

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

15 FEBRUARY 2017

Present: County Councillor Howells(Chairperson)
County Councillors Goddard, Hunt, Murphy, Sanders, Thomas
and Walker

56 : APOLOGIES FOR ABSENCE

Councillor Hunt had previously advised that he would be late attending the meeting.

57 : DECLARATIONS OF INTEREST

No declarations of interest were received.

58 : CORPORATE PLAN 2017-19

The Chairperson welcomed Councillor Phil Bale, Leader of the City of Cardiff Council, Paul Orders, Chief Executive, Joseph Reay, Head of Performance and Partnerships, and Dylan Owen, Head of Cabinet Office to the meeting.

The Chairperson advised that the correspondence following the other four scrutiny committees had been provided to Members in hard copy at the meeting.

The Chairperson invited the Leader to make a statement in which he said that Members would be aware of the role of the Corporate Plan, the Wales Audit Office had seen it evolve and lots of work had been done to ensure that the content is robust. The Leader advised that Cardiff was the third most improved authority in Wales, with a range of initiatives being implemented such as the Living Wage City, and other initiatives that are indicative of the change programme and reflects the changing nature of Cardiff's estate.

Members were provided with a presentation on the Corporate Plan and the Chairperson invited questions and comments from Members;

- Members sought clarification on the Corporate Plan's reference to NEET's as it was a recommendation from the Children and Young People Scrutiny Committee. Officers advised that at page 38 of the Corporate Plan there was an explicit section on this as it was a new objective to recognise the importance of NEET's; this objective had been included in the Economic section of the Plan to link into work for sustainable long-term outcomes. There was a new emphasis on this link into work rather than using the term NEET as this had been seen as a negative term. The Chief Executive added that there was a positive commitment by the Council to increase the number of apprenticeship and traineeships. The Leader stated that there had been a decrease in this figure during the current administration and there was a downward trajectory; he stated that it was important to link education and work to the economic strategy and give people the opportunity to attend courses when they leave school.

- Members welcomed the new approach taken with the Corporate Plan and asked which areas had been strengthened to meet the requirements of the Wellbeing and Future Generation Act. Officers advised that the Act was reflected in the whole plan especially with regards to growth so that all people can benefit. It was added that the Liveable City report and Wellbeing Assessment has driven such changes. Members were advised that the Liveable City report made explicit some challenges for the City, and these have been captured, documented and responded to throughout the Corporate Plan. The Leader added that page 36 of the Corporate Plan illustrated the Council's commitment to Future Generations, for instance the resilience strategy, flood risk, security and the Transport Fleet with zero emissions technology.
- Members made reference to the Wellbeing objective 3.1 and the target of 500 new jobs that is set out at page 35 of the Corporate Plan; and asked where the context was that shows why the target was identified as 500, especially as the previous years' target was higher. Officers explained that the context was in the Directorate Delivery Plan where there was detail on how they arrived at that figure. Officers did note however that this was a gap as the public wouldn't see this context. The Chief Executive added that this was a particularly difficult area to target as it involved projects, many of which were constrained by timeframe.
- Members asked in terms of setting targets, whether there was a uniform approach; officers stated that it had become more uniform but there was still work to do on this.
- Members referred to the projected increase in population in the City of 26% by 2020, and that a business plan for any other business would focus on how to build capacity to meet the increase, but the Corporate Plan does not. Members asked if Welsh Government settlements would reflect the 26% increase in future years, noting that £8 million would be lost in the next three years. Members asked what planning was underway to address the increase in population. The Chief Executive stated that the population growth figures were official figures; The Medium Term Financial Plan budget settlements have shown a population increment increase year on year. He added that it was a relationship between finances and population figures and that it is not perfect; it was about looking at levels of savings that have had to be made and there is a mismatch between the demand and the financial settlements received. He added that the Corporate Plan was constrained by timeframes; the wellbeing plan had a longer term view of public services in the City and how it copes with the increase in population.

The Leader added that the Public Services Board also looks at this matter; the City Deal would bring a new framework for contracts, working on Economic Strategy for regeneration and collaboration across the region; work was underway with the WLGA looking at potential new funding models for Local Authorities, also looking at infrastructure levies. Members considered that if the population increase does transpire then there would be a need for significantly more schools, housing etc., therefore robust work was needed to

see if the projection was valid, and if it is how the Council will cope with the increase in demand.

- Members were pleased to see a breakdown of indicators, and were pleased by the response to the commentary from the Policy Review and Performance Committee on 'how we did' in January. Members were surprised however, how many indicators had changed. With regard to the golden thread through plans, Members considered that two of the main issues were Housing and Waste Collection and they could not see how the Council was going to tackle these issues, as they could not see the commitment in the Corporate Plan that directly tackled these specific issues. Officers stated that with regard to the golden thread, the Corporate Plan focusses on high level/strategic issues that are finite. Operational issues are dealt with in the Directorate Delivery Plans and these are not public documents, but they could be made more widely available to the Council family such as Staff and Members. Officers agreed that there was work to be done on ensuring that the golden thread between plans was more visible to the public.

Members wondered if there was scope to increase scrutiny of the Directorate Delivery plans, especially if priorities are not focussed where the public are saying they have concerns. The Chief Executive stated that they have tried to move away from Corporate Plans that include all Council activity, prioritising high level strategic issues and business as usual in the Directorate Delivery Plans.

- Members considered that the Council was best placed to determine what should be reported on and hoped that there was scope to discuss with Welsh Government departments on this. The Leader stated that if Members had suggestions for indicators then there was time to include these in the appendices; The Liveable City report provides a snapshot of issues that matter to the public and the report is a more accessible format to the public.
- Members noted that there was £81 million of savings needed in the next three years and asked what plans there were for transforming services. The Chief Executive stated that they have been working on the Organisational Development Programme for three years; there would be a review of what has been achieved to provide a platform to look at the next three years. Organisational Development is about a whole range of change initiatives including increasing commercial income, which has been partly taken forward as business as usual; areas of Social Services, Housing, Hub Development have been about changing services and increasing savings.

59 : DRAFT BUDGET PROPOSALS 2017-18

The Chairperson reminded Members that the Committee is unique in its twofold role in scrutinising the budget proposals.

- Firstly, it can consider the proposals from a corporate point of view in terms of how they align to the Council's priorities. The Committee should also test the processes, consultation and assessments to which the proposals have been subject.

- Secondly, the Committee can consider specific services' budget proposals within its terms of reference, how they align to the Corporate Plan and their impact on service delivery.

This item would therefore be split into two parts:

- An overview of the 2017/18 budget proposals from Cllr Hinchey and Christine Salter; followed by
- Scrutiny of the Directorates which fall under PRAP's remit, with the appropriate Cabinet Members and Directors in attendance.

Draft Budget Proposals 2017-18 – Overview

The Chairperson welcomed Councillor Phil Bale, Leader of the City of Cardiff Council, Councillor Graham Hinchey Cabinet Member for Corporate Services and Performance, Christine Salter Corporate Director Resources, Ian Allwood Head of Finance; and Gareth Newell Partnership and Community Engagement Manager to the meeting.

The Chairperson invited the Cabinet Member to make a statement in which he said that a different approach to managing the budget had been taken this year; a whole year approach to working on the budget had made a fundamental difference, using the summer months to challenge Directors on the proposals they had put forward. There had been no protests and the risk ratings were in a much better position; 93% of proposals had detailed plans behind them. The summer months had also been used to carry out the Ask Cardiff Survey; there were 4,000 responses, in addition, the five week budget consultation had received 2,500 responses.

He added that £25 million savings was not easy to find and he thanked Councillors and Financial leaders for the work they had done on the proposals.

The Chairperson informed Members that the Trade Unions had been invited to attend today's meeting but they were not present and had not submitted any statements for consideration.

Members were provided with a presentation from the Corporate Director Resources and the Chairperson invited questions and comments;

- Members asked whether the reserve figure was set in stone. Officers advised that the reserve is low when compared across Wales, but some were needed for financial resilience and risk. Members were advised that last year £2 million had been used to support the budget. Officers undertake a complete analysis of reserves to see what is no longer needed, not fit for purpose etc., it was from this exercise that the £1.5 million reserve was gleaned. The biggest component was the insurance reserve as a result of actuarial review of insurance provision, and others were minor portions taken to balance the budget.
- Members noted that the increase in Council tax of 3.7% provided more than the £4.5 million needed and asked for clarification on this. Officers explained it related to the Council Tax Reduction Scheme whereby any increase has to include a percentage to top up the Council Tax Reduction elements. The net amount needed to balance the budget was £4.5 million.

- Members made reference to the savings needed over the next two and three years and asked if they were on top of the Directorate Savings. Officers advised that savings referred to were previous years savings that were coming into their third year, they are a part of the Directorate Savings, not in addition to. Officers noted that with regards to write-offs, they had assessed the positions on savings achievement in the current year, looked at unachievable savings, and the budget includes £1 million savings write offs.
- Members asked for clarification on the Risk Assessment of Directorate Savings. Officers advised that this had been discussed at length with Directorates; Social Services now have plans to achieve savings and milestones; there was still a risk around some savings being difficult to achieve, such as out of County placements where costs can easily escalate, or timescales had been extended. There was a contingency for non-achievability of savings which was set at £3 million.
- Members referred to historical overspends in social service and asked how achievable the savings were; the Cabinet Member stated that the pressures in social services were known, there was an ageing population; 68 new posts had been created to support this. Officers added that the 9.2 million was growth after 5 million savings; the budget had been reset at a proper baseline after being realigned by 5 million.
- With reference to schools Members were advised that plans were in place for struggling schools through Challenge Cymru, whereby £2 million allocation was the view of the Director for 6 schools in special measures, all of which have improved; 3 of the schools have significant defects and have recovery plans in place.
- Members noted the maintenance issues in schools and asked if additional monies had been allocated for these. Officers advised that it had been considered, Cabinet had taken into account the pattern of expenditure in schools in the Capital Expenditure programme; some was brought forward to enable works to take place. There was still a significant backlog which the budget wouldn't address, it was long term work which would hopefully be assisted by Welsh Government funding.
- Members asked for an update on Communities First and were advised that some reasons had been indicated to fund the scheme going forward, in the Financial Resilience Model there was a transitional amount of £300k which included some for Communities First.
- Members referred to the Consultation and noted that the response rate was less than 1% of the population, was skewed to the West and North of the City and that BME were under represented in the responses. Officers stated that there was a two stage aspect to the consultation, the summer was used to consult specifically with BME's and the City and South areas, the numbers were good compared to other core cities and this work was supplemented by survey work with focus groups.

- Members referred to the questions in the survey and asked whether the format was appropriate in that some questions could appear leading. Officers stated that the survey was one element; people cannot be forced to complete the survey, but there had been attendance at community BME events, at Supermarkets etc. and the results compare well to other Local Authorities and Core Cities and were an improvement on the previous year's response rates.

Resources Directorate budget proposals

The Chairperson welcomed Christine Salter, Corporate Director Resources, Philip Lenz, Chief Human Resources Officer, and Ian Allwood, Head of Finance for this item;

The Chairperson invited the Cabinet Member for Corporate Services and Performance to make a statement about this budget, in which he said that there had been a policy change in support of staff, including voluntary severance, employee counselling, Time for Change etc. £1.26 million of savings was required and staff resources were allocated more effectively.

Members were provided with a presentation after which the Chairperson invited questions and comments from Members;

- Members referred to Apprenticeships and sought clarification on whether the length of the schemes was just 6 months. Officers advised that there were trainee posts for 6 months; these were different to Apprenticeships.
- Members asked whether the trainee posts were useful or for meeting targets, and were advised that trainees would be undertaking real roles and have real training for those roles, the intention was that they find work at the end of the scheme, and that they increase their employability.
- Members noted the £400k investment in ICT provision and asked if ICT assets were depreciated; Members were advised that they were not Local Government accounting does not include ICT depreciation.
- Members asked if measures were sufficient to be able to determine commitments made for frontline staff and sought assurance that resources were robust enough going forward. Officers advised that it was challenging as a directorate to be able to downsize and also resource all the HR elements, support and the technical side too. Technology would be looked at to see how it can help deliver savings in the Directorate.
- Members asked about the current effectiveness of using IT solutions for reporting issues and were advised that Cardiff was quite advanced in how it delivers services with technology; value for money wise Cardiff would compare well in Wales as it benefits from economies of scale.
- Members asked about the Living Wage and why it is a corporate objective when it is a National scheme. Officers clarified that Cardiff encourages the Real Living Wage, not the living wage which was statutory.

- Members asked about the budgetary implications of the CRM, officers stated that if the issue with the CRM could not be resolved then it would impact on the future direction of travel; the budget information before Committee had not factored this in.
- Members referred to Robotic Process Automation and asked if any thought had been given to using such technology to make savings. Officers stated that digitalisation staff would be looking at it, OCR had been embraced, and the single person discount council tax forms have removed the manual element of inputting.

Economic Development Directorate budget proposals

The Chairperson welcomed Councillor Bale, Leader Cardiff Council, Neil Hanratty, Director Economic Development, Tara King Assistant Director Commercial and Collaboration, Christine Salter Corporate Director Resources, and Ian Allwood Head of Finance for this item.

The Chairperson reminded Members that PRAP's remit only covers Property and Facilities Management within this Directorate and invited questions and comments from Members;

- Members made reference to the 'Commercialisation – improved charging and income generation for Security Services' line in the budget and the £44k savings projection; Members asked how the risk assessment was identified, and what mitigation may be needed. Officers explained that they evaluate how achievable proposals are in that area at that time; the new model would challenge and upskill staff and create a viable sale to external bodies. All mitigation was in place, work had been undertaken with the security manager to look at the supply chain so the residual risk moves to a different position.
- Members noted that the portfolio spans 4 Cabinet members and 3 Scrutiny Committees and sought comments on the coherence of the directorate for strategic approach and to ensure political ownership of the directorate overall. The Cabinet Member stated that there were regular slots in the diary, he meets HR each week and officers from this directorate fortnightly; he visits and speaks to operational managers and attends monthly budget meetings. The Leader added that a few years ago there had been comments regarding silos that existed; now Cabinet Members work across the Council, the management structure had been amended and scrutiny will adapt to reflect this.
- Members asked why the savings in the directorate were so small; officers advised that the saving of £900k was made up of smaller sections, there needed to be a capacity to grow income, for example in security services, challenge for income was much greater. The savings needed to be realistic as there were challenges such as building services where there was a large backlog and the directorate could face losses in year. Officers noted that for Commercial services the total gross expenditure was £75 million, £62 million of which was generated through income. The Leader considered it would be helpful for Members to have a more detailed breakdown in future.

- With reference to Community Asset Transfer (CAT), Members noted that £100k allocation with a maximum of £25k per request and asked what happens after 4 requests have been made. Officers stated that in reality the figure per CAT was lower than £25k, and can be as low as £5k, so there was scope for more than 4 requests. The Cabinet Member added that the purpose of the £100k allocation was to support the scheme, surveys had been undertaken on buildings, and community needs. The money allows support for people to take over the buildings; there had been 20 CAT's in the past year, 4 in the year previous to that; the money is more an enabling fund and the £100k allocation has never been fully used, however if more was needed then it would be looked at again.

Governance and Legal Services Directorate budget proposals

The Chairperson welcomed Councillor Dan De'Ath, Cabinet Member for Skills, Safety, Engagement & Democracy, Davina Fiore, Director Governance & Legal, Christine Salter Corporate Director Resources, and Ian Allwood Head of Finance for this item.

The Director of Governance and Legal drew Members attention to the external legal spend, and stated that officers were in the process of looking at the spend under the control of Legal services, with the intention of increasing efficiency savings. Members were informed that rather than paying for Children's and Social Services Lawyers externally, there would be a recruitment drive and the work brought in house, to move from an overspend to underspend position. Members' attention was also drawn to the additional resource needed to deal with the Members Enquiry System, which would move into the Committee Services Team, to assist Councillors with case work, response times etc.

The Chairperson invited questions and comments from Members;

- Members asked what the total spend had been on external legal services; officers did not have the figure with them, the accountants had been working with other directorates to determine what work would be coming into the service, which was considered to be £1.5 million, made up from large projects. The £55k savings were based on the £1.5 million income.

Officers clarified that they always ensure they get best value, external legal services are used for expertise and additional work; the Directors view was that if there is an effective and efficient, properly resourced in-house legal department then it would be cheaper; savings would be achieved from better commissioning and bringing work in-house. Legal Services would take on the financial risks currently absorbed by Directorates. The Director stated that she was confident this could be managed with a caveat that in the event of new legislation or large case work there may be a possibility of more financial resources being needed, however it was hoped that enough would be kept in reserves to weather the peaks and troughs.

- Members were concerned that a larger team could be underutilised and asked if collaboration with other local authorities had been considered. Members were advised that the team were overstretched currently hence the external spend on legal services; discussions on collaboration had taken place in

recent years but had not been progressed. The Director had managed a shared legal service in her previous role and noted that there could be large set up costs; efficiencies were made on management costs, but not at lower levels, for example case work.

- Members asked how the significant costs of childcare lawyers came about in the first place and were advised that it was due to the way childcare cases were dealt with in court; all the preparation work was done before the case went to court, there was also a strict time limit to deal with cases. After the publicity around Baby P there was an increase in reported cases and therefore an increase in workload. It was considered this may have been a short term increase however that has not been the case.
- Members sought assurances that with the redesign of legal services, core business would still be maintained. Officers advised that core business would still be maintained across all areas in the directorate, efficiencies would be achieved by making small changes such as cutting printing costs, and going paperless but there would be no compromise on the quality of legal childcare.
- Members welcomed no changes to the Scrutiny Service. Officers stated that there would be a report to the next Constitution Committee which did propose a change in the scrutiny structure; £50k had gone into the Scrutiny budget this year (2016/17) that would not be there in the next financial year, therefore a scrutiny review was being undertaken.

RESOLVED – That the Chairperson writes on the Committee’s behalf to the Cabinet Member to convey their comments and observations.

60 : DATE OF NEXT MEETING

The next meeting of the Policy Review and Performance Scrutiny Committee is scheduled for 14 March 2017, 4.30pm, Committee Room 4, County Hall, Cardiff.