

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 15 February 2018

Councillor Huw Thomas
Leader
City of Cardiff Council
County Hall
Cardiff
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Dear Huw,

Policy Review & Performance Scrutiny Committee: 14 February 2018.

On behalf of the Policy Review and Performance Scrutiny Committee sincere thanks for attending Committee yesterday together with Councillors Weaver and Goodway to facilitate consideration of the draft Corporate Plan 2018-21 and the draft Budget Proposals 2018-19. The Committee is grateful for your time, and for the co-operation of all Directors and officers in attendance to answer Members' questions. This letter captures the observations and concerns of the Committee in a structure that reflects the Committee proceedings. Firstly, comments on the Corporate Plan, secondly on the overarching budget position, followed by comments on the budget proposals of the specific service areas that fall within the terms of reference of this Committee.

Draft Corporate Plan 2018-21

Firstly, I wish to commend your responsiveness to Members concerns and observations raised in previous correspondence from the Committee and its Performance Panel. This is unprecedented. We warmly welcome such a step forward in co-production of the Corporate Plan, and we look forward to continuing this level of constructive dialogue with the Cabinet. Our observations are generally positive, the Committee considers that the process of developing the new Administrations Capital Ambition into the Corporate Plan has been worthwhile, and looks forward to the organisations greater focus on a culture of tracking targets to deliver the Corporate Plan. There are however, a few further comments you may wish to address, as follows:

- We are seeking reassurance that you consider there is a strong connection between the objectives of the Well-being of Future Generations Act and the Corporate Plan, particularly around the health aspects of the legislation. We note the Future Generations Commissioner's reassuring response to Cardiff's Well-being Plan, and the ongoing work with partners to secure the right basket of indicators, however we concur there is a task ahead to fully embed the Well-being of Future Generations legislation across the Council. Members feel there is an opportunity to strengthen our commitment to addressing health inequalities.
- In respect of the Well-being objective *A Capital City that works for Wales*, the Performance Panel previously commented on the interdependency of the KPI's for this objective. We suggested that to increase the total number of visitors to Cardiff (by 3%) would require a larger than 2% increase in the number of staying visitors. We wish to re-iterate this point, and stress that we consider this economic development indicator could be more ambitious and aim to increase the proportion of visitors that stay overnight in the City.
- The Committee has some concerns about the reference to the Corporate Landlord Model in the Working for Public Services section of the Plan. As you are aware the Committee is currently undertaking an inquiry on this model of estate management, and evidence gathered to date indicates it requires complete buy-in from the organisation. We are therefore concerned that '*ensure all of the Council's estate is compliant by the end of 2018*' reduces the model to compliance when it is clearly so much more. We would therefore encourage you to reflect on the wording in the Steps section at page 51.
- In respect of the aspiration to deal with the asset maintenance backlog via the Corporate Landlord Model, we are reassured that asset management governance has been strengthened, care will be taken to achieve the best value for Council assets disposed of, and also not to release assets that could weaken the Council's position. We are however concerned as to whether receipts from the disposal of surplus property will be great enough to support a £40m maintenance backlog.

Overarching Budget Proposals 2018-19

- The Committee is concerned that Council Tax is increasing by 5%. This is considerably higher than the 3.7% anticipated, despite the financial settlement being better than expected. We note that the employers pay award at 2% currently on offer is the main reason given for this. However, in our letter of 20th September 2017, following scrutiny of the Budget Strategy, we highlighted concerns on this matter. Since we were assured in September that the 3.7% potential council tax rise had taken into account a pay rise of 2%, we find it difficult to accept this as justification for the council tax increase to 5%. The committee therefore asks you for further clarity on the reasons for this rise.
- Members are interested in how Cardiff compares with other Welsh Councils, and indeed English Councils, in respect of its long-term debt. We are therefore minded to revisit an earlier benchmarking exercise.
- We have some concerns around retaining control of borrowing and revenue commitments. On the matter of borrowing, we are concerned about the risk of debt impacting on the Council's overall budget. We note officers' view that the Council cannot borrow in advance of need and that interest rates are always fixed, but Members are not reassured by this. We consider the Council is not in a position to predict future interest rates, and therefore is at risk of fixing borrowing at a higher rate.
- We note your explanation in respect of the £11m cost of parking enforcement, which generates an income of £12.1m per annum. We understand this includes support for the highways budget and in fact, the actual cost of parking enforcement is £6.2m, and we can reference more detail at Appendix 19 of the full budget report to Council.
- The Committee referenced an additional £8.4m in the budget for Social Services, writing out a previous saving. There are many red risks in adult social care and notably the out of county placement of children. The savings are ambitious. We accept that the new senior management structure will

assist, and we have to accept some risks, but we are seeking reassurance that there will not be an increase in care costs to the service user.

- Members have some concerns that income generation is a repeated theme across Directorate budget savings proposals. We note the actual figures, that only £2.4m of £14.3m is from income generation, and we agree with officers that income generation lines will always be more risky, recognising that easy savings have already been offered.
- The Committee notes the proposal to reduce dependency on agency spend across the recycling and waste services team, by improving attendance at work. We have heard in a previous scrutiny the challenge of sickness absence, particularly in frontline services such as waste, and therefore question how achievable the proposal is.

Resources Proposals

- We acknowledge the Resources Directorate is losing proportionately more staff than other Directorates.
- The Committee observed a different culture in the Resources Directorate compared with some other Council services. Members heard that ICT systems should be fit for purpose, improve efficiency and streamline processes, and this did not necessarily mean they should be developed in house. We note the Directorate's appetite to push boundaries, illustrated in services such as procurement.
- In respect of the Council's Digital First aspiration, the new Chief Digital Officer will clearly take this forward. We would hope that no proposed savings would prevent digital progress. However, we do urge care to ensure that e billing does not exclude those who are not technically resourced. We are therefore reassured that Council Tax customers must opt-in to be billed electronically.

Economic Development Proposals

- The Committee notes you consider savings proposals to expand the market share for Pest Control, and to generate more income from Building Cleaning and Security Services are all achievable.
- We welcome the comprehensive review of the Council's estate and the much clearer picture of the estate it will provide, particularly in respect of Council land, noting that details will be digitalised onto a database.
- In respect of the International Pool subsidy removal, we are concerned about the impact on charges, staffing and services. We are pleased to hear the operator (Parkwood Leisure) considers no diminution of service will be necessary as a result, and that the same pricing terms have been agreed.
- Corporate Landlord – As we highlighted in our scrutiny of the Corporate Plan the Committee is focussed on the importance of the Corporate Landlord Model, and the potential it offers to put in place the controls required for successful management of the estate. We note the resourcing plan is currently under development and are reassured there will be no job losses affecting this team, and in fact, the corporate estate team will grow.
- Corporate Landlord – Members acknowledged it will take time to generate the £40m required to tackle the operational estate maintenance backlog with the release of non-operational estate, and that there will continue to be a budget allocated for maintenance. We note also your view that it will take 5-10 years to eliminate the current backlog of schools maintenance.

Governance & Legal Services Proposals

- The Committee notes the reduction of two posts from the scrutiny function and the consequence that there will be a reduction in the capacity for undertaking task group inquiries. We note that this follows the decision to retain five scrutiny committees in recognition of the importance of the function, and that the saving is risk assessed as red-amber in terms of achievability reflecting its political sensitivity. We understand there will be less opportunity for inquiry

work and that external links with universities and charitable organisations are to be encouraged where appropriate, to continue such member led research.

- In respect of Legal Services, we note that internally delivered services are more cost effective, but that there will always be occasions that the right expertise is not available in-house. We recognise that childcare legal cases are complex and are pleased to hear officers are confident the Council will attract such expertise, and that generally the retention and recruitment of solicitors has not been difficult.

May I thank you once again for the time you and your Cabinet have committed to enable scrutiny consideration of the Corporate Plan 2018-21 and Budget Proposals 2018-19 at all five Scrutiny Committees this week.

Yours sincerely,



COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee
Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance
Councillor Russell Goodway, Cabinet Member Investment and Development
Paul Orders, Chief Executive
Christine Salter, Corporate Director Resources
Neil Hanratty, Director of Economic Development
Davina Fiore, Director of Governance & Legal Services
Joseph Reay, Head of Performance & Partnerships
Philip Lenz, Chief Human Resources Officer
Ian Allwood, Head of Finance
Tara King, Assistant Director, Commercial and Collaboration
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Joanne Watkins, Cabinet Support Office
Debi Said, PA to Leader