

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

2 DECEMBER 2014

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

10 : APOLOGIES FOR ABSENCE

Apologies were received from Councillors Goodway & Hunt

11 : DECLARATIONS OF INTEREST

The Chairperson advised Members that they 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.

The Chairperson also reminded Members that if they had completed Annual Forms there was still a need to disclose any interest. Members were asked when declaring an interest to clearly inform the meeting of the interest in question, to complete a personal form and to indicate if they were withdrawing from the meeting.

12 : MINUTES

The Minutes of the meeting held on 4 November 2014 were approved as a correct record.

13 : CORPORATE PLAN 2015 -17

CORPORATE PLAN 2015-17

The Chairperson welcomed the Leader of the Council, Councillor Phil Bale to the meeting, Martin Hamilton, Chief Officer Change and Improvement.

The Chairperson informed the Committee that this item gave Members the chance to consider the approach to developing the 2015-17 Corporate Plan. The Committee would be able to scrutinise a full draft of Corporate Plan at the same time as the Budget Proposals, early next year.

The Chairperson invited Councillor Bale to make a statement.

Councillor Bale passed his best wishes and a speedy recovery to Councillor Garry Hunt who was unwell and unable to attend the meeting.

Councillor Bale advised the Committee that this was an opportunity for them to consider the Corporate Plan at this early stage with a further opportunity to consider the complete draft in February. This Plan included key points such as Re-aligning Vision, Values and Corporate Planning, along with responding to the Corporate Assessment and setting objectives.

Martin Hamilton drew attention to Appendix A of the report and provided information on the following to the Committee.

- *Development of the Corporate Plan*
- *Policy Requirements*
- *Hierarchy of Plans*
- *Vision*
- *Council Priorities*
- *Liveable City*
- *Alignment Meeting our requirements*
- *Co-operative Values*
- *Corporate Assessment*
- *Responding to the Corporate Assessment*
- *WAO Best Practice from Current Corporate Plan*
- *Review of 10 Core City Corporate Plans*
- *Priorities: What we need to achieve*
- *Next Steps – Setting Objectives*
- *Challenging target setting*

The Chairperson thanked Martin Hamilton for the informative presentation and invited Members of the Committee to ask questions.

The Committee drew attention to the outcomes listed in the Plan and how these were measured. The Liveable City outlined the 7 city level outcomes which related to accommodating the growing population of the city, however no reference was made about growth of sustainability. Net job growth was essential, and figures were required to reflect this, along with Education Key Stage results for the UK.

Martin Hamilton advised that the terms were in draft with the Panel defining each of these Terms, through engagement. The Plan would include the figures for the Net Job Growth, featured through Liveable City and statistics would be captured measured against other cities. The Liveable City included 7 measures articulated through growth and contributed to sustainability.

Councillor Bale drew the Committee's attention to the information contained in the Hierarchy of Plans. The information being fed into the Plan included input from partners; Health, Police and Third Sector Organisations, which provided additional support and contributed towards the Liveable City. It was essential that Cardiff benchmark not only with UK cities but that of world cities and recognised success of major regeneration within 20 years. The Balanced Score card approach was being adopted throughout the Council and this was being communicated to all staff. The

intention was to bring forward a vision for how the organisation would look in the future including service provision and delivery.

Martin Hamilton explained to Members that the Plan included comparisons made against other UK cities as a Liveable City. It was also recognised that Education results had been measured but did not translate appropriately as a result of performance being lower in Wales.

The Committee was of the view that Education comparisons could be achieved with evaluations of GCSE results being compared.

Martin Hamilton explained that the Cardiff Debate was developed through priorities and values. These values were then built into the Plan and cascaded through the organisation to reflect the day to day values and relevance of the work being delivered.

Members of the Committee asked that Priority 1: Education and Skills for People of All Ages include the potential for older persons achievements. The Committee were assured the Priority included older persons, with the Action relating to training and attainment for people of all ages.

Councillor Phil Bale drew attention to Priority 4: Working with people and partners to design, deliver and improve services. This would be achieved through joint working and sharing of information, along with working more transparently to raise performance and public awareness.

The Committee was concerned that “Cleaner, Sustainable City” did not feature as part of the Cardiff Debate. The Committee was advised that the “Cleaner Environment” featured as part of the Economic agenda. It was not just about a “clean environment” but how the outcomes were achieved, along with investment provided to sustain this.

Councillor Bale asked that if Committee were of the view that some Objectives had been overlooked it was essential that they bring suggestions forward.

The Committee asked how the Plan took into account Cardiff’s unique characteristics of capital city status, had cities such as Belfast and Edinburgh been benchmarked against, including the number of commuters into the city. The Committee was advised that this was an area that was still undergoing development with transition of powers being addressed and the impact on Cardiff.

Members of the Committee suggested that emphasis be placed on future economic development proposals being located outside of the city. The Committee was advised economic development proposals were part of the wider City Region Plan, with focus being placed on extended transport links to achieve this. Value of land was also a factor to be considered, but it was also essential for future investment to be driven forward to maintain jobs.

RESOLVED: The Committee **AGREED** to write to the Leader of the Council, Councillor Bale outlining the following:

The Committee welcomed the outward focus which you and officers have taken to developing the Plan; we were glad to see that you have considered Core Cities' corporate planning to learn from good practice elsewhere. We note that a thematic approach will be taken, setting out objectives and measures under the Administration's four priorities, rather than taking a Portfolio-based view, in an approach similar to many of the Core Cities.

The Committee appreciated the consideration given to the wider policy context for the Plan, in terms of aligning to national policy and the partnership agenda in Cardiff. The Committee has agreed to consider the refresh of the What Matters strategy when available, so would be grateful for confirmation of that timescale. Members of the Committee have previously recommended that the Plan should be developed in order to suit the needs of all its various audiences – partners, the public, regulatory bodies, officers – and although this was briefly discussed at the meeting, Members wish to underscore that point as the Plan is developed.

Members also welcomed the intention to include definitions of terms such as 'outcome' and 'objective' in the Plan in order to ensure clarity. As you recognised at the meeting, this is a point which both the Committee and the Wales Audit Office have raised in relation to previous years' Plans. Members queried whether training is being put in place to ensure that officers are fully cognisant of these definitions as the Corporate Plan and Directorate Delivery Plans are developed. We noted the Chief Officer's comment that this is being addressed through the Chief Executive's ongoing engagement activity, but recommend that further thought is given to developing appropriate training instead, perhaps through the managers training programme.

The Chief Officer for Change & Improvement stated that the full draft of the Corporate Plan will be available to consider with the Budget Proposals at our February meeting. There have been many delays in making the report available for all five Committees in the past to support their consideration of the alignment of budget proposals to corporate priorities; we would like to re-emphasise how important it is that it is made available in a timely manner (in order to meet translation deadlines, for example, the Community & Adult Services Committee would need the final draft in the week commencing 19 January 2015, for example).

The Committee was informed that much of the detail of the Council's improvement activity will now fall down to the next layer of Directorate Delivery Plans. Given the extra weight which is being placed on them, we anticipate that the Delivery Plans will be in place in time to support delivery of the Corporate Plan and the Budget, i.e. by 1 April 2015. We would be grateful if you would confirm the timescale for their production.

There were some points which the Committee felt should be accentuated in the final draft of the Corporate Plan, which did not necessarily stand out in the presentation given to the Committee: the NEETs agenda; the environment (particularly given the importance which the public place on this issue); education targets for older children; the impact of Cardiff's status as a Capital City and the work which is ongoing with neighbouring authorities, particularly given the local government reorganisation agenda.

An issue which has previously been raised is the need to clearly set out the influence which citizen – and officer – engagement activity has had on the development of the

Plan. As this did not clearly come through in the officer's presentation, we recommend that the final draft Plan makes the linkages between the results of the Cardiff Debate and the objectives set out in the Plan unambiguous.

The Committee had flagged up the value of comparative performance data on many occasions, particularly with regards to non-Welsh authorities. We noted the Chief Officer's comment that this will be made available where possible, while acknowledging that it is not always feasible. We would still emphasise this point however, and recommend that more effort is put in to finding suitable comparators for inclusion in the final draft Plan for as many measures as possible.

To re-cap for ease, the Committee asked that the following points are addressed:

- further thought should be given to how the Plan can be developed to suit all of its audiences;
- appropriate training for officers should be developed addressing knowledge around outcomes and objectives and the identification of appropriate measures and target-setting;
- a number of specific points should be emphasised in the Plan: the environment, NEETs, the city's Capital status and cross-boundary working;
- the influence of citizen and staff consultation on the Plan should be clearly set out;
- suitable comparative data should be included in the final draft Plan;
- the final draft Plan should be made available in time for all Scrutiny Committees' budget meetings (allowing time for translation for the Community and Adult Services Scrutiny Committee's papers);
- Directorate Delivery Plans should be in place for the start of the new financial year and we would like the timescales confirmed.

14 : BUDGET MONITORING 2014/15 MONTH 6 REPORT AND BUDGET PROPOSALS 2015/16 FOR CONSULTATION

BUDGET MONITORING 2014/15 MONTH 6 AND BUDGET PROPOSALS 2015/16 FOR CONSULTATION – DIRECTORATE BRIEFINGS

The Chairperson reminded Members as part of the work programme the Committee agreed to scrutinise this year's Month 6 budget position in some depth. Members were also asked to have budget briefings from Directorates to provide background information about their overall budgets before scrutiny of the detailed budget 2015/16 proposals.

As budget proposals had been released for consultation earlier than in previous years, these were included in Committee papers so that the Committee could consider the context they've been developed in at a high level. The Committee would have chance to look at them in depth at its Budget meeting next year, once the consultation was known.

The Chairperson informed Members that the meeting would be split as followed:

- Scrutiny of the overall Month 6 2014/15 position

- An overview of the development of the 2015/16 budget proposals, looking at the budget context and the steps which would lead to final budget proposals;
- Scrutiny of the Directorates which came under Policy Review and Performance Scrutiny Committee remit, looking at their Month 6 position and an overview of their Directorate budget as 2015/16 proposals were developed.

The Chairperson welcomed Councillor Graham Hinchey, Cabinet Member for Corporate Services and Performance and Christine Salter, Corporate Director Resources.

Councillor Hinchey gave a statement. It was quite clear that the budget position was challenging especially in specific areas such as Health & Social Care and Children Services however, excellent progress had been made in these particular Directorates. Performance Issues had been recognised in Environmental Services and these were being addressed. It was recognised that at Month 6 the outturn was £1M better than at Month 5. Sickness Absence days in Environmental Services were reducing and this was being monitored. Overall slight improvement from Month 5.

Christine Salter provided the Committee with a presentation on Cardiff Council Overall Monitoring Position at Month 6, which outlined the following:

- *Budget 2014/15*
- *Summary at Month 6 Position*
- *Health and Social Care*
- *Environment*
- *Education & Lifelong Learning*
- *Children's*
- *Sport, Leisure and Culture*
- *Revenue Variance Actions*
- *Analysis of Capital Programme Variance*
- *Capital Variance Actions*

Christine Salter advised the Committee that the overspend in Health and Social care related to services for older people, learning disabilities and mental health. The overspend in mental health included significant costs in relation to former continuing health care placements and additional costs relating to new legal requirements associated with deprivation of liberty. It was unfortunate that it was made unclear last year that these costs would be placed on local authorities and taken away from the Health Boards funding.

Members of the Committee were concerned with the consistent overspending, reoccurring every year and the poor budgetary management. £50M slippage of capital was a consistent trend and therefore why was it not built into the budget system and tackled on a yearly basis.

Christine Salter advised the Committee that the overspending was not consistent. The overspend was generated through the general spend confirmed through the spend analysis. Circumstances in Health & Social care had changed and these trends could not be factored into the budget savings. There was evidence to support the changes in Domiciliary Care provision and this was reflected in the overspends. There was a shortfall of £5.9M and it was recognised those savings won't be achieved and would have to come from alternative provisions. Certain savings associated to St David's Hall may also be delayed due to timescales and procurement issues which all had to be factored into the budget process.

Councillor Hinchey explained that it was difficult to predict the changes in some service provision regardless of how much contingency was set aside to support it. Older persons services would increase on a yearly basis, along with Children Services including the legal changes to Child Protection all having a major impact on budget savings. Currently the budget was in a balanced position, the risks had been mitigated and this would be addressed further after the consultation period.

The Committee was advised that changes to legislation Health & Social Care had a tremendous impact on the budget savings and it was difficult to make predications for what the savings would be like next year and problematic to plan ahead to address these issues.

Members of the Committee asked why there were delays at the negotiation stage for Plasnewydd Community Centre. The Committee was advised this was part of the Challenge meeting and would be addressed at that forum.

Members of the Committee were reminded that Cardiff was the largest employer in Wales and the restrictions placed on procurement issues were tight. The property strategy was ongoing and with the roll out of the Hubs projects the position was improving.

CONTEXT & PROCESS AROUND DEVELOPMENT OF 2015/16 BUDGET CONSULTATION

Christine Salter provided the Committee with a presentation which outlined the following:

- Background to Financial Strategy
- Council's Response to meet the Budget Reduction Requirement
- Budget Savings Targets
- Directorate Targets
- Comparison to Planning Assumptions
- Budgetary Gap 2015/16 – Update
- Budget Process Risks and Requirements
- Public Consultation on Budget Proposals

- Analysis of Engagement to Date

The Committee noted the budget position at Month 6, the Council Tax collection was £2M going forward. Members asked what element of Capital Financing was being used.

Christine Salter explained to the Committee the Council Tax collection base calculation was included in the ultimate collection rate. It was noted that a speedy recovery process last year had added to this with reminders initiating enforcement action and therefore resulting in a quicker recovery process.

The Committee noted the Capital Financing figures, a change of £700k resulting in a worse position.

Members of the Committee recognised that it was essential now for the organisation to do more for less. Patterns had emerged identifying efficiency savings and this needed to be actioned.

Councillor Hinchey emphasised the importance of the change agenda. Working practices in the organisation had to transform to reflect the dynamics of change and this was recognised by most local authorities. The public were becoming involved in the budget consultation process with 4,000 hits on the Council's website and increasing viewing of the budget video. People were attending local budget events held in communities and playing a key role in the budget process.

Directors budget briefings

The Chairperson informed the Committee that they would now move onto briefings from the Directorates which come under the Committee's remit.

Corporate Management Briefing

The Chairperson invited Councillor Bale and Christine Salter to make a statement if they wished.

Christine Salter explained that this area had overall management of the Council and all the 2014/15 targets had been met.

The Committee discussed Corporate Initiatives; gross expenditure of £606k was the reserve with £300k amendment in budget support for improvement. This budget had been created to contribute towards service delivery and enhancement of services; however, the majority supported overtimes costs which would be addressed.

The Committee was advised that it was unclear when the dividend would be received from Cardiff Bus, but it was envisaged the monies would become available once Cardiff Bus had closed its accounts at the end of March 2015.

Members of the Committee noted the Corporate Budget of £2.6M which could not be compared to Directorates Budgets. One element was related to the Fire Authority Levy of £15M, who had been asked to reduce this amount. A positive response had been received from the Fire Authority, however it must be recognised that a major

slice of the Fire Authorities precept was allocated to Cardiff due to its size in population.

County Clerk and Monitoring Officer Directorate briefing

The Chairperson invited Councillors Bale, De'Ath and Marie Rosenthal to the meeting.

Councillor De'Ath advised the Committee that this was the smallest Directorate in the Council. It was essential that Scrutiny Services be protected as this was at the forefront of Members interests. A savings would be found as part of the Members ICT project, along with a mini restructure in Democratic Services with vacant posts not being filled. Members Training would also be reduced and the introduction of Modern.Gov would support the administration process at a lower cost overall.

The Committee were concerned that tablets issued to Members as part of the ICT project were always reliable and asked if there was a contingency plan when this occurred. The Committee was advised that ICT along with Microsoft were aware of these issues and were addressing the technical faults.

Members of the Committee were advised that currently there was no increase in income as these were statutory provisions. Scrutiny Research was in a position to attract additional income and another possibility was the working towards shared services. A Communications review was underway and it was hoped that savings would be met by the reduction in the amount of paper copies being issued to Members.

Economic Development Briefing

The Chairperson welcomed Councillor Bale and Neil Hanratty, Director to the meeting.

Councillor Bale advised the Committee that Economic Development had taken a large amount of reductions recently. It was essential now to support this provision and move forward looking a economic growth in the city. Delivery mechanisms needed attention and how these were provided. The Corporate Plan was a significant document to support these aspirations and to move Cardiff towards being a major core city.

The Committee noted the overspend at Month 6 which had been controlled by a restructure. A majority of the income related to property but some of the income received this year was linked into last years figures. These issues came to light at Month 5 but the overspends were being managed.

Councillor Bale explained a financial loss from the Do Who Experience had been an issue and a solution was being developed. A re-launch was considered as most people knew about Dr Who, but were not aware it was based in Cardiff.

The Committee noted the increase in income generation which raised £29M. This was as a result of income fee from management of workshops, based on construction design and not from staff selling services.

Resources Directorate Briefing

The Chairperson invited Councillor Hinchey and Christine Salter to address the Committee.

Christine Salter advised the Committee that targets had been set over 3 years, with £6.4M, £16.9M - £9.4M over the next 4 years. A Finance Service Review was being developed to address costs over all whilst adapting to change with a 30% reduction.

The Committee was advised that reducing costs was essential; income generation was being encouraged with a Teckal arrangement possibly being adopted. The structure of the workforce would change and needed to be more focused and tailored in order to deliver priorities. Up Skilling and training was imperative to the change agenda and this would contribute towards overtime costs.

Members of the Committee recognised this was a major challenge for the Council, but working effectively was being encouraged in order to achieve this. The Wales Audit Office Corporate Assessment recommendations were being actioned and levels of compliance were being increased. Procurement rules were changing and this would have an impact on services. Human Resource practices were also being monitored due to the high number of sickness absences and managers not following correct procedures to control these issues.

The Committee was advised that as part of the Commissioning and Procurement Savings Proposal a two stage savings process was being considered which would split the current organisation into a Strategic and Operational team and then move the Strategic team into an alternative Operating Model.

Members of the Committee were advised that the Finance Service Review identified that Finance Service had the capacity to maintain strong financial control and advice and add value whilst reducing its cost base. By implementing the recommendations from the Review the Finance Service would at the same time be able to reduce its cost base by £570,000 in 2015/16 and over 3 years by £1.679M. This reduction was dependent upon consideration of the activities the Finance Service undertook, business process improvements, reducing failure demand and identifying income and cost sharing opportunities.

Councillor Hinchey drew attention to changes in Central Transport Services, with a more customer focused approach being adopted and running the service as a community enterprise.

The Committee noted there were no resources to run technical accountancy. Currently the provision was supported by Managing Accountancy and these skills were being combined to provide support.

Communities, Housing and Customer Services

The Committee welcomed Councillor Peter Bradbury, Councillor Graham Hinchey and Sarah McGill, Corporate Director to provide information.

The Committee were concerned with some of the reductions being made to grants and asked if there were plans in place to support and identifying additional funding.

Sarah McGill acknowledged the concerns and explained that procedures were being established to join up back office support for continued improvement. Opportunities of joined up working were coming forward and would hopefully be developed in the near future.

Councillor Bradbury explained that currently the Council was not in a position to provide the amount of support for grants that it had in the past. It was important that alternative support be identified from partners and this would also include neighbourhood provision. Capital projects would also be addressed, levels of borrowing would be assessed and subsidies would be decreased once partnerships were developed to provide this support.

The Committee recognised the demand being placed on Concierge Management and the Formal Alarm Service was being built into the budget streams.

Members of the Committee suggested that community buildings be looked at again with the possibility of some community groups using these buildings for meetings. In response Councillor Bradbury assured the Committee that it was essential for the Council to support community groups and this was the direction they were moving towards to create a more sustainable and liveable city. It was acknowledged that in the past community groups had benefited from a subsidy for use, however, derelict buildings could be identified and provided to groups to maintain and bid for lottery funding.

The Committee was advised that changes were being made to the Housing Revenue Account and even though this was ring fenced, the amount for Tenants Groups was not reduced.

Councillor Hinchey explained that community support was identified in the Corporate Plan, along with plans being developed to build stronger and more sustainable communities in the future. It was essential to gain an insight into what people wanted from their communities and how this could be delivered with fewer resources.

RESOLVED: The Committee AGREED to write to Councillor Graham Hinchey, Cabinet Member for Corporate Services and Performance to outline the following:

The Committee noted that whilst recognising that the overall Council position has improved since the Month 4 projections were reported, the Committee remained concerned about the Council's monitoring position. In particular, Members are concerned that many Directorate positions continue to show considerable variances against 2014/15 savings targets. Members questioned whether this was the result of 'poor budgeting' or 'poor management', feeling that both are likely to be true. You stated that challenge sessions with Cabinet Members and Directors are starting to bear fruit in ensuring that the budget position 'goes in the right direction' and that you are planning as far as possible to avoid scenarios such as the unanticipated costs in continuing healthcare which the Health and Social Care directorate has experienced this year. Given the underachievement against many Directorate savings proposals, the Committee would like to reiterate the point it has made on several occasions about the need for visibility and scrutiny of methods for achieving alternative savings.

Members were concerned about the effect of the delays in implementing savings proposals agreed as part of the 2014/15 budget, for example in finding a new management operator for St David's Hall. As a number of the 2015/16 budget proposals which have been put forward for consultation include similar projects, the Committee emphasised the need to drive forward such projects.

Members noted the considerable variance in the Capital Programme and in particular the slippage and overspend where the Education programme is concerned. We would like to bring this to the attention of the Children and Young People Scrutiny Committee and I have therefore copied this letter to the Chair of that Committee for information.

Budget 2015/16 – consultation proposals

Having for some years pushed for budget proposals to be released earlier, the Committee very much appreciated that the public have been given a longer period during which to share their views. The Committee considered the Cardiff Debate methodology at its November meeting, and while there were divergent views among Committee members about the effectiveness of the programme, the principal of consulting on the budget at the earliest possible stage is one which we endorse. Although it is not an easy issue to solve, the Committee recommends that more is done to advertise the remaining engagement events and to ensure that those who prefer not to access online surveys are aware that they can obtain paper versions from some Council buildings. The Committee would also like to understand at what level of response (as a percentage of the population) the Cardiff Debate results will be judged to be statistically reliable, in comparison with similar budget engagement activities nationally. I would be grateful if this information could be provided. The Committee asks to have access to the results of the Cardiff Debate available at its February budget meeting, so I would be grateful if your officers would work with Scrutiny Services to ensure that they are available.

In terms of the proposals themselves, the Committee would be undertaking a more detailed scrutiny at its February meeting once the results of consultation are known and therefore did not get into detailed discussions at this meeting. However, given the Month 6 position, Members would like to reiterate the concerns which they expressed in previous years regarding the achievability of budget savings. Many savings seem to have been proposed in areas reporting shortfalls this year against similar savings targets. The Committee was concerned that this year no contingency seems to have been built into the budget proposals and recommend that this is addressed in the final proposals.

Directorate Budget briefings

Finally the Committee would like to express its thanks to the Cabinet Members and officers who attended the meeting to brief the Committee on their budget monitoring positions and to set out the process for developing the 2015/16 budget proposals. We appreciated their time and the contextual information which this item provided.

15 : CORRESPONDENCE - INFORMATION REPORT

The Committee was advised that following meetings, the Chairperson wrote letters to the relevant Cabinet Member or senior officer, summing up the Committee's comments, concerns and recommendations regarding the issues considered during that meeting. The letter asked for a response from the Cabinet Member to any recommendations made and sometimes requested further information.

A copy of the Correspondence Monitoring Sheet detailing the Committee's correspondence was noted.

RESOLVED: The Committee **AGREED** to note the content of the letters attached to this report and decided whether it wished to take any further actions, or requested any further information.

16 : DATE OF NEXT MEETING

6 January 2015