

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

31 MARCH 2015

Present: County Councillor Howells(Chairperson)
County Councillors Cowan, Goodway, Hunt, McGarry, Murphy
and Walker

Apologies: Councillors Lloyd

41 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Kate Lloyd.

42 : DECLARATIONS OF INTEREST

No declarations of interest were received.

43 : MINUTES

The minutes of the meeting held on 9 February 2015 were approved as a correct record, subject to the following amendment:

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ECONOMIC DEVELOPMENT BRIEFING

Delete paragraphs 4 (commencing with the words “Members of the committee were concerned...”) to 6 (ending with the words “impacting the relationship between the Council and the private sector” and insert the wording):-

Members of the Committee expressed serious concern about the proposed £160k reduction in funding to the Cardiff Business Council. Members asked if the proposed cut in funding coupled with the proposed reduction in the staff supporting the work of CBC would jeopardise its ability to deliver the external private sector investment which the Council expected CBC to generate. Members stated that they hoped that the savings proposals would not impede the effectiveness of this and other kinds of "invest to save" initiatives.

The Leader of the Council explained that he has regular meetings with the Chairperson of CBC, Nigel Roberts, and that Mr Roberts was content with the cuts being proposed. The Leader was challenged about the accuracy of this statement with a Member suggesting that this was not Mr Roberts' position or that of the CBC Board. In response, the Leader repeated his assertion that Mr Roberts was content with the cuts being proposed and that a letter in response to the consultation on the budget proposals had been received from Mr Roberts which the Leader had subsequently discussed with him and that the two were now aligned.

Members stated that they continued to be concerned with this proposal as a result of the cut in the staffing support being provided to CBC in order to support its work and suggested that it sent a damaging signal to the business community adversely impacting on the relationship between the Council and the private sector.

44 : ORGANISATIONAL DEVELOPMENT PROGRAMME: PROGRESS REPORT

At its meeting in January 2015 the Committee requested an opportunity to receive more detailed information on the progress of the Organisational Development Programme, in order to assure itself that the Council is addressing the findings of the Wales Audit Office (WAO) Corporate Assessment of September 2014.

The Committee received a report on the work of the Organisational Development Programme (ODP) to date and Members were asked to consider any observations on the effectiveness of the delivery of the programme as well as make suggestions on how to optimise that delivery.

Members were advised that in May 2014 the Council had established the ODP in response to the Welsh Local Government Association Peer Review. The ODP was amended following the WAO Corporate Assessment to ensure that it addressed the range of issues identified by the Assessment. These issues were detailed in Appendix A of the report. The report also provided details of the following:

- Key impacts of the ODP
- Key changes achieved by each of the workstreams
- The realignment of the ODP
- The proposed next steps.

Details of the Committee's previous scrutiny of the ODP workstreams and overall delivery were also set out in the report.

The Chairperson welcomed Councillor Graham Hinchey, Cabinet Member for Corporate Services and Performance; Paul Order, Chief Executive, Barry Quirk, Peer Advisor and Chief Executive of Lewisham Council; Christine Salter, Corporate Chief Officer and Section 151 Officer; and Martin Hamilton, Chief Officer, Change and Improvement. The witnesses were in attendance to deliver a presentation and answer questions on the delivery of the existing programme and the shape of the realigned programme.

Councillor Graham Hinchey made a brief statement. Members were advised that progress was being made against the WAO assessment and this progress was already impacting on outcomes, particularly in Education and Childrens Services. Out-turn performance data would be released in the near future and the Cabinet Members would be tasking Chief Officers to evaluate that data. Paul Orders, Chief Executive stated that the WAO Corporate Assessment had highlighted challenges for the Council in terms of its performance management and ever increasing demands for services at a time when resources are diminishing. The Chief Executive felt that the Council could not respond to these challenges in a piecemeal fashion and a holistic response was, therefore, essential. Officers were under no illusion regarding the scale of the challenge faced by the authority.

The Chief Executive introduced Barry Quirk, Peer Advisor from the Cardiff Challenge Forum to give his view regarding the scale of the challenge. Mr Quirk thanked the Committee for the opportunity to give a frank and candid assessment of this

challenge. The Committee received a presentation from Mr Quirk, which drew on his experiences in Lewisham Council. The presentation is summarised as follows:

- There was a need to act urgently – Cardiff is a growing city and this growth at a time of austerity presented significant fiscal/organisation challenge. The annual budget setting cycle was too slow and the authority's response to the challenge must be phased and implemented in sequence.
- There was a need to adjust taxpayers expectations in terms of their understanding of how the authority is able to deliver services.
- The authority needs to redesign services, revise priorities, reallocate resources, reframe the organisation, and revitalise people.
- When looking to reduce costs trimming back of budgets had minimal impact. The authority needs to consider 'delaying' having fewer layers in the organisation; merge functions, boosting productivity, manage supply, manage demand and radically redesign public services.
- Talent, organisation, strategy and delivery were essential to achieving these objectives.

The Chairperson thanked Mr Quirk for his presentation. The Committee was invited to comment, seek clarification or raise questions on the information received, the report and the information provided at the meeting. Those discussions are summarised as follows:

- The Committee questioned whether officers were confident that the authority would be able to achieve a balanced budget in the current financial year. The Cabinet Member stated that Month 11 figures indicate signs of improvement. However, Members were asked to note that demands for services e.g. childrens services, can skew budgets significantly. The Cabinet Member was confident that the budget would come in on target. However, £217k savings would not be realised during the current financial year this would need to cross over into next year's budget.

Members asked for further clarification as to, not whether a balance budget would be achieved, but how a balanced budget would be achieved. Specifically, whether service area budget were aligned with their spending or whether adjustments were being used to address overspends in some service areas.

The Section 151 Officer addressed this point. The Committee was advised that directorates were overspent by £8.8 million and the £4 million contingency had been used to reduce the overspend position to £4.8 million. A balanced position was forecast and would be achieved not only using underspends in directorate and enhanced controls, but 100% of the outcomes agreements grant and higher than expected Council Tax collections. Referring to the £217k savings that were to be carried forward, the Section 151 Officer stated that these savings had been delayed and would be delivered in the next financial year as a result of additional monitoring.

The Committee considered that the use of adjustments to address service area

overspends was unsustainable in the current financial climate. Member called for officers to be held to account and to be sanctioned if necessary. Members believed that a major culture change was necessary in order to move away from the expectation that the 'centre' can create resources.

- In response to a question from a Member regarding whether the authority was faced with being put into special measures, Mr Quirk stated that he could not foresee this happening. He described the authority as a 'curate's egg' – a mixture of good and bad and felt that the organisation should focus on ensuring there isn't failure in any part. There was a need to revitalise the organisation to make it more agile, flexible and responsive.

When questioned, Mr Quirk stated that he considered the Council's Hubs Strategy to be the right approach but suggested that the Strategy needs to be tailored correctly. He also considered that hubs run by social enterprises could offer a more desirable solution.

- Members commented on a statement made by Mr Quirk that in Lewisham Council 3% of its residents account for 52% of total expenditure; expenditure relating to social care support. Members were concerned about the sustainability of providing such support.
- The discussion centred on the budget and the seriousness of the financial forecast for the authority. Members had concerns that this issue was not referred to in the report received by the Committee and was not addressed at the meeting. It was suggested that this was the single highest priority issue facing the Council.

Members raised concerns regarding the perceived lack of credibility for the Council as an organisation and the disconnect between what residents are told and what residents experience – particular if the Council develops the narrative 'we don't have the money' – it would then be difficult to gain the trust of people if the Council then finds the resources.

The Chief Executive replied that the report offered a retrospective view of whether the Organisational Development Programme had made any progress, or not. The Senior Management Team was aware of the seriousness of the financial situation and assurances were given that the refresh of the ODP will absolutely capture the scale of the financial position. The Chief Executive accepted the point made by Members. The Committee was advised that the continuation of the current approach was untenable. The issue now was how to implement change.

A Member raised the idea of having a standing budget scrutiny panel, which the Cabinet Member said he would take back to Cabinet for discussion.

The Cabinet Member did not accept the point re credibility. Challenge was often difficult, but the budget consultation process was well received. The Cabinet Member felt that there was a danger we can be over critical, stating that in his experience, staff morale was quite good as people understand the scale of the challenge and the need for change.

- A Member noted that Cardiff and London were very different in terms of their demographics, diversity and geography. It was acknowledged that it was very

difficult to engage residents in some parts of the City. Mr Quirk stated that part of the strength of London's economy was its radical social diversity, which was increasing. 60% of all jobs were at graduate level and productivity in London was 29% greater than Manchester, size for size, but at the same time currently only 40% of school children will get degrees. London was dramatically different to Cardiff with a population of 8.6 million; 400,000 students and 1 million commuters.

- Mr Quirk was requested to offer an opinion on deprivation and the removal of dependency. Members were advised that he believed in empowering local communities. In his opinion it was preferable to transfer services and facilities to local communities to ensure they remain sustainable and to build capacity within communities so that the stretched and reducing resources available to local authorities were available to meet statutory duties. He cited Southwark and Lambeth as useful examples of where this approach has worked well.
- The Committee was advised that Cardiff should consider benchmarking that stretched beyond Wales, not with London Boroughs, but with best comparable cities throughout the world.

AGREED – That the Chairperson writes on the Committee's behalf to the Cabinet Member for Corporate Services and Performance to convey their comments and observations (see attached).

45 : WELSH GOVERNMENT WHITE PAPER 'REFORMING LOCAL GOVERNMENT: POWER TO LOCAL PEOPLE' - PRE DECISION SCRUTINY

The Committee received a report on the Council's response to the Welsh Government's White Paper 'Reforming Local Government: Power to Local People' which was due to be considered at the Cabinet meeting on 2 April 2015. Members were given the opportunity to scrutinise and provide viewpoints on the Council's response to the Leader and officers.

The Leader made a brief statement. Councillor Bale apologised for the lateness of the circulation of the Cabinet response. Reports on the Welsh Government's White Paper were considered previously by the Constitution Committee and the Democratic Services Committee.

The Committee expressed their concerns regarding the receipt of the draft Cabinet response so close to the commencement of the meeting. Given this, Members questioned whether it was possible to provide meaningful feedback on the issue and would therefore question the validity of the report.

Martin Hamilton, Chief Officer, Change and Improvement delivered a brief presentation summarising the sections of the draft Cabinet response. The Committee were invited to comment, seek clarification or raise questions on the information provided. Those discussions are summarised as follows:

- Members were advised that the White Paper detailed two documents – the Leader's Manifesto and the Corporate Plan – which would set out how the Council intends to deliver services. Officers questioned whether both documents needed to be 'public facing'. Members were advised that the Chief Executive would be

held to account to deliver the priorities set out in the Corporate Plan. It was envisaged that the Leader's Manifesto, Corporate Plan and Improvement Plan would be supported by Peer Review and Self-Assessment.

Members of the Committee considered that the Leader's Manifesto and the Corporate Plan should 'dovetail'. There was no tension between the two documents. The documents would provide an opportunity for the Leader to set out how he intends to proceed and how the Chief Executive intends to deliver.

- Members noted that further devolution was not ruled out in the White Paper, but it was ruled out until after Local Government reorganisation. The Leader commented that, in respect of further devolution, the Welsh Government was reviewing its position and Cardiff needed to be aware of those issues so as to ensure it is not disadvantaged.
- The Committee discussed the White Paper proposal that only key decision could be 'called in' by Members for consideration by Scrutiny Committees. Members were advised that in England two tests were applied – a financial threshold and a local impact test. If that was the model to be introduced in Wales, the authority would still be able to set its own thresholds.
- A Member stated that the White Paper failed to address what the purpose of Local Authorities was. The Member felt that people must decide what Local Authorities are to be and how they want them to function. It was suggested that Cabinet Members and back bench Councillors were overstretched to such a degree that they weren't achieving their full potential. It was suggested that fewer, full-time professional Councillors should be considered. The Member was disappointed that these issues were not discussed in the White Paper.

The Leader accepted there were issues around capacity and felt that whilst there was an important debate to be had, more support should be given to elected Members to ensure that they are able to fulfil their roles.

It was stated that people may have higher expectations of the role of the Local Authority than the Welsh Government, suggesting that there may be a mismatch between what people look to Local Authorities for and what the Welsh Government looks to Local Authorities for.

AGREED – That the Chairperson writes on the Committee's behalf to the Leader to convey their comments and observations (see attached).

46 : IMPROVING SCRUTINY PROJECT

The Committee received a report advising Members of the progress made in delivering the Council's Improving Scrutiny Project and to seek Members' views on bringing the Project to a conclusion.

The report set out the background to the Improving Scrutiny Project. Members were advised that in May 2014 the Cabinet agreed a programme of organisational change designed to meet the challenges set out in the Welsh Local Government Association Peer Review report. One of the five programmes of change is 'Improved

Governance' and within that programme was a project described as 'Strengthening the Scrutiny Function'.

The Peer Review was complimentary about the Council's Scrutiny Function. However the Council's Scrutiny Chairs were mindful of significant plans in place to transform the Council, the pace of development of alternative delivery models, the growth of collaborative service delivery and governance, the potential for local government reform in Wales, etc. The Scrutiny Chairs therefore felt it appropriate to consider ways that scrutiny could adapt and deliver effective non-Executive challenge to the Cabinet and the complex range of emerging issues likely to stem from these changes.

Following a successful bid to the Centre for Public Scrutiny (CfPS), Cardiff was to be one of nine case studies included in their research programme to assess the role of scrutiny supporting transformational change within local authorities during a time of change and austerity. This would see CfPS provide support to the 'Strengthening the Scrutiny Function' Project, the aims and objectives of which were set out in the report.

Members were asked to consider the progress made to date as identified in the project plan included as Appendix A to the report.

The Chairperson welcomed Councillor Daniel De'Ath, Cabinet Member for Safety, Engagement and Democracy; Marie Rosenthal, County Clerk and Monitoring Officer and Paul Keeping, Operational Manager, Scrutiny Services; to the meeting. The Cabinet Member and officer had been invited to answer questions from the Committee on the Improving Scrutiny Project and report.

Councillor De'Ath recapped the current position, stating that the Improving Scrutiny Project had benefitted from the involvement of CfPS. The Cabinet Member invited the views of the Committee.

- Members felt the five committee structure worked well overall and that Task and Finish group reports lead to policy change and can therefore make a difference. Consideration should be given to having more task and finish group inquiries, whilst being mindful of Councillors commitments.
- A Member raised the issue that there was no real mechanism to follow up on recommendations included in Chair's letters following Committee's consideration of issues and the difference these were making and that this needed to be addressed.
- The Committee agreed that the authority had significant decisions to make and therefore it was more important than ever that the Cabinet be held to account. Members questioned how scrutiny could be made more effective at a time when the officer resource was being eroded.
- The Committee requested further information on the 'Swansea Model' of scrutiny. Officer felt an opportunity existed to compare structures not only with Swansea but with the core cities also.
- Members felt that reading large reports and associated papers presented a challenge to Members in terms of their time constraints. Members welcomed the

use of cover reports, which they considered provided an independent view and analysis of the issues.

- Members considered that there were often too many powerpoint presentations at Scrutiny Committee. Officers suggested that pre-meetings could be arranged to develop lines of enquiry instead.

AGREED – That the Chairperson writes on the Committee's behalf to the County Clerk and Monitoring Officer in order to communicate the way forward on this item (see attached).

47 : CORRESPONDENCE - INFORMATION REPORT

AGREED – That the report be noted.

48 : DATE OF NEXT MEETING

The next meeting would take place on 12 May 2015.