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CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

Committee POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

Date and Time of Meeting WEDNESDAY, 13 JULY 2022, 4.30 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

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Date: 14 July 2022



County Hall
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Councillor Huw Thomas,
Leader,
Cardiff Council,
County Hall,
Cardiff
CF10 4UW

Dear Huw,

PRAP Scrutiny Committee 13 July 2022: Stronger Fairer Greener

On behalf of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 13 July 2022 to present the administration's statement of policy for the forthcoming term. Please also pass on my appreciation to the Chief Executive, Paul Orders, and the Head of Performance and Partnerships, Gareth Newell, for supporting the scrutiny. The Committee and I particularly welcome your commitment to attend in person in the future and wish you a speedy recovery. I have been asked to pass on Members' comments and observations following discussion at the Way Forward.

A bold and ambitious agenda

The Committee considers the Stronger Fairer Greener policy statement represents a bold and ambitious agenda for the City. As you pointed out there are many commitments contained within it that sit under this Committee's Terms of Reference and, as such, we will take those forward to inform our work programming discussions. Topics such as hybrid working, digital development, asset management and partnership working.

Socially responsible procurement

Referencing a priority within the Finance, Modernisation & Performance Portfolio to '*Strengthen our Socially Responsible Procurement Strategy to keep Council spending local and more accessible to SME'S,*' the Committee expressed an interest in how the Council can strengthen its procurement strategy to enable local supply chains. We note that there has been strong progress to date with a Key Performance Indicator revealing 70% of Council spend is within the Cardiff region. We will be adding a report on procurement achievements to date to our list of work

programming topics, noting that Cardiff's procurement function is an exemplar and delivers the service on behalf of a number of other Welsh Local Authorities.

Delivering priorities in economic uncertainty

Members were keen to explore the impact of the cost-of-living increases and how they will challenge the Council in delivering its priorities. We note your view that inflation is going to be the major issue for forthcoming years, both in the demand pressure it creates on Council services and on the costs of service delivery. We note you will hold on to the ambition of the statement and Members urge that in developing and delivering your policy agenda the more difficult messages are delivered with kindness.

Partnership working

The Committee is firmly of the view that partnership working is more important than ever. We were therefore pleased to hear that the policy statement will be integrated with the partnership and budgetary frameworks of the Council. We heard that our partners on the Public Services Board have a unity of purpose and in fact had sought policy alignment on Well-being Objectives 5 years ago. We note officers have been tasked with reviewing how well that policy alignment is working to inform the revised 5-year Well-being Plan, forthcoming in the autumn. We will factor scrutiny of the revised Plan into to our work programme during the consultation period.

Resourcing priorities

Members highlighted that there will clearly be difficult resourcing decisions to be made to deliver on this policy statement. We were therefore pleased to hear that the policy statement had been fully discussed with Cabinet members and senior managers before publication. We note that budget discussions will need to take place in due course to ensure a deliverable programme that fits with the budgetary framework.

Capital Programme

Members are keen to establish what measures the Council has taken to mitigate against inflation in terms of the ambitious capital programme. We note that many capital projects are grant or match funded by Welsh Government, or indeed invest-to-save projects. We were pleased to hear that enhanced monitoring of the capital

programme is now in place to avoid accruing capital underspends, and that management of the capital programme is tighter and spend more closely profiled. We note the Chief Executive's view that within the 2023/24 budget planning process there is a much greater emphasis on the capital programme.

Performance assessment

The Committee was interested in how you approach the performance assessment of Cabinet members in delivering the portfolio promises set out in the policy statement. We note you would expect an informal, performance focussed, monthly meeting, assessing the Member's progress against the policy statement. We also note that timelines against the priorities and targets within portfolios are clearly set out in the Corporate Plan each year and enable a full holding to account.

External uncontrollable factors

Members raised concerns about the uncertainty of our economic future, from external uncontrollable unknowns. Inflation, BREXIT, the Ukrainian war, and the instability of national leadership combine to present an uncontrollable challenge and the Council will need to take prudent steps in responding to the current crisis. We are assured by your view that the Council can continue to achieve with strong policies and capable officers.

Finally, on behalf of the Committee, thank you once again for briefing us on the administration's policy statement. With your support, I look forward to continuing the valuable internal challenge established between this Committee and the Cabinet. As this was a briefing there are no requests or recommendations following the scrutiny, and therefore I will not expect a response.

Yours sincerely,



**COUNCILLOR JOEL WILLIAMS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee
Leaders of Opposition Parties – Adrian Robson, Rhys Taylor & Andrea Gibson
Paul Orders, Chief Executive
Gareth Newell, Head of Performance & Partnerships
Mr David Hugh Thomas, Chair, Governance & Audit Committee
Chris Pyke, OM Governance & Audit
Tim Gordon, Head of Communications & External Relations
Jeremy Rhys, Assistant Head of Communications and External Affairs
Gary Jones, Head of Democratic Services
Debi Said, Cabinet Support Officer
Joanne Watkins, Cabinet Business Manager
Andrea Redmond, Committees Support Officer.

Date: 14 July 2022

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

PRAP Scrutiny Committee 13 July 2022: Budget Strategy 2023/24

Thank you for attending Committee on 13 July 2022 to present the Budget Strategy for 2023/24. Please also pass on my appreciation to Chris Lee and Ian Allwood for presenting and answering Members questions at the meeting. The Committee and I particularly welcome your attendance in person. I have been asked to pass on Members' comments and observations following discussion as follows.

Economic pressures

Members were of the view that the Budget Strategy 2023/24 report is an excellent presentation of the Council's financial planning position. We note there is a £29m budget gap to fill against the backdrop of a volatile economy, inflationary pressure, energy, fuel, food, employee costs, and capital financing increases. We were, therefore, pleased to hear that a strong message has gone out to Directors that, this year more than ever, it will be critical to manage budgets efficiently. We note that to close the budget gap will require a £24m saving.

Inflationary challenges

The Committee is interested in the Council's exposure to inflationary pressures and is seeking an understanding of how exposed the Council is to inflation volatility. We understand that inflation is currently 9%, and we note that the Council's treasury advisors consider inflation will peak at 11%, before falling to around 4% and 2.5% by 2024/25. We therefore welcome the Corporate Director Finance's offer to further examine this with his team and provide a written response. Our specific question is whether the Council is experiencing higher inflationary challenges in council expenditure compared to the macro average.

Contingency Fund

The Committee notes that over the past 10 years this Council has been required to reduce spend by £200m, which represents a third of the total budget in real terms. Bearing in mind the volatility of the economy we are keen to ensure contingency funds are sufficient. We note they sit at £2m, with increased contingency budgets specific to Children's Services and Adult Services and additional contingency from the Covid Hardship Fund.

Demand for Council Services

The Committee highlighted the decreasing birth rate and resultant implications for Council services. We note that primary school numbers are currently reducing, which will impact on secondary numbers going through the education system, and overall numbers are expected to fall longer term. We also note that changes in the population impact on the financial settlement the Council can expect to receive from Welsh Government.

Community Asset Transfers

Members are interested in the success of Community Asset Transfers over recent years, and whether the savings achieved were as the Council had anticipated. We note that these have slowed in recent years. We would welcome the opportunity to look more closely at this as part of our work programme and request that you provide the Committee with a summary, including figures, of the savings that have been made to the Council's budget as a consequence.

Process of identifying savings

Members noted that Directorates are now tasked with identifying savings proposals to meet the savings requirement, ideally digitalisation efficiencies and, where possible, income generation proposals rather than service change proposals. We note that where savings are taken, they are not necessarily at the same level across all Directorates. We also note that savings will be policy led, taking into account the Stronger Fairer Greener statement to determine where budget priorities should lie. We recognise that the timing of the provisional settlement is critical and, if close to Christmas, can make identifying how best to close the gap and deliver a budget more difficult in a period of 8-10 weeks.

Modelling the Budget

The Committee asked what estimates are used to ensure the Council is prepared if the settlement arrives late. We note prudence levels and a budget line of £3m to deal with emerging pressures. We saw evidence of an intent to ensure the Council is ready for any risks and an acknowledgement that the emerging pressures line may need to grow depending on public sector pay awards.

To re-cap, the Committee made a number of requests for information as set out below.

Requests following this scrutiny:

- A written response, following further examination, as to whether the Council is experiencing higher inflationary challenges in council expenditure compared to the macro average.
- A written summary, including figures, of the savings that have been made to the Council's budget as a consequence of Community Asset Transfers.

Finally, on behalf of the Committee, I thank you and the officers for your support for the internal challenge of important issues that can improve the quality of services the Council is delivering to its customers. I look forward to your response.

Yours sincerely,



COUNCILLOR JOEL WILLIAMS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee;
Leaders of Opposition Parties – Adrian Robson, Rhys Taylor & Andrea Gibson
Chris Lee, Corporate Director Resources;
Ian Allwood, Head of Finance;
Mr David Hugh Thomas, Chair, Governance & Audit Committee.
Chris Pyke, OM Governance & Audit.
Tim Gordon, Head of Communications & External Relations.
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