

## JOINT SCRUTINY COMMITTEE

26 AUGUST 2015

Present: County Councillor Howells (Chairperson)  
County Councillors Aubrey, Gordon, Hunt, Lomax, Hill-John,  
Mitchell, Murphy and Darren Williams

12 : APOLOGIES FOR ABSENCE

Councillors: Clark, Goodway, Marshall & Mckerlich

13 : DECLARATIONS OF INTEREST

The Chairperson reminded Members that they had a responsibility under Article 16 of the Members Code of Conduct to declare any interests and complete Personal Interest forms, at the commencement of the agenda item in question. The Chairperson also reminded Members that if they had completed Annual Forms there was still a need to disclose any interest. Members were asked when declaring an interest to clearly inform the meeting of the interest in question, to complete a personal interest form and to indicate if they were withdrawing from the meeting (this was especially important for recording the interest in the minutes).

14 : MINUTES

To approve as a correct record the minutes of the meeting held on 9 July 2015.

15 : INFRASTRUCTURE SERVICES - ALTERNATIVE DELIVERY MODELS -  
CONSIDERATION OF CALLED IN CABINET DECISION CAB/15/24;  
REPORT OF THE DIRECTOR FOR CITY OPERATIONS

The Chairperson confirmed that the meeting had been held to consider the called in decision CAB/15/24.

The Chairperson invited the Director of Governance & Legal Services to explain the Call in process to Members.

Marie Rosenthal, Director for Governance & Legal Services explained the following to the Committee.

“Under the Call-In Procedure, the relevant Scrutiny Committee may consider the called-in decision itself, or decide to refer the issue to the Council for Scrutiny if the matter was of general significance and importance to the Council as a whole. A Council meeting to consider this issue must take place within 10 clear working days of such a referral, unless otherwise agreed between the Leader and the Chairperson of the relevant Scrutiny Committee.

The Chairperson sought Committee’s approval to proceed with consideration of the Call-in at this meeting, rather than refer it for consideration by full Council. Factors the Committee wished to take into consideration were:

- The Committee were best placed to consider the call in decision themselves and take evidence. No mechanism existed at full council to do this;
- This was a Cabinet matter, Council had no power to overrule the Cabinet;
- The cost and inconvenience of calling a council meeting.

Members of the Committee expressed concern that the member who had called in the decision was not present to give evidence at the meeting and asked if an adjournment be considered.

Marie Rosenthal, Director of Governance and Legal Services advised the Committee that the meeting could proceed in the absence of Councillor McEvoy taking into consideration the timescales involved in this process.

RESOLVED: The Committee agreed to consider the Call-In of Cabinet Decision CAB/15/24.

The Committee noted the following reasons given for the Call-In.

- To explore the extent of staff and trade union consultation around developing the Outline Business Case for identifying a suitable alternative delivery model for services in Cardiff;
- To establish if there was sufficient detail in the Cabinet report to take a decision on which alternative delivery model proposal was taken forward to the Full Business Case development stage;
- To establish at which point during the development of the Outline Business Case that Members had the opportunity to provide their views and feedback;
- To establish a timeline for the alternative delivery model process to include how and where (Cabinet, Council, etc) decisions were taken.

The Committee noted the following statement provided by Councillor McEvoy.

'The decision taken by the Cabinet is at best half baked. At a time when they should be thrifty with money, they have been thrifty with detail. There are more questions than answers. Whilst I do not doubt the genuine intentions of officers who are working on the project, I strongly feel the arms length company concept is being used as a political panacea for a struggling administration. The alleged savings will be used as a means to write fantasy budget calculations legally. I do not see the savings materialising, other than through a serious attack on the workers performing services. I do however once again see huge amounts of precious public money being wasted. In 2008 shortly after taking office in the 2008 -2012 Council, I was advised by the most senior level of officer that there would be no other way to avoid financial Armageddon, other than to change the service model delivery. There has been a huge lack of consultation yet again. Furthermore what is the defined timetable. The decision taken by the Cabinet needs to be sent back to them for further consideration, with concrete details and a realistic timetable.

The Chairperson invited Councillor Bob Derbyshire, Cabinet Member for the Environment and Tara King, Assistant Director to make a statement.

Councillor Derbyshire assured the Committee that regular engagement with staff was taking place and would continue through each phase of the process.

All delivery options had been considered, to which two models were being taken forward for further analysis and establishment of a full business case. All alternative options had been addressed and there was no evidence to suggest that an arms length company would not be successful in the public sector arena. This was not the end of the process and an establishment of a full business case would hopefully be taken to Council in January/February 2016.

The Chairperson invited Tara King, Assistant Director to make a statement.

Tara King drew attention to the timetables in place and the estimates for delivery. The proposed programme for the completion of the FBC.

- Cabinet approval of the OBC – 16 July 2015
- Establishment of a FBC Board – August 2015
- Due Diligence – July – October 2015
- FBC consideration – August – October 2015
- Completion of FBC and Business Plan – October – November 2015
- Cabinet approval of the FBC and draft Business Plan – January 2016
- New Company commences trading – First Quarter 2016/17

At this point in the process further analysis of the options were being considered. The Task & Finish Groups recommendations were taken on board and further detail was being obtained to support the options.

Both the In-house and Wholly Owned Company options were being analysed, along with the level of flexibility each options provided for the Council. As part of this process all options had been considered including the Public/Private Joint Venture. Potential work with other local authorities was also being considered which would add benefit and possible income to the authority.

The Chairperson invited Members of the Committee's to ask questions.

The Committee drew attention to the findings of the Task & Finish Group and outlined the reasons for the recommendation of a Public/Public Joint Venture.

The Chairperson asked the Trade Union Witnesses to make statements.

## UNISON

Jayne Jackson, UNISON representative explained that staff consultation had been very limited and in depth detail on the Modified In-House Option was yet to be released. There should be a full consultation process in place in order for the unions to critically analyse and evaluate the options going forward. UNISON recognised the financial difficulties faced by the Council, however the development of a Wholly Owned Company needed substantial analysis in order to protect employees.

Ian Titherington welcomed the statement made by Tara King. However, there continued to be a lack of detail in the information being received on the structure of an Wholly Owned Arms Length Company. It was recognised that partnership work with neighbouring local authorities was being developed and vital in these economic climate. More information on both options was required for the trade unions to attain support and confidence in these proposals.

The Chairperson invited the Members to ask questions.

The Committee was advised that further detail was needed on the structures of both options. The Trade Unions were currently developing research on the Cardiff Model and the intention was to look at examples to examine the options. Unfortunately, this would prove difficult until the Full Business Case was brought forward.

### UNITE

Tom Watkins, UNITE representative explained that UNITE understood the position of the Council. Unfortunately, consultation was not being fed to the workforce and staff morale was beginning to suffer. Meetings had taken place with the Cabinet Member but detail on the Modified In-House Model was not being made clear. Full co-operation with departmental officers was required in order to provide clarity on the detail of both options.

Tom Watkins asked about the accountability of the Cabinet Member consultation meetings and had minutes been provided on what was discussed. Overall consultation was lacking and employees were very unsure about what was being suggested by both the Cabinet Member and management.

Tom Watkins advised the Committee that the accountability of the Wholly Owned Company had not been made clear and concerns were directed towards ownership of the companies debt if it failed.

### GMB/UCATT

Ken Daniel, GMB explained the GMB fully believed in public services, not companies with shareholders. The Cabinet Member meetings were not constructive and comments provided by the trade unions were not taken on board. The Service Review had not taken place with the scoring and methodology provided being extremely unclear. The Scoring Matrix was confusing but certain suggestions provided by the trade unions was not included in the final report.

All the evidence suggested the service remain in public hands providing a good service to the public and not shareholders. Employees jobs was at the forefront of the GMB's concerns and it was essential that staff be provided with accurate facts on what was being proposed.

The Chairperson invited Members to ask questions.

Ken Daniels explained that consultation meetings with the respective Cabinet Member and Officers had not been constructive. A considerable amount of documents had been provided and the detail became lost. The methodology was objected to along with the example provided by Oxford Council not being a success.

Ken Daniels confirmed that following consultation on the scoring matrix, the figures did not change. The trade unions had not been provided with sufficient information on the Modified In-House option to give a view on its success and aspiration to what they required.

The Chairperson thanked the Trade Unions for their evidence.

The Chairperson welcomed Howel Jones, Local Partnerships to give evidence.

Howel Jones was a Programme Director for Local Partnerships an organisation supported by HMT, LGA and WLGA. The proposals being put forward by Cardiff Council were supported by Local Partnerships and this was an opportunity to make public services more commercially driven. The following factors had been taken into account:

- Review of the Outline Business Case
- Review of Cabinet Report
- Challenged methodology scoring
- Service Review

Workshops were developed to challenge and evaluate the methodology in detail and suggestions had been provided. The OBC was robust and logically supported the options being provided. The Cabinet Report was clearly articulated and the options appraisal included the following 3 elements:

- Evaluation Methodology
- High Level Methodology
- Consideration of other factors

The High Level Methodology was robust, where consideration had been given to all options, developing the Outline Business Case options appraisal onto the suggested business model. The OBC could not be refined , the context had sufficient detail to move towards the Full Business Case, which needed to be developed if taken forward.

The Chairperson invited Members to ask questions.

Howel Jones explained that in this current economic climate local authorities should work smarter adopting commercial acumen methods to deliver services.

Howel Jones explained to the Committee that further detail was required to provide a FBC. The process was being established to make overall savings and further challenges were required to make this delivery. The OBC should be articulated consistently outlining the reasons for the options.

Members of the Committee were advised that it was necessary to take forward two Options only for decision, as too many options would cause delay in the process and was considered not feasible.

Howel Jones explained to the Committee that if the Wholly Owned Arms Length Company failed the local authority would support the obligation. The Governance of the Board needed articulation in the FBC as the position was not clear at the moment.

## 16 : SUMMING UP

Councillor Bob Derbyshire, Cabinet Member for Environment was in agreement with most of the concerns outlined by the trade unions. It was recognised that further work was required to proceed with the proposals and additional detail on both options was necessary to make the final assessment.

Councillor Derbyshire explained that the in depth detail of the Modified In-House options was still in its infancy and required further work before going forward. If the trade unions were minded to agree with the Modified In-House model, it was essential for all parties involved to work together to deliver the service. Further detail was required to analyse the Wholly Owned Arms Length Company to assess both models.

Time constraints were crucial and this was the reason the process should press ahead.

The Cabinet Report provided substantial detail on the OBC and was continually challenged by Local Partnerships. Further Scrutiny was essential, with Committee's having the opportunity to look at a more detailed case in the future, before the decision was addressed by both Cabinet and Council.

Tara King assured the Committee that a detailed structure of what both models would develop into would come forward in the future. Consultation was on-going in line with time frame in order to engage stakeholders in the process. Neither option was intended to privatise the service, with the Wholly Owned Arms Length Company being controlled by the Council. Central Services would not be out sourced and would be included in the proposals in the FBC. The Service Level Agreement was in place to retain the services.

There was further opportunity for scrutiny to analyse the proposal with additional information being made available at the time. The intention was to create more jobs not to dismantle the workforce, with opportunities being created to increase income, along with possible joint partnership working benefits.

**RESOLVED:** The Committee AGREED not to refer the decision back to Cabinet.