

## POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

15 OCTOBER 2013

Present: Councillor Howells (Chairperson);  
Councillors Bale, Knight, Lloyd, Marshall, Murphy and  
Robson

Apology: Councillor Hunt (Governors meeting)

### 21 : DECLARATIONS OF INTEREST

The Chairperson reminded Members of their responsibility under Part III of the Members' Code of Conduct, to notify any interests in general terms and complete personal interest forms at the start of the meeting and then prior to commencement of discussion of the item in question, specify whether it is a personal or prejudicial interest. If the interest is prejudicial, Members would be asked to leave the meeting and if the interest is personal, Members would be invited to stay, speak and vote.

### 22 : WALES AUDIT OFFICE IMPROVEMENT LETTER AND ANNUAL IMPROVEMENT REPORT

The Chairperson welcomed Councillor Ralph Cook, Deputy Leader, Christine Salter, Interim Head of Paid Service, Mike Davies, Head of Performance and Improvement and Vivienne Pearson, Operational Manager – Improvement and Information. The Chairperson also welcomed Steve Barry, Improvement Assessment Lead, Wales Audit Office to the Committee meeting.

The Chairperson informed Members that this item gave the Committee the opportunity to consider the Wales Audit Office's view of how the Council is fulfilling its improvement duties. The Improvement Report covers the period of 2011/12 and planning for 2012/13, while the Improvement letter provides a more up to date opinion.

The Chairperson invited Steve Barry to make a statement. Steve Barry advised the Committee that there were 2 documents being considered, the Improvement Letter and the Annual Improvement Plan. He stated that a key theme was the need to improve the range of measures to better

evaluate performance in the Council. He noted that some messages coming out from the WAO report were also apparent in the Peer Review; the main issue was to establish clarity of purpose and key priorities.

The Chairperson thanked Steve Barry for his statement and invited Councillor Ralph Cook to make a statement. Councillor Cook advised the Committee that all good Councils should welcome the involvement of outside bodies to scrutinise what they are doing, and it was important to learn lessons and share experiences with neighbouring Authorities. When issues are identified it should provide an impetus to act on it. He added that there were some fundamental issues identified by the Peer Review which will be addressed and that the Council is responding seriously and quickly to the comments raised by both the WAO and the Peer Review.

The Chairperson thanked Councillor Cook for his statement and invited comments and observations from Members of the Committee.

- Members noted comments regarding the need to include Welsh comparative data in the Council's Annual Report and welcomed this inclusion. Steve Barry stated that it was now a requirement to include comparative data in the annual report.
- Members discussed accessibility of the Council's Annual Report on the website and ways in which it could be made more generally accessible, to citizens, as well as the merits of producing a summary report in future.
- In relation to the Council's spend per resident equating to £2,258, Members requested to see data on how this compares to other local Authorities.
- Members noted the comments in the Peer Review stating that they are not getting the information needed in order to scrutinise effectively. It was also noted that Scrutiny Committee Members had been asked to find examples of best practise.
- Members asked whether the WAO had themselves seen any best practise authorities in terms of performance management. Steve Barry stated that he had seen some examples in Wales where they had got information from English Authorities. He noted that it was less about developing a prescribed format, and more about ensuring that directorates make it part of their daily activity. Officers stated that performance management systems and

processes are very different things; they noted that presentation of information is an issue but the information is accurate. Other issues include: how managers use the information, are objectives/targets appropriate/robust and culture.

- Members discussed the use of the term ‘urgency’ throughout the report, in relation to the proposal to postpone the WAO Corporate Assessment. Steve Barry noted that the WAO felt it was important to assess the Council’s reaction to issues highlighted by the Peer Review, and this was the reason the report had been postponed to February. He noted that currently the reactions were positive.
- Members discussed the fees charged by WAO. Steve Barry explained that there were 2 elements to the fee, the overall level of which had gone down by 3.5% over the last years. One element was the Financial Audit fee which was based on the ‘must do’s’ and risks; the other element being the Performance Audit fee which possibly could be looked at, as it relates to discretionary activity.
- In reference to the Peer Review Report, Members enquired whether there was anything more to add from the WAO’s perspective. Steve Barry stated that the messages coming from the Peer Review were the same as the Audit Office had identified, however the Peer Review hadn’t undertaken a Corporate Assessment, their assessment was for a short time/an intense review. When monitoring the action plan, the WAO would revisit and look deeper at particular areas.
- Members noted that performance data often does not focus on outcomes, often indicating whether a policy has been delivered but without stating how outcomes for citizens have changed as a result of the new policy. The Deputy Leader stated that the Council is always informed by the Corporate Plan, which is in turn informed by the manifesto; he stated the importance of understanding the figures and what the figures mean for the citizens of Cardiff.
- Members reiterated that the Corporate Plan is high level and has no indicators against it, whereas indicators are present in the action plan but aren’t quantified as to what has improved or not.
- Members were surprised to learn that Cabinet Members were unaware of Welsh Government improvement guidance when they developed the Corporate Plan.

- Members asked whether any new reports would be objectively measurable and related to key points within the Corporate Plan. It was stated that this was the intention and a Council Wide discussion should take place to ensure its right.
- Members stated the importance of feeling a sense of ownership over the Action Plan, the Delivery Plan and the Corporate Plan, and the importance of being able to contribute to them before they are finalised.
- Members briefly discussed Asset Management and requested an opportunity to scrutinise this before the budget papers.
- Members discussed Information Governance and the need for information to be easily accessible. Officers agreed and explained that an electronic records management system had been purchased, which will be piloted in a few areas of the Council. More information on this would be provided to the Task & Finish group.

The Chairperson thanked the Deputy Leader and his Officers for attending the Committee meeting.

It was AGREED that the Chairperson, on behalf of the Committee, write to Councillor Ralph Cook, Deputy Leader, highlighting the following issues:

- The Committee urged Councillor Cook to consider the recommendations discussed at the meeting in terms of making the Council's Improvement Report more accessible, and possibly producing an 'easy read' summary report with links to more detailed data behind it, providing it in other community languages or targeted distribution to particular stakeholder groups.
- The Committee noted that whilst the Auditor General commented positively on the Corporate Plan's structuring around Cabinet Portfolios, they urged that the Council address the issues identified with the Delivery Plan in terms of ensuring that there are clear measurable targets in place. The Committee had made similar comments when it considered the draft Plan in February, as Members were concerned that it would be difficult to judge ongoing success in its delivery. Members furthermore urged that

the Council should ensure that outcomes for citizens in particular could be clearly assessed.

- Members were concerned to learn that the Cabinet had not had access to key guidance from the Welsh Government in order to aid the development of the Plan, and sought clarification on the matter. The Committee requested a copy of the guidance to aid their future consideration of improvement planning.
- Members noted comments that the Council's performance reports were undergoing a further review. Some improvements had been put in place in the Quarter 1 report and more work was being carried out to develop them for the next quarter. In light of this, the Committee were keen to see the format and content of the report before it considered the development of its own bespoke performance report.
- The Committee noted that the Auditor General recommended that the Council provided comparative information in future performance reports. The Committee had questioned previously the availability of comparative performance data and which cities (European as well as Welsh) were appropriate to evaluate Cardiff's performance against. The Committee understood from Officers that it was a difficult area, but subject to capacity, the Committee, with the Scrutiny Research team, would undertake a review of comparative performance data in order to progress this issue.
- Members welcomed the comments that the Directors would ensure that the narrative contained in performance reports set out an unambiguous assessment of performance.
- In reference to Council Asset Management, the Committee noted their long standing interest in this matter and they had previously requested a full review of non- operational property to be brought to the Committee and the Cabinet. The Committee were concerned that this Review and the Corporate Asset Management Plan had featured on the Cabinet's forward plan for several months without being brought forward for decision. The Committee urged this matter to be addressed.

## 23 : WELSH LOCAL GOVERNMENT ASSOCIATION CORPORATE PEER REVIEW

The Chairperson welcomed Councillor Heather Joyce, Leader, Christine Salter, Interim Head of Paid Service, Mike Davies, Head of Performance and Improvement and Vivienne Pearson, Operational Manager – Improvement and Information to the Committee meeting.

The Chairperson informed Members that this item gave them the opportunity to consider the results of the WLGA's peer review and give their comments to the Cabinet prior to the development of the responding action plan.

The Chairperson invited Councillor Joyce to make a statement. The Leader stated that she had previously made statements regarding the Peer Review that she initiated last May. She noted that, as the Committee would be aware, before the report was released in the public domain she had arranged for a number of briefings by Sir Peter Rogers of the Peer Review team to allow Members, Directors and Trades Union colleagues to hear first hand about the scale of challenge that the Council faced.

The Leader stated that the report sets out that the Council has already addressed, and continues to address, many of the issues that were highlighted in the Peer Review Report. The report also makes clear the Council's intention to bring an Action Plan to the November Cabinet meeting in response to the Peer Review Report and to develop an overarching Delivery Plan that incorporates and addresses recommendations arising from the regulators, by the end of the year.

The Leader stated that she firmly believes that Scrutiny can play an important role in this process and she would welcome any suggestions from the Committee, following this meeting, of potential actions that the Committee believe should be included in the future Action Plan.

The Chairperson thanked Councillor Joyce for her statement and invited comments and questions from members of the Committee.

- Members enquired how much training Cabinet Members had received and whether there was any more planned. The Leader stated that some training had been received in the summer of 2012 and this had been extended out to the group. She stated that she would look to put training forward in the delivery plan. Officers stated that this issue had been brought to attention by the Peer

Review and therefore when the Cabinet reshuffle had happened, Cabinet Members received governance training.

- Members were pleased to see a reference to the Cooperative Council model in the report, and requested examples of how this is done. The Leader stated that this was very important to her group, and a variety of schemes were in operation across the City as part of looking at alternative delivery.
- Members discussed Voluntary Severance and the related payments. Included in the discussion was whether Capitalisation could be used for this. Members were told that the Welsh Government had stated this was not an avenue that could be explored.
- In reference to Finance Budgeting, Members sought reassurances on what Cabinet Members and Senior Managers were doing to keep things on track in year. Officers stated that the Month 3 report had recommended establishing budget clinics, these were now running. Officers were meeting with Service Areas to understand their action plans and to see who are overspent. It was also noted that Month 5 positions were an improvement on Month 3. Officers stressed however that the Council was still at the mercy of the demand-led services such as Adult Care where the needs were unpredictable. Members understood the pressures but were keen to state that they wouldn't want service areas that had realised savings to be penalised to subsidise those service areas that hadn't.
- Members sought further information on the Cabinet Members involvement in the development of the action plan. They were advised that Directors would draft the plan and the Cabinet Members would input afterwards.
- In relation to the Cabinet Members' capacity, Members were told that the Peer Review had been undertaken before the new Directors were in post; now that the Cabinet Members had the directorate support they had capacity to be ambassadors for the City.
- Members asked for the Leader's views on the Congestion Charge. Members were advised that this had been included in the Peer Review by Sir Peter Rogers, as an idea for generating income and keeping the roads running. The Leader stated she had a mixed view, she didn't relish the idea, she would prefer good public

transport, but if it meant it was best for the City then she would look at it again.

- Members asked about staff development. The Leader stated that she was a supporter of the Cardiff Academy, which helps staff in lower paid jobs particularly, she was keen to see this continue.
- With regard to PPDR's, Members noted that in the Month 3 Cabinet Report there was a stop on non-essential courses and conferences for staff. Members asked how staff could be developed when there are these cuts in year. The Leader stated that a lot of in house development goes on. She was aware that there was a lot of criticism about PPDR's not being done, and a message needed to come from the top that they have to be done as they are valuable for feedback. Officers stated that it was noted that the Council had not been smart enough in identifying skills that are already present within the Council, so using the Cardiff Academy could address this. Increasing compliance of the Councils rules were needed to ensure PPDR's were completed, the Council needed to get tougher on compliance, support and training and identifying skills gaps.
- Members discussed the lack of Trade Union involvement in the Peer Review process and were disappointed to hear they had not received the message in time to be involved. Officers stated that HR spends a lot of time with Trade Unions but things could always be improved.
- Members asked if the Action Plan would be taken to Full Council to get the ownership of all Councillors. The Leader stated that it shouldn't have to go to Full Council as there had been opportunities to have input and assurances of support from parties had been received. The Leader also stated she had no objection to pre-decision scrutiny of the Action Plan, although timescales would be difficult to achieve.
- Members discussed Treasury Management and the importance of attention to detail in savings across the whole of the Council, no matter how small as this wont impact on service delivery, whereas if overspends cannot be addressed then reserves will be drawn against.



- Members discussed the possibility of setting a 3 year budget, officers explained that the legislation wasn't in place for this and there weren't indicative budgets from the Welsh Government so currently it wasn't possible.
- Members noted the importance of knowing about indicators that the Council were failing on and enquired why there were so few Red statuses. Officers explained that the Reds are reported against the Corporate Plan priorities and the key indicators that the Cabinet Members had requested. Members stated that temporary indicators to highlight areas of difficulty may be useful. Officers stated that Cabinet Members are now getting information on a monthly basis to enable them to prioritise issues as they come to light.
- Members discussed how the change in culture will happen. Officers stated that the change in culture has to start from the top, including compliance and why it is important, then this has to filter down the organisation. Officers noted that the percentage of PPDR's completed to the required stage had increased from 27% to 65%, so was now more on track. The importance of managers completing mandatory training and PPDR's was noted.
- Members discussed the Audit Committee and the issue of looking at detail compared to strategic views. Members noted that training in questioning skills may be useful.

The Chairperson thanked the Cabinet Member and her Officers for attending the Committee meeting.

It was AGREED that the Chairperson, on behalf of the Committee, write to Councillor Joyce, Leader, highlighting the following issues:

#### Peer Review Process

- The Committee strongly recommended that the Peer Review Action Plan should be presented to Full Council for debate, as even though they were commissioned by Cabinet, the Committee believed this to be the best way to ensure shared ownership to drive through the necessary changes to the Council's culture.
- The Committee wished to scrutinise the Action Plan in detail during its 26 November 2013 meeting. During discussions at the meeting, Members had heard that there may be a possibility that a

draft of the Action Plan would be available for the Committee to consider in pre-decision at its meeting on 29 October 2013. The Committee sought clarification on this matter.

- Members noted the comments that the Leader would see the first draft of the Peer Review Action Plan once Directors had prepared their responses. The Committee was concerned that the impetus for the Action Plan seemed to be coming from senior officers rather than from Cabinet Members. Members stressed that while it was vital to use the skills and knowledge of the Directors to the best advantage, it was also vital to remember that this was a Member-led process.
- Following discussion at the meeting about the need for the Council's Corporate Plan to be clear in setting out measurable actions and milestones, and most importantly that the Plan should demonstrate intended outcomes for citizens, the Committee recommended that the Action Plan was also drafted to meet these criteria.
- The Committee heard that Trade Union colleagues had not participated in the Review, partly due to the short timescales involved in its planning. Given the vital importance which Trade Unions would play in ensuring the success of future actions, the Committee wished to invite Trade Union representatives to comment on the Action Plan when it comes before the Committee.

#### Issues highlighted by the Peer Review

- Members noted the Peer Review's finding that the Corporate Plan should be distilled into a shorter, crisper vision which can be clearly communicated internally and externally. Given the Committee's comments on the draft plan in February and the comments of the Auditor general in his improvement letter, the Committee wished to reiterate its endorsement of this point of view.
- The Committee supported the need for better alignment between corporate, financial and directorate business planning and for improved performance management arrangements.
- The Committee requested the opportunity to consider the results of the Communications and Media review. In relation to this,

Members were concerned that it had been some years since a staff survey had been conducted and urged this to be rectified. The Committee noted that internal communication channels were fundamental for staff to deliver the culture change which the organisation needs in future. The Committee intends to undertake a Task & Finish inquiry to look at the Council's public engagement later in the Municipal year, with the result of the Communication Review informing its scope.

- Members wished to highlight the Peer Review's recommendation that there should be an urgent review of the resources devoted to Economic Development. The Committee strongly endorsed the view that there should be a reduction in internal resources and that external funds should be sought in their place. The Committee wished to see this reflected in the Action Plan.
- The Committee wished the issue of Asset Management to be addressed as a matter of urgency, and had previously requested a full review of non-operational property to be brought to the Committee and the Cabinet. The Committee was concerned that this and the Corporate Asset Management Plan had featured on the Cabinet's forward plan for several months without being brought forward for decision. The Committee urged the Leader to address this with her Cabinet as soon as possible.
- Members noted the Review's comments regarding the lack of training available to Cabinet Members and wished to have further details on what would be developed to rectify this, and whether any of the training would also be useful to Scrutiny Members.
- The Committee were very concerned to hear about the issues which existed with Personal Performance Development Reviews. Members heard at the meeting that this situation had improved compared to when the WLGA undertook its review, however they were informed that across the Council only 65% compliance had been achieved in terms of officers' reviews having reached the stage they should. Therefore Members asked that Human Resources Officers work with Scrutiny Service to provide the Committee with a briefing paper setting out:

- The Stages of the PPDR process;
  - Number and percentage of officer PPDRs currently at each stage of the Review process, broken down by grade and directorate;
  - Similar detailed data to be provided for previous years to allow an assessment of any improvement or fall in compliance;
  - Confirmation of how many and what percentages of staff are using the Digigov facility to record PPDRs;
  - Confirmation of number and percentage of officers who are using the monthly review option on the Digigov system;
  - Any sanctions for managers who do not carry out reviews.
  
- Committee Members were also concerned that the Council should not simply pursue compliance with the Review process, but more importantly make the process a meaningful one which enables good performance to be rewarded and unsatisfactory performance to be rectified. The Committee wished to understand how many managers have completed training in the PPDR process, and following receipt of this information and sight of the Peer Review Action Plan, the Committee may schedule further items into its work programme.

#### Financial Matters

- Members of the Committee were concerned to understand the Council's current monitoring position. Given the delay in presenting the Month 3 monitoring report to the Committee, Members would, as a minimum, like to receive further details of the position as at Month 5 when the deferred item returns to Committee on 29 October 2013.
  
- The Committee was informed that the Cabinet Member for Finance and Economic Development had commenced budget clinics as recommended by the Review. The Committee wished to hear about the results of these discussions when it considers the Month 3 monitoring position.
  
- Members noted the Interim Head of Paid Service's comment that Welsh Government had ruled out capitalisation of voluntary severance costs and hoped that the Council would continue to lobby to change this decision given the potential impact of

associated costs and the previous support made available in relation to the costs of Single Status.

- In relation to budget planning, Members questioned at the meeting what actions were being put in place to manage projected overspends for 2013/14. There was concern among Members that those directorates which had worked to meet their savings targets may be penalised by having to find additional savings to balance projected overspends in other directorates.
- The Committee wished to repeat its congratulations to the Interim Head of Paid Service with regards to the comments made in the review about Treasury Management and Finance overall. The Committee noted comments regarding longer-term financial planning and wished to lend its support to any moves to press Welsh Government to make this feasible.

#### 24 : CORRESPONDENCE

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.

#### 25 : AUDIT COMMITTEE MINUTES

The Chairperson informed Members that this item was for information only.

#### 26 : DATE OF NEXT MEETING

It was noted that the date of the next Committee meeting would be on Tuesday 29 October 2013, 4.30pm in Committee Room 4, County Hall, Cardiff.

CHAIRPERSON.....