

## POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

13 FEBRUARY 2014

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

Apology: Councillors Lloyd and Marshall

### 61: MINUTES

The minutes of the meetings held on 7 January 2014 were approved by the Committee as a correct record and were signed by the Chairperson.

### 62: 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.

The following declarations were made in respect of Items 5:

<u>Member</u>	<u>Item Number</u>	<u>Interest</u>
Bale	5 – Draft Budget	Cardiff Bus - Personal
Bale	5 – Draft Budget	Credit Union - Personal
Bale	5 – Draft Budget	Fire Authority - Personal
Robson	5 – Draft Budget	Glamorgan Archives Committee - Personal
Robson	5 – Draft Budget	Credit Union - Personal

## 63: DRAFT CORPORATE PLAN 2014-17

The Chairperson welcomed Councillor Heather Joyce, Leader of Cardiff Council, Councillor Russell Goodway, Cabinet Member, Finance, Business and Local Economy, Councillor Julia Magill, Cabinet Member, Education and Lifelong Learning (including Libraries), Paul Orders, Chief Executive and Christine Salter, Corporate Director, Resources.

The Chair invited Councillor Joyce to make a statement.

Councillor Joyce said that the Corporate Plan has been refreshed to make it more concise. It is still based on the three corporate objectives. The new Corporate Plan reflects the severe and unprecedented financial challenges that the Council faces. The Council has had to focus on a smaller number of objectives and services. The Council has taken into account the recommendations of the Wales Audit Office and the Peer Review.

The Chair invited Councillor Magill to make a statement.

Councillor Magill said that the Corporate Plan is much more focussed. It outlines the Council's key priorities, especially for improvement. The Corporate Plan is now a more accessible document and it shows how the Council plans to meet the challenges of these difficult times.

The Chief Executive gave the Committee a presentation.

The Committee was informed that the Corporate Plan outlines the key priorities for Cardiff Council over the next three years. It is set within the context of financial pressures faced by local authorities, which include the continued increase in demand for services and the expectation that financial pressures will persist. The three key priorities are as follows:

- Economic development as the engine for growth and jobs
- Education and skills for people of all ages to fulfil their potential and be well prepared for employment in the Cardiff economy and beyond

- Supporting vulnerable adults, children and young people in times of austerity.

The Corporate Plan recognises the importance of the ‘golden thread’ that should exist between:

- priorities
- service and financial planning
- timely performance management that integrates financial and service performance
- objectives for, and the performance of, individual members of staff.

The Committee was advised that a key point that is developing is the need for a review of the performance management framework. There are key issues around risk, objectives and Personal Performance Development Reviews (PPDRs). A report is being prepared on the new approach to performance management. There are to be enhanced publication and communication arrangements for the Corporate Plan which will include the following:

- Capital Times
- Accessible formats
- Communication with key groups – e.g. 50+ Forum; Youth Forum etc
- Dissemination at core Council buildings
- Promoted publication on the Council’s website.

The Committee also received information on the Corporate Plan’s links to the budget, the Council’s objectives and priorities for improvement and to the medium term financial plan.

The Chair invited the Committee to ask questions.

The Committee felt that it was regrettable that the Plan did not include a section giving information on the extent to which the local authority has achieved the aims it set out last year. The Committee was advised that this information is given for each Portfolio. The aim is that the Plan should give a broad picture, capturing the essence of the Council’s aims rather than dealing with the specifics. And it should be remembered that the financial context in which this Plan has been written is very different to the situation that existed when the administration took office.

The Committee suggested that the Corporate Plan should be widely available to the public and not just a document that is to be used by Council officers. Councillor Magill agreed and referred to the arrangements detailed in the presentation that will allow a much wider publication of the Plan. Councillor Joyce added that the new Plan is easier to read and can be referenced more easily by the Capital Times and by those who do not necessarily want to read a big document.

The Committee asked how the Council will measure its success or otherwise in achieving its objectives. Councillor Goodway informed the Committee that in his view corporate plans were never really meant to be business plans and what they have become is a way for auditors and regulators to influence Council policy and planning. In drawing up the Plan the procedure that was followed was to identify the Council's priorities and make sure that budget priorities matched them. The allocation of budgets to Portfolios then reflected those priorities. Now the Council has to see how Portfolio planning reflects those priorities and how resources are used. The Committee was advised that Portfolio plans will be more detailed than the Corporate Plan. The intention was to avoid cluttering up the Plan with too much performance information and detail.

The Committee pointed out that last year it had picked up on the vagueness of the Plan. English local authorities have corporate plans that are much sharper. The Committee was informed that some English authorities have been ahead of Cardiff Council in terms of austerity. It now seems as if there will be permanent public sector austerity and the Council has to be clear on how it will deal with that. Councillor Goodway said that he would not want to rely on the Corporate Plan to get the public to buy in to the measures that will have to be taken, but would expect politicians to put that across. It will then be up to the administration to deliver.

The Committee suggested that the people of Cardiff will want a sense of where the city is going. The Committee was advised that there are now profound differences between the way Cardiff was and the way it will be. The Plan uses the same formulation of priorities as are used in a number of other corporate documents. In Social Care and in Education it will be important that available money is not spread too thinly, as this could result in things not being done as well as they should be. But when resources are limited there will be certain things the Council can no longer do, and it may have to employ fewer staff and engage in more partnership working. The Corporate Plan does give a picture of the

Council becoming a very different organisation, delivering less but delivering it well.

The Committee asked if the Cabinet is confident that it can deliver the objectives it has set out for the next three years when it does not know whether it will be able to afford to do so. The Committee was advised that all things being equal the Cabinet is confident that objectives can be achieved. The Plan is based on what is known at the moment and on central government's indications of what should be expected. While the promises of central government do not always materialise and things sometimes get worse, the Council has a right to make plans based on the information it receives. The Committee was advised that the administration works in a dynamic environment and has to respond to external influences rather than being solely focussed on its own agenda or on the manifesto. The administration has to be flexible, to respond to changes in government policy and changes in government. Similarly, the Corporate Plan has to be flexible. Even though before it took office the administration was already aware that public sector cuts were to be imposed by central government, the severity of those cuts was not anticipated.

The Chair thanked Councillors Joyce, Goodway and Magill and Chief Executive for attending the meeting, for their presentation and for answering questions from Members.

AGREED - That the Chairperson, on behalf of the Committee, writes to the Leader highlighting the following issues:

Members had a number of concerns which it asked to be addressed. These included the linkages between the Plan and other key documents; the suitability of the milestones contained within it and the opportunity they would afford for monitoring the delivery of the Plan; and the extent to which the Plan took into account the results of public consultation. Many of these concerns were later supported by the comments made by the Auditor General in his Improvement Letter. Although the Committee felt that some of these issues have been taken into consideration in the drafting of this year's document, Members believe that others have not.

The Committee was disappointed that the draft Corporate Plan arrived too late to be sent with other Scrutiny Committees' papers; this had a clear impact on Scrutiny Members' ability to perform their role. This Committee, while it received an initial draft in good time,

was provided with amendments on the day of the meeting. In addition, the absence of the supporting document which would ostensibly set out much of the necessary background detail meant that Members were left unable to form a proper judgement on some of the issues under consideration. In the Committee's letter to the Cabinet Member for Finance & Economic Development, it has made recommendations that the entire budget process, including scrutiny consideration, is brought forward next year. The Committee recommends that the drafting of the Corporate Plan is also done at an earlier point.

The Committee is not convinced that the current draft suits the needs of the various audiences for the Plan. The public need to understand the Council's vision for the city, as do partners; regulatory bodies should be able to clearly see what the Council will deliver on in order to measure our performance; staff should be able to recognise how their contribution fits in to the Council's aims and objectives.

Members felt that the draft Corporate Plan should set out a clearer vision for the Council beyond 2014/15. The Council must ensure that it prepares communities for the difficult choices that will have to be made. Although the Plan makes reference to the need to focus on a small number of key issues, the Committee does not believe that the reality of probable service cuts is clearly communicated in the Plan. While the Committee understands the difficulty of budget planning beyond the next financial year, an indication of direction of travel, of the Council's aspirations or likely mitigating actions should our financial situation worsen, could be established. The Committee feels that it is important to emphasise the trend towards greater multi-year budgets within English local government and the draft Corporate Plan would benefit from the inclusion of an improved budget planning framework. The Committee would therefore recommend that the draft Plan is amended to reflect these comments.

The Committee appreciates that a background document setting out some of the linkages between the Corporate Plan, the budget, 'What Matters' and the Council's Priorities for Improvement is under production. However, as a working draft was only circulated to the Committee less than twenty-four hours prior to the meeting, Members felt unable to judge whether it provides the necessary 'golden thread' linking the Council's community, corporate, directorate and individual planning. In the short time available to the

Committee to consider the document, Members were left feeling sceptical as to whether it does.

Members were told that much of the detail behind the Plan will be included in Directorate Plans, but were not given a firm date for their production. The Committee would like this date confirmed and ask that they are readied for scrutiny as a matter of urgency.

Members feel that some aspects were also lacking in the Corporate Plan itself. The Plan does not address the need to make improvements within the Council as a corporate entity, tackling issues such as sickness absence. Internal change will be vital to support inevitable external service changes and is only mentioned in reference to the development of an Organisational Development Plan. In common with the Directorate plans, the Committee would like a firm date for the production of this Plan to be set.

The Committee remains concerned that the Council's performance management framework has not been addressed with the urgency required. In January 2013, the Committee was assured that a more consistent approach to performance management would be in place within twelve months. The Committee has considered quarterly performance reports since that date and has been told on each occasion that their structure is under development. The Assistant Director for Sports, Leisure and Culture has offered to brief the Committee in terms of his review of performance. The need for urgency is clear; the Committee hopes that he and the Chief Executive will be able to demonstrate a focused, time-bound plan for changing Cardiff's performance regime. Both the Wales Audit Office and the WLGA Peer Review have stressed the need for urgency in this regard.

While the Committee is content that this year's draft Corporate Plan represents a significant step forward, Members feel that there is still quite some way to go. Improvements have been made in terms of the measures set out in the Plan, but these have not yet gone far enough. There are still too many 'outcomes' which are outputs that fail to demonstrate clear benefits for citizens; several measures are not clearly defined; and some are not the whole responsibility of the Council to deliver against. Furthermore, the idea of a basket of indicators which would allow a consistent view of the Council's performance and delivery of time has been lost.

Finally, there were some issues of accuracy and alignment which Members noticed when considering the Plan:

- The Environment directorate section does not show a clear alignment between the ‘issues’, ‘priorities’ and the ‘what we will do’ sections, focussing on energy management in the former and waste management in the latter. Care should be taken throughout the Plan to ensure these sections align;
- The Finance and Economic Development portfolio is heavily skewed towards the latter and does not give enough focus to the crucial issues of financial management and planning;
- The Leader’s introduction refers to a further £50 million savings gap in 2015/16 – 2016/17, a figure at odds with the Medium Term Financial Plan predictions presented by the Cabinet Member for Finance and Economic Development.

#### 64: DRAFT BUDGET PROPOSALS 2014-15

The Chairperson welcomed Councillor Russell Goodway, Cabinet Member, Finance Business and Local Economy, Paul Orders, Chief Executive, Christine Salter, Corporate Director, Resources, Marcia Sinfield, Operational Manager, Projects Accountancy and Ken Daniels, GMB Trade Union.

The Chair reminded Members that this is a chance for the Committee to consider the revenue savings and capital proposals from a corporate point of view, in terms of strategic direction and process, as well as specific directorate budget proposals in more depth. The meeting was to be structured so that the Committee would be able to question Cllr Goodway and officers about the overall proposals, and then discuss the Directorate proposals in turn.

The Chair invited Councillor Goodway to make a statement. Councillor Goodway said that the administration has moved from a situation where it faced a set of extremely difficult financial challenges to a situation that is even worse. It has to identify savings and achieve in six months what a large private organisation might take eighteen months to accomplish. Councillor Goodway added that he would like to acknowledge the work of his Cabinet colleagues in addressing these challenges.



Christine Salter gave a presentation, which covered the following:

- The Welsh Government Financial Settlement
- The Budget Strategy
- Resources Available and Resources Needed
- Voluntary Severance
- Analysis of Directorate Savings
- The Workforce Agreement
- Protection of Schools Budget
- The Medium Term Outlook
- Capital Programme 2014/15 onwards
- Employee Implications of the Budget

The Committee was informed that early indications were that the Council would receive a settlement from the Welsh Government of £5.665 million but the final settlement resulted in a reduction of funding of over £20.807 million for the 2014/15 year alone. As part of the extremely difficult financial situation it is presented with, the Council faces very significant financial challenges in funding the costs of Voluntary Severance, especially as the Welsh Government has confirmed that the statutory element of these costs cannot be capitalised. As part of the measures to be taken to close the funding gap, a rise in Council Tax is proposed. If the Council had reached agreement with all the unions on the Workforce Agreement it may have been possible to save £4.9 million in 2014/15 but agreement was not reached. If the Workforce Agreement has to be imposed, the timescales will reduce the savings figure to £3.9 million. There will be a small increase in the schools budget to reflect the increase in pupil numbers.

The Chair invited Ken Daniels, GMB, to make a statement. Unison was unable to send a representative but did send a written statement. Ken Daniels informed the Committee that the GMB is fully aware of the difficult position that the Council has been put in and wants to work with the Council to address the problems. But there are certain savings proposals that the GMB either objects to or feels that insufficient information has been provided on them to enable the union to comment.

The GMB objects to the following proposals:

- the proposal to streamline street cleansing service provision. It is believed that this will lead to job losses and unclean city streets.
- the proposal to restructure Regulatory Services. It is feared that this may lead to a downgrading of GMB members jobs.
- the proposal to cut overtime. Insufficient detail on this proposal has been given.
- the proposal to cut the Cardiff Academy. The Leader of the Council has signed up to the All Wales Academy, which is based on Cardiff's model. Cardiff was the first council in Wales to have such a facility and it is a lifeline for those employees who need to gain new skills.
- the proposal regarding the catering provision for employees at Lamby Way and for a new operating model for catering that involves outsourcing.
- the proposal regarding a reduction of winter maintenance as this could put lives at risk.
- the proposal regarding highways maintenance.

The GMB feels that insufficient information has been provided on the following proposals:

- the proposals regarding collection and recycling of trade waste.
- the proposals regarding enforcement redesign.

The GMB questions the proposal to remove posts in ICT. This does not fit with the Council's aspiration for Cardiff to be a high-tech city.

Regarding the Workforce Agreement, Ken Daniels said that the GMB needs to know how the reduction in working hours, from 37 to 36, is going to be implemented. Ken Daniels made a plea for the Council not to resort to compulsory redundancies. He suggested that the proposed rise in Council Tax is too little to protect services and asked that councillors help the trade unions to help the Council.

The Chair invited the Committee to ask questions on the overall budget. The Chair suggested that Members may like to deal with revenue proposals, capital proposals and budget process issues (e.g. consultation, availability of information to scrutiny etc), in turn.

### Revenue Proposals

The Committee asked if there is confidence that the interest cap will not be reached. The Committee was advised that it is the Council that sets the cap. If the cap is reached then the Council would be asked to change the cap or stop doing whatever it is that has caused the cap to be reached.

The Committee asked how much the budget will be for the employment of agency staff and suggested that the current spend may be as much as £12 million. Tony Young, Director of Children's Services, has said that he may be able to reduce agency spend in his Directorate to approximately £2.2 million, but that would still leave an overall figure of approximately £10 million. The Committee suggested that the budget for agency staff should be reduced by several million and that there is a need to be more stringent with officers to restrict the spend on agency staff. A figure should be fixed. If this spend is reduced then it might be possible to avoid redundancies and not cut the Cardiff Academy, which provides important development opportunities for staff.

The Committee suggested that a panel of officers should be created to assess all requests to engage agency staff. The Committee was advised that arrangements that are similar to the one suggested for assessing requests for agency staff already exist in Adult Services, Children's Services and in Environment although they need to be enforced more stringently. The matter is often discussed in Cabinet but Directors are often able to put forward very compelling cases for allowing the spend. Regarding Tony Young's aim to reduce the Children's Services spend on agency staff to £2.2 million, the Committee was advised that in Social Services the issue always comes down to risk, to the fact that individuals could be jeopardised. It needs a brave politician to withhold money in these situations. Regarding the use of agency staff by Environment, Councillor Goodway asked the Committee whether the Council would be prepared to live with the outcome if Cardiff's streets were not kept clean. The Committee suggested that more restrictions on the use of agency staff would also act as an incentive to reduce sickness absence. The Committee was advised that the Peer Review revealed a lack of performance management across the organisation, but there is a demonstrable change in the way Directorates are being instructed to address these issues. Regarding the Cardiff Academy cut, the Committee was advised that the Cabinet has a responsibility to put before the Council a balanced budget. It was only after the unions rejected the Workforce Agreement that the Cabinet began to consider cutting the Cardiff Academy. However, there are colleges and universities in the city that can offer what Cardiff Academy offers and these receive government

money to train and re-train people. Officers have been asked to discuss the matter with these institutions.

The Committee suggested that ICT training will be important for some workers in the redeployment pool and noted that ICT budgets are also to be cut. The Committee was advised that each Portfolio has a significant budget for training. The training budget could be centralised or, alternatively, when workers move from one service area to another a portion of the training budget might be transferred with them, from their previous service area to their new service area.

The Committee asked about earmarked reserves. The Committee was informed that there are two elements to these reserves. One element is what might be termed 'rainy day' reserves. The other element consists of unspent money from previous years. For example, when a school has closed and money that was due to have been spent on the school has been put into the reserves and earmarked for a specific budget. These reserves are checked and if the money in them is not being used it is brought back into the revenue budget. The Committee queried whether or not these reserves will be used to make Voluntary Severance (VS) payments. The Committee was informed that they will not be used for that. There is a reserve of money to pay VS costs and this has been added to, in the expectation that the costs will be high.

The Committee asked about the level of contingency that is put in for savings and was advised that this is approximately £4 million, to be set against the risks of the savings. Directorates will have to apply for this money if they wish to use it.

The Committee asked about the approximately £1 million that would have been saved if the Workforce Agreement had been accepted. The Committee was advised that if the Workforce Agreement has to be imposed the sum of savings resulting from it would be reduced by £1 million because there would have to be a forty-five day consultation period and because it takes twelve weeks to change employees' terms and conditions.

The Committee asked what proportion of the sum that is spent on employing agency workers is spent with CardiffWorks, the Council's own employment agency, and asked what scope there is to transfer agency spend to CardiffWorks. The Committee was advised that the spend between CardiffWorks and external agencies is about 50/50 and that it should be remembered that CardiffWorks engages mainly office-

based staff whilst external agencies provide professionals and frontline staff such as supply teachers. The Committee suggested that it is perverse to have CardiffWorks as a disincentive to reducing agency spend; the Council should be loyal to its permanent workers. The Committee was advised that agency spend is being controlled. Directorates have been instructed that they have to limit the use of agencies, but in some cases there are service implications.

The Committee asked whether there is any estimate of the number of people who will be or might be made redundant due to the savings that have to be made, and if there is any estimate of the cost of redundancies. The Committee was advised that 189 people have volunteered for VS and it is estimated that approximately £13 million will have to be paid out in VS payments in 2013-14.

### Capital Proposals

The Committee asked what criteria are used when assessing whether schemes can be added to the Capital Programme or removed from it. The Committee was advised that things are not added if there is no need for them, and contractual commitments are taken into account; if there is no commitment then things may be removed. In previous years a projects appraisal system was used. The starting point this year has been that there is no extra money available; only strictly managed projects may be allowed and things are being looked at from a value for money perspective.

### The Budget Process

The Committee observed that it appears that this year budget processes began earlier and yet councillors only received details of the draft budget at the end of the last full Council meeting on 30 January 2014. The people of Cardiff have only had two weeks to complete a questionnaire about the proposed savings and the unions have only had two weeks in which to engage in discussion about the proposals. The online version of the proposals differs slightly to the version received by councillors. The handling of the public side of this year's proposals has been poor even though officers seem to have been working longer on the proposals and unfortunately the Committee has noted in previous years that the budget is poorly presented to the public. The Committee was informed that all Directorates were invited to bring forward any proposals that they considered might be sensitive so that they could be made public well ahead of the budget. An example of this occurred on 14 January, when

the Children and Young People Scrutiny Committee considered the proposal to close the County Hall Nursery.

The Committee asked what the Council can do to make sure that budget proposals are released earlier. The Chief Executive informed the Committee that since his arrival towards the end of 2013, just after the Welsh Government announcement of funding to the Council, he has found the budget process to be frenetic. He recognises the need to manage what will be a difficult transition over the coming years. There is clearly a need to make plans beyond the next budget cycle and that has to be managed so that the authority is not merely reacting to the pressures of the budget process. Councillor Goodway added that the authority has to reposition itself in the mind of Cardiff's citizens. A public engagement exercise is needed, so that citizens can be asked what they would like the Council to do and what they would not like it to do. The authority has to improve people's understanding of what the Council is about and what it is meant to do.

The Committee pointed out that people get concerned when they hear that services are to be cut and yet there is no plan for what might replace them. The Committee was advised that sometimes reactions to proposals are due to a misapprehension of what they are, and the proposals regarding St David's Hall are an example of this. It is necessary to find another organisation to run St David's Hall but people have assumed that this means that St David's Hall will close, whereas the intention is to try and keep it open until alternative management is found and during the transition. The New Theatre has a deficit of £80,000 or £1.1 million with on-costs. Consideration has been given to exploring whether the Council can get another organisation to run the New Theatre so that the savings will allow St David's Hall to remain in operation for longer. Councillor Goodway accepted that the Council needs to be better at spelling out the implications of its proposals.

The Committee pointed out that Performance Management was something that was promised last year but it has not happened and some of the indicators are no longer relevant. The Committee found it hard to understand why the budget process can not be changed, so that proposals are scrutinised in a more organised way and so that the process is more transparent. The Committee was informed that the Council does monitor the budget very well throughout the year, with reports being presented to Cabinet and the Scrutiny on a quarterly basis. There is room for improvement. In the past, the style in Cardiff has been that some Directorates overspend and force other Directorates to underspend. The

new Directors know that ownership of budgets and performance is an essential part of their responsibilities. Councillor Goodway advised the Committee that there has been immense upheaval in the Council since May 2012. All sorts of risks and gaps in the organisation were identified when the new administration took office. It is true that setting the budget does take place in a very concentrated period of time but doing otherwise can sometimes be difficult. Sometimes, for instance, the trade unions will resist any early discussion of a proposal because they assume it is the Council's intention to go ahead with the proposal regardless of whatever discussion they have with the Council about it.

The Chair invited the Committee to ask question on the budget proposals from the individual Directorates.

### Corporate Management Draft Budget Proposals

The Chairperson welcomed Councillor Russell Goodway, Cabinet Member, Finance Business and Local Economy, Paul Orders, Chief Executive, and Christine Salter, Corporate Director, Resources

The Chair reminded Members that the Corporate Management budget includes areas such as corporate initiatives, the Welsh Language Unit, the Central Business District, and subscriptions and contributions.

The Committee referred to the proposal regarding subscriptions to local authority associations (Line 61 - CMT 2 in Appendix B – Corporate Savings Summary) and asked what work is being done to look at whether the Council benefits from being a member of these associations. The Committee was advised that the Directorate is looking at this.

The Committee asked what is being done to ensure that managers are not offering up vacant posts to ensure future savings when in fact those posts are actually needed. The Committee was advised that it is usually the case that when posts are offered for savings they have been vacant for some time and so are no longer needed, but the Council has to make sure that officers don't use vacant posts as a way of avoiding difficult decisions.

The Chair reminded Councillor Goodway that the Committee has previously requested information on the Corporate Initiatives spend but this has not yet been provided. Councillor Goodway said that the information would be provided.

## Resources Directorate Draft Budget Proposals

The Chairperson welcomed Councillor Russell Goodway, Cabinet Member, Finance Business and Local Economy, Phil Bear, ICT Service Manager, Shaun Jamieson, County Solicitor, Philip Lenz, Chief Human Resources Officer and Christine Salter, Corporate Director, Resources.

The Chair reminded Members that the Resources Directorate covers areas including: HR, ICT, Legal Services, Finance, Enterprise Architecture, Facilities Management and Central Transport Services.

The Committee was given a presentation on the Resources Directorate budget proposals. The presentation covered the various service areas within the Directorate.

Chair invited Members to ask questions regarding the Human Resources Draft Budget proposals.

The Committee asked for more information on the portion of the agency spend that goes to CardiffWorks. The Committee was advised that at present there are approximately 250 workers who have been engaged through CardiffWorks and there are a number of live assignments for which workers have been engaged through Comensura.

The Committee asked what the downside is of cutting the budget for Cardiff Academy. The Committee was advised that the Council needs to look at how it can support its staff more cleverly. There is a need to work with the unions on this. Additional support is being put in place to support staff during this difficult time.

The Committee asked whether any discussions about pooling resources have taken place with other local authorities. The Committee was advised that this has been discussed previously and it was thought that this would not provide much benefit to the Council. The Vale of Glamorgan is very interested in working with the Council.

The Committee referred to the table entitled 'Employee Implications of Budget', which outlined posts to be deleted and gave figures on vacant posts, on those seeking VS and those in Redeployment. The table included a column entitled 'To Be Confirmed' and the Committee asked why the column contained such a large number of posts for which the situation was still to be confirmed. The Committee was advised that discussions with individuals can only begin once the budget proposals



have been accepted. Once those discussions have started, the staff affected will have their decisions to make, about whether to choose, for example, VS or redeployment. Once those decisions have been made, the numbers in the To Be Confirmed column will reduce.

The Chair invited Members to ask questions regarding the Legal Services Draft Budget proposals.

The Committee asked about the capacity of the Legal team. As the Council moves forward and changes, the Committee wanted to be assured that it is felt that the Council retains the talent it will need to meet the challenges that lie ahead. The Committee was advised that this will not be easy, and that the same will apply to all Directorates. Legal will be putting forward different ways of working and will have to keep adapting. As other Directorates change, so what is required of Legal will change.

The Committee pointed out that last year Legal was required to generate income and asked how this will be achieved with fewer staff. Shaun Jamieson advised the Committee that he wants to push forward with property projects in order to use the expertise that is available.

The Committee asked whether the local authority will still be able to develop the best talent with the resources that will be available. The Committee was advised that the desired situation is one in which less experienced people go to project meetings and meetings with Directors with those colleagues who are more experienced, so that they can eventually lead on projects themselves.

The Chair invited Members to ask questions regarding the ICT Draft Budget proposals.

The Committee noted that eleven posts are to be deleted in ICT and asked whether this will significantly reduce knowledge of the SAP system in the service area. The Committee was advised that the service area has lost thirty-one posts in the last four years, but the eleven posts to be deleted are different in that the number may be comprised of staff who may be seeking to retire anyway. Cloud provision will release some support staff. There is some Corporate risk in relation to hardware but much of the equipment is being replaced. Over time, the capacity of new hardware tends to increase whilst the cost of it tends to decrease, so in effect the Council gets more for less. There is also Corporate risk in relation to staffing. It is the scale of staff cuts in such a short period of time, and that these have occurred at a time when the organisation is

changing, that presents the challenge. The service area's customers are asking for technology to help them make their own savings. The provision of online services to release their staff for other work is one example of new requirements from ICT's customers.

The Committee asked Phil Bear if he is confident that the proposed savings are achievable. He informed the Committee that he is confident that ICT will make the required savings.

The Committee asked if ICT is able to generate any income and was advised that the service area generates income from a system for the Joint Education Service, from Credit Union and from some services, such as the Citizens Advice Bureau, that are co-located in Community Hubs.

The Chair invited Members to ask questions regarding the Draft Budget proposals for Fleet, Facilities and Business Support.

The Committee reminded officers about a Welsh Government project which looked at grey fleet mileage. One recommendation was that the Council could save approximately £2 million through better management of mileage. The Committee asked what is being done to take that forward. The Committee was advised that grey fleet mileage is the responsibility of Directorates and is difficult to control centrally. The Council is hoping to get a policy so that no-one takes their vehicle home unless there is a good business case for them to do so. The Committee referred to some other recommendations arising from the project, such as reducing spend by reducing the need for meetings. Service areas should be given more encouragement to drive out unnecessary costs.

The Chair invited Members to ask questions regarding the Draft Budget proposals for Finance.

The Committee asked whether Finance will retain sufficient capacity to do the work it has to carry out. The Committee was advised that the service area is looking at how technology can help to reduce costs and yet still deliver. As far as Audit is concerned, the reduction in the number of staff will mean that the audit programme will have to be adjusted, and this comes at a time when there is more pressure to do more audits. The Committee asked whether these changes have been discussed with the Chair of the Audit Committee. The Committee was informed that some discussion has been held and the Chair of the Audit Committee will have to be updated.

The Committee was informed that regarding revenues, a number of posts will be lost in Council Tax collection and this might cause a problem.

The Committee urged that there is a need to signal to Directorates that they have to take responsibility for their budgets as overspend has a knock-on effect. Councillor Goodway said that the culture has to be changed. Previously, Directorates have not been made to take responsibility for their own financial management and always relied on Finance to bale them out.

The Committee referred to the proposed savings of 1.5% on energy bills (Line 143 – ENV 26 – Corporate Savings Summary) and asked how energy bills are being managed. The Committee was advised that the Environment Directorate contains the Energy Management Team, which has been working with an external organisation which believes that this saving can be delivered.

#### County Clerk and Monitoring Officer Draft Budget Proposals

The Chair welcomed Marie Rosenthal, County Clerk and Monitoring Officer.

The Chair reminded the Committee that the County Clerk and Monitoring Officer covers Democratic & Member Services and Scrutiny. Marie Rosenthal will also cover proposals around Communications and Media, which is listed against the Cabinet Office budget, as the Head of Cabinet Office post has not been recruited to.

Marie Rosenthal gave a presentation to the Committee.

The Committee was informed that proposed savings for the Cabinet Office will be secured by means of the following measures:

- Restructuring the Communication & Media Team re-aligning Communication & Media priorities
- Increasing Income
- Reducing the publication of Capital Times from 12 to 6 editions per year, whilst continuing to publish 12 online editions
- Reducing staffing in the Records Centre

Proposed savings for the Cabinet Office will be secured by means of the following measures:

- Deleting 4 vacant posts in Scrutiny Services
- Restructuring Democratic Services, deleting vacant posts and allowing staff to leave through Voluntary Severance
- Generating additional income from scrutiny research
- Removing Committee general expenditure
- Removing Member refreshments and year books

The Committee was advised that the deletion of the post of Scrutiny Officer for the Economy and Culture Scrutiny Committee will impact on the workload for Scrutiny Services. It is likely that there will be about four fewer task and finish enquiries but Cardiff will still be strong on scrutiny. It is hoped that a Scrutiny officer will be working with the Welsh Government and this will generate income and prestige. Graduate Trainee posts will be created in Committee Services. The idea of only having nine Full Council meetings per year is to be explored. The service area is to make better use of technology, including more webcasting and the introduction of the modern.gov software system.

The Chair invited Members to ask questions.

The Committee pointed out that when it was previously proposed to reduce the number of editions of Capital Times to only ten per year there was some concern that if publication reduces by too much it would have a negative effect on advertising within Capital Times, with advertisers being reluctant to place ads if it is not published frequently enough.

The Committee asked for more information on the Committee general expenditure in which it is proposed to make savings. The Committee was advised that this includes expenditure on journals and books for the Members' Library and the costs of seminars and events.

The Committee asked what the restructuring on Democratic Services will mean in terms of outcomes, especially in relation to meetings; if there are to be fewer meetings then the meetings that continue are likely to be longer. The Committee was advised that the proposal to reduce the number of meetings is a very modest one. It has been made partly to give Committee Services more time, so that minutes of meetings can be

produced more quickly, and partly to reduce expenses that are incurred in sending out agendas.

### Economic Development Draft Budget Proposals

The Chair welcomed Charles Coats, Corporate Property & Estates Manager, and Rob Ellis, Economy & Major Projects.

The Chair reminded the Committee that its remit only covers parts of the Economic Development directorate: International Policy (for which no savings are proposed) and Strategic Estates.

Charles Coates gave a presentation to the Committee.

The Committee was given a summary of proposed savings, including the following:

- Capitalisation of various posts across the service area
- Reduction in a number of revenue budgets
- Reduction in staff
- Reduced staff costs / hours
- Increased income in Strategic Estates and Economic Development
- Reduced service / provision in the city centre
- Event income

The Chair invited the Committee to ask questions.

The Committee referred to the proposal at Line 79 – ECD 15 in Appendix B – Corporate Savings Summary, which is a proposal to achieve savings in the Property Surveys Budget by reducing the frequency of property condition surveys from a three year to a four year cycle for appropriate buildings, and asked what the effect of this will be. The Committee was advised that the intention is that newer properties or ones that are known to be in a good condition will only be surveyed every five years and properties that are in poor condition will be surveyed more often.

The Committee referred to the proposal (Line 75 – ECD 9 in Appendix B – Corporate Savings Summary) to create an OM2 post in order to enable the removal of two agency staff, releasing a saving of £12k, and asked what the new post is and whether it is necessary to create it. The

Committee was advised that it has been decided to make this a graded post rather than an OM post.

### Communities, Housing and Customer Services Directorate Draft Budget Proposals

The Chair welcomed Councillor Lynda Thorne, Cabinet Member, Communities, Housing and Social Justice, Sarah McGill, Director of Communities Housing and Customer Services, Jane Thomas, Assistant Director, Housing and Communities and Isabelle Bignall, Assistant Director, Customer Services and Communities.

The Chair reminded the Committee that its remit only covers parts of the Directorate, including: Customer Services, Community Engagement, Policy, Community and Grants.

The Committee referred to the proposal to reduce the opening hours of C2C, so that it closes at 5pm rather than 6pm and asked if this has been proposed due to the number of calls received by C2C. The Committee was advised that this is the case. The Committee felt that it is important that people know who to contact if they need services, and that the Council has got to get better at making sure people have that information. The Committee was advised that a large number of calls to C2C are the result of a failure of service and a result of people not being kept informed about what is being done to resolve their problem. The key to addressing this is to have a good customer relations management system.

The Committee considered the review of Third Sector grants and began by asking if an impact assessment has been done to determine the effect of grants stopping before other funding replaces those grants. The Committee was advised that funding will continue until commissioned services began and that therefore there would not be a funding gap.

The Committee asked if there is confidence in the consultation and discussions that have been held with Llanishen Good Neighbours. Councillor Thorne advised the Committee that discussions have been held with Councillor Huw Thomas, Cabinet Member for Adult Services and with Siân Walker, Director of Health and Social Care, to look into the possibility of providing funding to neighbourhood partnerships. The Committee was advised that there is a need to ensure that the needs of an area are met not just by the local authority but by a range of partnerships. It is not just about the local authority's involvement but also about Health and the police. It is thought that Health may have some money to put into

neighbourhood partnerships. The Chair pointed out that as it is now so close to the end of the financial year these organisations will need to know what the situation is so that they can make appropriate arrangements; they rely on funding to pay their staff and new funding might not come in quickly enough. The Committee was advised that there will still be some directly employed staff and some grant-funded staff.

The Chair informed officers that he has received a letter from Riverside Advice, which provides help and advice on welfare benefits, appeals, debt, budgeting and other money problems. Riverside Advice is concerned about a loss of specialist knowledge. The Committee was advised that a number of workshops have been held and there has been good engagement. The Council is aware of the concerns of the provider agencies. The Chair said that these organisations have developed in areas of particular need and one criticism has been that centralisation might result in a loss of local awareness. The Committee was advised that advice should be available in local communities but that provision has to be sustainable and that is the basis of the commissioning approach.

The Chairperson thanked Councillor Thorne and officers for attending the Committee meeting, for their presentations and for answering questions from Members.

AGREED - That the Chairperson, on behalf of the Committee, write to the Cabinet Member for Finance, Business and Local Economy highlighting the following issues:

#### Availability of information

Last year the Committee requested to have parity of information with the Cabinet when considering the draft Budget Proposals. There have been several steps forward in terms of the information available and Members thank the Cabinet Member's Finance Officers for their efforts, particularly in terms of helping us to understand the overall directorate context of the savings proposals. Parity has not been achieved, however. On numerous occasions during our meeting, the Cabinet Member and the Corporate Director – Resources referred to further information which would be made available with the full Budget Report. This included details of the discounted financial pressures, of the Medium Term Financial Plan; and a full profile of the borrowing and payments necessary to support voluntary severance

payments. It is very difficult to conduct an informed scrutiny of the budget proposals in this situation.

### Scrutiny and public engagement

The Cabinet Member mentioned that draft proposals to fill the £33 million gap had largely been finalised last autumn, before the Welsh Government released the final settlement. Scrutiny Members could and should have been engaged at that point, even with the proviso that the financial situation might change. Other local authorities have moved towards this phased practice and so should we. The Committee recommends that the budget process in terms of both public and Scrutiny engagement is brought forward much earlier in the year. The Committee noted the Cabinet Member's comment that Portfolio-holders had been asked to bring forward any proposals needing a longer-lead in time late last year. Whilst a first step, these were not always subject to full scrutiny. The Committee recommends a move towards a more evolutionary development of the budget, including a first look at early proposals in September or October; public consultation regarding full draft proposals in December; and consideration on final proposals in February.

While improvements have been made to the Council's budget consultation, these have not gone far enough. The Committee is glad that more effort has been made to engage communities directly through consultation events last December, but these concentrated on general priorities, not detailed proposals. A two-week consultation period on a limited number of budget savings proposals, immediately before Budget Council, and one which is solely web-based, is not fit for the purpose of involving communities in the decisions that will have a direct impact on their lives. It excludes the views of those who find it harder to mobilise themselves to campaign, as well as those who prefer not to use the web, and does not leave sufficient time for adjustment to the Budget Proposals following analysis of the results. Members of the Committee have been contacted by citizens who found it hard to respond to the consultation, not only because of lack of online access, but also because they found it hard to understand the consultation proposals. Many in the community are more than ably equipped to articulate their views verbally, but find written responses anathema. The Committee recommends that the consultation process is brought forward next year and places a greater emphasis on using non web-based methods.



## Achievability of savings

The Committee is well-aware of the scale of the financial challenge and the pressing need to make difficult choices in terms of sustainable service delivery in future. Members were however in agreement that this is a high risk budget in terms of achievability. Despite the contingency which has been built into budget planning, Members were dubious about the deliverability of some of the savings proposals. During its January meeting when Members considered Central Transport Services and Facilities Management, the Committee was concerned that the achievability assessments set out for Members in the 2013/14 budget proposals were not necessarily reliable. Members have not seen sufficient evidence that this has improved in the development of the 2014/15 proposals. Members had asked for access to the detailed delivery plans in place at this point to aid their scrutiny and were not provided with them.

Members felt that many savings proposals did not provide enough detail to allow the Committee to come to an informed opinion as to their validity. Members discussed this with the Monitoring Officer in relation to her savings proposals and understood her comments around the need to safeguard the privacy of officers who may be personally affected. However where restructures, for example, are proposed, these could and should detail the likely benefits and risks. As a Scrutiny Committee, Members are in the fortunate position of being able to question Directors directly on the savings they propose. Other backbench Members do not have this option and may feel that they are unable to take an informed view when voting on the Proposals at Council.

The Committee felt that there is a strong risk of an unfavourable monitoring position forcing additional in-year savings to be made in 2014/15. Members of the Committee are clear that should this occur, these should not only be subject to pre-decision scrutiny, but also to unambiguous line-by-line monitoring and reporting. This should make clear where additional savings are made and their anticipated impact on services.

## Capital Programme

With regards to the Capital Programme, the Committee is concerned about the level of borrowing which the Council is proposing over the next five years, feeling it poses a risk to the Council's revenue

position. The Committee heard from the Corporate Director - Resources that the level of revenue funding devoted to capital interest and loan repayments will continue to increase by a significant amount in the coming years. Members note the Corporate Director – Resources’ comments that further financial profiling will be available with Cabinet papers. Members are disappointed that this was not available for the Committee to consider and would like to have detailed projections and any assumptions attached to them forwarded to the Committee.

Members also heard that the project appraisals which used to be applied to capital schemes have been discontinued. Members feel this process should be reviewed and reinstated as a matter of urgency in order to ensure that the schemes will provide a real return on investment to the city and minimise risk to the Council. The Committee has noted during previous scrutinies that some schemes have failed to deliver the anticipated benefits (for example the Central Transport Services depot). In this context, Members would like to refer the subject of Invest to Save to the Audit Committee for consideration.

### Workforce Agreement

The Cabinet Member asked the Committee to comment on the imposition of the Workforce Agreement. The Committee is disappointed that the opportunity for full pre-decision scrutiny was not afforded to it when the proposal was first developed. In the days before the Committee met, several additional proposals were brought forward following the failure to reach a collective agreement with Trade Unions. These included the proposals to impose the Agreement and to delete the Cardiff Academy budget. These had not been communicated to Trade Unions colleagues by the Cabinet Member or his officers prior to their discussion at other Scrutiny Committee budget meetings. Members are very concerned that these budget proposals have been developed in a hasty manner and without proper forethought, risking relations with Trade Unions and staff more generally. Our comment is that should the Budget Proposals include imposition of the Workforce Agreement, and should similar changes be posited in future, the Cabinet Member must fully engage with Scrutiny and with Trade Unions in a timely manner.

More specifically on the proposal to cut the Academy budget, the Cabinet Member told Members that other funding options are being

explored for staff development. The Committee noted that this alternative provision has not in any way been secured. Members remain concerned about the removal of staff development opportunities during a critical time, particularly when many more members of staff are coming to rely on re-training when in the redeployment pool.

### Workforce Planning

The Committee is strongly of the opinion that the Council's workforce planning must be reviewed as a matter of urgency, as highlighted by the WLGA Peer Review. Members recommend that a stronger review process should be put in place to appraise the necessity of vacant posts put up as savings. While trust may be placed in Directors to determine whether or not posts are needed, it could be seen as an easy option to delete a vacant post and achieve an immediate saving, even if this does not fit with a longer-term plan for the Council. The Committee also discussed the Council's agency spend at some length and recommends that much stronger controls are put in place to force Directorates to justify the need for this expenditure.

Succession planning and knowledge management were themes that came through strongly in our scrutiny. While the Committee was pleased to hear from ICT that they are making use of flexible retirement in order to pass on relevant skills, this was one small instance. Only 2 FTEs are noted in the employee summary as making use of flexible retirement. Similarly, Legal Services is putting in place measures to develop more junior staff, but again this would seem to be a limited initiative.

Another key issue is the capacity of the organisation to cope with the staff loss stemming from these budget proposals. The Committee is very concerned that the Council will not be able to cope and that there is as yet an unclear plan to manage following the reduction in workforce. This issue recurs in our comments regarding specific Directorate Proposals.

### Council Tax

On another note, the Cabinet Member asked the Committee to provide a view regarding the level of Council Tax. We feel that there are more appropriate forums for this discussion so will not provide a comment here.

## Directorate Comments

There were a number of areas where we believe Directorates are not being forced to take full accountability, for example the use of the grey fleet and in energy management, because savings are situated within a single Directorate budget. In common with remarks about the draft Corporate Plan, there is a need for a strong drive from the corporate centre to direct internal change.

The Committee considered each of the areas under its remit in turn and had these specific comments to make:

### Corporate Management

The Committee noted that the Corporate Initiatives budget has been subject to a sizeable cut, but that a cushion is in place in the form of an earmarked reserve.

### Resources Directorate

The Committee has considerable concerns about the loss of capacity within this Directorate, particularly within ICT, Finance and Legal Services. The Academy proposal have already been; the Committee was similarly concerned by the plan to remove the ICT training budget. Members heard that a One Council organisational plan is under development. Will our corporate centre have the capacity and flexibility to support the organisation through the changes required in future?

The Committee urges the Cabinet Member to consider the future of CardiffWorks in more detail; there may be opportunities to extend into provision of non-clerical staff and provide services to additional public sector bodies. The service may also be an appropriate area to consider for the development of a trading company.

The Committee noted that the Audit programme will have to be adjusted in order to cope with a reduction in Audit staff. Members hope that this is communicated to the Audit Committee as soon as possible and believe they should have the opportunity to comment on such proposals in next year's budget process.

### County Clerk and Monitoring Officer

The Committee thanks the Cabinet Member for representing the Deputy Leader for this item.

While the Committee understands the need to make savings across the Council, it is concerned that appropriate levels of support for Members in carrying out their duties must be maintained. Members were concerned that the loss of committee budgets would decrease our ability to learn from best practice elsewhere. Members discussed the issue of reducing the number of Scrutiny Committee and Full Council meetings and had some concerns that a reduction would simply lead to more extraordinary meetings called at short notice, which could involve additional costs and pressures on the directorate.

Members also note that the Members' ICT project has not been included within the Proposals.

In terms of Communications and Media savings, Members remind the Cabinet Member that last year the proposal to cut the number of Capital Times issues from four-weekly to monthly (losing one issue per annum) was discounted as it was felt to pose a risk to advertising revenue. The Committee is not convinced that the business case for this year's savings proposal has been fully established. Members also discussed the Communications income target with the Monitoring Officer and feel that there was an unacceptable level of uncertainty around the achievability of this saving. The Committee wishes to see the business plan being produced by APSE, and also the results of the overall Communications and Media review as soon as they are available.

### Economic Development – Strategic Estates

Members reiterate the urgency with which an asset management strategy should be implemented in order to fully exploit our operational and non-operational estate for the benefit of the city. The Committee noted the Cabinet Member's comments about the difficulty he has found in getting a Cabinet slot for this item. The Committee urges the Cabinet Member to ensure this is considered at the earliest opportunity. The Committee has previously asked to consider the full substantive report regarding non-operational property in pre-decision and were glad to have the Cabinet Member's agreement to this at the meeting.

## Communities, Housing & Customer Services

The Committee welcomed the offer from the Communities Director to bring the Customer Management Strategy to Committee and will consider an appropriate slot for this.

In terms of the Grants proposals, the Committee has already scrutinised this area in some depth and welcomed the early consideration provided. It is clear that the process has improved compared to the last budget round. However, Members of the Committee have been approached by several organisations which have commented that the process has not been transparent and fair, in terms of the development of Equality Impact Assessments. The Committee understands that this may be an issue of perception. However, Members were clear that there is a need for ongoing support and contact with affected organisations. Communication should be stepped up in order to help them mitigate the effects of cuts to their funding and to help them find alternative funding streams.

Finally the Committee discussed the need for strong financial monitoring in some depth, in terms of the necessity for Directorates to take greater responsibility in controlling overspends. Members welcomed the Cabinet Member's offer to come to the Committee on a monthly basis to discuss the monitoring reports which Cabinet receives. As this may place an undue imposition on the Cabinet Member's time, Members feel that it would be more appropriate for the Committee to receive the reports for noting and to follow-up on an exception basis. The Committee would be grateful if the Cabinet Member would ensure that officers provide it with the reports.

### 65: DATE OF NEXT MEETING

It was noted that the next Committee meeting would be held on 4 March 2014