

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

15 NOVEMBER 2022

Present: Councillor Williams(Chairperson)
Councillors Ash-Edwards, Chowdhury, Ferguson-Thorne,
Henshaw, Hunt, Stubbs and Thomson

28 : APOLOGIES FOR ABSENCE

None received.

29 : DECLARATIONS OF INTEREST

Personal declarations of interest were made by Cllrs Henshaw and Stubbs with regard to item 4 as they are involved in Charity's that receive Council support.

30 : COMMUNICATIONS & EXTERNAL RELATIONS

The Chairperson advised Members that he had requested a briefing to the Committee on this corporate support service because of the important role it plays in the organisation's reputation and public profile, and that as the scrutiny committee responsible for its oversight Members needed to examine the challenges of delivering the service within current resources; and whether arrangements in place are appropriate to minimise the risk of negative external relations.

The Chairperson welcomed, for this item;

- Councillor Huw Thomas, Leader of Cardiff Council
- Gareth Newell, Head of Performance & Partnerships, Cardiff Council
- Tim Gordon, Head of Communications & External Relations

The Chairperson invited the Leader to make a statement and Officers to provide their presentation. Members were then asked to make any comments, observations or to ask any questions.

Members discussed issues such as people sharing personal information on public platforms and 'click bait' headlines in news articles. Officers advised that conversation needed to be had with the newspapers about such headlines and they should be encouraged to present a fuller picture. With regard to sharing of personal information, Officers explained that such posts should be taken offline and people should be communicated with directly.

Members discussed misinformation and provided an example of the Covid Vaccination programme. Members asked what impacts had been seen around this and what was being done to tackle the issue. Officers agreed that tackling misinformation in a digital world is a key challenge and truthful content sits at the heart of the Council's media strategy. As misinformation cannot be blocked, it was important not to enter a cycle of misinformation and focus on creating truthful content and explaining how residents can get help.

Members asked if the Service has capacity to work for other councils/organisations, in a similar way that the Bi-lingual Cardiff service has successfully expanded its work. Officers explained that this would be more feasible for graphic design than for a reactive communications service and that capacity would need to be built in to consider this approach.

Members asked if there was merit in trying to communicate about 'What Scrutiny Does' including what issues Scrutiny are looking at. If so, Members asked what Committee could do to help with that communication without adding additional pressures to the team. Officers explained that Scrutiny work is really important, but news has to be compelling and of interest to residents, focussing on quality not quantity. The Head of Communications proposed there could be merit in scrutiny having its own Twitter account to post about its work, offering to advise scrutiny officers in setting this up and sharing tweets more widely.

Scrutiny Members were advised that they can link with the Local Government Correspondent, based at Wales online, delivering Local Government content on a wire to multi-media outlets funded by BBC.

Members considered that communications with the media need clear lines about the roles of Cabinet and Scrutiny and that there is a real opportunity to improve public understanding of the work of both bodies within the democratic process. Members proposed that the work of scrutiny is referenced in all press releases on Cabinet items programmed for scrutiny, together with an electronic link to relevant scrutiny papers.

Members asked about benchmarking with other Councils and were advised that Officers are always looking at others to see how Cardiff compares and what can be done differently, but again resource issues come into play.

Members discussed the level of public misunderstanding around Council functions. For example, misunderstanding around the Council funding large projects as a part of its Capital Programme versus delivering frontline services from its Revenue budget. Members considered there was an opportunity to improve the quality of information delivered via social media on issues such as finance and the RLDP to improve understanding.

Members were reassured that policy development was underway on strategies for reaching vulnerable communities and would feature in the communications part of the Participation Strategy to be delivered early next year.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

31 : BUDGET MONITORING MONTH 6 2022/23

Members were advised that Committee has responsibility for scrutiny of the Council's financial planning, policy and control and to monitor the whole Council's financial position throughout the budget year.

Members were further advised that the Revenue and Capital budgets were being considered separately on the agenda, to focus in more depth on the Capital Programme as a stand-alone item. The Chairperson welcomed, for this item;

- Cllr Chris Weaver, Cabinet Member, Finance, Modernisation & Performance
- Chris Lee, Corporate Director, Resources;
- Ian Allwood, Head of Finance

The Chairperson invited the Cabinet Member to make a statement after which Officers were asked to provide an overview of the budget at month 6 2022/23. Members were then asked to make any comments, observations or to ask any questions.

Members discussed the Children's Services overspend and were keen to understand the budget monitoring discussions between the Finance and Children's Services Directorates to keep a close watch on the £8m overspend. Officers advised that a corporate group has been formed, whose scope includes a full root and branch review, that weekly budget reporting is underway, and that the service has been allocated a dedicated group accountant for the remainder of the budget year. Members were asked to note that this level of overspend will be difficult to resolve in-year.

Members discussed the position in respect of two underspends. Members were reassured that the budget for council tax bad debt provision has not changed since month 4. Members also noted that the position in respect of administrative savings related to the multi-year migration of people from housing benefit onto universal credit. Officers advised that there is an administrative saving at this point in 2022/23, however that may not be evident next year.

Members noted that work is ongoing to assess the impact and achievability of savings that can be achieved following expressions of interest in voluntary redundancy. Officers advised that the Council routinely invites expressions of interest in voluntary redundancy, in the interests of effective work planning since staffing costs represent 70% of the budget. Officers stressed that work on such savings is focussed on posts not people. Members were advised that a Welsh Government response on this matter is outstanding, and capitalisation of funding redundancies is the subject of national conversations that apply to all local authorities.

Members noted the outturn projection for Civil Parking Enforcement at £325,000 lower than budgeted. Members considered that increases in fees and charges for the service may be an option in setting next year's budget.

Members noted the impressive savings that have been made to date and asked if any had been especially difficult to achieve. Members were advised that it was more about controllable budgets, holding vacancies, efficiencies and realisation of grant funding etc. and that next year more assessment was needed with regard to impact on services.

Members noted the projected underspend in Adult Services at month 6 and that at month 4, Members had been advised that there were some staff recruitment

challenges. Members noted that the recruiting of care workers continues to be a challenge at month 6, together with recruitment issues in other areas.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

32 : CAPITAL PROGRAMME 2022/23

The Chairperson advised that as part of Committee's work programming discussions for 2022/23, Members had requested an opportunity to focus in greater depth on the Council's Capital Programme. Further to the budget update in October, and the economic challenges of increasing interest rates and building costs, the committee requested detail of all capital projects and associated costs. The Chairperson welcomed, for this item;

- Cllr Chris Weaver, Cabinet Member, Finance, Modernisation & Performance
- Chris Lee, Corporate Director, Resources, and welcome to:
- Ian Allwood, Head of Finance, also joined by
- Anil Hirani, Account Manager, Capital.

The Chairperson invited the Cabinet Member to make a statement, after which Officers provided a presentation on the Capital Strategy and Programme for 2022/23. Members were asked to make any comments, observations and to ask any questions.

Members asked what assessments take place to project the length of borrowing for specific projects, such as a new school. Members were advised that the Council, in borrowing to fund its long-term projects is driven by the 5-year Capital Strategy 2022/23- 2026/27, as agreed by Council in February 2022. Officers clarified that the Capital Programme is a rolling programme of projects that require financial investment. As such, the Council's capital borrowing is a sum that covers all capital projects within the programme. Borrowing arrangements are not allocated to individual projects. Decisions are taken within the context of the Treasury Strategy, which states the minimum revenue provision must be a part of the prudential assessment.

Discussing Risk assessment, Members asked about the approach to risk assessment of borrowing to support the Capital Programme, given the current economic climate of volatile interest and inflation rates. Members were advised that risk assessment focusses on the investment decision as one the Council is taking for the long-term future of the city, and why the investment is required.

Members asked whether the Council's risk appetite has changed within the current economic climate. Officers explained that the cost of borrowing to fund capital projects will increase, but that projects chosen by Members do pay back at some point and their affordability is regularly reviewed against prudential indicators. The chosen projects have a robust business case, and an exit strategy, and will be

reviewed for the 2023/24 budget. Members noted that the affordable borrowing limit for the Council set out in its Capital Strategy is £1.4billion, as set within the 2022/23 budget, and the Council is currently benefitting from low fixed rate borrowing secured last year.

Members noted that the Council currently sets aside £40.3m per annum to fund its capital programme borrowing requirement. This sum is accounted for in the revenue budget under the Capital Financing line. Members were concerned as to whether the Council is still paying for past capital investment, and whether historic payments ever compromise the revenue budget. Officers explained that where the Council cannot fund a project from its current budget, borrowing is sometimes the only route to delivery, and a key consideration is the cost of not borrowing and the consequences of not investing in a project, for example investment in infrastructure where capital investment will deliver maintenance savings.

Members sought assurance that the payback term on a capital project is appropriate to its lifespan, and that maintenance costs are factored into the project at the outset to ensure a sound investment. Members provided the example of the £4m the Council is borrowing to resurface highways this year, how could it be sure they will last 20 years, and appropriate maintenance costs have been factored in. Members were referred to the Highways Asset Management Plan and assured that an ongoing maintenance plan is critical to avoid more pressure on borrowing. Officers added that balance is critical. There are also other levers to access funds, the Council must therefore spread the borrowing and achieve a balance between grants and capital borrowing.

Members discussed the affordability of Capital Borrowing given the current budget challenges the Council is facing, Members expressed concern at the increasing percentage costs of capital payments and whether the Council is making responsible decisions aspiring to large scale projects, particularly if there is a risk that smaller projects, such as roads, may suffer as a consequence. Members were advised that projects such as the Arena are invest-to-generate income projects, and decision making is founded on a critically robust business case that sets out income and regeneration possibilities from capital investment.

A discussion took place around Benchmarking and Members asked how Cardiff compares with core cities on borrowing to support capital projects. Officers advised that they have previously benchmarked borrowing levels, but urge caution in the comparisons made, as not all local authorities operate a housing stock for which they are fully responsible. Members sought assurance that Cardiff would not sell its housing stock at any point in the future and were pleased to hear that the Cabinet is committed to building and retaining its own housing stock.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

33 : URGENT ITEMS (IF ANY)

None received.

34 : DATE OF NEXT MEETING

14th December 2022, 4.30pm

The meeting terminated at 7.10 pm