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## GOHEBIAETH YN DILYN CYFARFOD Y PWYLLGOR

**Pwyllgor** PWYLLGOR CRAFFU ADOLYGU POLISI A CHRAFFU PERFFORMIAD

**Dyddiad ac amser y cyfarfod** DYDD MERCHER, 16 HYDREF 2019, 4.30 PM

Gweler isod gohebiaeth anfon gan Gadeirydd y Pwyllgor ar ôl y cyfarfod , ynghyd ag unrhyw ymatebion a gafwyd

Am unrhyw fanylion pellach, cysylltwch â [scrutinyviewpoints@caerdydd.gov.uk](mailto:scrutinyviewpoints@caerdydd.gov.uk)

12 **Gohebiaeth yn dilyn Cyfarfod y Pwyllgor** (*Tudalennau 3 - 10*)

Mae'r dudalen hon yn wag yn fwriadol

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

Date: 28 October 2019

Councillor Huw Thomas,  
Leader,  
Cardiff Council,  
County Hall,  
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Dear Councillor Thomas,

### **Policy Review & Performance Scrutiny Committee: 16 October 2019**

As Chair of the Policy Review and Performance Scrutiny Committee, thank you for attending Committee and briefing Members on the Council's preparations for Brexit. The Committee has asked me to pass on its appreciation to yourself, the Chief Executive and officer team for supporting this scrutiny, and to offer the following comments and observations.

The Committee considers that the Council has clearly prepared for Brexit. We recognise that the risk register contains challenging risk information and that some things will emerge which were not anticipated. We also note your summary that Brexit presents some opportunities that are outweighed by the risks.

We note that a communication plan is in place via the Local Resilience Forum and that *alert* rather than *alarm* will be the communications approach. We endorse the alignment of the communications narrative of PSB partners. However, we wish to highlight that the timing of providing information to people is critical if we are to encourage Cardiff consumers to respond appropriately and avoid bulk purchasing for example.

The Committee notes your difficulty in taking a long term view of the impact Brexit will have on the labour market, particularly your view that in the longer term the Council may be vulnerable in terms of sustaining some services.

The Members were reassured that there is an extensive Brexit emergency plan in place, and that the gold and silver emergency planning rota will continue for as long

as is needed. We note that officers are providing this cover in addition to the day job and that no additional resources have been allocated to the service. We note also that without additional resources sustaining command and control will be difficult.

The Committee has some concerns about the budgetary impact of Brexit on the Council, and indeed how much has been spent in preparing for Brexit. We note that, whilst Welsh Government has provided funding for a Brexit Co-ordinator, Council preparations to date have been executed within existing resources. We note also that you plan to carry out an exercise post-Brexit to evaluate the preparation costs and will be interested to hear the outcome in due course.

Members note that you have had 30,000 applications to the EU Settlement Scheme to date, and are currently receiving approximately 10,000 applications monthly. We wish to commend the community cohesion team on their involvement of the third sector in a co-ordinated approach to spreading the message on applying for EU settlement.

Once again, on behalf of the Committee, my sincere thanks for attending the PRAP Scrutiny Committee to update us on Brexit preparations. We consider that the Council is well placed and will not expect a response to our letter.

Yours sincerely,



**COUNCILLOR DAVID WALKER  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Paul Orders, Chief Executive  
Gareth Newell, Head of Performance & Partnerships  
Gavin Macho, Principal Emergency Planner  
Sian Sanders, Operational Manager, Cohesion and Community Engagement  
Debbie Said, Cabinet Support Officer  
Joanne Watkins, Cabinet Office Manager

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Councillor Chris Weaver,  
Cabinet Member, Finance, Modernisation & Performance  
Cardiff Council,  
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Dear Councillor Weaver,

### **Policy Review & Performance Scrutiny Committee: 16 October 2019**

Following your attendance at the Policy Review and Performance Scrutiny Committee, to inform members of the approach and practice being developed for Budget Consultation in 2019/20, members wish to thank you for your time in facilitating the scrutiny. The Committee notes that the prospect of a delayed Local Government Settlement has implications for the consultation. They have asked that, as Chair of the Committee, I relay their comments and observations discussed at the Way Forward to inform its ongoing development.

### **Timescales for pre-publication scrutiny**

Members consider it important they avoid missing the opportunity to add their voices to the development and pre-publication testing of the Budget Consultation, and would like you to engage with the Committee on final draft budget proposals. We appreciate that this presents practical timescale challenges. If you consider that the 13 November meeting may be too early for sight of the proposals and should 11 December prove to be too late for meaningful engagement, then I would request that you forward the draft to the Committee's support officer to circulate for comment. I will then ensure any comments are fed back to inform Cabinet discussions before sign off. I hope you will rethink the potential of bringing this item to the earlier meeting.

## **Methodological Approach**

The Committee was unable to properly review consultation practice in the current year before publication, and we ask that you give committee members an early sight of your proposals for enhancing consultation during 2019-20. We note the mixed methodological approach you are proposing, and your plan to undertake a mid-point review analysis of the survey. Also that you will be analysing responses very closely so that experience informs future consultation.

## **Developing added value in 2019-20**

The Committee considers it important to evaluate and reflect the wider make up of Cardiff's demography. We therefore endorse the importance and value of a qualitative response alongside the quantitative response. We note that as part of your review you have identified priority wards in need of targeted engagement. It is important that both the Ask Cardiff and Child Friendly City consultations deliver results in time to be used to inform the budget. Members feel it is important to define both demographic groups *and* sub-demographic groups, to ensure that all groups, particularly under-represented groups, are accessed.

Finally, on behalf of the Committee, I wish to thank you and the officers for your continued support for the internal challenge of important issues, such as the budget consultation.

Yours sincerely,



**COUNCILLOR DAVID WALKER**  
**CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee;  
Chris Lee, Corporate Director Resources  
Gareth Newell, Head of Performance & Partnerships  
Sian Sanders, Operational Manager, Cohesion & Community Engagement  
Joanne Watkins, Cabinet Office Manager  
Alison Taylor, Cabinet Support Officer

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Dear Councillor Weaver,

### **Policy Review & Performance Scrutiny Committee: 16 October 2019**

Thank you for attending the Policy Review and Performance Scrutiny Committee for consideration of the budget position at month 4. Would you also please pass Members' thanks to Chris Lee, Ian Allwood, David Lowe and Steven Melhuish, the officers who attended in support of this item? The Committee has some concerns therefore Members agreed that I pass on the following observations.

The Committee recognises that month 4 is the point in the budget year at which pressures can be identified that will enable the Council to plan for action to balance the budget. However we are of the view that month 4 is a short time into the 2019/20 budget for the Council's directorates to have arrived at a projected overspend of £7.018million. Therefore we offer the following comments.

#### **Trend Analysis**

Members feel there is an opportunity for greater use of trend analysis in setting budgets. This is particularly the case when setting social services budgets. We are concerned that the Council is not learning from previous experience of overspending on social services and other budgets. Clearly for some core services a small change in demand can have a significant impact and we note that you are developing more robust business cases in line with the budget strategy. We therefore urge that you factor trend analysis into your business case and other discussions.

## **Savings position**

The Committee is concerned that approximately one third of targeted savings for 2019/20 are projected to be unmet. We feel that councillors are receiving advice on potential savings opportunities that are not actually achievable. Therefore a more robust system of assessing and challenging detailed savings business cases is vital this year, and we recommend a fundamental review and fresh approach. We note that it is more and more difficult to create contingencies within the budget, and that there is a growing risk attached to meeting challenging savings.

## **Budget reporting**

Members feel there is an opportunity for financial reporting to be of greater assistance to managers in delivering services, particularly when approaching an overspend position. We understand some services are demand led (but trend analysis can assist with forecasting), however this is not the case for all services and we believe the Council can control budgets better in many other service areas. Improving reporting mechanisms and making managers personally accountable for keeping control of their spending would enable sounder governance of the management of budgets. I consider that managers who fail to keep within budgets should promptly receive a review with their supervising manager and continued failure in this regard should lead to executive intervention.

## **Facilities Management**

As Chair, I requested representation alongside you at the meeting from two services with notable overspends that fall directly within the Committee's remit, Facilities Management and Fleet Services.

In respect of Facilities Management several challenges ahead were laid out, such as the provision of security services and the management of buildings. We heard that the security service has been hit by mobile security services being transferred to the ARC, leaving only static security at County and City Halls. In the longer term we note there will be savings in these static security costs resulting from a decrease in the number of core office buildings.

Officers indicated that future savings to be made on energy bills will result either from procurement or from invest to save measures. We note that going forward

efficiencies will be made by improving the management of buildings and by creating incentives to decrease the use of energy in council buildings.

However, we consider that both these challenges were known at budget setting time but Facilities management nevertheless proceeded with an unrealistic and unachievable budget. Our past experience of examining budget shortfalls leads us to believe that this budget setting failure is symptomatic of a wider management failure which needs to be addressed in a number of Council departments. Financial Services now needs to make greater demands on realistic budget setting, and on challenging at the first signs of overspend.

### **Fleet Management**

We note that the Fleet Management Service consider themselves in a better position at this point in the year (October) than at Month 4 (July). They reported around 12 new customers, and the number of vehicles being processed through the workshop has increased. Since the Council purchased a vehicle fleet the workshop has the task of maintaining the vehicles, which has impacted on targets. The reduction in lease costs is offset against the cost of borrowing to purchase the vehicles. Whilst lease costs have therefore fallen, maintenance of the fleet means the productivity of the workshop has had to increase. We note officers concern that the vehicle utilisation target in the plan will be difficult to achieve, and this will need to be addressed within the budget strategy. However more opportunities are being identified to utilise vehicles across many services.

In making allowance for the fact that the Fleet Manager is recently appointed and was not involved with setting the budget, the points in the paragraph above about realistic budget setting and monitoring apply to this service area. We will take a close interest in progress made in future months and for the next financial year.

### **Forecasting**

Finally, the Corporate Director Resources acknowledged that the level of challenge is important when determining budgets and we note that he felt there was an opportunity to improve budget forecasting, monitoring and challenge.

My sincere thanks once again for the time you continue to commit to Scrutiny. I will programme consideration of the budget at month 6 for our meeting on 11 December, and it will be useful to reflect on your response to this letter.

Yours sincerely,



**COUNCILLOR DAVID WALKER**  
**CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Chris Lee, Corporate Director Resources  
Ian Allwood, Head of Finance.  
David Lowe, Operations, Facilities Management  
Stephen Melhuish, Transport Manager  
Joanne Watkins, Cabinet Office Manager  
Alison Taylor, Cabinet Support Officer