals Directorates develop shape of 2020/21 and 2021/22 proposals
September	Senior Officer Meetings to scrutinise detailed 2019/20 budget proposals
October 2018	Provisional 2019/20 Settlement received
October/ November 2018	Further work on later years of MTFP
November /December 2018	Consultation on 2019/20 draft budget savings proposals
December 2018	Cabinet approval of Council Tax Base
	Final Budget Settlement received
January 2019	Fine-tuning of budget proposals and consideration of medium term financial plans
February 2019	Approval of Corporate Plan and Budget

In addition, throughout this period there will be continued involvement and consultation with council tax payers, the grants sector, the Budget Forum, Scrutiny Committees, Trade Unions, employees and statutory consultation with schools

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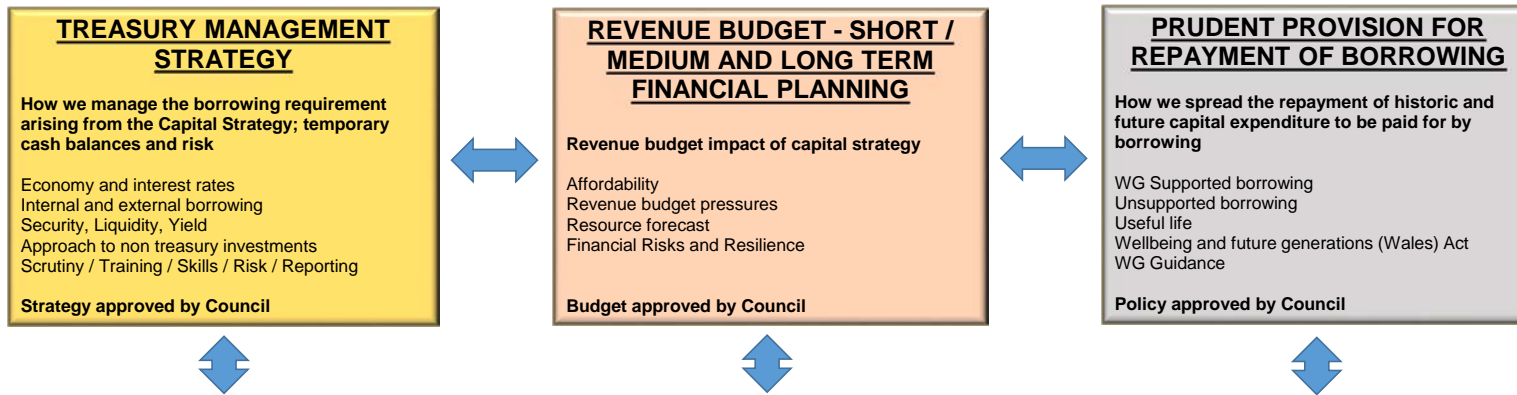
## Key Assumptions Underpinning the MTFP

Plan Area	Pressures covered and key assumptions
<b>Schools Growth</b>	<ul style="list-style-type: none"> <li>• Pay award - assumed 2% (teaching), agreed NJC pay award (non-teaching)</li> <li>• Incremental Drift - estimated cost of teachers' annual pay scale progression</li> <li>• Teacher's Superannuation – anticipated increase to employer's contribution rates following changes to the discount rate used to set employers' rates for unfunded public sector schemes</li> <li>• Pupil Number Growth - estimated annual growth re: rising pupil numbers</li> <li>• Other Growth - needs pressures e.g. additional learning needs budgets.</li> <li>• NDR - anticipated increases in rateable valuations associated with the development of the Schools Estate</li> </ul>
<b>Pay and Price Inflation</b>	<ul style="list-style-type: none"> <li>• Pay award for non-schools staff – in line with agreed pay award</li> <li>• Voluntary Living Wage – assumed the agreed pay award will lift all salary points up to (or above) VLW, pending announcement of rate in Nov 2018</li> <li>• Employer's Superannuation – maintains employers' superannuation contribution rates at 23.5% as set out in the 2018/19 Budget Report.</li> <li>• Exceptional price inflation – generally, directorates are required to absorb price inflation within existing resources. However, the MTFP allows for specific fee uplifts in areas deemed exceptional either due to the scale of the uplift or the quantum of the budget to which the increase applies.</li> </ul>
<b>Capital Financing, Commitments &amp; Realignments</b>	<ul style="list-style-type: none"> <li>• Capital Financing - figures reflect the cost of servicing debt based on the existing capital programme with no assumption of new schemes from 2019/20 onwards. It is assumed that schools will contribute capital financing costs associated with the 21<sup>st</sup> Century Schools Band B Programme</li> <li>• Commitments and Realignments – includes commitments in relation to Corporate Apprenticeships, the full and later year effects of pressures identified as part of the 2018/19 budget process and potential increases to the fire levy.</li> </ul>
<b>Non-Schools Demographic Growth</b>	<ul style="list-style-type: none"> <li>• Most growth in the area of social services. As well as growth in numbers, this reflects increasing complexity of demand.</li> </ul>
<b>Emerging Financial Pressures</b>	<ul style="list-style-type: none"> <li>• For financial resilience, the plan includes £3m p.a. in recognition that additional burdens may arise. The figures, which equate to approx. 0.5% of net budget, will be kept under review.</li> </ul>
<b>Reserve Funding</b>	<ul style="list-style-type: none"> <li>• The 2018/19 budget included £2.35 million use of reserves. The plan reflects the fall out of this sum in 2019/20.</li> <li>• Appropriate use of reserves for 2019/20 and beyond is considered in the Strategy section of this report.</li> </ul>
<b>Estimated 1% funding reduction</b>	<ul style="list-style-type: none"> <li>• Estimated annual reduction in AEF. Indicative minus 1% for 2019/20, no indicative figure beyond</li> <li>• Usually Cardiff's settlement is slightly above average due to particular population challenges. However, it is not considered prudent to pre-empt an above average settlement given the potential for distribution or other unexpected changes within the settlement</li> <li>• The Council's FRM budget is available to assist with funding settlements being worse than anticipated. This would cover a further 1% (in one year but not annually)</li> </ul>

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# Capital Strategy as part of Council's Budget Strategy



## CAPITAL STRATEGY

Risk	Governance	Prudential Code	Strategy	Process
<ul style="list-style-type: none"> <li>• Effective due diligence</li> <li>• Defining risk appetite</li> <li>• Approach to commercial investment</li> <li>• Proportionality of income from commercial investment</li> <li>• Financial Guarantees &amp; other long term liabilities</li> <li>• Approach to invest to save - Exposure / Restrictions / Limits</li> </ul>	<ul style="list-style-type: none"> <li>• Programme approval, monitoring, reporting and revision</li> <li>• Outcomes and measurement</li> <li>• Capitalisation policies</li> <li>• Capital Finance and accounting regulations compliance</li> <li>• Finance &amp; Contract Procedure rules compliance</li> <li>• Wellbeing and future generations (Wales) Act</li> <li>• Restrictions or limits on expenditure</li> <li>• Accountability</li> </ul>	<ul style="list-style-type: none"> <li>• Affordability - Indicators</li> <li>• Prudence - Indicators</li> <li>• Sustainability - Indicators</li> <li>• Exploring alternative sources of capital funding; timing and certainty</li> <li>• Asset life of expenditure</li> <li>• Revenue implications of new schemes (Operating and financing)</li> <li>• Prioritisation for use of borrowing</li> <li>• Approach to invest to save - Restrictions / Limits</li> </ul>	<ul style="list-style-type: none"> <li>• Council strategic and citywide objectives</li> <li>• External influences - WG, Economic, Regional working</li> <li>• Asset Management Plans - Stewardship of assets</li> <li>• Effective asset utilisation / disposal strategy</li> <li>• Approach to earmarking of capital receipts</li> <li>• Approach to working with external partners for benefit of residents</li> <li>• Longer term approach</li> </ul>	<ul style="list-style-type: none"> <li>• Option appraisal</li> <li>• Prioritisation of limited resources</li> <li>• Challenge / Review</li> <li>• Procurement and value for money</li> <li>• Delivery mechanism</li> <li>• Capacity / skills to deliver investment plans</li> <li>• Avoiding optimism bias to reduce slippage; avoid cost increase</li> <li>• Assessment of business cases</li> </ul>

Specific approval of Capital Strategy by Council as part of the Budget

S151 Officer to report explicitly on affordability and risk associated with the Capital Strategy. Where appropriate have access to specialised advice to enable them to reach their conclusions

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## Key Schemes within the 2018-19 to 2022-23 Capital Programme

Theme	Types of expenditure
Annual Sums	<ul style="list-style-type: none"> <li>• Disabled adaptations to allow people to remain in their homes</li> <li>• Highway infrastructure and property asset renewal</li> <li>• Neighbourhood regeneration</li> <li>• Parks asset renewal</li> <li>• Road safety; cycle and public transport network improvements</li> </ul>
Previously Agreed / Ongoing Schemes	<ul style="list-style-type: none"> <li>• Day Centre Opportunities Strategy</li> <li>• Facility to support victims and those at risk of domestic abuse</li> <li>• Whitchurch High School accessibility for disabled pupils</li> <li>• Bereavement Strategy</li> <li>• Western transport interchange</li> <li>• Completion of 21<sup>st</sup> Century Schools Band A programme</li> <li>• Economic development initiatives including Central Square public realm</li> <li>• Modernising ICT to improve business process</li> </ul>
New Capital allocation proposed in 2018/19 Budget	<ul style="list-style-type: none"> <li>• Neighbourhood renewal schemes</li> <li>• City Centre youth hub and Butetown pavilion</li> <li>• Additional asset renewal investment in existing assets, to support highway infrastructure, non-schools buildings, parks play equipment and waste infrastructure</li> <li>• Strategic cycle routes</li> <li>• Council contribution to support WG grant bids for coastal erosion, transport links and a targeted regeneration investment programme</li> <li>• Development of a household waste recycling centre in the north of the city</li> <li>• Council agreed contribution to CCRCD expenditure in accordance with profile approved by Regional Cabinet in January 2018</li> </ul>
External Grant and Contribution assumptions	<ul style="list-style-type: none"> <li>• 21<sup>st</sup> Century School Band A and Band B grant from WG</li> <li>• WG transport and road safety grants</li> <li>• Planning gain and other contributions received towards a range of schemes</li> </ul>
Invest to Save	<ul style="list-style-type: none"> <li>• 21<sup>st</sup> Century Schools Band A and Band B financial models</li> <li>• Schools property asset renewal, health and safety and additional learning needs</li> <li>• Council leisure centre investment as part of alternative service delivery</li> <li>• Loan to Cardiff City Transport Services Limited subject to approval of business case</li> <li>• New cemetery to increase burial space in the city</li> <li>• Building energy efficiency schemes</li> <li>• Lamby Way solar farm</li> <li>• Economic Development initiatives</li> </ul>
Public Housing	<ul style="list-style-type: none"> <li>• Improvements to garages, gullies and open spaces</li> <li>• Investment in existing stock to sustain Welsh Housing Quality Standards (WHQS)</li> <li>• High rise block upgrades</li> <li>• Sheltered accommodation remodelling</li> <li>• New affordable housing including land acquisition</li> <li>• Disabled adaptations</li> </ul>

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**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 September 2018**

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**WORK PROGRAMME 2018/19**

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**Purpose of the Report**

1. To seek Members' approval for the Committee's 2018/19 planned programme of work.

**Background**

2. In line with the requirements of the Council's Constitution and good scrutiny practice, each Scrutiny Committee sets its own work programme for the forthcoming year (Scrutiny Procedure Rule 7). The Committee is therefore tasked with constructing a work programme that ensures the time available to the Committee is used most effectively by considering items in a timely fashion that maximise the impact of scrutiny.

**Role of the Committee**

3. Members are reminded that the Committee's Terms of Reference confer upon it two distinct scrutiny roles. Firstly, an overarching responsibility to scrutinise, monitor and review the overall corporate performance and improvement of the Council. Secondly, to scrutinise, monitor and review the effectiveness of specific functions, such as the Corporate Planning and Improvement framework, the Capital Ambition Delivery Programme, Finance, ICT, Human Resources, Governance, Legal Services, Property, Procurement, Customer Services and the Public Services Board.

4. Within the new organisational structure the Committee’s responsibilities fall within three of the Council’s Directorates; as follows

- The Corporate **Resources Directorate** falls within the Committee’s remit in its entirety and comprises; Commissioning and Procurement; Finance; Human Resources; Digitalisation and Customer Services (including Corporate Complaints and Connect to Cardiff (C2C); Performance & Partnerships (including Bilingual Cardiff).
- The **Economic Development Directorate** includes Corporate Landlord, Strategic Estates (including both the operational and non-operational portfolios), Facilities Management and International Policy.
- The **Governance and Legal Services Directorate** falls within the Committee’s remit in its entirety and comprises; Committee & Members’ Services; Electoral Services; Equalities, Glamorgan Archives; Legal Services; and Scrutiny Services.

5. Full Council, on 21 June 2018, approved the following meeting dates for this Committee, which fall on a Wednesday, starting at 4.30pm.

<b>12 September 2018</b>	<b>13 March 2019</b>
<b>3 October 2018</b>	<b>10 April 2019</b>
<b>14 November 2018</b>	<b>8 May 2019</b>
<b>12 December 2018</b>	<b>12 June 2019</b>
<b>16 January 2019</b>	<b>3 July 2019</b>
<b>20 February 2019 (Budget proposals 2019/20)</b>	

The Committee will therefore meet a minimum of eleven times between September 2018 and July 2019, and must look ahead at possibilities for its forward work programme.

## Work Programming

6. The work programme, whilst constructed at the beginning of the municipal year, is updated and amended during the year in order to respond to urgent priorities, policy developments, and unplanned pre-decision opportunities. It also has to remain flexible and responsive in order to cover any urgent issues occurring throughout the year.
7. In June 2018, Members agreed to hold an informal work-programming forum of the Committee. This informal forum discussion took place following formal Committee on 11 July 2018.
8. Prior to the informal work programme forum all Council Members were invited to put forward suggested topics and issues they wished to be considered for the Committee's forthcoming work programme. These were collated and circulated to Committee Members in advance of the forum.
9. During the informal forum discussion, Members had a further opportunity to put forward ideas, and requested to submit final suggestions by 20 July 2018. The Committee agreed that the Scrutiny Officer, in liaison with the Chair, capture Members views expressed during the informal work-programming forum, continue research and discussions with senior officers, complete the list of possibilities, and circulate for Members to prioritise during the summer.
10. Therefore, the list attached at **Appendix 1**, including the Chair's indicative RAG assessment of priorities, was circulated on 24 July, titled 'PRAP Work Programming 2018/19', inviting Members to comment on the initial RAG assessment, and indicate in the last column if they considered the assessment should change, thus influencing the content of the Committee's work focus.
11. Members will recall that an item rated RED would be prioritised for committee time; rated AMBER the Committee would *aim* to programme; and rated GREEN was *unlikely* to be programmed, due to a lack of available Committee time.

12. To ensure effective scrutiny a maximum of three items are routinely programmed for each meeting. Discounting September and February meetings, the Committee can therefore consider a maximum of 27 items over the remaining nine meetings.
13. Where the scrutiny requires a more in depth approach then it will take place in the form of a task and finish group informally outside of Committee. The Committee has identified three possibilities, Facilities Management, Scrutiny Impact and Savings Resilience.
14. In previous years, the Committee has established a Performance Panel with a remit to monitor performance, consider specific performance reporting developments and issues. For example, in 2018 the Panel sat to give more in depth consideration to the Councils approach to target setting within the Corporate Plan.
15. The prioritised topic list has been developed into a draft of how the Committee's work programme might look should Members decide to go ahead with topics as identified and prioritised. This draft programme, attached at **Appendix 2**, will need to allow flexibility for inevitable additional items over the year and revisions to the Cabinet Forward Plan. It will therefore be updated throughout the year to ensure that scrutiny focus remains in line with the ambitions of the Council and thereby adds value to the Council's service improvement agenda.
16. In the interests of better public engagement, going forward the Committee's Forward Plan will be published on the Council website. It will be refreshed on a quarterly basis and look ahead a minimum of 4 months.

## **Way Forward**



17. Members are invited to discuss and agree priorities, and whether any amendments are required, prior to circulation of the final programme.
18. Members will have the opportunity to reflect on possibilities identified for task and finish work, steer an appropriate scrutiny approach, and express an interest in topics identified.
19. In addition, Members may wish to consider whether to continue with the Committee's Performance Panel for 2018/19.

### **Legal Implications**

20. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

21. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications

at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATIONS**

The Committee is recommended to agree its work programme for 2018/19, including:

- i. The Draft Work Programme at Appendix 2 becomes the outline work programme for the Committee, notwithstanding matters that arise throughout the year that are unknown to the Committee at this point in time.
- ii. Note that the work programme will be updated on a quarterly basis
- iii. The continuation of a Performance Panel and membership.
- iv. The Chair circulates the final Work Programme for 2018/19 to all Committee members and stakeholders.

**DAVINA FIORE**

Director Governance & Legal

6 September 2018

**PRAP Work Programming 2018/19 – possibilities**

**Appendix 1**

Members are invited to comment on the Chair’s initial RAG assessment. Please indicate in the blank column if you disagree. The final draft will be agreed by Committee in September 2018.

Red = Definitely programme; Amber = Aim to programme; Green = unlikely to be programmed due to time constraints.

Proposed Item	Timing	Priority	
○ Performance Scrutiny – Monitoring and Management Performance Panel? – Q1-4, Development work	Sept/Dec/March/June		
○ Partnership Scrutiny – PSB Annual Report 2018/19	June/July		
○ Workforce Strategy - Action Plans.	Jan		
○ Employee Health and Well-being programme – in-depth scrutiny, particularly Occupational Health performance	TBA	R/A	
○ Sickness Absence – Action Plan progress report- End of Year Review	Sept June/July		
○ Property Disposal Strategy	Oct/Nov		
❖ Public Services Hub, Callaghan Square FBC	Nov/Dec		
❖ City Historic Buildings assets - Business Plan (maintenance) City Hall – FBC	Oct - joint interest with E&C	A/G	
➤ Recruitment portal - will be tendered in the autumn for implementation by May 2019.	Nov/Dec		
➤ Improvement – WAO Annual Well-being report	Oct		
➤ Communications Strategy/branding/reputation - Social Media	TBA	A/G	

➤ WAO Review of Scrutiny – Fit for Purpose	Sept/Oct		
➤ Corporate Plan 2019-2022	Dec/Jan Feb		
➤ WCFG Act – how well is the Council embracing the Act?		R/A	
➤ GDPR – how is the Council resourced to deal with GDPR/ what challenges does it present?	Pre budget		
➤ E-Billing – Campaign to increase take-up. Link to Digital Strategy.	April		
➤ Digital Uptake –See above. Paperless Council Tax Bills	April		
➤ Virtual Assistant -ChatBOT - Artificial intelligence, online customer support	Jan (pilot)		
➤ Budget Proposals 2019/20	Feb		
➤ Budget Monitoring M3,6,9,12 (outturn)	Oct/Dec/Feb/July		
○ Corporate Land & Property Management Plan 2019/20	Feb/March		
❖ Health & Safety / Independent Review of electrical faults identified in Cardiff's schools estate. What did independent reviewer appointed to conduct the review consider went wrong? Who has been held accountable/responsible? What actions have been put in place to prevent from occurring again? <i>Cllr Bale</i>	Link to above		
○ Corporate Landlord – Cabinet Response to Committee	Sept		
○ Customer Leadership – Cabinet Response to Committee	Sept/Oct		
❖ Information Management. Read It, Save It, Delete It programme, (the Council is deleting over 10million emails over 12 months old, what are the risks?) <i>Cllr Bale</i>		A/G	

❖ Investigation into the productivity of Waste Collection, e.g. no. of collections per round of all waste types compared with the best produced by other L.A.s in the UK. Comparisons can include in house best practice, public/public sector and private sector. The investigation might recommend consideration of best practice by the cabinet and highlight the productivity performance of Cardiff WM. <i>Cllr Walker</i>	Joint interest with Environment		
❖ Digital First Programme – Waste Improvement Projects. Link to above	Joint interest with Environment		
❖ Facilities management <i>Cllr Walker</i> Includes Building Support Services, Cleaning and Security, What are the challenges /commercial intention			
❖ Personal Development Reviews. Quality. Primary research, sample employees. Preparation/culture/content/outcomes. Where next? What’s the latest thinking? <i>Cllr Walker</i>			
❖ Agency Staff – Cost/spend and justification <i>Cllr Walker</i>			
❖ Monitoring Scrutiny recommendations – audit of T&F Recommendations to assess impact, Should PRAP monitor/review in its overview capacity? <i>Cllr Walker</i>			
❖ Centralised Transport Services – follow up <i>Cllr Walker</i>		A/G	
❖ Digital First Programme – Fleet Management IT System. Link to above.		A/G	
❖ LGBT network (extend to all networks) – what support can an employee expect? <i>Cllr Walker</i>			
➤ Capital Ambition Delivery Programme – ‘Service Review’ Programme - 6 monthly progress update	TBA		

(includes Procure to Pay; Schools Transport; ICT Services; Civil Parking Enforcement; Parks)		
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Source
○ Annual Report 17/18, carried forward
❖ Member suggestion
➤ Senior Manager suggestion
▪ Directorate Delivery Plans

## Corporate Plan Objectives 2019/21 that fall within PRAP Terms of Reference

### Well-being Objective 4.1: Modernising and Integrating our Public Services

<b>Progress the Council's Digital First Agenda</b> by undertaking a service review of ICT by December 2018. This will include: <ul style="list-style-type: none"> <li>• Assessing the Council's ICT infrastructure to identify opportunities for Cloud-Based solutions.</li> <li>• Mapping business processes to identify opportunities for simplification, integration and automation.</li> </ul>	<b>Cllr Chris Weaver</b>	<b>Resources</b>
<b>Assets and Property:</b> Modernise the management and operation of the Council's estate to achieve fewer but better buildings by: <ul style="list-style-type: none"> <li>• Completing the <b>comprehensive review of the Council's estate</b> by the end of 2018;</li> <li>• Fully establishing the new <b>Corporate Landlord delivery model</b> and ensure all of the Council's estate is compliant by the end of 2018/19.</li> </ul>	<b>Cllr Russell Goodway</b>	<b>Economic Development</b>
<b>Improve the health and well-being of our employees</b> by reducing sickness absence by March 2019 through continued monitoring, compliance and support for employees and managers.	<b>Cllr Chris Weaver</b>	<b>Resources</b>
<b>Support staff development</b> by further improving the Personal Review scheme by March 2019 so that every employee has the opportunity to have a conversation about their development and performance.	<b>Cllr Chris Weaver</b>	<b>Resources</b>
Get people <b>and communities more involved in decisions.</b>	<b>Cllr Huw Thomas &amp; Cllr Chris Weaver</b>	<b>Governance &amp; Legal Services</b>
Ensure that the <b>Council's consultation and engagement work is as representative as possible</b> through reviewing and refreshing	<b>Cllr Chris Weaver</b>	<b>Resources</b>

the Council's citizen engagement tools, including the Citizen Panel, by June 2018.		
<b>Champion equality and diversity, making sure that citizens' rights are protected in any changes to our public services,</b> by implementing year three of the Council's Strategic Equality Plan 2016-2020.		

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POLICY REVIEW AND PERFORMANCE WORK PROGRAMME 2018-19

Type of Scrutiny	12 Sept	3 Oct	14 Nov	12 Dec	16 Jan	20 Feb	13 March	10 April	8 May	12 June	3 July
<b>Corporate</b>											
				Corporate Plan 2019-22 <i>Draft policy dev</i>	Corporate Plan 2019-22 <i>Draft policy dev</i>	Corporate Plan 2019-22 <i>Final pre-decision</i>	Delivering Capital Amb Service Review programme - progress	Delivering Capital Amb. Digital First programme (inc e-billing; waste improvt; virtual agent)			
<b>Partnership</b>											
										PSB AR 18/19	PSB AR 18/19
<b>Policy Devt/ Pre-Decision</b>											
	Budget Strategy 2019/20	Property Disposal Strategy	Property Disposal Strategy			Budget Proposals 2019/20					
			Public Services Hub FBC	Public Services Hub FBC							
			Recruitment portal re-tender	Recruitment portal re-tender							

