

Date: 28 May 2015

Councillor Phil Bale
Cabinet Member, Corporate Resources and Performance
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Bale,

Policy Review & Performance Scrutiny Committee: Financial Resilience.

Thank you for attending this month's Policy Review and Performance Scrutiny Committee meeting to present Members with an opportunity to discuss the Council's current and projected financial position and resilience. The Committee is grateful that you stood in for Councillor Graham Hinchey who was unable to attend the meeting on this occasion.

The Committee recognises that the Council is facing a large funding gap as it develops the budget strategy for setting its 2016/17 budget. Members note that the scale of this gap, in quantum terms, presents the greatest budget challenge yet, and will mean a decrease in service delivery levels.

Members feel it is time to focus more on customer preferences rather than savings alone, and suggest the Council ask customers what services they need free of charge and what are they prepared to pay for, with a view to increasing the Council's income from services. Members note that target income levels will be revealed by Directors following the budget exercise currently underway in preparation for the budget strategy. The Committee considers this approach to delivering Council services will require strong leadership.

In respect of Cardiff's libraries, Members have asked me to reiterate their request at the meeting that you place on record that libraries will be protected in the 2016/17 budget round, as agreed at the 2015/16 budget meeting. Members highlighted the case of Roath library and would like reassurance that, should there be a proposal to close the Library, that proposal will be presented to Full Council. The Committee note current proposals have been withdrawn pending a more in depth review and it will monitor the Council's findings on this matter with interest.

Members are concerned that the Council may not be reporting overspending in some service areas. If this is the case they consider the Council is at risk of external

intervention and are particularly concerned about the reputational risk such intervention would create for the Council. They were interested to hear that you are currently in the process of a procurement operation to source a management operator for St Davids Hall. Whilst there is ongoing work around Alternative Delivery Models the committee urged that you build in realistic timescales for budgeting purposes. They note that Service Area Directors have been asked to consider the impact of reducing services to a statutory minimum, and consider options for the delivery of non-statutory services.

The Committee note that investigatory work into co-operative councils continues, and that it is difficult to quantify savings as this is a value based approach and visioning exercise. Members would therefore be interested to hear of an example where a co-operative solution has resulted in savings in service delivery, and wish to express their concern that this is not an evidence based approach to financial security.

Members are interested in the likelihood of further slippage within the Capital Programme. They note that the Schools Programme remains at biggest risk of slippage, and are pleased to hear that Central Square is currently forecast to be delivered on time, subject to the decision making process facilitating progress.

Members particularly wish to highlight their concern that the Council cannot afford the potential commitment of £8-10million to secure a City Deal. They note dialogue continues with Welsh Government and therefore the business case is still in preparation. They endorse your view that *all* Cabinet decision making must take particular notice of financial resilience, particularly around capital. Members request that you bring a draft of any proposed Council support for the City Deal to Committee for pre-decision scrutiny.

To recap for ease of reference, this letter requests several actions and pieces of information, as follows, which require a response:

- Members suggest the Council asks its customers what services they need free of charge, and what they are prepared to pay for, with a view to increasing the Council's income from services.
- Members ask that you place on record that libraries will be protected in the 2016/17 budget round, as agreed at the 2015/16 budget meeting.
- Should there be a proposal to close Roath Library; Members ask that the proposal be presented to Full Council.
- In light of the ongoing work around Alternative Delivery Models, Members urge that you build in realistic timescales for budgeting purposes

- Members would be interested to hear of an example where a co-operative solution has resulted in financial savings in service delivery.
- Members request that you bring a draft of any proposed Council support for the City Deal to Committee for pre-decision scrutiny.

Once again, my sincere thanks for your continued support of the Policy Review and Performance Scrutiny Committee, I look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nigel Howells', with a stylized flourish at the end.

**COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Graham Hinchey, Cabinet Member, Corporate Services & Resources
Paul Orders, Chief Executive
Christine Salter, Corporate Director Resources
Members of the Policy Review & Performance Scrutiny Committee