

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

1 JULY 2014

Present: Councillor Howells (Chairperson);
Councillors Hunt, Knight, Lloyd, McGarry, Murphy,
Robson and Walker. (*1 vacancy*).

12: MINUTES – 6 MAY 2014

AGREED – That this item be deferred to the next meeting of the Committee.

13: INFRASTRUCTURE BUSINESS MODEL & ALTERNATIVE DELIVERY OPTIONS

The Chairperson welcomed Councillor Hinchey, Cabinet Member Corporate Services and Performance; Councillor Derbyshire, Cabinet Member Environment; Jane Forshaw, Director Environment; David Lowe, Waste Operations Manager and Lesley Ironfield, Operational Manager, Facilities Management.

The purpose of this item was to brief Members on the Infrastructure Business Model project and the range of alternative delivery models that could be used to deliver services that potentially fall within the scope of the project, with a view to the Committee agreeing to participate in a joint inquiry led by the Environmental Scrutiny Committee to consider these issues in more depth. This programme falls within one of the five strands of the Organisational Development Programme. The Infrastructure Services project was identified as a key organisational change priority.

The Chairperson invited Councillors Hinchey and Derbyshire to make statements. Councillor Hinchey advised that this project involved streamlining cross directorate services to provide an improved, more cost effective and efficient delivery of services. Councillor Derbyshire emphasised the scope of the project, the bringing together of different working methods; and options for collaborative working with other Local Authorities.

The Committee received a presentation which detailed:

- the critical challenges for the Council in particular the need for consolidation of resources;

- Cardiff specific issues that needed to be addressed including high sickness absence; new ways of working; cultural change and income generation;
- the Organisational Change Programme and meeting the challenges;
- project objectives;
- options for alternative deliver models including the ‘Teckal’ model;
- the phasing of the project.

The scope of the services identified included Waste Collections; Street Cleansing; Waste Education and Enforcement; Pest Control; Highways Maintenance and Asset Management; Infrastructure Design; Telematics; Parks Operations and Design; Central Transport Services; and Soft Facilities Management (cleaning and security services). The range of services was subject to change as the project moved forward.

The Committee was advised that in developing the ‘Infrastructure Business Model’ the Council was aiming to identify and implement the most appropriate delivery models(s) for the range of services identified within the scope. If successful, the project could deliver an operating model aligned to Cardiff Council’s role as a commissioning authority and deliver efficiency savings against measured improvements in service delivery.

There were five distinct phases to the project:

- Phase 1 - Service Reviews which was ongoing.
- Phase 2 – Options Appraisal – against assessment criteria.
- Phase 3 – Detailed Business Plan of preferred model.
- Phase 4 – Implementation of approved future delivery model.
- Phase 5 – Delivery of approved Service Model

The Committee was asked to consider whether it wish to participate with the Environmental Scrutiny in a more in depth scrutiny of the options for the Infrastructure Business Model which were being considered as part of the service modelling for budget savings in 2014/15.

In discussing the proposal the Committee made the following observations: -

- Members were keen to learn from best practice (successes and failures) from other core/ benchmarking authorities and work undertaken by Association for Public Service Excellence (APSE);
- further information on the assessment criteria and weighting was required for each of the models;
- timescales for delivery of future service model to be identified;

- the importance of collaboration across the Council and consideration of other opportunities of working with partner authorities as has been achieved through the Prosiect Gwyrdd model;
- Members were aware of possible resistance to change and the need for a cultural shift; implications on industrial relations in particular in relation to terms and conditions of employment and sickness absence performance.

The Chairperson thanked the Cabinet Members, Director and Officers for the briefing and responding to Members questions.

AGREED –That

- (1) the Policy Review & Performance Committee participate with the Environmental Scrutiny Committee in a joint scrutiny of the options for alternative Infrastructure delivery models;
- (2) Councillors Howells, Hunt, and Walker be nominated to the Joint Scrutiny from the Policy Review & Performance Committee;
- (3) as part of the Joint Scrutiny information on the assessment criteria for the options for alternative business models and benchmarking / research into best practice be undertaken.

14: BUDGET OUTTURN 2013/14

The Chairperson welcomed Councillor Graham Hinchey, Cabinet Member for Corporate Services & Performance; Allan Evans, Operational Manager – Service Accountancy; and Marcia Sinfield, Operational Manager – Project Accountancy who were in attendance to provide the Committee with the Budget Outturn report for 2013/14, which was presented to the Cabinet on 12 June 2014 which will help to inform the Committee Work Programming decisions for 2014/15.

Councillor Hinchey stated that the Council’s final revenue position for 2013/14 showed a balanced position after contributions to and from reserves; however there remained significant pressures in a number of areas in particular in Health and Social Care, Children’s Services and the Environmental Directorates. These overspends reflected and increase in demographic pressures and a shortfall in income, and a realignment of budgets had been addressed in the 2014/15 budget agreed by Full Council in February 2014.

The Committee noted also the major budgetary challenges, including Voluntary Severance costs; the Workforce Agreement which was approved by Council; the use of General earmarked reserves; reduction in school balances; issues relating to the Capital Programme and slippage.

The Chair invited questions from the Committee during which the following observations were made:

- the importance in the current financial climate that Scrutiny Committees are fully involved in the development and monitoring of the Council's budget and the importance of sharing additional information to support the Committee's regular monitoring of the budget;
- noted that the Council reached an overall balanced position, but that there were significant overspends in some Directorate budgets at year-end and a considerable shortfall in achievement of some savings targets;
- whilst the Committee was aware that the current year's budget had included sizeable realignments to ensure that Directorates' budgets remained on target, it was concerning that despite this the Council was likely to face similar pressures in this financial year;
- noted that early projections at Month 2 showed a shortfall against savings targets, although this was less in percentage terms than projections at a similar point last year;
- it was clear from discussions that the Council needs to improve its trend analysis to better predict budgetary pressures and service requirements to align budgets accordingly. Members considered that good practice could be taken from English Local Authorities which have undergone this process;
- there remained concerns about the realisation by Directorates of earmarked efficiency savings and Committee highlighted Procurement and Commissioning as a key area regularly scrutinised by this Committee. If savings were not being achieved resulting this would result in ongoing activity to bring forward savings in-year. Members reiterate their previous request that, if proposals are developed in-year to achieve additional savings or to make up predicted shortfalls, these should be subject to proper scrutiny before they are agreed;
- the Council's investment strategy was discussed and whether there was any potential to release some of the investment for use as part of the budget in the future. It was accepted that these investments formed a substantial part of the Council's cash flow and fluctuated depending on income and expenditure and that the General Reserve only made up part of this balance;

- Members queried whether delays in implementing ‘Invest to Save’ schemes and capital expenditure slippage which was having an impact on the delivery of intended benefits. The Committee noted the Officers’ response that the levels of slippage had reduced and that benefits were being realised. The Committee however would consider whether it would wish to investigate this issue further as part of its 2014/15 work programme;
- whilst noting the surplus on the Council Tax, Committee was advised that this had been largely due to a saving against the Council bad debt provision and reflected improvements in the overall collection rate and prudence in anticipation of unrealised changes to the Council Tax Reduction Scheme which the Welsh Government had fully funded in 2013/14;
- it was noted that progress with Directorates an through the Programme for Organisational Change to identify delivery models and efficiency savings was being made with challenge meetings arranged with Directors in the coming months so that key challenges for the 2015/16 budget proposals are identified early to allow for scrutiny and public engagement ahead of the finalisation of the Cabinet budget proposals.

AGREED – That

- (1) the Chairperson on behalf of the Committee write to the Cabinet Member for Corporate Services & Performance, thanking him and the Officers for their briefing and responding to Members questions on the Budget Out-turn;
- (2) as part of the future Work Programme the Committee consider a scrutiny of the ‘Invest to Save’ programme.

15: PROPERTY UPDATE

The Chairperson welcomed the Leader, Councillor Phil Bale with responsibility for Economic Development and Partnerships; Councillor Graham Hinchey, Cabinet Member for Corporate Services and Performance, Neil Hanratty, Director for Economic Development and Charles Coates, Corporate and Property Estates Manager who had been invited to attend to discuss progress in developing the Property Strategy ahead of its consideration by Cabinet in the Autumn.

The Cabinet Member for Corporate Services and Performance introduced the item identifying the significant spend in managing and operating the

land and buildings in the Cardiff Council portfolio; the maintenance backlog; the need to identify what the requirements will be for the future including collaboration with other public and private sector partners to improve the effective use of buildings and provision of services.

The Leader underlined the importance to the Council of its land and property investment portfolio and the maximisation of any returns and the need to enhance the social and economic benefits for Cardiff and its communities of any realignment of the estate in the future. The Leader underlined the need to review the use of land and buildings; the need to invest in property and address the maintenance backlog which would have to be undertaken in conjunction with looking at future land and property needs and greater collaboration with partners. The importance of the scrutiny processes in this strategic approach was emphasised.

The Committee received a detailed presentation which provided an update on Asset Management Plans; the focus of the Asset and Infrastructure Programme and the significant collaborative work being achieved through the Cardiff Public Assets Board – made up of nine public sector partners - in identifying operational and non-operational land and property ownership across the County region; the development of a paving report for Cabinet in July with a fuller report on the project in October 2014.

The presentation set out by category data on the Council's Operational portfolio (the Non-Operational estate was still subject to an externally commissioned review); the available operational estate floor space - made up predominately by the Education portfolio; the condition of operational buildings - 16% of which in poor or bad condition; with 78% in a satisfactory but in need of investment – this measured against the national benchmark of 15% of concern or poor; and 85% satisfactory or good and was typical of a large urban city estate; maintenance and repair backlog; running costs which equated to an average cost £61 per square metre.

The overarching objectives of the Property Strategy were

- to be the link between Corporate Plan and implementation of property management practices;
- provide a clear rationale for Council's ownership, interest in and management of its property asset, as well as sustainable and responsible management to ensure long term needs not compromised by short term considerations;
- all property to be held as a corporate resource;

- provide a clear and transparent framework for governance of property related decision making;
- properties to be safe, accessible and compliant with all prevailing statutory requirements.

To meet its vision the Property Strategy would need to set out the principles for modernising its estate and providing fewer but better buildings; look at collaborative use of all buildings including school campuses; the development of community hubs; work more effectively with other Public Sector stakeholders; rationalise the estate - with any new leases, acquisitions or new builds only to take place if the requirement cannot be met from the existing retained estate; all surplus properties be considered for alternative Council use prior to disposal; reduce the annual operating costs and reduce the maintenance backlog; provide accessible and for purpose buildings; and for the Council's estate to contribute to meeting the 60% reduction in carbon emissions target by 2018.

The Chair invited questions from Members during which the following observations were made:

- the Committee was disappointed that the Property Paving report which had been scheduled for this meeting was not available in time for the Committee to scrutinise it, although it understood that it would be now presented to the Cabinet at its July meeting as planned. Members reiterated the urgency with which this issue needed to be addressed;
- the Committee indicated that as the Property Strategy would be presented to the Cabinet in October 2014, it would therefore wish to have the opportunity to consider this in pre-decision scrutiny at its meeting on 30 September, 2014;
- noted that the non-operational, or 'investment', estate would be subject to a separate report, once an externally commissioned review of the estate was completed; and the Committee would be minded to schedule a separate scrutiny to consider this in detail once the timescales have been confirmed;
- in principle the Committee welcomed the vision for the Council's estate, in terms of rationalisation; developing more effective public sector collaboration around property; and making sure the estate is fit for purpose and more accessible. The Committee was aware of the

investment required in buildings; the repair and maintenance backlog; and energy costs and running costs, and the need to look review its estate and requirements for the future.

- the Committee wished to reiterate its previous recommendation that the Council's approach to the management of its estate should take into account not only cost effectiveness of its properties and potential income from disposal, but should also address how the estate can meet the community, social and environmental needs of citizens. Members were in agreement that the objectives set out in officers' presentation did not fully convey that the cost effectiveness of the estate was only one of several guiding principles in decisions regarding the Council's property. The definition of cost effectiveness must be dependent on the estate being fit for its identified community purpose. The Committee would wish to recommend that community needs are given the prominence both in the Paving report and the Strategy;
- it was noted that the vision for creating a network of Community Hubs across the city was centred on the use of secondary schools. There was some concern about the uncertainty around the future of the Community Hubs programme in certain areas and the need for the position to be clarified to provide reassurance for communities and the public. This could be supported by the development of an overarching Hubs Strategy as soon as possible;
- the Committee believed that the Council's Asset Management Plan should take a medium to long term view of the estate, rather than taking a short-term annual point of view, again to ensure more public certainty;
- Members requested further information on the list of Council's non operational/investment properties; including details of the leasing and rental agreements to which they are subject and also more details of what other Councils are doing in terms of asset planning. When the Committee considered the non-operational property review in April 2013, officers stated that work was ongoing to explore our performance in comparison with the Core Cities and that clear performance indicators must be developed for our estate. This was something that the Committee very much welcomed at the time and we keen to see the results of this work.

The Chairperson thanked the Leader, Cabinet Member, the Director and officer for attending and providing the briefing on progress in developing a Property Strategy.

AGREED – That

- (1) the Chairperson on behalf of the Committee write to the Leader and Cabinet Member detailing the Committees comments and observations as set out above;
- (2) a pre-decision Scrutiny of the proposed Property Strategy be considered by this Committee on 30 September 2014, ahead of the October Cabinet meeting;
- (3) once the external review of the Non-Operational property is completed a report be submitted for scrutiny by the Policy Review and Performance Scrutiny Committee.

16: COUNTY CLERK AND MONITORING OFFICER DIRECTORATE DELIVERY PLAN

(Councillors Howells and Robson declared a Personal Interest under Article 10 of the Members' Code of Conduct as Members of the Bilingual Cardiff Cross Party Group.

Councillor Robson declared a Personal Interest under Article 10 of the Members' Code of Conduct as a Member of the Glamorgan Archives Joint Committee.

Both Members remained at the meeting for the consideration of this item)

The Chairperson welcomed Councillor De'Ath to the meeting in his new role as Cabinet Member for Safety, Engagement and Democracy whose portfolio included Democratic Engagement and Governance; the Leader Councillor Bale and Cabinet Member for Economic Development and Partnerships, whose portfolio includes Welsh Language and Communications; and Marie Rosenthal, County Clerk and Monitoring Officer responsible for the Directorate.

This item enabled Members to scrutinise the draft County Clerk Delivery Plan and the Directorate's contribution to delivering of the Council's Corporate Plan 2014-17 and Organisational Development Programme.

The County Clerk and Monitoring Officer gave a presentation in which detailed the following:

- Directorate Responsibilities;
- Key Corporate Indicators;
- Achievements;
- Delivery Plan and Challenges for 2014/15:
 - to achieve agreed budget savings for 2014/15;
 - to deliver a new Communication and Public Engagement Strategy;.
 - to deliver more effective and efficient decision making;
 - build on the Scrutiny Function;
 - to ensure that Elected Members, Council staff and Partners and the Public are well-informed;
 - to encourage greater public participation in local democracy;
 - to have clear and accepted standards of conduct for Members and staff and to take action against breach of these standards;
 - to deliver all associated action plans in relation to Welsh language legislation.

In order to deliver projects linked to the delivery plan priorities the Committee was advised that the Directorate was exploring new ways of working, including looking at:

- investigating restructures / alternative delivery models;
- developing a business case to identify efficiencies resulting from an investment in technology;
- benchmarking of services;
- reviewing income generation opportunities;
- seeking engagement and collaborative opportunities.

The Chair invited questions from Members during which the following observations were made:

- Members were broadly content with the aspirations set out in the Delivery Plan, although there was some discussion during the meeting about the need to ensure that Members and stakeholders are effectively engaged and informed where initiatives are under development. The Committee felt that that has not necessarily been the case to date, so hope that this would be improved in future;
- the Committee had found common flaws in each of the Delivery Plans it had considered in terms of performance measurements and targets. It recommended that the challenge process be improved for next year. Members recommended a number of amendments particularly where performance indicator information is absent for example the lack of an

income target for advertising. There were also a disappointing number of performance measures and examples of evidence missing from this Directorate's action plan, and Members found the read across between these two sections difficult. The Committee recommended that there was a need to review the structure of the Delivery Plan template;

- the Committee noted that the Communications Review would be presented to the Cabinet in September, and it would therefore wish to scrutinise this in pre-decision at our 2 September 2014 meeting;
- the Committee recommend that in this period of change for the organisation, more effort was made to ensure that Elected Members were kept up to date when officers upon whom they rely on for information and support leave the Council. Although the Members' newsletter was a useful tool this was not necessarily the best medium for providing this information;
- the Committee had previously highlighted the importance of knowledge transfer as staff move out of the organisation.

The Chairperson thanked the Leader, Cabinet Member and County Clerk and Monitoring Officer for attending the Policy Review and Performance Scrutiny Committee to enable scrutiny of the County Clerk Directorate Delivery Plan. The Committee looked forward to working with Councillor De' Ath around the areas of democratic and citizen engagement and equalities.

AGREED – That

- (1) the Chairperson on behalf of the Committee write to the Leader and the cabinet Member for Safety, Engagement and Democracy thanking them for their participation on the Scrutiny of the County Clerk Directorate Delivery Plan and setting out the key comments and observations as outlined above;
- (2) a pre-decision Scrutiny of the proposed Communication Strategy be considered by this Committee on 2 September 2014, ahead of its consideration at the September Cabinet meeting.

17: CORRESPONDENCE – INFORMATION REPORT

The Committee received copies of correspondence to and from cabinet Members in relation to Scrutinies undertaken by this Committee in the last 2 months. There were no outstanding letters and no comments made by the Committee.

AGREED - That the correspondence be noted.

18: DATE OF NEXT MEETING

The next meeting will be held on 2 September at 4.30pm in Committee Room 4, County Hall.

A Work Programming meeting would be held towards the end of July.

(Meeting closed at 20.05pm)