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CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

Committee POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

Date and Time of Meeting MONDAY, 26 SEPTEMBER 2022, 4.00 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

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By virtue of paragraph(s) 16 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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Date: 28 September 2022

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

PRAP Scrutiny Committee 26 September 2022: Budget monitoring m4 2022/23

On behalf of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 26 September 2022 to present the budget monitoring month 4 2022/23 report. Please also pass on our appreciation to the Corporate Director Resources, Chris Lee, and his finance support team for presenting an overview. The Committee was pleased to welcome you in person and has asked me to pass on Member's comments and observations following discussion at the Way Forward.

Directorate overspends

The Committee acknowledges the Directorate commentaries provide a breakdown of budget overspend at month 4 2022/23. We are particularly interested in the Children's Services overspend. As the provision of childcare is a significant challenge for the Council, Members wish to **request** more detail on overspending in Children's Services. We would particularly welcome an explanation of how the Council arrives at its budget for childcare placements where there are complex needs. The Council is clearly required to deal with cases presenting with need, and Covid appears to have made an impact on demand in this area.

We note a project team has been set up to examine costs in Children's Services, and that Corporate Finance are working very closely with the service area. We were interested to hear you consider very different market forces are at play this year than last year. We note that the months ahead will be important in maintaining corporate financial oversight in determining how much of the overspend is controllable and how much will require service change. Given the position, we are keen to understand how

the Council is growing its provision of childcare placements in Cardiff to achieve greater control over costs in this area.

You recommended that the Committee invite a presentation from service area directors, where greater budget detail and explanation is required. Therefore, in discussion with the Chair of the Children and Young People scrutiny committee, I will be writing to the Director of Children's Services seeking more information on their budget position, whilst also ensuring there is no duplication of our scrutiny work.

In respect of Adult Social Care, Members note that comparable size English core city councils all face adult social care budget difficulties, having faced more severe cuts in their budgets. The Council has recently realigned its budgets, both for Children's Services and Adult Social Care, during the budget strategy, and we conclude that this is the reason at month 4 the Adult Social Care budget is underspent. We note however that there remain some service challenges requiring continual watch, such as staff recruitment.

Closing the gap

The Committee notes directorates have been asked to take action by making efficiency savings to close the month 4 gap in the budget over the financial year, and are doing so by holding vacancies, restructuring teams, and reviewing underspent budget allocations. We note action was taken immediately and with urgency to ensure efficiency savings are made without making changes to services. We also note you may struggle to close the gap in the next quarter following recent fiscal announcements, a project team has been established to examine how to control costs, and the in-year position will be focussed on areas of overspend to control costs.

Efficiency savings

Members are **requesting** more information in writing on the following:

- The delayed appointment of a youth inclusion liaison officer. Bearing in mind the Council has evidence of an increasing impact of Covid on demand for children's services, Members are questioning whether this a sensible efficiency saving? We make this point particularly against the backdrop of the Legal services overspend due to the use of locums (£375,000).

- Cardiff Harbour Authority (paragraph 44) – Members found this paragraph unclear and would like more explanation please, clarifying the overall costs and grants the Council receives.

Capital Programme

The Committee is keen to establish whether there will be a re-assessment of the Capital Programme given the bleak macro-economic picture emerging, to assess slippage and affordability. We note you are closely monitoring financial markets to remain flexible and are currently refreshing the Programme to ensure affordability. Clearly there will be increasing costs of borrowing to support the Capital Programme, as interest rates rise. Members pointed to the Arena development, keen to establish whether a rate of borrowing has already been secured and whether it will still be affordable. We note however you are not yet at that stage and will be bringing forward a report at the end of the year. As part of our work programme, we are therefore **requesting** an update to the Committee and an opportunity to look at the Capital position in more detail at our November meeting.

Exposure to inflationary pressures

Members again pointed to the need to keep a close eye on borrowing rates and affordability. We refer you to our letter dated 14 July 2022 in respect of the Council's exposure to inflationary pressures and look forward to a response.

Requests following this scrutiny:

- More detail on overspending in Children's Services, particularly an explanation of how the Council arrives at its budget for childcare placements where there are complex needs.
- More information in writing on the following:
 - The delayed appointment of a youth inclusion liaison officer. Bearing in mind the Council has evidence of the increasing impact of Covid on demand for children's services, Members are questioning whether this a sensible efficiency saving? (We make this point particularly against the backdrop of the Legal services overspend due to the use of locums (£375,000)).

- Cardiff Harbour Authority (paragraph 44) – Members found this paragraph unclear and would like more explanation please, clarifying the overall costs and grants the Council receives.
- A written response as to whether the Council is experiencing higher inflationary challenges in council expenditure compared to the macro average.

Finally, on behalf of the Committee, thank you once again for facilitating monitoring of the budget at month 4 2022/23. With your support, I look forward to continuing the valuable internal challenge established between this Committee and the Cabinet. There are a number of requests following the scrutiny, and therefore I look forward to a response.

Yours sincerely,



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

cc Members of the Policy Review & Performance Scrutiny Committee
 Cllr Lee Bridgeman, Chair, Children & Young People Scrutiny Committee
 Leaders of Opposition Parties – Adrian Robson, Rhys Taylor & Andrea Gibson
 Chris Lee, Corporate Director, Resources
 Ian Allwood, Head of Finance
 Julie Richards, Budget Strategy & Financial Planning Manager
 Anil Hirani, Account Manager, Capital
 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
 Alison Jones, Principal Scrutiny Officer
 Alison Taylor, Cabinet Support Officer
 Joanne Watkins, Cabinet Business Manager
 Andrea Redmond, Committees Support Officer.

Date: 28 September 2022

Councillor Russell Goodway,
Cabinet Member, Investment & Development,
Cardiff Council,
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Dear Russell,

PRAP Scrutiny Committee 26 September 2022: Annual Property Plan 2022-23

On behalf of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 26 September 2022 to present the Annual Property Plan 2022-23. Please also pass on my appreciation to Donna Jones, Assistant Director Corporate Estates and Matt Seymour, Asset Manager, for supporting the scrutiny. The Committee and I particularly welcomed your attendance in person and I have been asked to pass on Members' comments and observations following discussion at the Way Forward.

Real term revenue growth

The Committee observed that in seeking to achieve a £600k net increase in rental income from our property portfolio it will be important to understand the real term revenue growth target required to maintain the value of the portfolio and potentially grow its value. We note officers' indication that the level of detail in the Plan is currently under review and is reflected in conversations scoping the impact of inflation on forthcoming budgets. We also note your view that there is a need to rationalise the estate, taking the professional advice of officers.

County Hall

The Corporate Property Strategy 2021-26 states that the capital value of County Hall is £25m. Officers indicated this was based on a previous residential valuation and we note it will be reviewed and updated as alternative core office project plans are evaluated.

Property disposal protocols

Members note there are protocols in place for the disposal of land and property surplus to the council's requirements for service delivery, and that only when a property has been the subject of conversations with all service areas and partner bodies is it disposed of via auction or on the open market.

Members clarified that the Council liaises with the voluntary sector on property disposals, however the original vehicle of Community Asset Transfers hasn't proved as successful as the Council had hoped and has been replaced by Community Lease Agreements, which set out clearly landlord and tenancy responsibilities.

Leisure centres

The Committee noted that the forthcoming corporate estates review would include a review of leisure centres. For clarity, we established that where there are property implications following this review it will be a matter for this Committee, and in all other operational service delivery respects it will be a matter for the Economy and Culture Scrutiny Committee.

Carbon emissions

The Committee was particularly interested in how the Council will ensure its One Planet Cardiff aspirations are embedded in procurement contracts. We note that a corporate engagement group exists for One Planet Cardiff, and that the Council's focus will be on new build, with the forthcoming Fairwater School being the first carbon neutral school. We were pleased to hear that contractors are very aware of the need to build in carbon neutral solutions. We also note that achieving net zero will be a significant challenge for the Council, alongside the increasing costs of maintenance work generally. We note that the Council faces particular challenges in respect of its guardianship of historic buildings within its portfolio, and that a strategy of rationalisation will sit alongside a carbon offsetting approach in the form of Parc Caerdydd and the Lamby Way solar farm.

Macro-economic challenges

Members enquired whether the Annual Property Plan 2022-23 had taken into consideration the current macro-economic challenges of inflation and interest rate rises and their impact on the property market. We note the report has not yet factored in recent announcements however there are ongoing conversations with

stakeholders and partners. We also note you anticipate that Cabinet will wish to bring forward proposals later this year around rationalisation to address the macro-economic pressures. We will factor this into our forward work programme.

Following this scrutiny there are no formal recommendations or requests for additional information, therefore I will not require a response. However, as you anticipate that Cabinet will wish to bring forward proposals on rationalisation of the estate this year, I urge you to factor timely scrutiny of any decisions into your plans and look forward to welcoming you back to the Committee.

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
Neil Hanratty, Director of Economic Development
Donna Jones, Assistant Director, County Estates
Matt Seymour, Asset Manager
Mr David Hugh Thomas, Chair, Governance & Audit Committee
Chris Pyke, OM Governance & Audit
Gary Jones, Head of Democratic Services
Tim Gordon, Head of Communications & External Relations.
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