
CORRESPONDENCE – INFORMATION REPORT

Background

1. Following Committee meetings, the Chair writes a letter to the relevant Cabinet Member or senior officer, summing up the Committee's comments, concerns and recommendations regarding the issues considered during that meeting. The letter usually asks for a response from the Cabinet Member to any recommendations made and sometimes requests further information.

Issues

2. A copy of the Correspondence Monitoring sheet detailing the Committee's correspondence and those responses received is attached at **Appendix A**. For ease of reference, the lines of those letters to which the Committee has received a full response have now been removed from the document where no actions are left outstanding. Where new information has been added since the Committee last considered a correspondence report, this information is highlighted in **bold**. Attached to this report are copies of recent correspondence, as follows:

13 February 2014 meeting

3. The Committee considered the draft Budget Proposals at this meeting. A copy of the Chair's letter to the Leader following the meeting is attached at **Appendix B** and the response at **Appendix C**.

4 March 2014 meeting

4. At this meeting, the Committee received a briefing from the Chief Executive and the Assistant Director – Sports Leisure and Culture regarding their review of Cardiff

Council's performance framework. A copy of the Chair's letter to the Leader following the meeting is attached at **Appendix D**. The Committee is awaiting a response.

5. The Committee also considered the implementation of the Attendance and Wellbeing Policy at the same meeting. A copy of the Chair's letter is attached at **Appendix E**. The Committee is awaiting a response.

Legal Implications

6. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

7. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

Recommendation

The Committee is recommended to note the content of the letters attached to this report and decide whether it wishes to take any further actions, or request any further information.

MARIE ROSENTHAL

County Clerk and Monitoring Officer

26 March 2014

Policy Review Performance Scrutiny Committee
Correspondence

Committee date	Committee item	Recipient	Comments/Information requested	Response date	Response	Further Actions
17/04/2013	Non-Operational Property	Cllr Goodway	<p>Committee:</p> <ul style="list-style-type: none"> - Made clear its disappointment that Cllr Goodway did not attend and that Committee did not have access to the full draft Cabinet report - Commented that there seems to be a lack of vision around the use of non-operational property - Recommended that the social and community benefits of the estate should be considered, as well as the financial benefits - Commented that the Review has featured on the Cabinet Forward Plan for months without being considered, making planning effective scrutiny difficult - Welcomed moves to monitor performance of the estate and to compare this to other cities - Stated that it wishes to consider the Draft Cabinet report in pre-decision. Prior to this, a strategic vision for the use of Non-Operational Property should be developed, as well as comparative performance indicators, a communications strategy for existing tenants, details of the asset management process and a statement regarding the non-financial value/benefits of the estate. 	17/05/2013	<p>Response:</p> <ul style="list-style-type: none"> - The Cabinet report will cover many of points raised, but officers have been asked to develop a specific section to set out the vision for the development of the estate. - A review of workshops is being undertaken and the two issues will be dealt with in one report. Timescale to be determined. - Cllr Goodway will reflect on the Committee's request to consider the report in pre-decision at the appropriate time 	<p>UPDATE 09/07/2013</p> <p>Officers have stated that the report may go to September Cabinet in conjunction with a review of the Council's workshop estate</p> <p>UPDATE 12/08/2013</p> <p>Officers have confirmed that the report will not be ready for September Cabinet. Date has yet to be confirmed.</p> <p>UPDATE 20/09/2013</p> <p>This may be ready for 29th October Committee meeting.</p> <p>UPDATE 09/10/2013</p> <p>Asset management has been raised as a pressing issue which the Council must address, by both the WLGA Peer Review and the WAO Improvement Report.</p> <p>UPDATE 27/11/2013</p> <p>The Economic Development Director indicated that a paving asset management report would go to Cabinet in January 2014, followed by a more detailed report in March 2014. The Committee indicated that they would like to consider the detailed report in March.</p> <p>UPDATE 26/02/2014</p> <p>The Asset Management report is currently on the Cabinet forward plan for March, but the Director has indicated that it will not be ready.</p> <p>UPDATE 19/03/2014</p> <p>The Director has indicated that the report will not be ready for April Committee.</p>
12/09/2013	Budget Strategy 2014/15	Cllr Goodway	<p>Committee:</p> <ul style="list-style-type: none"> - Requested to be kept informed regarding plans for policy-led and business-process led savings as plans develop - Discussed 'nice to have' versus necessary services and wish to continue to engage with the Cabinet as these ideas develop - Will consider Grants proposals at its next meeting - Raised the issue of affordability of borrowing. <p>Committee also made a number of comments about the budget process. Members:</p> <ul style="list-style-type: none"> - Welcomed the offer of directorate briefings - Requested to know when the Budget Proposals would be released into the public domain - Hope that the proposals' narrative will reflect the needs of various audiences - Asked that all options presented for consultation are pursued, but asked that thought is given to those who prefer not to access web-based surveys - Request that the full results of consultation are available to scrutiny committees and that a full review is carried out afterwards to judge the effectiveness of consultation. 		Not yet received	
15/10/2013	WAO Improvement report & letter	Cllr Cook	<p>Committee:</p> <ul style="list-style-type: none"> - Recommends that methods of making the Council's Annual Improvement report more accessible discussed at the meeting are implemented; - Urges action to address the content of the Corporate Plan Delivery Plan - Requested clarification regarding WG improvement advice that was not made available to the Cabinet - Notes that a further review of performance reporting is underway and therefore postpones its request for a bespoke report - Will investigate a comparative performance research project with the Scrutiny Research team - Urges action on asset management. 	05/11/2013	<ul style="list-style-type: none"> - Issues of the accessibility of the Report are being addressed; - The refresh of the Corporate Plan in February 2014 will provide an opportunity to address issues with the measurability of the Corporate Plan; - Offers the revised and clarified guidance regarding improvement planning once available, to ensure the Committee has the most up to date guidance; - Notes the decision to postpone the development of a bespoke report, although the Team remains happy to assist; - Suggests the Scrutiny Research team works with the Improvement Team with regards to comparative data; - Comments regarding Asset management will be passed to the relevant Cabinet Member. <p>UPDATE 7/3/2014</p> <p>Improvement Planning Guidance forwarded.</p>	None

Policy Review Performance Scrutiny Committee
Correspondence

Committee date	Committee item	Recipient	Comments/Information requested	Response date	Response	Further Actions
29/10/2013	Budget Monitoring 2013/14 M3	Cllr Goodway	<p>Committee:</p> <ul style="list-style-type: none"> - Noted the seriousness of the Council's financial position and thanked the Cabinet Member for the verbal update regarding the position as at Month 5 - Was concerned about the Council's financial forecasting given the speed with which an overspend of £3.9 million was predicted after the budget was set - Emphasised the need for scrutiny of in-year management action and savings activity where these result in changes to service delivery or policy - Recommended consideration of a public monthly monitoring report to Cabinet - Highlighted ongoing issues with Capital Slippage - Noted issues with Facilities Management and Central Transport Services savings and will consider in more depth in January. Members would like sight of the Resources directorate's action plan to reduce its overspend at that meeting - Would like to consider the Budget Strategy update on 26 November and requested a response to this letter and its letter regarding the original Budget Strategy report before that date, if possible. 		Not yet received	
26/11/2013	Redeployment policy	Cllr Cook	<p>Committee:</p> <ul style="list-style-type: none"> - Noted the shift to external signposting; - Recommended looking wider for external redeployment opportunities - Recommended that time spent in training should be discounted from the redeployment period, and that training opportunities should be proactively identified - Shared concerns about the capacity of the Redeployment team to handle increasing numbers in future, and recommended this should be addressed through the budget or allocation of tasks within Human Resources - Queried the implications linked to moving into alternative delivery mechanisms and asked for further information - Highlighted issues of corporate memory and workforce planning; - Requested a number of pieces of further information, around number of staff to be affected by the proposed changes. 	12/12/2013 and 20/03/2014	<ul style="list-style-type: none"> - The report was to be presented to Cabinet on 16th December and a copy of the Chair's letter attached to it. - The further information requested would be sent to follow by officers. <p>UPDATE 20 March 2014</p> <ul style="list-style-type: none"> - Follow up information has now been received. 	None
26/11/2013	Budget Strategy / Directorate Budget briefings	Cllr Goodway	<p>On the budget strategy, the Committee:</p> <ul style="list-style-type: none"> - Hoped that the Council is looking towards English Councils for examples of how to deal with the economic situation, and wished to receive further details of work that is ongoing; - Noted comments that Council Tax may have to be raised next year, and would support moves to establish with the Minister the exact nature of any cap on such a raise; <p>Noted that it could not be confirmed that a rise in council tax would result in lower savings targets for directorates.</p> <p>On the Resources Directorate Budget Briefing, the Committee:</p> <ul style="list-style-type: none"> - Noted the various sources of savings under consideration; - Requested a copy of the KPMG commissioning and procurement report. <p>On the Corporate Management Budget Briefing, the Committee:</p> <ul style="list-style-type: none"> - Queried the different approaches taken to filling or deleting the Corporate Director Operations and the Head of Cabinet Office posts; - Requested a breakdown of the Corporate Initiatives spend this year and confirmation that this has been topped up via reserves; - Requested a breakdown of the Precepts, Levies and Contributions budget. <p>On the Economic Development Directorate Budget briefing, the Committee:</p> <ul style="list-style-type: none"> - Noted the savings drivers; - Commented that the transfer of strategic estates to the Directorate would appear to be subsidising the area in making savings; - Recommended pursuing sponsorship opportunities; - Would like to consider the full asset management report in March 2014. <p>Committee also asked for replies to any outstanding correspondence.</p>		Not yet received	

Policy Review Performance Scrutiny Committee
Correspondence

Committee date	Committee item	Recipient	Comments/Information requested	Response date	Response	Further Actions
26/11/2013	Directorate Budget briefings	Cllr Cook	<p>Committee:</p> <ul style="list-style-type: none"> - Noted the 38% savings target which the County Clerk and Monitoring Officer is working towards; - Raised the comment of the Cabinet Member for Finance and Economic Development during last year's budget process that the financial pressure approved for Scrutiny Services would not be chipped away in future years; - Would like to be kept informed regarding the Communications review; - Requested a breakdown of the Members' expenses budget to aid budget scrutiny. 	27/01/2014	<p>On behalf of Cllr cook, the Leader responded:</p> <ul style="list-style-type: none"> - Noting the Committee's comments regarding the Scrutiny budget; - Providing details of Members' allowances; - Stating that the Communications review should report in March and offered to inform the Committee of the outcome 	<p>Schedule consideration of Communications & Media Review</p> <p>UPDATE 5 March 2014 The County Clerk and Monitoring Officer has indicated that the Review will not be ready for the Committee's 1st April meeting, but may be ready for the May meeting.</p>
07/01/2014	Central Transport Services, Facilities Management, Month 6 budget monitoring, Public Sector Asset Management report	Cllr Goodway	<p>Committee:</p> <ul style="list-style-type: none"> - Was concerned that a number of savings for these areas were deemed to be unachievable so soon into the year, having relied on achievability assessments with budget proposals to be accurate - Was disappointed by these difficulties, but positive about the way in which CTS is planning for the future - Noted that buy-in across the Council is vital in changing driver behaviour - Discussed the proposal to explore creating a CTS trading company, and was concerned about the viability of competing with the private sector - Requested a breakdown of savings for CTS and FM for 11/12 and 12/13 - Requested an assessment of the costs of pool cars vs the cost of officer mileage - Welcomed the work taken to develop a longer term strategy for FM, but was concerned about its ability to plan without a stated position on the future of the Council's estate - Asked for the full breakdown of savings projections to be re-instated for the Month 8 budget monitoring report - Commended the PSAM report to the Cabinet Member. 		Not yet received	
13/02/2014	Corporate Plan 2014-17	Leader	<p>Committee:</p> <ul style="list-style-type: none"> - felt that although some issues raised by the Committee and the Auditor General with regards to last year's Plan had been addressed, many had not; - was disappointed that the draft Corporate Plan had not been ready to go out with all Committees' papers and that the Technical Document provided to PRAP had not been available for all Committees; - recommended bringing forward the Corporate and Budget planning process next year; - was not convinced that the draft met the needs of all of the Plan's audiences; - felt that the Plan should more clearly address the years after 2014/15; - was not in a position to judge the alignment of the Plan and other strategic documents given the lateness with which the Technical Document was received; <ul style="list-style-type: none"> - requested a firm date for the availability of Directorate Plans; - recommended that the Plan give more prominence to addressing issues with the Council as a corporate body; - is concerned that the Council's performance framework has not been addressed with the urgency required and wishes to receive a clear outline of activity from the AD Sport, Leisure and Culture at its March meeting; - was not convinced by many of the measurements contained within the Plan; - noted some areas which should be amended - the alignment of the Environment section, the anticipated budget gap and the slant of the Finance and Economic Development section. 		Not yet received	

Policy Review Performance Scrutiny Committee
Correspondence

Committee date	Committee item	Recipient	Comments/Information requested	Response date	Response	Further Actions
13/02/2014	Draft Budget Proposals	Cllr Goodway	<p>Committee:</p> <ul style="list-style-type: none"> - recommended that further steps should be taken to provide full information to scrutiny committees to enable their consideration of the budget proposals; - recommended that the process be brought forward to ensure full scrutiny and public engagement; - recommended amendments to the budget consultation process; - expressed concern about the achievability of savings; - recommended that savings proposals should more clearly set out the risk/benefits of implementation to allow proper scrutiny and Member decision; - expressed concern about the capital programme and level of proposed borrowing; - referred Invest to Save to the Audit Committee; - expressed disappointment that the Workforce Agreement had not been subject to pre-decision scrutiny and recommended that timely engagement must be put in place in future; - recommended that the Council's workforce planning be addressed urgently, expressing concern about the loss of capacity and knowledge from the organisation; - declined the Cabinet Member's request to make a comment about Council Tax levels; <ul style="list-style-type: none"> - recommended that the CardiffWorks operating model be considered further; - requested details of the Communications review; - reiterated that the Council's asset management be addressed urgently; - noted concern regarding the consultation on the Grants proposals; - accepted the offer of monthly budget monitoring information. 	05/03/2014	<ul style="list-style-type: none"> - Officers have been asked to prepare the Budget Strategy report for 2015/16 and an early date to enable a realistic timetable for consideration of the budget proposals; - disagreed that Cabinet had access to information which Scrutiny Committees did not, although some details referred to in the meeting were subject to decisions which were yet to be taken such that officers could not calculate those figures. The Cabinet Member was satisfied this did not prevent scrutiny of the proposals; - accepted that the proposals language could be cryptic or insufficient, and would work to improve this next year; - reflected that committees could have been asked to consider proposals in January, with additional proposals coming in February. Officers will be asked to explore this for the next year; - the Committee's views on non web-based methods of consultation will be taken into account next year; <ul style="list-style-type: none"> - concurred with concerns around the achievability of savings, hence the contingency fund in place; - has asked that monthly budget monitoring reports are made available; - refused the request for pre-decision scrutiny of in-year savings if these become necessary, given their potential urgency, but would be happy to report these afterwards or prospectively where possible; - highlighted levels of Capital expenditure and borrowing, but noted that few new schemes had been approved this year, and that there had been some reductions and removals; - noted comments regarding the workforce agreement and Academy budgets. The Academy increasingly will have to find external funding, although the proposal to reduce its budget was not taken forward; - a Trade Union budget forum will be set up in March 2014, for the 2015/16 process; - a new approach to Workforce Planning is integral to service planning going forward. 	Confirm availability of monthly monitoring reports
04/03/2014	Cardiff Council Performance Review	Leader/ Cllr Cook	<p>Committee:</p> <ul style="list-style-type: none"> - welcomed the approach being taken by the Chief Executive in developing a mature conversation around performance; - welcomed the holistic and pragmatic way in which the Assistant Director Sport, Leisure and Culture is taking, but expects to see real results in the near future; - Noted the difficult but important balance to be struck between an environment which encourages open discussion of performance and one which penalises poor performance; - Made some specific comments on the draft Quarter 3 performance report presented, including the need to reflect the customer point of view; ensuring tracking between periods; ensuring trends can be tracked over several years; and the importance of the challenge process. - commended the Scrutiny Research Team's report on performance benchmarking and asked for feedback as to how Directors are taking this forward. 		Not yet received	
04/03/2014	Attendance & Wellbeing Policy Implementation	Cllr Cook	<p>Committee:</p> <ul style="list-style-type: none"> - was pleased to learn that sickness absence levels appear to be going down; - may focus on specific directorates' management of sickness in future; - urges officers to consider learning from other authorities' and organisations' management of sickness, and to spread best practice within the Council; - asked for further information on schools' adoption of the Policy; - asked for further details of the likely cost if the projection 2013/14 level of sickness-10.4 FTE days - is reached; - asked for the results of the WAO review and the operational 12 month review of the Policy. 		Not yet received	

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

Date: 17 February 2014



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Councillor Russell Goodway
Cabinet Member Finance & Economic Development
Cardiff Council, County Hall
Cardiff
CF10 4UW

Dear Councillor Goodway,

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 13 February 2014 DRAFT BUDGET PROPOSALS

Please accept my thanks on behalf of the Committee for attending the Policy Review and Performance Scrutiny Committee to discuss the Cabinet's draft Budget Proposals. Please also pass our thanks on to your Cabinet colleagues and officers who supported the scrutiny. The Committee had a number of comments and recommendations as set out below.

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 we thank your 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, you 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

You 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. We noted your 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. We recommend 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. We are 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. We recommend 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 our January meeting when we 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. We 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 us to come to an informed opinion as to their validity. We 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 Scrutiny Members we 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.

We 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. We 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. We note the Corporate Director – Resources' comments that further financial profiling will be available with Cabinet papers. We 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 us.

Members also heard that the project appraisals which used to be applied to capital schemes have been discontinued. We 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. We have noted during previous scrutinies that some schemes have failed to deliver the anticipated benefits (for example the Central Transport Services depot). In this context, we would like to refer the subject of Invest to Save to the Audit Committee for consideration.

Workforce Agreement

You 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 you or your 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, you must fully engage with Scrutiny and with Trade Unions in a timely manner.

More specifically on the proposal to cut the Academy budget, you told Members that other funding options are being explored for staff development. We 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 we were 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, you 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. I have already discussed the Academy proposals; we were similarly concerned by the plan to remove the ICT training budget. We 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?

We urge you 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.

We noted that the Audit programme will have to be adjusted in order to cope with a reduction in Audit staff. We 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

Many thanks for representing the Deputy Leader for this item.

While the Committee understands the need to make savings across the Council, we are 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.

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

In terms of Communications and Media savings, Members remind you 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. We are 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. We wish 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. We noted your comments about the difficulty you have found in getting a Cabinet slot for this item. We urge you 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 your 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. We understand that this may be an issue of perception. However, we 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 we discussed the need for strong financial monitoring in some depth, in terms of the necessity for Directorates to take greater responsibility in controlling overspends. We welcomed your offer to come to our Committee on a monthly basis to discuss the monitoring reports which Cabinet receives. As this may place an undue imposition on your time, we feel that it would be more appropriate for the Committee to receive the reports for noting and to follow-up on an exception basis. We would be grateful if you would ensure that officers provide us with the reports.

As there are several recommendations contained within this letter, we would be grateful for your speedy response.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Heather Joyce, Leader
Councillor Ralph Cook, Deputy Leader
Councillor Lynda Thorne, Cabinet Member, Community & Neighbourhood
Regeneration and Social Justice
Paul Orders, Chief Executive
Representatives of GMB, Unite and Unison
Christine Salter, Corporate Director Resources
Sarah McGill, Director, Communities, Housing and Customer Services
Philip Lenz, Chief HR Officer
Shaun Jamieson, County Solicitor
Ian Allwood, OM, Accountancy (Advice & Budgetary Control)
Marcia Sinfield, projects and Technical Accountant
Allan Evans, OM Service Accountancy
Phil Bear, ICT Service Manager
Marie Rosenthal, County Clerk and Monitoring Officer
Neil Hanratty, Director, Economic Development
Charles Coats, Strategic Manager
Rob Ellis, Business Manager, Economic Development
Sir Jon Shortridge, Chair Audit Committee
Derek King, OM Risk and Audit
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee

**From : County Councillor Russell Goodway
Cabinet Member for Finance & Economic Development**

My Ref: CM26744
Your Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

5 March 2014

Councillor Nigel Howells
Chair, Policy Review & Performance Scrutiny Committee
Scrutiny Services
Room 243
County Hall
CARDIFF
CF10 4UW

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE DRAFT BUDGET PROPOSALS

I refer to your letter dated 17 February 2014 in the above connection.

I appreciate that the timescales for dealing with the most challenging aspects of the 2014/15 budget were extremely demanding, not least on my officials and my Cabinet colleagues and their officers. You will appreciate that this was not helped by the late notification of the quantum of the 2014/15 savings requirement, details of which accompanied the announcement of the Provisional Local Government Settlement on 16 October 2013.

As I pointed out at Council last Thursday, the timetable adopted this year was similar to that adopted in 2013 which, as you know, provides an additional 4 weeks for detailed scrutiny of actual proposals compared to the time afforded by the arrangements before May 2012. Nonetheless, I sympathise with the views expressed by the Chairs of the Council's Scrutiny Committees regarding the volume of information made available to members detailing the majority party's individual savings proposals and the timescales in which committees were asked to consider them.

I also accept that, during the period going forward, it is unlikely that the situation will get less demanding and I have, therefore, asked officials to prepare the Budget Strategy Report for 2015/16 and an early date to enable a realistic timetable for consideration of budget proposals for that year to be agreed by Council.

Availability of Information

I am not persuaded that your concerns with respect of the availability of information and are valid and certainly not to the extent that Cabinet had access to information which was not made available to committees. That is not the case. The specific details to which you refer were subject to decisions which, at that time, were yet to be taken such that officers were not in a position to calculate many of those figures or analyses.

cont...

T: 07962 251439
Email: r.v.goodway@cardiff.gov.uk

Please reply to: The Cabinet Office, County Hall, Cardiff, CF10 4UW. T: 029 2087 2479

I am, however satisfied that the absence of that information did not prevent committees from giving detailed consideration of the proposals being put forward by individual directorates. If anything, I was concerned that we were subjecting committees to information overload.

I am pleased that committees found helpful the additional information provided this year in respect of the budget analysis sheets. However, I concede that, all too often, the narrative accompanying the proposals was cryptic and insufficient to enable readers to fully understand the core of the proposals and the impact on service outcomes. We will continue to improve the budget narrative next year.

Scrutiny and Public Engagement

I accept that following a series of announcements by the Chancellor of the Exchequer during late 2012 and early 2013, including the 2013 Budget Statement, the Council had been able to predict that the indicative local government settlement figures issued in 2011/12 were unlikely to remain valid during the period going forward. Our own calculations suggested that a total savings requirement of £33 million would be required for 2014/15. In the event, the provisional settlement confirmed that the situation was much worse.

I am not sure that I agree with your assertion that detailed proposals to save £33 million were in place by the end of the summer although I accept that they were in place prior to Christmas. On reflection, it may have been possible to ask committees to scrutinise those proposals in January with a further examination of additional proposals in February. I will ask officials to consider whether we could plan for this arrangement next year.

I will also look to see precisely what other councils do to see if we can benefit from their experience. However, I have to say that the outcome of my own informal soundings amongst Finance Cabinet members suggests that non-executive councillors and scrutiny committees in Cardiff are involved to a far greater extent in both the development and scrutiny of budget proposals. I believe that this was also the case in Cardiff between 2004 and 2012.

I was pleased that we were able to put in place extended public consultation arrangements this year, using online and face to face mechanisms and although not perfect they do provide a basis for on-going improvements. The consultation process for next year will be considered as part of the overall timescales within the Budget Strategy Report and again your views, particularly in respect of using non web-based methods will be taken into account.

Achievability of Savings

I would concur with the concerns expressed in relation to achieving savings of this magnitude. I decided to include in the Budget Reduction Requirement a £4 million General Issue Contingency for this reason. In addition, all Directors were tasked with identifying the Planning Status of the savings they proposed. Cabinet Members and Directors are already aware of the importance of, and their role in now delivering, the savings they have identified.

Budget monitoring will continue to be the key focus of reviewing how and when these savings are delivered and Scrutiny will, as in previous years, receive these reports. In addition, I will also ask for the monthly budget monitoring reports to be provided in accordance with your request.

I note your request to undertake pre-decision Scrutiny on any additional in-year savings that may be required, should an unfavourable monitoring position occur. I am afraid that I cannot agree to that request. Whilst I think I understand the reason for this request the Council's emphasis has to be focussed on balancing the budget in-year which requires swift action to maintain a secure financial position. I could not commit to introducing any mechanism which could impede the ability of officials to make the decisions required to achieve a balanced budget. I am, however, very happy to report any such decisions to scrutiny committees where possible prospectively or in retrospect to ensure the transparency of the budgetary position.

Capital Programme

The General Fund Capital Programme for the period 2014/15 to 2018/19 is predicated on additional unsupported borrowing of £113 million which includes £68 million in respect of invest to save funding. The local affordability indicators which are included within the Budget Report do show an increase in the percentage the Council needs to set aside in its revenue budgets to fund this borrowing, with a significant element of this increase due to the reduction in revenue budgets rather than significant increases in capital financing budgets. However I would highlight that this year relatively few new schemes have been added into the Capital Programme; a number of existing schemes have been removed and reductions have been made to annual sum allocations.

I note your request for Audit Committee to consider the subject of Invest to Save schemes. The chair of the committee has been asked to consider the most effective way to take this forward within Internal Audit's work programme.

Workforce Agreement

I note your comments in respect of the Workforce Agreement. You will be aware that the imposition of the Workforce package is part of the budget proposals. The timing of ongoing informal discussions with trade unions following the failure to achieve agreement with the workforce was such that there was no scope to afford pre-decision scrutiny on the matter.

However the Section 151 Officer gave a presentation on the overall budget to each Scrutiny Committee which set out the Cabinet's intention at that time to implement the package. This budget presentation also included a proposal to remove the budget for the Academy. The Academy proposal was not taken forward in the final budget, however it should be noted that increasing emphasis will be placed on identifying external sources of funding.

Confidential consultation began with Trade unions back in the autumn of last year. The Employee Voice survey also undertaken in November provided the opportunity for ideas about budget savings to be submitted and these have been cross referenced to the current proposals. For the 2015/16 budget a specific Trade Union Budget Consultation forum will be established in March 2014 with a view to engaging much earlier in budget discussion.

Workforce Planning

A new approach to workforce planning is an integral part of service planning going forward. This approach will be further refined in the coming months to ensure future workforce requirements are understood along with an audit of current skills.

During 2013/14 there has been a concerted effort to reduce agency spend wherever possible as has been reflected in a number of recent Cabinet reports. In the light of

continuing budgetary challenges Cabinet will ensure review of current arrangements is intensified and further savings achieved.

Succession planning will be part of the workforce planning approach particularly as work on alternative delivery models is progressed and the likely future workforce requirements are fully understood.

You may be aware that the Chief Executive is currently undertaking an urgent review of performance management including personal performance and development review. This review will aim to ensure that career aspirations are discussed and supported where they meet future organisational requirements.

Following the Council budget decision, support will be provided to employees and we will work with managers on mechanisms to support those who will leave the organisation, including accessing support from partner organisations. There will also be information and support for managers to assist those employees who remain and who will need to work differently.

Resources Directorate

Whilst difficult decisions have had to be taken to reduce the size of the permanent establishment at the corporate centre, Cabinet has recognised the need for temporary additional support to ensure the savings are delivered along with the expected outcomes for our three priorities.

In relation to Cardiff Works current proposals commit the Council to explore alternative funding streams by working collaboratively with public sector colleagues. This work would not preclude consideration of moving to other sectors provided procurement colleagues are content that this does not infringe on existing framework arrangements.

I welcome the Committees comments on the approach we have taken to the review of grants and also recognise the challenges that face individual organisations. Each organisation will be contacted in writing both before and following full Council on 27 February 2014 to keep them fully informed.

The letter to those organisations where grant is recommended to end in 2014/15 will also make reference to the opportunity presented by the inclusion in the budget proposals of a new funding stream that will assist in the development of our local Neighbourhood Partnership arrangements. The funding is being made available specifically to fund local groups and organisations that can assist with the delivery of local action plan priorities.

I trust this information is of assistance.

RUSSELL GOODWAY
CABINET MEMBER FOR FINANCE & ECONOMIC DEVELOPMENT

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

Date: 10 March 2014



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Councillor Heather Joyce
Leader
Cardiff Council, County Hall
Cardiff
CF10 4UW

Dear Councillor Joyce,

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 4 March 2014 Cardiff Council Performance Review

On behalf of the Committee, please pass my thanks on to the Chief Executive and the Assistant Director—Sport, Leisure and Culture for attending this week's Committee meeting to discuss the Council's Performance Review.

The Committee has been concerned that the Council should address this area urgently, a feeling supported by the findings of the Wales Audit Office Improvement Letter and the WLGA Peer review. We were therefore glad to see that the new Chief Executive is aiming to take a strong approach to improving the Council's performance culture. The Committee welcomed his willingness to working constructively with Scrutiny to develop a mature conversation around the Council's performance and to provide robust and public challenge in future.

The Assistant Director informed the Committee that his brief was to re-energise performance in the Council and that he is taking the pragmatic view that the emphasis should be on working with people to drive forward improvement, rather than concentrating solely on the performance framework. We support the approach which he set out in terms of encouraging a more holistic view, as well as the aim to foster a culture of challenge and true management of performance across the organisation. Having discussed this issue on several occasions in the recent past, however, and seen little proof of change, Members will be looking for real evidence that this approach is working at future meetings.

Members commented that there is an important but difficult balance to be struck between creating an environment in which performance can be discussed openly and honestly and one in which poor performance is penalized. We are in agreement that managers are key to ensuring the success of this approach. We noted officers' comments that new Directors have the responsibility for ensuring rigorous challenge within their own directorates and that their expertise and energy must be harnessed to create appropriate peer challenge at Senior Management Team. This approach must also be apparent at Cabinet level.

The Committee was given a draft of the new quarterly performance report template at the meeting and were informed that officers are working to ensure improved timeliness of performance reporting in future. We look forward to scrutinising the



Quarter 3 report in some depth at our 1st April 2014 meeting and to hearing the Cabinet point of view on this process at that stage.

We had some initial comments about the template which we hope are taken into account. We appreciated the more rounded view which the format appears to give, having previously recommended that performance reporting should align more effectively with the reporting of risk and budget monitoring. We recommend that an even wider view of performance is developed in future to include the customer point of view and to present a more qualitative picture of the Council's performance.

The Committee also urges the Chief Executive to ensure that the reports allow satisfactory tracking of progress between periods. The 'challenges' section should reflect actions taken in the previous quarter to meet identified challenges, for example, rather than just identifying the next quarter's challenges. Better trend analysis is also needed, beyond the single year of historical data included in the report. Above all, we hope that the robust challenge process which the Assistant Director is putting in place will ensure that there is no selective reporting which could mask poor performance rather than tackling it.

At the same Committee meeting, Members received a Scrutiny Research report regarding Performance Benchmarking and we would like to commend the report to you and your officers. As you will be aware, the Committee has for some time recommended that the Council should take a more effective approach to benchmarking in order to ensure that we are learning from appropriate successful organisations to improve our own performance. We were glad to hear from the Chief Executive that he was amenable to taking the results of the research on board and would like feedback at a later date about how senior managers are implementing changes to the Council's benchmarking practices.

Finally, on behalf of Members, I would like to thank you for your engagement with the Committee during your time as Leader and please accept our best wishes for the future.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Ralph Cook, Deputy Leader
Paul Orders, Chief Executive
Martin Hamilton, Assistant Director – Sport, Leisure and Culture
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee

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

Date: 10 March 2014

Councillor Ralph Cook,
Deputy Leader
Cardiff Council, County Hall
Cardiff
CF10 4UW



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Dear Councillor Cook,

**POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 4 March 2014
Attendance & Wellbeing Policy Implementation**

On behalf of the Committee, please pass my thanks to the officers who attended PRAP Scrutiny Committee to brief Members on the implementation of the Council's Attendance & Wellbeing Policy.

The management of sickness absence has been something in which this Committee has taken an interest for several years. We were pleased to learn from officers that the early indications are that the new Policy appears to be having a positive impact on the Council's levels of sickness. The Committee noted from the comprehensive information presented by the Chief Human Resources Officer that there does however remain considerable variation across directorates. We would anticipate variations to some extent given the diversity of the services provided by the Council, but there is also clear variation in their completion of Return to Work interviews and trigger points. The Committee will be discussing its 2014/15 work programme in the coming months and should we decide to consider this issue further, we will aim to scrutinise particular directorates' implementation of the Policy in depth. It is clear that the Senior Management Team must own this issue in order to drive sickness levels down within their own Directorates.

Members considered performance benchmarking at the same meeting and would urge officers to explore further how Cardiff can learn from other local authorities' management of sickness. While we noted the Chief Human Resources Officer's comment that comparisons of the Policy have shown that it is largely similar to those of other local authorities, we hope that officers will also endeavour to learn about successful management and cultural changes which other authorities and organisations have implemented in order to effect a change. There is also some further scope for good practice to be shared across the Council; officers mentioned, for example, the work preventative work which has started within the Environment Directorate. We will be interested to gauge whether this is successful and if it could be rolled out to other directorates effectively.

Members particularly emphasised during the meeting that a holistic view of sickness absence is needed. We referred, for example, to the potential effect that high sickness levels in schools could have on educational attainment. We were reassured that HR People Services is working closely with Head Teachers, but Members would



be interested to learn if there is any correlation between higher levels of sickness and those schools which have not chosen to adopt the Attendance & Wellbeing Policy. Members were particularly supportive of the preventative and positive approaches which were included in the Policy when it was presented to the Committee in November 2012 and would like to re-emphasise the importance of positive and preventative approaches to the health of staff.

During the meeting, the Committee requested to know what the approximate cost of sickness absence to the Council if the forecast 2013/14 level of 10.4 FTE days is reached. We would be grateful if this could be forwarded. We will also be interested to learn about the views of the Wales Audit Office following their review, as well as the operational 12 month review which will be carried out in August.



Yours sincerely,

COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Christine Salter, Corporate Director Resources
Philip Lenz, Chief Human Resources Officer
Lynne David, Operational Manager, Human Resources
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee