

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

12 MAY 2015

Present: County Councillor Howells(Chairperson)
County Councillors Cowan, Goodway, Hunt, Lloyd, McGarry,
Murphy and Walker

49 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

50 : DECLARATIONS OF INTEREST

No declarations of interest were received.

51 : MINUTES

The minutes of the meetings held on 3 March 2015 and 30 March 2015 were approved by the Committee as a correct record and were signed by the Chairperson.

52 : PERFORMANCE REPORT QTR 4 2014/15 (JANUARY TO MARCH)

The Committee received a report and were asked to consider the Q4 performance report, which included the action plans from Star Chamber, as requested by the Committee previously. The report also included briefing papers from the Directors of Environment, Children's Services, Communities, Housing and Customer Services and Education and Lifelong Learning.

Members were advised that as part of the development of the performance management arrangements in the Council, and specifically in relation to improving the internal challenge of performance of services, the Council has introduced a 'Star Chamber' where the Chief Executive, Directors and Cabinet Members have open and candid discussions regarding performance levels and the challenges facing service delivery, where a set of actions are agreed. Actions for each directorate arising from 'Star Chamber' were included in the report.

The report provided analysis of performance in each directorate including key performance indicators, progress against Corporate Plan commitments, financial performance, management issues and key challenges and risks. Additionally, the report included a corporate overview covering finance, staffing issues, staff costs, customer contact and FOI requests.

A summary of the Authority's performance set against the measure included in the Welsh Government's Outcome Agreement was also included; the successful delivery of which would release £3.3m of grant funding.

Members were advised that across all directorates 75.2% of Corporate Plan commitments were 'green' and 47.6% of Performance Indicators were 'green'. The following key issues were highlighted in the report alongside the resultant Star Chamber Actions:

- Sickness Absence
- PPDRs
- FOI Requests
- Outcome Agreement

In terms of directorates, the report also provided Members with a summary of the key issues and Star Chamber Actions relating to each.

The Policy Review and Performance Scrutiny Committee, at its meeting of 3 March 2015, recommended that Group Leaders be invited to be full Members of the Challenge Forum. At the April meeting of the Forum the work programme for the year was considered. The Forum received a presentation on the prevailing issues, the interventions put in place to respond, and the progress achieved. The Forum agreed that their future work programme would focus on:

- the fiscal resilience of the organisation
- embedding a culture of Performance Management and Financial Discipline
- Scrutiny improvements – ensuring greater alignment between the scrutiny forward work programme and organisational priorities
- Education – continuation of existing improvement work, but with a more specific focus on under-performing schools
- Social Services – placing a strong focus on demand management and financial planning

The Chairperson welcomed Councillor Bale, Leader and Cabinet Member for Economic Development and Partnerships; Paul Orders, Chief Executive; and Martin Hamilton, Chief Officer, Change and Improvement, to the meeting. Councillor Bale made a brief statement.

Councillor Bale stated that whilst achievements had been made (including the WG Outcome Agreement requirements; the evidence of improvements highlighted in the recent Estyn letter; and the Corporate Plan being signed off by the Welsh Audit Office;) significant challenges remained. These challenges include further efforts to reduce sickness absence levels, the significant implications of financial resilience issues; and performance challenges in Education and Children's Services.

Martin Hamilton summarised the contents of the cover report and identified the key issues of concern within directorates.

The Chairperson invited the Committee to raise questions, seek clarification or comment upon the information received. Those discussions are summarised as follows:

- Members noted that the authority has achieved the Welsh Government target for recycling rates, and questioned whether it was prudent to be investing over £2m on new bins. The Leader stated that the recycling target was rising and therefore the new bins were required in order to avoid the imposition of fines in future years. Welsh Government were said to be 'comfortable' with the recycling collection model proposed in Cardiff.
- Members asked for clarification of the role of advisors within Education and sought clarification or an indication of the level of cost to the authority. The Chief

Executive advised that a recent visit by Estyn had outlined the progress made and the challenges outstanding within the directorate. Robert Hill had been engaged to work with the service and stakeholders to accelerate the rate of improvement being made. The Chief Executive considered that the costs of the appointment were supported by the Central South Consortium Joint Education Service, and gave an undertaking to clarify the position.

Members raised further questions regarding the process followed when this appointment was made. The Chief Executive advised that the Director of Education had led the engagement of Mr Hill, in consultation with the Central South Consortium.

- Officers were asked to explain why the corporate sickness target was not achieved. Martin Hamilton stated that some service areas had achieved the target and others had not. A HR officer was working within the Environment directorate to ensure compliance with the Sickness and Well Being Policy and that sickness absence was reducing as a result. This approach would now be rolled out into other services areas including Adult Care, Civil Parking Enforcement and Leisure.

A Member stated that during the Alternative Delivery Model Task and Finish Inquiry an external contractor advised that sickness levels of 20 days per FTE under the public sector had been reduced to 3 days FTE under the new model. This was achieved by upskilling staff, job rotation and good leadership.

The Chairperson reminded Members that this issue would be considered further at the June meeting of the Committee.

- Officers were confident that the requirements of the Welsh Government Outcomes Agreement would be met and the associated grant funding would be received.
- Members asked why the number of days taken to re-let vacant housing units was approximately double the target number of days. Martin Hamilton stated that there had been some issues with the contractors used to put vacant properties in order. These concerns had now been resolved.
- A Councillor raised concerns regarding the lack of progress made in addressing the concerns of Estyn. The member drew attention to the recent issues at Eastern High, and also stated that some Members were aware of issues now emerging in the west of the City. Members considered that it would be more difficult to recruit School Governors in the future if Governors were made accountable for underlying issues identified by Estyn.

The Leader identified the need to improve support to School Governors. He acknowledged that there were also major long-standing concerns regarding the condition of the schools estate. However, there had been an improvement in terms of results. The Chief Executive stated that opportunities existed within the Challenge Cymru Programme. It was critical that Cardiff maximised the impact of those resources available within Challenge Cymru and targeted support arrangements by understanding the problems in particular schools and tailoring support accordingly.

The Chairperson stated that the Children Services Scrutiny Committee was currently undertaking a Task and Finish Inquiry into School Governor support arrangements.

- The Committee asked why papers considered by the Challenge Forum were provided on a 'not for circulation' basis and were not available to Members. Martin Hamilton stated that the Challenge Forum's membership has been extended to include all Group Leaders. The Chief Executive considered that the Challenge Forum papers should be made available to the Members of the Policy Review and Performance Scrutiny Committee.
- Referring to 'agency costs', Members asked whether there were instances where the use of agency staff provided 'value for money'. Martin Hamilton stated that analysis undertaken in the Environment Directorate, appended to the report, had indicated that the use of agency staff provided more flexibility. The core group of employees was supplemented by agency staff and was therefore better able to respond to variations in service demand. It was also noted that, particularly in areas with traditionally high levels of sickness absence, that agency staff did not receive statutory sick pay.
- Members noted that the most popular search on the Council's website was 'Challenge a Parking Fine'. The Committee questioned whether the most popular searches were reviewed and access to the information being sought was made more prominent as a result. The Chief Executive advised that the website was increasingly being used for day to day transactions by citizens. A project was currently being undertaken to increase the range of services which could be directly accessed online. Members noted that the current website does not work well on mobile devices such as smart phones. The Chief Executive advised that the work currently underway to improve online access to services would also ensure accessibility via mobile devices.
- Members queried compliance with FOI requests. Officers advised that the current compliance position reflected the growing volume of FOI inquiries being received. These had increased from 377 in Q3 to 455 in Q4. Work was being undertaken to make more information publically available which should help to reduce the FOI volume.
- Members questioned whether there were any plans to bring in peer support within Health and Social Care, similar to those arrangements put in place in Education. Officers reminded members that one of the peer advisors engaged as part of the Challenge Forum was supporting Children's Services, and there were no plans to change that at the moment .

Some Members expressed the view that the person managing the service should ultimately take responsibility for outcomes. The Chief Executive agreed with that assessment but felt that targeted peer support was justified.

- Members raised concerns that there may not be sufficient resources available to meet staff training needs identified during the PPDR. Martin Hamilton stated that officers had discussed how to meet training needs internally via the Cardiff

Academy, mentoring, etc..

AGREED – That the Chairperson writes on the Committee’s behalf to the Leader to convey their comments and observations (see attached).

53 : FINANCIAL RESILIENCE OF CARDIFF COUNCIL

The Committee received a report on the Council’s current and projected financial position and resilience. Members were advised that the Budget Report in February 2015 contained the following statement within the financial implications from the Section 151 Officer:

“...it is important to reiterate the materiality of the service choices ahead for the Council. In particular, anything other than a radical reduction and reset of the Council’s services will, over the life of the MTFP, lead to financial resilience issues for the Council.

“Against this backdrop members will need to consider whether the choices made to date and planned for the future are commensurate with the scale of financial challenge over the medium term. Cabinet will need to consider these choices again as part of the 2016/17 Budget Strategy Report in July 2015.

“As well as highlighting the financial challenges in the medium term, the role of the Section 151 Officer is to advise members if the Council risks setting an unbalanced budget. I do not consider this to be the case in 2015/16.”

These issues were discussed at the Committee’s Budget Scrutiny meeting on 9 February 2015. The Committee expressed their discomfort about the Council’s preparedness for facing this scale of financial challenge. Furthermore, following consideration of the Organisational Development Programme on 31 March 2015, the Chair wrote to the Cabinet Member for Corporate Finance and Performance stating:

“Members feel the progress report provided was incomplete, in that it did not fully address the financial position and resilience of the Council.

“Members were pleased to hear the Chief Executive give his commitment to ensure that a future progress report would provide clarity about the financial position and resilience of the Council”

Members were advised that the Corporate Director Resources and Section 151 Officer was currently preparing the Budget Strategy Report for 2016/17. A presentation the Director plans to deliver to Members during briefing sessions in May was attached to the report at Appendix A.

The Council Leader, Councillor Phil Bale along with the Chief Executive and the Corporate Director Resources were invited to the meeting in order to provide an update on the Financial Resilience issue and the medium term outlook. It was anticipated that this update would inform the Committee’s further scrutiny of the Organisational Change Programme and how it is addressing the level of the financial

challenge facing the authority. The Chairperson welcomed Councillor Bale, the Chief Executive and the Corporate Director Resources to the meeting.

The Corporate Director Resources was invited to deliver a presentation setting out the financial position to date and an overview of the Medium Term Financial Plan. Members were advised that, at its simplest, the authority faced having significantly less resources available to it; and at a time when significant additional demand was predicted.

The Chairperson invited Members of the Committee to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- The Committee noted that the authority has made £205m savings over the last 10 years and questioned whether the emphasis should now focus on increasing efficiency and increasing income; to find out what services residents want, and what they would be prepared to pay for.

The Leader stated that the Commercialisation Strategy would assist the authority to increase its income, but noted as a word of caution that there was also a risk involved in seeking greater income. Officers advised that there was not only a need to increase income, but to understand the statutory and discretionary elements of our services. Also, a strand within the ODP was focussing on commercialisation.

- Members sought to clarify that the provision of library services would be safeguarded until the end of the present administration in 2017. The Leader stated that this commitment was written into the budget document agreed by the Council. Officers confirmed that the budget for the provision of library services would be retained until 2017, unless or until alternative arrangements are in place.

Members then questioned whether the decision to close Roath Library, therefore, needed to be considered by the Council. Councillor Bale indicated that a report on the closure of Roath Library, which was due to be considered by the Cabinet in May, had been deferred to allow for further consultation to be undertaken.

- The Committee debated the merits and status of Council decisions and, in particular, decisions relating to spending commitments in the budget. A Member questioned why, when a decision was taken to limit a subsidy to a service area, the authority failed to observe that decision, without the authority of any further decision being taken by the Cabinet or the Council. St David's Hall was given as an example. Officers were asked to clarify who had allowed the service area to spend above and beyond its budget and who had political ownership for the decision as there was a lack of transparency.

Officers advised that the budget monitoring process was a matter of public record. The saving agreed in the budget was considered to be unachievable.

Members responded by stating that the Financial Regulations prevent virements being made where service area budgets are overspent. Therefore, the budget agreed by the Council could not be ignored.

The Corporate Director Resources responded by saying that the authority was at risk of external intervention if a balanced budget was not returned. Councillor Bale advised that decisions on St David's Hall are being taken in conjunction with an ongoing procurement process. All necessary due diligence was undertaken.

- The Committee requested that the Alternative Delivery Model Task and Finish Group be realistic about the timescales necessary to deliver organisational change and for these to be reflected in its planning.
- Councillor Bale stated that the Co-operative Council approach was a values-based approach which was helping protect services such as in Rumney Library. The Procurement Service also aspired to become a mutual service in the future. However, the General Election has had a material impact upon the timescales for such projects. The Leader advised that it was not possible to quantify the savings achieved as a result of the Co-operative Council partnership-based approach. The Leader also advised Members that the Co-operative approach lay at the heart of the Welsh Government's White Paper on reforming Local Government.
- Members note that slippage in the Capital Budget at Month 9 was £52m. Officers were asked whether this figure had changed since month 9. Officers advised that there was not significant change – the main components of the slippage were the School Organisational Planning (SOP) project and the Central Square development. The Welsh Government was set to continue supporting the SOP and expenditure on the Central Square development was expected this year.
- The Committee questioned whether the City would be able to afford to participate in the City Deal in its current position. The Leader stated that City Deal agreements were linked to major cities, and it was expected that Cardiff Council would lead. The Leader recognised budgetary pressures but considered that there must be investment in growth. Cardiff was the economic driver for the region and discussions were being held at a regional level and with the Welsh Government regarding the City Deal.

The Chief Executive stated that, in terms of exposure, the approach taken by Manchester, Glasgow and Leeds could not be replicated in Cardiff and that negotiations focusing on minimising the risks were ongoing.

The Chief Executive gave assurances that specific emphasis would be given to financial resilience issues in the Financial Implications advice for all capital expenditure reports.

54 : CORRESPONDENCE - INFORMATION REPORT

The Committee received copies of correspondence sent and received in relation to matters previously scrutinised by this Committee.

AGREED - That the correspondence report and attached documentation be noted.

55 : DATE OF NEXT MEETING

The next meeting would take place at 4.30pm on Thursday 14 May 2015.