

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

29 OCTOBER 2013

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

27 : MINUTES

The minutes of the meetings held on 1 October 2013 were approved by the Committee as a correct record and signed by the Chairperson subject to the following corrections:

Minute No 20 – to clarify that: The Policy Review and Performance Scrutiny inquiry of 2011 had found that moving towards a commissioning model had a number of potential disadvantages. These include a lack of local knowledge on the part of commissioning staff, that it can be less flexible, can undermine relationships with providers and promote unhelpful competition. Members queried why changes had not been implemented following that report. The Director for Communities, Housing and Customer Service replied that there had been many changes in the Council’s commissioning and procurement approach since the report and that it had been seen through the Families First commissioning process that this could work.

Minute No 20 – Members queried whether neighbourhood funds would be distributed evenly across the neighbourhood areas, as they are of differing sizes.

28 : 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.

29 : REVIEW OF COUNCIL GRANT FUNDING – PROCUREMENT OF ADVICE PACKAGE

The Chairperson welcomed Councillor Lynda Thorne, Cabinet Member for Community & Neighbourhood Regeneration, Sarah McGill, Director – Communities Housing & Customer Service, Jane Thomas, Operational Manager for Benefits, Finance & Tenants Services and Bethan Jones, Category Manager, Commissioning & Procurement to the Committee meeting.

The Chairperson reminded Members that they considered the proposed review of the Council's grants to external bodies on 1st October 2013. This item gave the Committee the chance to look more specifically at the proposals for the procurement of the Council's Advice Package, which was one of the proposals put forward under that review.

The Chairperson invited Councillor Thorne to make a statement. Councillor Thorne stated that the most important issue was the provision of quality timely advice, particularly in the current economic climate of welfare reforms and rising cost of living, it was becoming more important to bring services together through one management stream for more efficient services. She noted that the importance of this had already been highlighted through the hubs. The importance of the Third Sector was also noted but it was stressed that they need to provide good value for money.

The Chairperson thanks Councillor Thorne for her statement and invited Jane Thomas to provide the Members with a presentation on Advice Procurement.

Members were provided with a presentation on Advice Procurement which covered Grants Review; The Benefits of One Supplier; Current Grants; Service to be Procured; Types of Advice; Help for Providers and the Timeline until service delivery commences.

The Chairperson thanked Jane Thomas for the presentation and invited comments and observations from Members of the Committee.

- Members requested more information on sub contracting and collaboration and what checks and balances were in place to safeguard this. Officers clarified that if a winning bidder then sub contracted them the liability would lie with them, however they

would need to notify the Council of their intended sub contractors in their tender application.

- Members discussed the timescales of when the grants finish and when new services start, and whether the time in between was classed as a budget saving. Officers explained that there would be no budget saving as the grants would continue to be paid until September 2014.
- Members enquired about the rationale behind having one lead organisation. Officers stated that the focus needed to be on outcomes, the Council was clear on the service specifications. The consortiums could see a benefit of coming together to provide the service but the Council would only have a contractual arrangement with the tenderer.
- Members could see the possibility of a single supplier, but were concerned about the potential lack of diversity this may bring. Members also sought reassurance that there would be no conflict of interest, if the Council was establishing an organisation that then provided its services. Officers clarified that the Council would only fund it, and it would still be independent of the Council.
- Members asked whether the organisations received any other grant funding apart from the Council. Officers explained that all the grant recipients received funding from other sources. With regard to considering providing the services in-house, officers explained that the option wouldn't be dismissed, but it would be important to understand the costs/volumes and be aware of the outcomes and what can be achieved.
- Members sought clarification on how the budget had remained static when all other budgets were decreasing. It was explained that the budget was static due to increased pressures, however the final decision would be made when the 2014/15 budget was set by Full Council in February 2014.
- In relation to monitoring it was noted that there would be a range of performance indicators set out in the specification, which could be brought to a future Committee. Staff would be trained to Council standards.

- Members discussed levels of demand for services and how providers would adjust to this and how costs would be managed. It was explained that there is a finite pot of money and any increase in demand would mean having to put in a financial pressures bid if needed.
- Members discussed the contracts and whether the Council will place policies such as sustainability/living wage etc within them. Officers explained that yes they would and they would also expect to bids to set out community benefit. It was also noted that complaints would be dealt with at hubs and this would be specified as part of the contract. Members were assured that contract penalties would be applied if there were issues.
- Members enquired whether officers had taken the best advice on the issue of new contracts and whether they had considered examples of best practice and looked at product specification etc. Officers stated that advice had been sought from Procurement Services, and project management advice taken from officers with experience of delivering the service. The contracts would align with council services and would be monitored using council monitoring procedures to council standards.
- Members stressed the importance of the organisations being independent to the Council and having the ability to challenge the Council if needed

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

AGREED - That the Chairperson, on behalf of the Committee, write to Councillor Thorne, Cabinet Member for Community & Neighbourhood Regeneration, highlighting the following issues:

- The Committee thanked the Cabinet Member for providing the Committee the opportunity to consider the proposals for the procurement process at an early stage. Members welcomed this open approach and that suppliers would be involved in the process in the very near future. Members were interested in attending the supplier workshop which had been tentatively arranged for 27 November 2013 and requested further details.

- The Committee noted that the funding envelope for the Advice Service, subject to agreement during the budget-setting process, would be fixed at £500,000, with a small contingency which was only to be used to meet unforeseen need. Officers informed the Committee that strict minimum requirements for service levels would be set out in the Contract Notice. Members further noted that if it became clear that additional service pressures would require further funding, this would necessitate a financial pressure bid through the usual budget setting process.
- The Committee was informed that a one supplier approach was being pursued, with the aim of ensuring a more consistent advice service across the city; a more coherent customer journey into the advice system; and to better monitor the delivery of outcomes for customers. Members highlighted during the meeting the issues around sub-contracting within a single contract and recommended that Council contract requirements very strongly set out its expectation to be informed where sub-contractors were to be used, or where several suppliers form one entity to bid for the contract.
- It was obvious to Members from the discussions that the ongoing monitoring of the contract would be vital in ensuring that the advice services meet the needs of Cardiff citizens. The selection of appropriate performance indicators, to monitor delivery of outcomes, the potential penalties which could be put in place and the project management advice which the Council can call upon are all fundamental in this. The Committee intended to consider the Council's approach to contract compliance and monitoring at its 1 April 2014 meeting so would explore these general issues in more depth then.
- Members discussed the need for advice to be provided as an independent service to ensure the quality of advice in future. Some Members were concerned by comments that following the two year contract period, the potential to bring these services in-house may be explored.
- When Members considered the original Proposals for the Review of Council grants, they requested to receive an update once the consultation process with suppliers had taken place, prior to considering the final budget proposals. The Committee remains particularly interested in the effects of the overall, and of these specific, proposals on small suppliers, so reiterated this request.

Members asked that this update includes further information on the response to the Advice contract preparation process from small suppliers in particular.

30 : BUDGET 2014/15 – DIRECTORATE BUDGET BRIEFINGS – COMMUNITIES HOUSING & CUSTOMER SERVICE

The Chairperson welcomed Councillor Lynda Thorne, Cabinet Member for Community & Neighbourhood Regeneration, Sarah McGill, Director – Communities Housing & Customer Service, to the Committee meeting.

The Chairperson reminded Members that as part of their work programme for this year, the Committee agreed to receive briefings from each area of the Council falling under its remit, to set the context for the scrutiny of the detailed Budget Proposals early next year.

Sarah McGill advised Members that the aim for the service was to look at a functional approach, to align services and not impact on the outcome for the customer, and especially to provide a model for all customer services, a single process with a customer/citizen focus. This approach was looking at the whole Council and not just a directorate.

The Chairperson noted that the detailed pack of budget information was meant to give Members an awareness of the detail before the budget process.

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

- Members enquired as to why the roll out of the citizen hubs was being done in a piecemeal way rather than a holistic whole city approach, as they were concerned that some areas may miss out on providing essential services. Officers stated that the Hubs principal was city wide, looking at each area, what its needs were and then the decision being made. Each case needed to be balanced with where the buildings were situated and meeting a local need. Partner buildings would also be looked at. Members reiterated their concern that as there was no model, and with increasing financial pressures, some areas may miss the opportunity to be able to provide essential advice and services.
- Members sought clarification on who was taking the lead to ensure that directorates were communicating with each other during this

process. Officers explained that Directors were now attending Cabinet meetings and were aware of reports going forward. Meetings such as the partnership board also informed directors. Officers stated that hubs established in Council buildings were easier to progress, delays came when partner buildings were involved such as the delays experienced with the hub in Loudon Square Butetown.

- With regard to the Service Metrics, Members enquired why there were such large discrepancies, and commented that comparisons would be useful to see. Officers explained that it related directly to the number of staff. In Cardiff there were more complex cases, lots of private renting, lots of movement of people, so more claims. The Cabinet Member agreed that the use of comparator cities in England and Wales would be useful to see and share best practise.
- Members asked what the reactions had been to the new pictorial ‘bubble’ representation of the net revenue budget. Officers stated that they had been required to do things in a different way which made sense to people. Members agreed it was a better layout and more interesting to look at.
- Members sought clarification on whether the slippage in the Capital Programme would be kept under control during the financial year. Officers assured them that it would.
- In reference to the Corporate Plan objectives, Members noted that it was difficult to extract the meaning from them. For instance: ‘City and Region/Explore regional working’ but it doesn’t say how this will happen. Officers offered to bring topics such as regional working back to the Committee at a later date.

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

AGREED - That the Chairperson, on behalf of the Committee, write to Councillor Thorne, Cabinet Member for Community & Neighbourhood Regeneration, highlighting the following issues:

- Members noted that there is a need for all directorates to address capital slippage as well as their profiling of capital spend to ensure it is as accurate as possible;

- Members re-emphasised the vagueness of many of the milestones and actions contained within the Corporate Plan. This issue was clearly underlined by the Wales Audit Office's recent Improvement Report and was something which the Committee commented on when it considered the draft Plan in February this year. The Committee hopes that all Portfolio-holders will work with directors to address this in next year's Plan;
- Members commented on some of the comparative data contained within the briefing pack, feeling that Welsh comparators were often not that helpful. The Committee would like to commission research into appropriate comparative performance data and will consider the results in due course.

31: BUDGET MONITORING 2013/14 – MONTH 3

The Chairperson welcomed Councillor Russell Goodway, Cabinet Member for Finance & Economic Development and Christine Salter, Interim Head of Paid Service, to the Committee meeting.

The Chairperson informed Members that this item would give the Committee the opportunity to consider the Council's budget position as projected at Month 3 of 2013/14. This item was deferred from the Committee's 1 October meeting.

The Chairperson invited Councillor Goodway to make a statement. Councillor Goodway apologised for missing the previous scrutiny meeting, and explained that things have moved on since Month 3, but unfortunately weren't getting better. He noted that the information was now a bit historic but was still useful to see a trend.

The Chairperson thanked Councillor Goodway for his statement and invited Christine Salter to provide her presentation to the Committee.

Members were provided with a presentation on the 2013/2014 Budget Monitoring Month 3 Position, and Christine Salter also provided Members with updated Month 5 information against most points.

The Chairperson thanked Christine Salter for her presentation and invited comments and questions from Members of the Committee.

- Members noted that in the Peer Review, in relation to monthly monitoring, there has been suggested changes to how the Council

reports and monitors, i.e. reporting more quickly, and picking up problems sooner. Officers explained that monthly monitoring does take place, and is available to Directors, Chief Officers and Cabinet Members. Monthly monitoring hasn't previously been put in the public domain but it is something that's being looked at. It was further explained that it would always take a month to bring back, but it can and should be more transparent.

- With regard to the attitude to slippage, Members noted that timescales often differ between financial monitoring and completing schemes such as flood defences and enquired how this would be tied up. Officers explained that the Capital Programme profile is the responsibility of the directorate, and they should have the 2 timetables in their mind for such schemes. The new directors and new process as highlighted in the Peer Review should help, as should improved compliance and monitoring.
- In relation to Strategic Planning, Members enquired how they had managed to claw back their shortfalls. Officers explained this was by reducing the amount of planned repairs and maintenance. In the Environment directorate this had been done by terminating agency staff, not filling vacant posts and through the MRF and reset of tonnage of waste.
- Members noted the quick turnarounds and how quickly Policy changes had been implemented to meet savings, but sought reassurances on being able to scrutinise these policies effectively.
- In relation to staffing issues, Members noted the stop on non-essential training, but were concerned about this conflicting with the Peer Review comments regarding valuing and developing staff.
- Members enquired how good the Council was at predicting Invest to Save and Income Generation. Officers stated that it was a variable picture, Invest to Save were generally Capital Schemes requiring Capital Payment over a number of years. And it depended on the reliability of payments, some schemes took longer to pull in the income estimated. Mainly, Invest to Save schemes had no real problem with the bottom line.
- Members noted that there had been huge changes in a small amount of time with regard to overspends etc and that there seemed to be no consequence for overspends. It was also noted that

managers should be picking up and predicting these changes. Officers stated that the position in the current year is worse than previously agreed with service areas, some times things happen and the trend line goes in a different direction. It was explained that there were some service areas with big issues to address, which were becoming more difficult to address with declining budgets in recent years. The importance of a detailed delivery plan being in place when proposals are agreed was stressed, as was the need to move towards more evidence based budget information.

- Members asked why they issues with the MRF hadn't been predicted earlier; the budget had been set in February and budget issues were already being seen at Month 3. Officers explained that the budget is volatile, and depends on the recycle market so a £300k contingency was needed. in relation to landfill tax, the recalculation of the tonnage was carried out by the service area, but this figure could possibly have been realised at outturn position.
- The Cabinet Member stated that he had a higher expectation of budgetary standards and that he expected professional staff to be predicting increasing demands for services much earlier on.
- In relation to grants having to be returned due to timescales being missed, Officers explained that further information would have to be brought back to Committee but that the Council does suffer with late notification of grants from Welsh Government as other Local Authorities do. Problems also occurred when a grant was expected then a lower amount was provided. The Cabinet Member explained that this was in relation to the headline figure when the settlement is announced, when it's late then the Council doesn't have the full year to draw down the funds as they are waiting for the criteria to be set.
- Members suggested that the terminology regarding Civil Parking Enforcement in Traffic and Transportation is changed.

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

AGREED - That the Chairperson, on behalf of the Committee, write to Councillor Goodway, Cabinet Member for Finance & Economic Development, highlighting the following issues:

- The Committee recognised that the Council was facing an extremely serious financial situation, which was not likely to improve in the medium term. The Committee noted that there had been an improvement in the Council's projected position at Month 5, with an overspend of £2.6 million anticipated, as opposed to the £3.9 million overspend projected at Month 3. Members noted that some directorates have started to take steps to improve their position, while others, such as Health & Social Care were facing increasing service pressures. Members expressed concern that the Council's budget forecasting could be improved, given the speed with which the overspend came to be projected after the budget was set in February.
- The Committee noted the management actions which the Cabinet approved as part of the Month 3 report. Members understand the need to take strong action to address potential overspends in-year. However, Members were concerned that where major changes to service delivery or policy are introduced in-year, outside the budget-setting process, the level of engagement with Scrutiny committees has been limited. The Interim Head of Paid Service informed the Committee that discussions are undertaken between Directors and their Cabinet Members when such changes are proposed, but the Committee felt that more effort should be made to engage and inform Scrutiny Members. This would become even more important as the impact of savings year on year is felt.
- Members noted when they considered the WLGA Peer Review that a move to monthly financial reporting was recommended. While the Committee were aware that Cabinet Members and senior managers receive monitoring information on a monthly basis already, they felt there would be real merit in putting this information in the public domain. As it had been commented that Cardiff citizens and Council officers should be made more aware of the difficult decisions which the Council may have to make about service delivery levels in the future, Members felt that a public monthly monitoring report may be one way to achieve this. It could also provide a vehicle to ensure a more public debate of in-year remedial actions that could have an impact on service delivery.
- Members highlighted the issue of Capital Slippage at the meeting and hoped that Directors were being pushed to ensure that Capital Programmes were more accurately profiled in next year's budget.

The Business Improvement programme, which was showing slippage, would be discussed at the 6 May 2014 meeting, so the Committee would consider this item in more depth then.

- Members noted the Interim Head of Paid Service's comments regarding 2013/14 savings proposals in the Facilities Management and Central Transport areas. She stated that when it became clear what was intended through those budget savings, it also became clear that more time would be needed to realise them. Whilst the Committee were pleased to hear that as part of the 2014/15 budget setting process Directors were being asked to provide detailed delivery plans for savings proposals, this issue still raises many concerns about the budget assessment and challenge process. The Committee has programmed an in-depth consideration of the Facilities Management and Central Transport Services at Month 6 for its 7 January 2014 meeting. The Committee would also like to receive an update on the Resources Directorate's action plan to reduce its overspend at that point.
- Members raised the issue of Welsh Government grants at the meeting, in terms of the difficulties which the Council faced in planning activity when the level of grant funding was not confirmed until part way through the financial year. The Committee would support any lobbying of the Welsh Government by the Council or Welsh Local Government Association in this regard.
- Members noted that an updated budget strategy was programmed for decision at the Cabinet's 7 November 2013 meeting; the Committee will scrutinise this at its 26 November meeting. The Committee would be grateful for a reply to its letter and to the Committee's letter dated 18 September 2013 regarding the original Budget Strategy report before that meeting if possible, in order to inform discussions.

32: DEPOSIT LOCAL DEVELOPMENT PLAN – SCRUTINY TASK & FINISH GROUP INQUIRY REPORT

The Chairperson reminded Members that this was a continuation of the cross-committee Inquiry into the Cardiff's Local Development Plan, which Councillor Howells co-chairs with Councillor Mitchell of the Environmental Scrutiny Committee.

The Chairperson invited the Principal Scrutiny Officer to present the report to Members. Members were requested to formally present the draft report of the cross-committee scrutiny inquiry into the Deposit Local Development Plan prior to its submission to the Cabinet at its meeting on 7 November 2013; and to seek its endorsement.

AGREED - That:

- the Committee endorse the task and finish group's report for submission to the Cabinet;
- the Committee agree that a further stage of the cross-committee LDP inquiry be established reporting to this Committee in order to consider the implications of Section 106 and Community Infrastructure Levy funding.

33: WORK PROGRAMME 2013/2014 – INFORMATION GOVERNANCE INQUIRY

The Chairperson reminded Members that the Committee agreed to hold a task and finish inquiry into the Council's Information Governance as part of its work programme for this year.

The Chairperson sought expressions of interest from Committee Members and advised that a scoping meeting would be arranged in the near future. It was agreed that Councillors Bale, Howells and Knight would sit on the task and finish group.

34: PERFORMANCE QUARTER 1, 2013/14 (APRIL TO JUNE) INFORMATION REPORT

This report was for Members' information only.

AGREED – That the Performance Quarter 1, 2013/2014 information report and attached documentation be noted.

35 : 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.

36 : DATE OF NEXT MEETING

It was noted that the date of the next Committee meeting would be on Tuesday 26 November 2013 and due to the heavy Agenda the meeting would start at 4.00pm in Committee Room 4, County Hall, Cardiff.