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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, 20 MEDI 2023, 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

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

Mae'r dudalen hon yn wag yn fwriadol

Date: 21 September 2023

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



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Dear Huw,

PRAP Scrutiny Committee 20 September 2023: Organisational Resilience

The Policy Review & Performance Scrutiny Committee welcomed your briefing on Organisational Resilience yesterday and, following a discussion, have asked me to pass on their observations prior to Council's consideration of the report to appoint the Director of Governance & Legal Services and Monitoring Officer. Please also pass on my thanks to Corporate Directors, Chris Lee and Sarah McGill, for attending committee.

The Committee notes your confidence that formal delegations in support of the Chief Executive's absence are working effectively and continue to support a remarkable period of political and managerial stability for the Council.

Recruitment

The Committee explored whether, in advertising the position of Director of Legal & Governance Services, you have undertaken any analysis of how challenging it will be to recruit to the post if the job description remains the same. We note you have taken soundings from formal monitoring officer networks; you consider that since 2016 Cardiff Council's reputation has improved, Cardiff is viewed as an attractive place to work, and you are confident that there will be significant interest in the post. We note also it is your intention to put in place a secure level of legal capacity as a priority, given that the position of Deputy Monitoring Officer can be allocated to a variety of posts.

Organisational Structure

Members enquired whether you consider an organisational restructure is required and note your response that against a backdrop of unprecedented budget pressures the stability and capability of the senior team empowered to deliver your

administrations agenda is important. However, the Chief Executive may well reflect on this on his return.

Combining Legal and Governance roles

The Committee expressed a view that by combining a requirement for legal and governance expertise in one post the Council is seeking a wide range of skills and qualities. We were therefore pleased to hear you will be prepared to not appoint should the combination of skills not attract the right talented candidates.

It is our view that you should consider a variety of options and different approaches to secure the necessary skills. We are *requesting* that you return to PRAP with your proposals for pre-decision scrutiny, setting out the advantages and disadvantages of each approach.

Affordability

Members explored whether the Council could afford to recruit to the vacant post at the same level given the indication from Welsh Government that the budget settlement will be challenging for 2024/25. We note that the Chief Executive, and Corporate Directors in his absence, advises you on this matter, however it is your view that not having the right person will cost the Council more than it saves from downgrading the role.

Interim arrangements

The Committee notes your report to Council highlights the need to designate an Interim Monitoring Officer to discharge this statutory role for approximately 6 months. Under consideration is an internal arrangement, the commissioning of an external resource, or potentially entering into a Service Level Agreement (SLA) with another Welsh local authority until the new Director of Legal & Governance Services is in post.

Members expressed concerns that the Chair of Council relies heavily on the Monitoring Officer, that there is a risk that the SLA agreement for interim legal services may not deliver sufficient capacity of legal advice, and that the requirement for interim arrangements could need to be extended to 12 months. Officers were confident that the Council could procure the exact services it needs through an SLA, this would include attendance at Council and Cabinet, but not include line

management of existing legal and governance staff. All delegations would continue to sit with the Corporate Directors and the organisation will continue to be member led, professionally managed. You did, however, agree to our *recommendation* that you test the interim proposals with the WLGA.

Exit interviews

We are pleased to hear that exit interviews will be held with departing legal staff, given the opportunity it presents for learning at a time when recruitment and retention are a key risk for the organisation.

Succession Planning

Members consider it may be worthwhile comparing the succession planning approaches of other councils to improve stability. We note the Council’s workforce planning approach is to grow our own expertise, balanced with also attracting outside candidates.

Recommendation following this scrutiny:

Recommendation	Accepted, Partially Accepted or Not Accepted	Cabinet Response	Responsible Officer	Action Date
That you test the proposals for interim provision of Legal and Governance Services with the WLGA.				

Request following this scrutiny:

- That you return to the PRAP Scrutiny Committee with your proposals setting out the advantages and disadvantages of options for filling the role of Director of Governance & Legal Services.

Once again, on behalf of the Committee, I thank you and the officers for briefing committee on an important issue. 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 – Cllrs Jon Lancaster, Rodney Berman &
Andrea Gibson
Chris Lee, Corporate Director, Resources
Sarah McGill, Director People & Communities
Gavin McArthur, Chair, Governance & Audit Committee
Chris Pyke, OM Governance & Audit;
Tim Gordon, Head of Communications
Jeremy Rhys, Assistant Head of Communications and External Affairs
Gary Jones, Head of Democratic Services
Claire Deguara, Cabinet Business Manager
Debi Said, Cabinet Support Officer
Andrea Redmond, Committees Support Officer
Michele Chesterman, Committees Support Officer

Date: 21 September 2023

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

PRAP Scrutiny Committee 20 September 2023: Budget monitoring m4 2023/24

Please accept my thanks as Chair of the Policy Review and Performance Scrutiny Committee for attending Committee on 20 September 2023 to present the budget monitoring month 4 2023/24 report. Please also pass on our appreciation to the Corporate Director Resources, Chris Lee, for presenting an overview, and to the Corporate Director, People & Communities, Sarah McGill, for supporting the scrutiny. 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.

M4 position

The Committee wishes to acknowledge Cabinet's prudent and sensible management of Cardiff Council's budget. Members were particularly keen to pass on their thanks to finance officers, led by the Corporate Director Resources, for such successful communication to members on a complex subject. We note that the £6.457m overspend at month 4 is an improvement on the month 4 position in 2022/23, that you expect there to be further progress evident at month 6 2023/24, and we welcome your confidence that a balanced budget is achievable at year end.

Childrens Services

The Committee was keen to understand the budget position in respect of Children's Services, which for many years has been overspent at this early point in the financial year. Our concerns are, given repeated early overspends, are we setting the budget for this service accurately, are we learning from repeated overspending, and what analysis are we undertaking to ensure best value for money in this service? We are pleased to hear that the children's accommodation strategy has recently been approved, with the aim of bringing children back to Cardiff and achieving best value

in a complex market. We also note that there has been progress in re-purposing and re-fitting existing council owned property as children's accommodation, which will go a long way to resolving the Children's Services budget in the longer term. In the shorter-term however Members are keen to establish how well efficiencies were tested when setting the 2023/24 budget and what lessons could be learned for next years budget setting. We note there will be early and robust business cases developed this year in preparation, given that demand pressures can lead to volatility of budgets in Children's Services. We note your assurance that contingency budgets allow the Council to maintain stability in the face of such volatility.

Capital borrowing

The Committee highlighted the increasing cost of borrowing and asked at what point finance officers would state debt is a cause for concern. You explained that borrowing is secured for the entire capital programme rather than individual projects and is agreed by full Council. We note that at month 4 the cost of borrowing is less than anticipated on an upper limit of £350million of capital borrowing. Members were offered further information on the detail of overall borrowing and figures authorised within the Treasury Management report to Governance & Audit Committee.

Comparison with others

Members observed that several local authorities were currently in the news due to financial difficulties (*Birmingham* and *Woking*) and felt there may be lessons to be learned from their challenges. We note your response that Cardiff Council does not engage in high levels of borrowing to generate income and has already addressed the financial risks that Birmingham is facing in respect of equal pay.

Savings achieved

The Committee highlighted that at month 4 there is an indication that £2million of 2023/24 planned savings will not be achieved. We take your point that sometimes the anticipated timings of savings are not within the Council's control, such as the transfer of St David's Hall. We support the importance of all Directorates reflecting on what actually happened that prevented savings being realised. It is our view that savings are very quickly unachieved at an early point in the budget year in several directorates and it is important such analysis is as robust as possible.

St David's Hall

Members noted that the month 4 position for St. Davids Hall does not reflect any possible loss of income due to unplanned closure for review of the RAAC position.

Funding challenge ahead

The Committee notes your concern that the funding settlement from Welsh Government for 2024/25 is unlikely to change substantially over 3%, and this will starkly impact on the council's budget. Members raised concerns about the potential for high increases in Council Tax and were therefore reassured to hear that Council Tax bills would increase only by as much as is required to deliver essential council services, given the financial pressure residents are under.

Requests following this scrutiny:

- Members were offered further information on the detail of overall capital borrowing.

Finally, on behalf of the Committee, thank you once again for facilitating monitoring of the budget at month 4 2023/24. There is just one request following the scrutiny, and therefore I look forward to a response.

Yours sincerely,



COUNCILLOR JOEL WILLIAMS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

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