

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE

2 SEPTEMBER 2014

Present: Councillor Howells (Chairperson)
Councillors Hunt, Knight, Lloyd, Love, McGarry, Murphy, Robson
and Walker

Also: Councillor Bale, Leader of the Council; Councillor Hinchey,
Cabinet Member for Corporate Services & Performance; and Steve
Barry, Manager of the Local Government South Region for the
Wales Audit Office.

19 : MEMBERSHIP

The Chairperson welcomed Councillor Cecilia Love to her first meeting of the Committee following her appointment to the vacancy at Full Council on 24 July 2014.

20 : DECLARATION OF INTERESTS

The Chairperson reminded Members of their responsibility under Article 16 of the Members' Code of Conduct to declare any interests and complete a personal interest form at the commencement of the agenda item in question.

21 : MINUTES

The minutes of the meetings of this Committee held on 6 May, 3 June, and 1 July 2014 were approved as a correct record and signed by the Chairperson.

22 : WALES AUDIT OFFICE CORPORATE ASSESSMENT OF CITY OF CARDIFF COUNCIL

The Chairperson welcomed Steve Barry, Manager of the Local Government South Region for the Wales Audit Office (WAO); the Leader of the Council, Councillor Bale and Paul Orders, Chief Executive to the meeting.

The Cabinet at its meeting on 16 May 2013 was informed that the Auditor General was establishing a new programme of rolling Corporate Assessments, based on a four-year cycle, which were to be carried out in addition to the WAO's annual programme of improvement studies.

The Corporate Assessment aimed to 'provide a position statement of an authority's capacity and capability to deliver continuous improvement. It would

examine an authority's track record of performance and outcomes as well as examining the key arrangements that are necessary to underpin improvements in services and functions'.

The Wales Audit Office (WAO) had released its Corporate Assessment report for the City & County of Cardiff Council on 1 September 2014, which was to be presented to the Audit Committee on 15 September 2014 and formally presented to the Cabinet on 18 September 2014. The Chairperson asked that given the publication date of the Assessment, the day before the Committee, if Members wished to consider how they would like to scrutinise the report and whether it would pick up key recommendations from the report as part of its ongoing work programme or schedule a further scrutiny at a later meeting in order to engage more fully with the findings and the Council's progress in responding to them.

The Chairperson invited Steve Barry from WAO to present the Assessment conclusions in which he set the context for the findings, in particular in relation to leadership and management, and changes in Senior Management arrangements and political leadership; and the assessment conclusions which had led to low performance in key areas and poor improvement. These were set out in the report as follows:

- the Council had identified what it wants to achieve for its citizens but lacked an effective means of delivery;
- some processes intended to ensure good governance had not been implemented, and decision-making processes were inefficient and lack transparency;
- performance management had been inconsistent and not secured improvement;
- although the Council ensures a balanced budget, prospects for achieving proposed savings in 2014-15 were uncertain and the anticipated level of future funding meant that current methods of service delivery may be unsustainable;
- corporate human resource arrangements were founded on positive practices, but were not being implemented consistently;
- the Council was utilising information technology and its information management arrangements more effectively;
- the Council was not managing its land and property assets well;
- the Council was engaging well in collaboration with others and was able to demonstrate improved outcomes for citizens

Steve Barry detailed the proposals for improvement which required the Council to ensure the implementation of its Organisation Development Plan was robust and would resolve the range of issues identified in the assessment. Steve Barry indicated that he would present the Corporate assessment report to Cabinet and Audit Committee following its consideration and comment at this meeting, and

would be the subject of All Member briefings during September. This would be followed by the agreeing of key milestones for progress on the issues identified in the assessment with Chief Executive.

In October, WAO would review delivery of the 2014-15 savings plan. Further reviews of the budget setting and priorities for 2015-16; review of the outcome of the Cardiff Debate; review of the implementation of the revised performance management framework; and progress tracking of asset management would be undertaken in March 2015.

A follow up Corporate Inspection would be undertaken in the summer of 2015 to determine if sufficient progress has been made in addressing the issues identified in the 2014 report.

The Chairperson invited the Leader to make a statement. The Leader welcomed the report and its thorough assessment of the performance of the Council. It provided the foundation and support for the improvement journey that the Council was now moving forward on. The Chief Executive in May 2014 had set out a 3 year Organisational Development Plan. The Cardiff Debate which by now had visited every ward in the city and been in dialogue with citizens would help inform the improvement programme. The processes for engagement with staff and involvement of employees in roadshows and events to encourage participation and ideas on how services can be improved and streamlined going forward in support of the budget position. Work was ongoing in developing the Corporate Plan priorities and the budget for 2015/16 which would be made available to Members, the Scrutiny Committees; employees and the public at an earlier stage to allow for fuller participation in the consultation process and a better understand of the Council pressures prior to the final budget setting decision at Full Council in February 2015.

The Chief Executive reported on the engagement with Senior Managers on the priorities from the Corporate Assessment and the focus on the implementation of the Organisational Development Programme. Corporately the senior team was looking at the fundamentals of Performance Management; Workforce planning; asset management; energy efficiencies; and service delivery. The Council was working constructively in collaboration with neighbouring partner authorities on projects; other public bodies and WAO.

The Chairperson invited debate and questions from the Committee during which the following observations were made:

- the Committee welcomed the sharp focus which the WAO Corporate Assessment had brought to the Council's performance, and were appreciative of the fact that this report had been brought to the Committee at

an early stage. Its consideration of the report and its recommendations was timely as it provided an opportunity for the Committee to include relevant issues into its work programme for 2014/15.

- Members welcomed the receptiveness of the Leader to the assessment's findings and the willingness to acknowledge the challenges faced by the Council.
- the Committee felt that many of the issues covered in the report were already familiar as they had been highlighted in the Peer Review and by Members in previous discussions with the Wales Audit Office at scrutiny meetings, in particular on concerns relating to leadership; structural changes in senior management which had particularly hit some key line services with so much change over the last 4 years; the Council's property and asset management regime; engagement with the public (particularly regarding to budget decisions); engagement with employees; workforce planning; and achievability of budget savings.
- the Committee had been concerned with capacity and capability to achieve the challenges; the establishment of a 'new' culture in the authority; and the need to benchmark with the best Local Authorities in England and Wales.
- the Committee recognised that the Cabinet had already made steps to address some of the shortcomings in the Peer Review and now highlighted in the Corporate Assessment, and that the Leader was committed to continuously do so with the necessary urgency. There had been some deep dive challenge to evidence base issues with further improvements to be developed through the Organisational Development Programme; and the Leader was working on a 3 year priorities ,budget and workforce plan.
- when the Committee discussed the Organisational Development Programme at its May 2014 meeting, Members had been concerned that employee engagement was a key issue for ensuring the success of such a significant change programme. The WAO findings also highlight the need to secure better ways for the Council to communicate with its staff. The Committee was pleased to see that some progress had been made in recent months in terms of holding employee roadshows and an 'ambassador' network; looking at 'values; and Members indicated that they would look to see what impact this had had on employee morale.
- the importance of compliance and the quality of Personal Performance Review with employees were being worked upon with more in-depth appraisal of the standard of the reviews; the provision of a range of tools to support managers and staff in compliance.
- Members discussed appraisal of Cabinet Member; Chairs and Individual Member performance and the need for support for Members undertaking these roles assessing criteria for the roles to ensure that Members are adequately equipped. This could be undertaken via a voluntary appraisal system.

- Members noted the Wales Audit Office's intention to follow up on progress in summer 2015 to assess how successfully the Organisational Development Programme was responding to its recommendations; look at results from the Council's new performance framework.
- it was noted that WAO would keep a watching brief on progress in the interim period.
- the Committee was minded to also schedule to scrutinise the overall programme at its December 2014 and March 2015 meetings to ensure that actions were being completed.
- the Committee discussed the options for further scrutiny of the range of issues identified in the assessment, and considered that this was best undertaken through work programme items.
- consideration of the Council's draft Property Strategy would be scheduled for 30 September meeting. This item had been due to be considered by the Committee since April 2014, and Members were keen to hear about progress being made in this important area.
- the Committee also noted that one of the areas on which the WAO will focus its follow up work was on the outcomes from the Cardiff Debate. This Committee had already programmed consideration of the Debate at its November 2014 meeting and would test the methodology used as a number of Members had raised concerns around the method of consultation; the raising of expectations; and matters that weren't included in the consultation process such as including Planning Development and Bereavement as two key services.
- Members did recognise the importance of engaging with communities in a meaningful way but that the pressures facing the Council needed to be balanced against the needs analysis and front line service delivery.
- there were lessons to be learned and an Improvement Plan to be developed in light of the assessment's observations on Governance and Scrutiny in particular in relation to agenda management; key priorities for scrutiny and forward planning.
- the Chairperson welcomed WAO's offer to brief the Scrutiny Committee Chairs regarding the detailed findings.
- the Committee indicated that it would also build in to its programme the scrutiny of proposed Governance improvements under the Organisational Development Programme.
- the Committee in general noted the strong emphasis by the WAO on the impact which the political and managerial instability in recent years had on the Council's ability to improve its performance.
- the Committee wished to remind the Leader that when he and Chief Executive attended Committee to discuss the Quarter 4 performance report in June 2014, he had indicated that he intended to address the Council's structures from top to bottom to ensure that they are fit for purpose; however the Committee would advise that the WAO comments would be taken into

consideration before any further restructures and that there would be engagement with Scrutiny in this process before any decisions are made.

The Chairperson thanked the Steve Barry from the Wales Office; the Leader and Chief Executive for presenting to the Committee and the responses given to the robust questioning by Members.

RESOLVED – That

- (1) the Chairperson on behalf of the Committee write to the Leader and detailing the matters raised as set out above on the Wales Audit Office Corporate Assessment Cardiff Council;
- (2) key issues arising from the conclusions of the Corporate assessment be programmed into the Committees Work Programme until the end of this municipal year;
- (3) the Committee be aware of the Wales Audit Office programme of continual assessment between September 2014 and the follow up assessment in the summer 2015.

23 : DEVOLUTION, DEMOCRACY AND DELIVERY WHITE PAPER – REFORMING LOCAL GOVERNMENT

The Chairperson welcomed the Leader of the Council, Councillor Bale and Paul Orders, Chief Executive to the meeting for this item.

Consideration of the detail of the recommendations contained in the Williams Commission report aimed to provide Members the opportunity to discuss proposals to reform Local Government in Wales and give comments and observations to the Cabinet as part of the Council's formal response.

The Leader did not wish to make a statement at this stage. The Chief Executive presented on the Welsh Government's published formal response to the Williams Commission recommendations as contained in the Devolution, Democracy and Delivery – Improving Public Services for People in Wales, and on the Reforming Local Government White Papers published on 8th July 2014.

The White Paper included 25 specific questions relating to various issues, including engagement; performance; scrutiny; community governance; disposal of property & assets; preparation for transition/merger and voluntary mergers.

The Committee was advised of the options.

- Option 1 – Enforced Merger with Vale of Glamorgan
- Option 2 – Voluntary Merger with Vale of Glamorgan
- Option 3 – Regional Combined Authority proposal (with / without mergers)
- Option 4 – Stand Alone as Capital City with population greater than 350,000

A prospectus for voluntary mergers had not yet been provided by the Welsh Government.

The Welsh Government had confirmed its support for the Williams Review proposal that Local Authorities should be merged. It had indicated that its preferred option was to have 12 authorities in total, leading to the joining of Cardiff and the Vale of Glamorgan. The White Paper sets out a timescale for mergers, commencing with a Statutory Bill in January 2015 to provide the necessary powers to enable preparatory work. A second Bill would be published for consultation in Autumn 2015, which should be introduced into the National Assembly shortly after the May 2016 Assembly Election. The first Elections to the new local authorities would take place in May 2019. The Welsh Government would also facilitate voluntary mergers, as recommended by the Williams Review, which could take place more quickly.

The Chairperson thanked the Chief Executive for the briefing on the planned reorganisation of Local Government in Wales and invited discussion, comment and questions from the Committee during which the following observations were made:

- The Committee discussed a number of issues around Local Government reorganisation including ward likely number of Councillors; ward representation including size and number of constituent's; dynamics between partner authorities; potential incentives and the need to work on a regional basis.
- The Committee found the discussion regarding the options for the Council's response to be useful and were supportive of the need to ensure that Cardiff's unique status as capital city is not lost, particularly given the growth projections set out in the Local Development Plan.
- The Committee however was keen that the Council continued to work constructively across the South East Wales region.
- The Committee given the importance of the matter, was keen that this matter was debated at Full Council prior to the Cabinet's response being finalised.
- Members were also keen that the additional Welsh Government guidance is distributed to Members as soon as it is available so that they can understand the potential incentives to a voluntary merger with the Vale of Glamorgan.

The Chairperson thanked the Leader and Chief Executive for the briefing and responding to Members questions.

RESOLVED – That

- (1) the Chairperson on behalf of the Committee write to the Leader and detailing the matters raised Reforming Local Government White paper;
- (2) given the importance of this matter, the Committee recommended that the Leader and Chief Executive that the Cabinet’s proposed response be presented to Council for debate and approval prior to its submission to Welsh Government for 1 October 2014.

24 : QUARTER 1 PERFORMANCE REPORT 2014/15

The Chairperson welcomed the Councillor Bale, Leader of the Council, , Councillor Hinchey, Cabinet Member Corporate Services and Performance, Paul Orders, Chief Executive and Martin Hamilton, Chief Officer, Change & Improvement to the meeting for this item.

The item was to consider the Council’s performance data from April to June 2014 and provide the Committee with an opportunity to explore which issue the planned Performance Panel could consider first.

The Chairperson invited Councillor Hinchey to make a statement. Councillor Hinchey indicated that Performance reports going forward were being developed to address key issues raised as part of the Wales Audit Office statement. The Corporate Overview section had been updated to include detail on key areas including:- workforce numbers; Sickness Absence levels; Personal Performance and Development Review compliance; agency and overtime expenditure; Complaints; Member Enquiries; and Freedom of Information Requests Received. In addition there was greater challenge to directorate budget monitoring; efficiency savings and resource planning; and the ‘RAG’ rating to highlight risks and status of issues.

The Leader as indicated previously was concerned that the Council made clear strides in improving its performance management reporting data; general performance and providing earlier feedback on issues going forward. Directorates had been challenged with undertaking ‘deep dives’ or performance data; deal with Assets Management issues and improve workforce planning. There had also been a significant increase in the challenge and rigour of the process by Performance Management team.

The Chairperson thanked the Leader and Cabinet Member for their positive statements, and invited questions from Members during which the following observations were made:

- the Committee reiterated that it welcomed the changes in the structure and content of the report; timely submission of reports; and the changes which were the result of the Committee's previous recommendations. Members felt that the additional risk information included for this period was also useful.
- the Committee welcomed the improvements in compliance with the Personal Performance and Development review process during the last quarter, but recognised and agreed that the quality of the reviews was of significant importance than simple compliance with the process.
- the Committee confirmed that in order to consider performance issues in more depth, that a Performance Panel had been set up, and given the issues raised by the Corporate Assessment, and the Chief Executive's recommendation, it had selected workforce planning as the first issue for close scrutiny to consider the previous concerns of the Committee around the potential loss of experience and talent in the organisation if voluntary severance and redeployment are not managed properly; and issues around an ageing workforce.
- linked to these matters, the Committee raised again concerns about agency and overtime expenditure. Members felt that the data provided in the Performance report was not sufficient to enable a judgement to be formed around the Council's use of either and how it may be linked to resource pressures created by budget savings. The panel would explore this issue further.
- the Committee discussed the process for appraising performance in terms of how the assessments in the performance report are arrived at. Members would like to understand and test the challenge process in more depth and would therefore ask whether it would be possible for Committee Members to attend a sample of 'star chamber' performance sessions in order to achieve this.
- the Committee noted that there is a £4.9m projected shortfall on 2014/15 budget savings as at Month 3. Whilst this was a better position than the same point in the last financial year, the Committee expressed the need for greater clarity on any likely non-achievement of savings so that it can be understood what level of savings were being achieved from those proposals approved through the budget-setting process, as opposed to additional in-year savings which were not agreed being taken to bridge the deficit.
- the Committee had on several previous occasions stated how transparency around additional in-year savings was vital. It should also be absolutely explicit where the budget contingency have been used to make up the variance. The Committee felt that this was especially important given the findings of the Corporate Assessment.
- the Committee raised the issue of compliance with Information Requests and the declining performance against multi-service requests. This was a matter of some concern as it seems to indicate silo-working. The Committee

recommended that this be addressed and would monitor improvement in coming quarters.

RESOLVED – That

- (1) the Chairperson on behalf of the Committee write to the Leader and Cabinet Member outlining the matters raised on Quarter1 Performance report Reforming Local Government White paper;
- (2) the Performance Panel be made up of the following Members:- Councillor Howells, Love, McGarry and Robson;
- (3) arrangements be made for a briefing on the methodology and assessment of the ‘RAG’ rating system.

25 : CHANGE CHALLENGE GROUP UPDATE

The Chairperson welcomed the Councillor Bale, Leader of the Council, , Councillor Hinchey, Cabinet Member Corporate Services and Performance, Paul Orders, Chief Executive and Martin Hamilton, Chief Officer, Change & Improvement to the meeting for this item.

The Chairperson advised that the Change Challenge Group was set up as part of the Organisational Change Programme and the Committee requested to have regular updates about its work. It maybe that the Members would use the information received to inform the work of the planned Performance Panel.

The Leader made a brief statement outlining the role of the Challenge Group, and the support of the external panel experts who would act as peer support to accelerate the improvement process and provide outcomes to support the Corporate Assessment and Peer Review. The first meeting had taken place in August.

Martin Hamilton, the lead officer for Change and Improvement drew Members attention to the Terms of Reference of the Group. The Change Challenge Forum meets quarterly, chaired by the Leader of the Council, and membership includes:

- Cabinet Member - Corporate Services & Performance
- Chief Executive
- Corporate Director (Resources)
- Peer Advisor(s) – Corporate Improvement
- Peer Advisor(s) Targeted Improvement Areas (e.g. Education)

In addition, the Chairperson of Policy Review & Performance Scrutiny Committee has been invited to attend and contribute to the Forum, but with

“Observer” status. Other stakeholders may be invited from time to time as the agenda requires.

The purpose of the forum is to test, challenge, and shape the Council’s overall improvement journey, and specifically

- To provide strategic support and advice on the development of the City of Cardiff Council’s Organisational Development Programme and to ensure that the programme reflects national and international good practice.
- To provide robust challenge, and act as a critical friend to the Cabinet on its improvement methodology and the organisational and service improvement programme.
- To identify and signpost appropriate good practice / barriers to top performance and make recommendations to assist the City of Cardiff Council to make a 'step change' in performance and improvement..
- To ensure that the Organisational Development Programme acts as a single, integrated and holistic improvement plan and that it is clearly understood and communicated internally and externally
- To consider how specific services are currently performing and the effectiveness of the improvement plans in place.
- To consider whether effective governance and decision-making arrangements are in place to respond to key challenges and manage change.
- To consider whether organisational capacity and resources are focused in the right areas in order to deliver the required improvement.
- To provide advice to the Cabinet on all aspects of the Council’s change and improvement process.

The four Peer Advisors supporting the Forum are Barry Quirk – Chief Executive of the London Borough of Lewisham Council; Rod Alcott from WLGA; Eifion Evans, Director of Education and Community Services at Ceredigion County Council and lead education director for the ERW (Education through Regional Working) consortia and Graham Williams , former Director of Social Services for Wales, and former Chief Inspector of the Care and Social Services Inspectorate Wales. Each had been assigned a programme of work and challenge that they were taking forward with a key emphasis on the organisational Development Plan; Performance Management; Education Improvement processes and Children Services. Each advisor was reporting to responsible Cabinet Member on a Quarterly basis..

The Chairperson thanked the Cabinet Member and Officer for the briefing and invited questions from the Committee during which the following observations were made:

- The Committee welcomed the Change Challenge Forum as a mechanism for encouraging real changes in performance and welcome the Forum's initial focus on achieving improvement in Education and Children Services.
- The Committee also recommended that it would be useful if the Forum examined Health and Social Care in the near future, given the areas ongoing budget pressures.
- The Committee was keen that benchmarking was undertaken as part of the change challenge with other UK and Core cities.
- The Committee noted that Barry Quirk was testing the operation of the Organisational Development Programme, and Members would welcome his participation in the planned scrutiny of the Programme on 2 December 2014.
- Similarly the Committee would be grateful if Rod Alcott were available to discuss his rapid review of performance management arrangements to coincide with our scrutiny of the Quarter 2 performance report on 4 November 2014.
- Members wished to be kept up to date with the work of the Challenge Forum and to receive a written report from each of its quarterly meetings detailing what work has been undertaken and what recommendations and actions have resulted. The Committee also recommended that work is also reported to the other Scrutiny Committees where relevant.

The Chairperson thanked the Leader, Cabinet Member and Chief Officer for the briefing and responding to Members questions.

AGREED – That

- (1) the Chairperson on behalf of the Committee write to the Leader and Cabinet Member setting out its comments and observations on the Change Challenge Forum;
- (2) the Chairperson of the Policy Review & Performance Committee be invited to the quarterly meetings as an Observer;
- (3) update reports be provided to the Committee and relevant Scrutiny Committees following the quarterly meetings detailing the work being undertaken; progress and any recommendations to be actioned.

26 : WORK PROGRAMME

The Committee received an update on the Committee's Work Programme 2014/15.

RESOLVED – That the report be agreed as presented.

27 : BUDGET STRATEGY 2015/16 AND THE MEDIUM TERM

The Committee received the Cabinet Budget Strategy 2015/16 and the Medium Term report which had been submitted to Cabinet 24 July 2014 for information.

RESOLVED – That

- (1) the agreed approach to preparing the 2015/16 budget be noted;
- (2) further consideration be given to the budget scrutiny process for 2015/16 in collaboration with the Scrutiny Chairpersons and the Wales Audit Office.

28 : CORRESPONDENCE – INFORMATION REPORT

The Committee received and noted the Correspondence report which detailed the letters sent and responses received from Cabinet Members on issues raised by Scrutiny. There were no matters for discussion

RESOLVED that the report and the correspondence as presented be noted.

29 : DATE OF NEXT MEETING

The next scheduled meeting was Tuesday 30 September 2014 at 4.30pm and may include the following potential agenda items:

- Communications Strategy
- Public Engagement with Scrutiny response
- Draft Property Strategy/Investment Property review
- Vision Values & Corporate Planning/Liveable Cities Index Cabinet report
- Budget Monitoring Month 4 (which the Committee has agreed to receive for information only)

The Chairperson in closing the meeting thanked Councillor Knight for his valuable contributions to the work of the Committee over the last two years. Councillor Knight was standing down from this Committee to take up his role as an Assistant to Cabinet Member, and the Chair on behalf of the Committee wished him all the very best.

(Meeting closed at 19.55pm)