
**QUARTER THREE 2015/16: MONITORING PERFORMANCE OF SERVICES
REPORTING THROUGH COMMITTEE TERMS OF REFERENCE**

Purpose of report

1. The Economy and Culture Scrutiny Committee is responsible for scrutinising performance of the Directorates reporting through the Committee's terms of reference, thereby facilitating challenge and public discussion which should help to drive improvement of those services.

2. The Directorates that fall under the Terms of Reference are Economic Development, City Operations and Communities, Housing and Customer Services, although it should be noted that only some aspects of these Directorates apply to this Committee. Attached at **Appendix A** are the Committee Terms of Reference, colour coded by the directorates they fall within.
 - Green – Economic Development
 - Pink – City Operations
 - Orange – Communities Housing and Customer Services.

Background to Performance Report

3. In setting the Committee's 2015/16 work programme at the Committee Meeting held on 9 July 2015, Members agreed to trial a new approach to scrutinising performance. The agreed approach was for the Chair of the Committee to review Quarterly Performance Reports with the Principal Scrutiny Officer and, based on

areas of interest or concern, identify which directors and Cabinet Members to invite to present to the full Committee.

4. Where a Directorate is not selected to present to a particular Committee Meeting, Members may request a written summary of certain projects or aspects of a Directorate's work, to provide more information than is contained within the Quarterly Performance Report. The full set of quarterly corporate performance reports for each Directorate would still be available for Members' consideration.
5. The Quarter 3 Performance Reports included as appendices provide the Committee with information about the context that these services are operating in, performance information and the management actions that are being taken to address performance issues.

Quarter 3 Delivery and Performance

6. The Quarter 3 Delivery and Performance Report 2015/16 relevant to the terms of this Committee can be found attached as **Appendix B**. The Report is split as follows:

- Corporate Overview Pages 1 – 10
- City Operations Pages 11 – 15
- Communities, Housing and Customer Services Pages 16 – 20
- Economic Development Pages 21 – 24
- RAG status key Page 25 (marked 46)

Members wishing to review the Quarter 3 Delivery and Performance Report 2015/16 for the whole Council can find the full report via the following link:

<http://cardiff.moderngov.co.uk/documents/s9345/Item%205%20Cabinet%2018%20Feb%202016%20Q3%20Performance.pdf>

7. The performance figures relevant to this committee within the Corporate Overview have been highlighted using the colour system above. Members may wish to note that the figures for City Operations and Communities, Housing and Customer Services Directorates relate to the whole Directorate, and that the performance of the individual elements applicable to this Committee are not separated out.

8. The following approach has been chosen for the scrutiny of Quarter 3 performance:
 - Economic Development Directorate has been chosen to appear at Committee to present on Quarter 3 performance and receive questions from Members.
 - The Director of City Operations has not been requested to make representations to the Committee on Quarter 3 Performance. Much of the information provided under the City Operations section falls outside the terms of reference of this Committee, plus the Committee received an update on the Leisure ADM Procurement Exercise at its December meeting, and is due to scrutinise this project in depth at the June Committee meeting.
 - The Director of Communities, Housing and Customer Services has not been requested to make representations to the Committee on Quarter 3 Performance – it was felt that the Committee has recently considered the areas highlighted in the Q3 report that fall under this Committee terms of reference (Adult Community Learning, Welsh Public Library Standards, Libraries and the relocation of Local Studies).

9. **Pages 11 – 15 of Appendix B** detail the individual performance of the City Operations Directorate. The information relevant to this committee has been highlighted in pink. As detailed above, the Cabinet Member - Community Development, Co-operatives & Social Enterprise, and Director – City Operations, have not been requested to attend the Committee Meeting. Any comments Members may have on these areas can be captured and submitted within the Chair's Letter as discussed during the meeting Way Forward.

10. **Pages 16 – 20 of Appendix B** detail the individual performance of the Communities, Housing and Customer Services Directorate. The information relevant to this Committee has been highlighted in yellow. As detailed above, the Cabinet Member - Community Development, Co-operatives & Social Enterprise, and Director – Communities, Housing and Customer Services, have not been requested to attend the Committee Meeting. Any comments Members may have on these areas can be captured and submitted within the Chair's Letter as discussed during the meeting Way Forward.

11. **Pages 21 – 24 of Appendix B** detail the individual performance of the Economic Development Directorate. The information relevant to this Committee has been highlighted in green. The Economic Development Directorate has been chosen for the Committee's focus at the March 2016 meeting. The Council Leader Councillor Phil Bale and Director of Economic Development Neil Hanratty have been invited to present on Quarter 3 performance.

Economic Development Q3 Performance

12. A number of key observations have been identified from the Corporate Overview of the Q3 Performance report, these are:
 - For 2015/16 the Economic Development Directorate has a budget of £2,162,000 and savings target of £1,334,000. At the end of Quarter 3 of 2015/16 the Directorate had a projected budget outturn of £2,474,00 and a savings projection of £1,073,000. This means that at the end of Quarter 3 the City Operations Directorate has a projected overspend of £312,000 and a projected savings shortfall of £261,000. Referring to the position reported at Q2, the projected overspend has fallen by £257,000 and the savings shortfall has been reduced by £56,000.
 - By the end of Quarter 3 Economic Development staff have taken an average of 5.8 full time equivalent (FTE) sick days. When this figure was projected across the year it produced a forecast of 7.9 FTE sickness absence days. This is above the 6.0 FTE target set by the Council for the Economic Development Directorate. The revised 7.9 FTE days sickness forecast at the end of Quarter 3 is 0.7 FTE sickness days higher than the 7.2 FTE

sickness days projected at the end of Quarter 2. This figure is below the Council average of 9.2 FTE sickness days.

- Overall staff costs came in at 77.30% of target for the end of Quarter 3. At 9.14% the Directorate has the third highest percentage of spend on agency staff, and at 3.94% the service has the highest percentage of overtime to staff spend for the same period. At the end of month nine Economic Development had spent 188.6% of its agency budget for 2015/16; this means that the Directorate has already overspent the 2015/16 overtime budget by £376,390.
- The Council as a whole has spent £11,476,890 on agency staff during the first nine months of 2015/16; this is against an overall 2015/16 agency staff budget of £5,553,335. This means that for the first nine months of 2015/16 the Council has spent approximately 207% of the agency staff budget for 2015/16.
- The overall Total (Head Count) of staff eligible for PPDR completion has reduced from 6,230 at the end of Quarter 2 to 5,792 at the end of Quarter 3; this is a reduction of 438 staff eligible for a PPDR. During this period Economic Development has reduced from 269 at the end of Quarter 2 to 255 at the end of Quarter 3; a reduction of 14 staff eligible for a PPDR.

13. The Corporate Overview section of the Q3 Performance report also includes the following Outcome agreement measures in relation to the Economic Development Directorate:

Measure	2015/16 Target	Q1 15/16	Q2 15/16	Q3 15/16
Businesses supported	50	153	229	303
New & safeguarded jobs in businesses supported financially by the Council	500			Awaiting info
New & safeguarded jobs in businesses supported financially or otherwise by the Council	1000	478	1653	2099
Grade A office space	100,000 Sqft	180,000sq ft		Awaiting info
Jobs 10% above average Wales salary	20%			Awaiting info
Grant aid and private sector finance to companies assisted by the Council	£1,000,000	£1.044m	£5.130m	£6,959,014

14. Members may wish to note the following areas from the Economic Development Directorate performance report:

Progress on Challenges Identified at Q2

- **City Deal** – the City Deal process is progressing well. Welsh Government now integrated into the process. Announcements made by central government in November statement. Work ongoing towards a final submission in March.
- **Central Square** – Lease signed by BBC for new HQ. Work on bus station progressing on-track. Results of public consultation reported to Cabinet in December. The planning application for demolition of Marland House and the NCP car park submitted in December. Work started on preparing planning application for the new bus station.
- **Multi-purpose Arena** – Work progressing on financial plan. New opportunities to access infrastructure funding being explored to help move the project forward.
- **ISV** – Ice rink on-track to be completed in Q4. Discussions have been initiated with the developer regarding phase 2 of the sports village development.
- **Funding for business** – opportunities to provide new financial support initiatives for business are being explored through the City Deal.

Finance

15. As mentioned above, Economic Development are projecting a reduced overspend of £312,000 against a net budget of £2,158m. Workshops are projecting £50,000 additional rental income along with additional bus shelter projected income of £350,000. This will be used to offset overspends of £430,000 in Culture Venues and Events, £100,000 in Property and £183,000 in Major Projects of which £93,000 relates to offsetting the Dr Who Experience naming rights income shortfall.

16. Members may wish to note the following areas from the Economic Development Directorate performance report:

Commitments in Directorate Delivery Plan

- **Deliver, with partners, 200,000 square feet of Grade A office as part of a new business district in the vicinity of central station between March 2014 and March 2016** - Building one nearing completion and due for occupation in February. Contractors now commissioned by the developer to commence works on BBC HQ and Building 2 and works are underway. Public realm associated with building one has commenced. Preparation works for the public realm relating to the wider square are underway.
- **Implement a delivery strategy to progress a Multi-Purpose Arena by March 2016** – Work to prepare for a procurement process is underway with a view to beginning the process in Spring, subject to financial plan.
- **Transport Interchange** - Detailed design has started. Commenced stakeholder consultation to inform the detailed design process and preparation of the Transport Assessment.
- **Develop a heritage quarter proposal for the Civic Centre, including a plan for the refurbishment of City Hall by March 2016** – Cathay's Park Urban Design Framework completed. Masterplan to be agreed with partners in Q4. Work on plan for City Hall will follow this work.
- **Establish a new Tourism Development Strategy by June 2015 with a view to doubling the value of overnight tourism in the city-region by 2020** - As well as funding received from Visit Wales, additional partner/ stakeholder support funding has been sourced from the Local Authorities in SE Wales and contributions from the private sector (such as Cardiff Hoteliers Association, Cardiff Venues including Motorpoint Arena, Wales Millennium Stadium) and Celtic Manor Resort to undertake a marketing campaign and associated activity to be delivered by end of March 2016
- **Establish the future cultural and leisure needs of the city and ensure the sustainable delivery of cultural and leisure infrastructure and services at less cost through new operating models, by June 2016** –

First stage of submissions have been made. Now undertaking evaluation to see whether bids meet Council objectives. Discussions with legal regarding timescales for contract documentation.

- **Cultural Consortium** - Meeting held with relevant stakeholders to discuss the potential of a Capital of Culture Bid. A further discussion will be held with the Cultural Consortium in February.

17. **Page 22 of Appendix B** shows Key Performance Indicator data for the Economic Development Directorate. Two Performance Indicators are marked as ‘amber’ – meaning performance is slightly below target. These will be of particular interest for this Committee and are given below:

Performance Indicator	Result 14/15	Q1 Position	Q2 Position	Q3 Position	Q4 Position	Target 15/16	Year End 15-16	R.A.G.
Grow membership of the Cardiff Business Council to 1,000 members (by 2016) (cumulative result)	120	164	166			1,000		A
The Council has embarked upon a review of the organisation in anticipation of future funding shortfalls and the City Deal opportunity.								
Number of Attendances At Cardiff Castle (cumulative result)	274,285	76,636	176,562	235,572		285,000		A

Members may also wish to note that two performance indicators that were marked amber in Quarter 2 are now instead rated green, indicating that performance in these areas are on target for delivery. These indicators are:

- Customer Satisfaction Level for Cardiff Castle
- Investment Portfolio Income

18. The following challenges and corresponding actions have been identified in Quarter 3:

Challenge: City Deal – maintaining momentum towards the completion of a bid in Q4.

Action: Development of an agreed bid through a series of workshops and meetings.

Challenge: Central Square – agreeing a financial approach to the delivery of the new bus station and implementing a programme of stakeholder engagement.

Action: Regular meetings with finance and the developer to develop a financial proposition.

Challenge: Ice Rink – completion and open for public use in Q4

Action: Continue work with the developer to resolve any outstanding issues to ensure the facility can be opened to the public in Q4.

Challenge: Coal Exchange – progressing arrangements for a private sector solution to the coal exchange including the appropriate engagement of stakeholders.

Action: Work with all stakeholders to agree a common view of the way forward to restore the Coal Exchange.

Challenge: Culture, Venues & Events - undertake organisational restructure to enable delivery of savings and operational efficiencies in the new financial year

Action: Discuss with unions and staff and progress the restructuring.

Challenge: Provide interim TIC (Tourist Information Centre) facility in the city centre.

Action: Identify preferred location and operational plan for new TIC presence in the city-centre.

Challenge: Finalise the Civic Centre masterplan work and develop proposals for the use of City Hall.

Action: Complete masterplan work and begin consultation.

Challenge: BID – maintaining momentum towards a vote.

Action: Continue to work with the local business stakeholders and appointed consultants to prepare for a vote.

Challenge: Welsh Language Centre – finalise details for completion of the WLC in Q4.

Action: Continue discussions with tenants and Museum Trustees to ensure all occupiers needs are meet. Monitor completion of fit-out works.

Challenge: Culture ADM (Alternative Delivery Model) – progress procurement process towards an outcome.

Action: Evaluate proposals and negotiate a contract with preferred bidder in Q4.

Challenge: Heritage Trust/Mansion House – agreeing a way forward.

Action: Advice being presented in Q4 with related action plan.

Challenge: Digital advertising – ensuring infrastructure and contracts are in place to enable income to be received from Q1 16/17.

Action: Regular meetings with supplier and planning officers to ensure programme is delivered on schedule.

Challenge: Cardiff Business Council – manage the transition to a new regional arrangement

Action: Work with a range of business stakeholders, local authorities and Welsh Government to agree a new model for business engagement at a city region level.

19. **Page 23 of Appendix B** provides progress on emerging risks identified in previous quarters. Of note for this Committee is:

Arts Venues (Q4) - should timescale for procurement on Arts Venues alternative management not be met, savings achievement would be delayed.

Inherent Risk – Red.

Residual Risk – Green

BID (Q4) – restricting of the City Centre Management team and delay with the implementation of BID

Inherent Risk – Red/Amber

Residual Risk – Green

Way Forward

20. Apologies have been received from The Leader, Councillor Bale and Neil Hanratty, Director - Economic Development. Kath Richards - Head of Culture, Venues & Events and Jon Day – Economic Policy Manager will provide Members with a presentation on Quarter 3 Performance and be available to answer any questions.

21. Members will have the opportunity to discuss and comment on the performance information provided for the relevant areas of the City Operations and Communities, Housing and Customer Services Directorates. Members may also wish to consider the way that future quarterly scrutiny of performance might be arranged, and to identify any issues which require more detailed scrutiny in the coming year.

Legal Implications

22. 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

23. 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.

Recommendation

The Committee is recommended to:

- a. Consider the contents of the report, appendices and evidence presented at the meeting;
- b. Report any comments, observations or recommendations to the appropriate Cabinet Member.

David Marr

Interim Monitoring Officer

11 March 2016