



County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

Committee POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

Date and Time of Meeting WEDNESDAY, 19 FEBRUARY 2020, 1.00 PM

Please find below correspondence send by the Committee Chair following the meeting, together with any responses received.

For any further details, please contact scrutinyviewpoints@cardiff.gov.uk

8 **Correspondence Following Committee Meeting** (Pages 3 - 14)

This page is intentionally left blank

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

Date: 20 February 2020



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

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

Councillors Huw Thomas
Leader, and Chris Weaver, Cabinet Member
Finance, Modernisation and Performance,
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Huw and Chris,

Policy Review & Performance Scrutiny Committee: 19 February 2020.

On behalf of the Policy Review and Performance Scrutiny Committee my thanks for attending Committee yesterday to facilitate consideration of the draft Corporate Plan 2020-23 and the draft Budget Proposals 2020-21. The Committee is grateful for your time, and for the co-operation of all Directors and officers in attendance to answer Members' questions. This letter captures the observations and concerns of the Committee in a structure that reflects the Committee proceedings. Firstly, comments on the Corporate Plan, secondly on the corporate revenue budget and proposals specific to our terms of reference, followed by our comments on the Capital Programme.

Corporate Plan 2020-23

Firstly, on behalf of the Committee, the Performance Panel, and all chairs of scrutiny, I wish to place on record that all parties recognise the benefit of informal engagement with the Cabinet during development of the Corporate Plan. We are pleased to note that a majority of the points we made during that meeting you have addressed within the final draft and are evident in the Plan brought to Committee for formal pre-decision scrutiny. We consider that the final published version of the Plan circulated with our papers, with the addition of significant graphics and benchmarking illustrations, is more accessible and helpful in facilitating our preparations for the formal meeting. We ask for these to be made available to us at an earlier stage in future years, certainly prior to the Performance Panel meeting with scrutiny chairs.

Members have asked me to pass on the following observations:

- We support the aspiration to increase numbers of **Looked After Children** fostered by Local Authority foster carers to 120, noting that a team is now in place to promote and encourage such foster parenting and focus on the assessment process.
- Given the **extreme weather** experienced at the weekend it is important to note that the cost of reacting to such events is covered within contingency budgets.
- We note the Corporate Plan commitment to *make Cardiff a **world-leading recycling city***, and that you are actively engaging with Welsh Government on the blueprint for Wales for recycling. Whilst we acknowledge that major cities experience different challenges in recycling compared with rural councils, there are some Welsh authorities which outperform Cardiff. There must surely be things we can learn from them. Within the Waste Management service we acknowledge that the food waste service is generally quite well supported by residents, however there are considerable variances in recycling levels across the city and that work is needed to move the lowest recycling areas towards the results achieved by the best performing parts of the city. We note the education campaign underway to focus on the impact of poor quality waste presentation and to attempt to raise standards.

We would also like the Corporate Plan to acknowledge the challenges faced by the Waste Management service around efficiency, productivity, poor supervision and high absence sickness rates and note that future planned efforts are covered under the somewhat esoteric title of *Complete Options Modelling by May 2020*. This potential remodelling is highly significant and would benefit from being highlighted with some detail of what the challenges are and what is being undertaken to address them. We look forward to hearing more about how the modelling shapes up as options are evaluated.

- We note that a forthcoming review of the **LDP** will capture Cardiff's low-carbon transition and that standards for constructing 'green homes' will be clearly set out and that planning officers will include such expected standards within planning conditions..
- Members welcomed the Chief Executive's acceptance of the need for a fresh focus on reducing **sickness absence** and that he intends to work with Directorates to better understand the causes. He also referenced specific

action plans to lower these rates which continue to rise in spite of past success in getting the Council's sickness absence figure below the ten day level. Such performance is now common within Welsh councils. We note that he considers there is no current rationale for a policy change but recognises the importance of addressing how we manage long term sickness over the next 12 months. If next year there is little or no improvement, the argument to leave current policies intact may well lose credibility. It was pointed out that nationally the trend within the UK workforce is towards falling levels of sickness absence to a level of around 4.4 days per employee. To come close to matching double that level the Council has a lot of work to do.

We have previously made the point that sickness absence is a complex issue and that differentiating between non-work related and work related stress is a challenge which needs addressing. We cannot emphasise strongly enough that prevention is the route to success in tackling sickness absence. Once again we remind you of the need for a corporate health and safety risk assessment. We note that SMT is committed to such an assessment, to be undertaken by the Health and Safety Manager, and look forward to seeing and hearing her conclusions.

- A member expressed some concern about the possible impact of austerity on **staff health and well-being**. It seems however, that Welsh Government may be starting to reconsider austerity policies and this year's settlement may be a positive start to that process.

Corporate overview of Budget Proposals 2020-21

Members offer the following comments and concerns:

- Referencing the Expenditure and Income realignments, the Committee is seeking reassurance that the Finance service considers that the Waste Management service area can deliver on its budget. This letter has referred to the many challenges faced and the many areas of underperformance. We heard that, whilst the challenges remain, this year there have been more conversations between finance officers and budget holders. We will therefore expect greater resilience in the projections and outcomes for 2020/21. We note there has been a management restructure with a new Chief Officer appointed in December, four finance officers now work closely with the Waste

Management service, and the Head of Finance has a role in this more proactive oversight.

- The Committee is of the view that the number of red risks shown within the budget statement has reduced from previous years. We are pleased to hear there is a move towards more regular monitoring of spending and cost reduction. The committee will be interested to hear further about how this monitoring operates and what it is able to achieve during the coming financial year.
- Members are concerned that the cost of addressing damage to Cardiff's infrastructure, such as parks and the harbour, caused by the extreme weather conditions will impact upon the Council's budget planning. We hope that Cardiff will benefit appropriately from the Welsh Government's emergency assistance scheme and look forward to that being reported at Council.
- In respect of risk analysis, we are interested in whether it is possible to reduce the £3m contingency fund and use it for other purposes. We heard that this could be possible for next year's budget. We therefore look forward to you reporting to the Committee on this later in the year.
- Members observed that some service areas are showing a falling headcount despite the better than expected settlement. We feel in future years it would be helpful for scrutiny to have such projected headcount changes as part of its papers.
- We note that at month 9 of the current budget year, Children's Services show the greatest overspend. However it was stated that you are confident in the cost base for this service in the 2020/21 budget. We note also that a contingency sum is still being built into this budget. There is a long history of large Social Services overspends which this committee has highlighted. Each year reassurances are given but we have yet to see annual spending come close to matching the budget for this service area.
- The overspend in Facilities Management at month 9 is considerable and officers advised that the reasons for this are the same historic challenges reported at month 4 when the committee last scrutinised this department's performance and spending. We understand the new approach to setting this service area's budget is to seek savings through service change and the section 151 officer is satisfied that budget estimates are now more robust and overspends can be avoided.

- In respect of employee implications we urge that you avoid any delay in recruiting to areas where there has been difficulty recruiting specialist skills, such as in youth services, by advertising externally.
- We were concerned to hear that agency spend across the Authority continues to grow back towards historic high levels and that one reason is its extensive use within Children's Services. We would encourage you to undertake an in-depth review of how agency staff are used and how the very high costs in using agency staff can be reduced dramatically from the present £16m level.
- Members were pleased to hear that there is on-going analysis of the CTS in-house vehicle maintenance service, and that work on productivity and performance improvement is ongoing. We urge that when this work is completed a full value analysis is undertaken. We will programme a future progress update on CTS. With such services, the question of whether the Council should seek to provide such services internally, how cost effective they are and whether they could be obtained externally at a similar or higher standard but at better value remains something the authority should keep under review.,
- We note that the revenue budget figure for converting to an electric fleet, as it stands, will simply provide business support for increasing access to grants from Welsh Government. However future capital expenditure should lead to progress towards achieving the target of acquiring 90 electric vehicles over the next 2 years.
- The Committee heard that there will be no compulsory redundancies. We note that areas such as Information Governance will reduce headcount through staff turnover and vacant posts, and within Accountancy, through requesting expressions of interest in voluntary redundancy.
- We note that the increase in Digital services staff will enable more services to be made available via the Council App.

Capital Strategy 2020/21

- Members sought an explanation of the straight line basis on which capital expenditure is repaid. We note this assumes that for each year of paying back a loan an equal amount will be paid, and follows a review in 2019/20 that determined that such a policy had been a prudent way forward. It is vital to

ensure that taxpayers of the future are not overburdened by spending commitments and borrowing made many years earlier. This is in line with the policies of other Welsh Authorities.

- We know that the Council's debt will increase, and that interest rates could rise in the next 5 years. We are particularly concerned as there has been an indication that the Public Works Loan Board is likely to increase the cost of borrowing to 3.5% and that there may be risks within the Medium Term Financial Plan. We were informed that the Capital Programme will be reviewed annually and that the operational limits in place are always under review.
- We were informed that the £1.5m loan to assist a private developer to complete the Coal Exchange building was secured through a Welsh Government re-generation grant and that the Authority expects to recover the cost in full.

Finally I wish to make a few observations to improve scrutiny access to information in future years. We have found the presentations given by Financial Services particularly useful for member understanding of the budget proposals and in future would like to receive a copy of the presentations with our papers. Secondly, the availability of hard copies of papers, particularly where there are such complex A3 tables as the appendices that support budget proposals, is an ongoing question that requires discussion and I am assured the Chief Executive will address it.

On behalf of the Committee and the Scrutiny service as a whole, I wish to acknowledge your commitment to engaging with the five Scrutiny Committees, both in respect of the Corporate Plan 2020-23 and of the Budget Proposals 2020-21. I look forward to an ongoing positive connection between Cabinet and Scrutiny for the benefit of Cardiff citizens.

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
Chris Lee, Corporate Director Resources
Sarah McGill, Corporate Director, People & Communities
Neil Hanratty, Director of Economic Development
Ian Allwood, Head of Finance
Anil Hirani, OM Capital, Corporate & Treasury
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Rita Rohman, PA to Corporate Director Resources
Joanne Watkins, Cabinet Support Office
Debi Said, PA to Leader

This page is intentionally left blank

Cyf/My Ref:: CM43120

Eich Cyf/Your Ref:: T: Scrutiny/PRAP/Comm Papers/Correspondence

Dyddiad/Date: 20 February 2020

Cllr David Walker
Chairperson, Policy Review and Performance Scrutiny Committee
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear David

Policy Review & Performance Scrutiny Committee: 19 February 2020

Thank you for your letter dated 19 February 2020 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to our meeting on 20 February 2020.

Corporate Plan 2020-23

May I thank you firstly as the Committee Chair for your facilitation of the recent Performance Panel, where the Steps, KPIs and Targets included in the Corporate Plan 2020/23 were considered in some detail. I believe this process has helped strengthen the Corporate Plan as well as our wider planning arrangements. A response to the issues raised was shared with the Policy Review and Performance Scrutiny Committee as part of their consideration of the Corporate Plan

The Committee's observations relating to Children Looked After, the impact of extreme weather, the opportunities to consider low carbon transition through Local Development Plan and Sickness absence are all noted.

We also note the Committee's comments with regard to the waste service, and welcome the discussion about how recycling figures could be further improved. Specifically in relation to productivity in waste, the Council's Annual Wellbeing Report 2018/19- in effect the end of year performance report- and the Council's Half Year performance assessment, both clearly recognise the corporate challenges associated with waste management. That is why the Corporate Plan sets out a decisive response to addressing these issues, and how the Council will continue to improve productivity in waste through strengthened managerial practice, performance management arrangements and partnership working. To provide the clarity required by the Committee we propose to amend the Step on options modelling, to "Complete a whole systems review and options modelling for waste management service, by May 2020, to collect better quality recycling material, improve service delivery and increase operating efficiency".

Corporate Overview of Budget Proposals 2020-21

The 2020/21 Budget proposals provide a budgetary realignment for Waste Services to address historic inherent issues. As stated at Committee, it was noted that the savings required from Waste in 2020/21 are minimal compared to previous years. These factors, along with the management restructure referred to at the meeting (including a new Operational Manager commencing in December), puts Waste Management in a strong position to deliver on its budget for 2020/21. Finance will continue to work closely with the service area to support proactive monitoring of budget delivery and any issues arising.

The damage caused by extreme weather conditions has impacted on the resilience of our infrastructure and we will be looking at both our insurance cover and potential assistance from Welsh Government and I will look to update the Council as information becomes available.

I note your comments in relation to the £3m general contingency. I can confirm that the level of the contingency will be prudently reviewed over the medium term, based on ongoing monitoring of the delivery of savings and directorate expenditure. We will keep the Committee updated with regards the position on this budget requirement in 2020/21.

The number of red risks within the budget is a clear reduction on previous years. This is largely a result of more work being done in-year to ensure the robustness of savings plans prior to this reporting stage, and to begin to deliver savings on an ongoing basis. This approach has meant that £1.5 million of the savings required for 2020/21 are in place prior to the start of the financial year. Work will need to continue on identifying savings and opportunities for transformation beyond the traditional one-year budget cycle in recognition that budget consideration and delivery is not an annual event. I look forward to sharing monitoring updates with you as the financial year progresses.

I acknowledge the Committee's concerns in respect to agency spend and officers will continue to analyse the reasons for this as well as the consideration of setting targets both at a service and corporate level.

I note that you would find it helpful to receive projected headcount changes as part of Scrutiny Papers. Information is already provided on the employee implications of the Budget as part of Scrutiny Papers. If the committee would find it useful, we will explore the opportunity to supplement this information with wider contextual headcount numbers next year.

Capital Strategy 2020/21

I note your comments on the Capital Strategy and welcomed the opportunity to share this important document with the Committee. The Strategy acknowledges that debt will increase over the next five years but the investments are in assets of value not least the significant house building programme delivered by the Housing Revenue Account.

I hope that this letter capture all the points raised in your letter and thank you again for your support in the budget process.

Yours sincerely



Y Cyng | Cllr Huw Thomas
Arweinydd Cyngor Caerdydd | Leader, Cardiff Council



Y Cyngorydd/Councillor Christopher Weaver
Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad/Cabinet member for Finance, Modernisation & Performance

cc Members of the Policy Review & Performance Scrutiny Committee
Paul Orders, Chief Executive
Chris Lee, Corporate Director Resources
Sarah McGill, Corporate Director, People & Communities
Neil Hanratty, Director of Economic Development
Ian Allwood, Head of Finance
Anil Hirani, OM Capital, Corporate & Treasury
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Rita Rohman, PA to Corporate Director Resources
Joanne Watkins, Cabinet Support Office
Debi Said, PA to Leader

This page is intentionally left blank