

Ref: RDB/RP/MM/02.10.2018

05 November 2018

Councillor Michael Michael,
Cabinet Member for Clean Streets, Recycling & Environment,
County Hall,
Atlantic Wharf,
Cardiff CF10 4UW.



Dear Councillor Michael,

Environmental Scrutiny Committee – 2 October 2018

On behalf of the Environmental Scrutiny Committee I would like to thank the officers for attending the Committee meeting on Tuesday 2 October 2018. As you are aware the meeting received an item titled 'Planning, Transport & Environment Directorate – Budget Briefing'. The comments and observations made by Members on the areas relevant to your portfolio of responsibility are set out in this letter.

Planning, Transport & Environment Directorate – Budget Briefing

Overall Directorate Budget Summary - At the start of the meeting the Director for Planning, Transport & Environment provided the Committee with a summary of the Directorate budget position. He explained that the Directorate is projected to be £1.424 million overspent by the end of the 2018/19 financial year and that £821,000 of the £1.838 million savings identified would probably not be achieved in year. He also explained that the level of savings for 2019/20 would increase to £6.5 million – a significant increase. He continued by highlighting the overspends and a range of other operational challenges facing the Directorate:

- **Recycling & Waste Management Services** – The service was projected to be overspent by £1.064 million at the end of the 2018/19 financial year; a large proportion of the in year savings identified for the service were unlikely to be achieved; FTE sickness rates in the service were running at

approximately 20 days per member of staff; there was an ongoing fraud investigation within the service that was having a financial impact on the in year budget position; an ongoing HMRC investigation was being conducted into a potentially underpaid landfill tax bill which was creating an unanticipated in year financial pressure; a range of managerial and operational processes needed to be improved to ensure that there was better control over volumes of materials being received and processed; that the Council had received a £2,000 fine for the late submission of data for the Welsh Government recycling target; that significant Council resources were being directed into a service area review that focused on six or seven key work streams – once the reviews were completed the information would be used to create a plan to drive improvement across the service.

- **Fleet Services** - The service is projected to be overspent by £322,000 at the end of the 2018/19 financial year and that this was largely down to unachieved vehicle utilisation savings; that data management needed to improve and that the introduction of the Civica Tranman fleet management software would help address this challenge; an experienced new manager had been recruited and that he would move into post in October; the service was currently undergoing a review that they hoped would drive future improvements.
- **Other Services** - The Director for Planning, Transport & Environment also commented on significant overspends from Planning & Building Control (£354,000) and in 'Cross Directorate Savings' (£222,000). Two end of year budget underspends were identified for Highways (£489,000) and Schools Transport (£100,000).

Future Actions - Given the content of the Directorate budget summary the Committee is deeply concerned at the current financial position. The prospect of delivering £6.5 million of savings for 2019/20 seems to be an almost impossible task given that they will probably fall well short of the £1.838 million of savings required for the current financial year. The Committee has decided to keep a close eye on the budget position and associated service

delivery improvements that urgently need to take place during the rest of this financial year and, therefore, would be grateful if you could arrange the following:

- **Confirmed Improvements** - With particular reference to Recycling & Waste Management Services and Fleet Services, the Committee would like you to provide concrete examples of service improvement in areas such as sickness absence; control of overtime payments; budget management; quality of management information and better work process monitoring of the outputs produced.
- **Service Reviews** - Provide confirmation of when the service reviews for Recycling & Waste Management Services and Fleet Services will be completed. This should include specific detail on the service parts being reviewed, the financial implications of these reviews and the rationale behind why the reviews have been undertaken. Once the reviews are complete I would be grateful if you could provide the Committee with a copy of the documents, any associated action plans and agreed timescales to achieve service improvement.
- **Sickness Rates** - High sickness rates have been a longstanding problem in a number of services currently provided by the Planning, Transport & Environment Directorate. For a short time it seemed that sickness rates in areas like Recycling & Waste Management and Neighbourhood Services were reducing, however, in the last few years it has once again started to increase. During the meeting the Committee was told that sickness is being managed in accordance with the existing Council sickness absence policy and that the delivery of a sickness absence action plan was a Corporate issue. The Committee understands that this is being dealt with as a Corporate issue, however, the lack of progress suggests that a different approach needs to be taken. I would be grateful if you could take this comment on board and provide the Committee with details of specific actions that will be taken in the areas of the Directorate with persistently high sickness rates.

- **Sickness Costs** - I would be grateful if you could provide the Committee with a breakdown of the costs associated with the high sickness rates for Recycling & Waste Management Services. This should include the full cost of sickness days lost and any associated overtime or agency costs paid for providing work cover.
- **Overtime Payments** - Members were told that a recent audit investigation had sampled a number of overtime payments for staff working within Recycling & Waste Management Services. Early indications suggested that a number overtime overpayments had been issued and so further investigation needed to take place. I would be grateful if you could provide the Committee with an update on the findings of the further investigation into overtime overpayments once it becomes available.
- **Clawback Savings Shortfall** - As referenced earlier in this letter, it was made clear to the Committee that it was unlikely that £821,000 of the £1.838 million of savings for 2018/19 would be achieved within the current financial year. As you will appreciate balancing the Directorate budget and meeting the agreed savings targets is vitally important, therefore, I would be grateful if you could provide the Committee with a plan of how the Directorate might claw back the savings shortfall during the remainder of the 2018/19 financial year.
- **Waste Data Assurance** - During the meeting the Director for Planning, Transport & Environment explained that since the transfer of Recycling & Waste Management Services into the Directorate concerns had been identified around the collection of waste and recycling data. Members were told that all processes for the collection, measurement and storage of waste were being reviewed to ensure that the Council had a complete understanding of the materials it was collecting, for example, glass, paper, metals, municipal waste, etc.... This admission alarmed the Committee because for many years the Council has been working hard to meet the statutory Welsh Government recycling target. Members would like assurance that Council processes for the collection of waste and recycling

data are sufficiently robust to ensure accurate reporting for the statutory Welsh Government recycling target.

- **Digitalisation** - The Director for Planning, Transport & Environment explained that future savings proposals would focus on a number of key themes; one of these was Digitalisation. I would be grateful if you could arrange for the newly appointed Chief Digital Officer to provide a paving report setting out the planned digitalisation proposals for the Directorate, the timescales in which they will be delivered and the savings that they will generate.

- **New Work Programme Item** - As a matter of urgency, the Committee would like to add a new item to its work programme to consider the challenges facing Recycling & Waste Management Services. The aim of the scrutiny would be to explore in greater detail the problems facing the service and find out what the Planning, Transport & Environment Directorate is doing to turn around performance in advance of the 2019/20 budget setting process.

- **Brexit** - Towards the end of the item a Member asked if the Directorate had undertaken any planning around how to deal with potential negative impacts arising from Brexit. The Director for Planning, Transport & Environment explained that the short-term priority was to focus on rebuilding the foundations of key services in advance of the proposed savings for 2019/20 and beyond. He also felt that it was not practical to plan for such an event as it was almost impossible to predict the eventual outcome of such a complicated process. During the way forward the Committee agreed that the Directorate should at least attempt to identify the associated key risks and determine a series of mitigating actions to address any problems that might be caused by Brexit.

There are sections of this letter that are common to the Committee letters written for both the Strategic Planning & Transport and Clean Streets, Recycling & Environment portfolios. Where this is the case the Committee is happy to receive a joint reply.

I would be grateful if you would consider the above comments and provide a response to the content of this letter.

Regards,

A handwritten signature in black ink, appearing to read 'Ramesh Patel', written in a cursive style.

Councillor Ramesh Patel
Chairperson Environmental Scrutiny Committee

Cc:

- Andrew Gregory - Director of City Operations
- Matt Wakelam - Operational Manager, Infrastructure & Operations
- Davina Fiore - Director of Governance & Legal Services
- Members of Cardiff's Environmental Scrutiny Committee