

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

20 SEPTEMBER 2023

Present: Councillor Williams(Chairperson)
Councillors Ash-Edwards, Carter, Henshaw, Hinchey, Hunt,
Stubbs and Thomson

19 : APOLOGIES FOR ABSENCE

None received.

20 : DECLARATIONS OF INTEREST

Cllr Henshaw and Cllr Williams declared personal interests as they have family members who work for the Council.

21 : MINUTES

The minutes of the meetings held on 20 June 2023 and 12 July 2023 were agreed as a correct record and signed by the Chairperson.

22 : ORGANISATIONAL RESILIENCE

The Chairperson advised Members that in line with Committee's responsibility for scrutiny of the Council's business management and use of human resources, this item provided them with an opportunity to reassure themselves that arrangements were in place to consider interim arrangements required to address senior management capacity, interim cover, particularly for statutory responsibilities such as Monitoring and Returning Officer functions.

For this item the Chairperson welcomed Cllr Huw Thomas, Leader of Cardiff Council, Chris Lee, Corporate Director, Resources; and Sarah McGill, Corporate Director, People & Communities.

The Leader was invited to make an opening statement after which Chris Lee and Sarah McGill provided further information. Members were then asked for their questions, comments and observations.

Members were pleased to note officers' confidence that formal delegations in support of the Chief Executive's absence were working effectively and continued to support a remarkable period of political and managerial stability for the Council.

Members enquired whether, in advertising the position of Director of Legal & Governance Services, any analysis had been undertaken as to how challenging it would be to recruit to the post if the job description remained the same. Members were informed that the job description remained the same apart from a few amendments and that some soundings had been taken from informal networks. Members were reassured that Cardiff Council's reputation had improved since 2016 when the previous Monitoring Officer had been appointed. Cardiff was now viewed as

an attractive place to work and officers were confident there would significant interest in the post.

In respect of the post of Deputy Monitoring Officer it was noted that this position could be allocated to different officers and Members were asked to consider the possibility of having more than one post of Deputy Monitoring Officer in place. The key point though was to make sure the legal capacity was in position with the post reflecting the legal requirements.

Members enquired whether an organisational restructure was required. Members were advised that set against a background of unprecedented budget pressures the stability and capability of the senior team empowered to deliver administrations agenda was important. However, the Chief Executive might well reflect on this on his return.

Members expressed the view that by combining a requirement for legal and governance expertise in one post the Council was seeking a wide range of skills and qualities. Members were therefore pleased to hear that the Council would be prepared to not appoint should the combination of skills not attract the right talented candidates. Members expressed the view that a variety of options and different approaches should be considered to secure the necessary skills. It was noted that the Authority had looked at all options and was more than happy to test proposals with the Welsh Local Government Association (WLGA).

Members discussed 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.

It was suggested that not having that person in post would cost more than what would be saved than downgrading the role.

Members recognised that the development of Cardiff City Council's own officer cadre was something that was carried out well in Cardiff. The Council was keen to see new members of staff taking on new responsibility and accountability. In relation to other councils in Wales Cardiff was considered to be at the forefront of developing its talent. A significant amount of time had been spent by the Council in growing its own workforce and supporting its staff to develop. Members also highlighted the offer of an attractive working environment to those coming from outside the Authority.

Members noted the report to Council highlighted the need to designate an Interim Monitoring Officer to discharge this statutory role for approximately 6 months. Under consideration was 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 was in post.

Members expressed concerns that the Chair of Council relied heavily on the Monitoring Officer, that there was 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.

Members were reassured by Officers' confidence that the Council could procure the exact services it needed through an SLA, this would include attendance at Council and Cabinet, but not include management of existing legal and governance staff. All delegations would continue to sit with the Corporate Directors and the organisation would continue to be member led, professionally managed.

Members were pleased to hear that exit interviews would be held with departing legal staff, providing an opportunity for learning at a time when recruitment and retention were a key risk for the organisation.

Members considered it might be worthwhile comparing the succession planning approaches of other councils to improve stability. They noted the Council's workforce planning approach was to grow its own expertise, balanced with also attracting outside candidates.

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.

23 : BUDGET 2023/24, MONTH 4 MONITORING REPORT

Members were advised that this item provided them with an opportunity to monitor the Council's financial position at month 4 of the 2023/24 financial year. The Committee was undertaking pre-decision scrutiny of a report to Cabinet on 21 September 2023.

The Chairperson welcomed Cllr Chris Weaver, Cabinet Member, Finance, Modernisation & Performance and Chris Lee, Corporate Director, Resources for this item.

Cllr Weaver was invited to make an opening statement, after which Members were asked for their questions, comments and observations.

Members noted that the Month 4 Monitoring Report provided an early indication of Revenue and Capital Budget performance for 2023/24. The report was part of management arrangements so that corrective action where necessary could be taken to mitigate risks and service areas used the information to support their financial management in 2023/24.

Members asked for clarification in relation to the budget position in respect of Children's Services, which for many years had been overspent at an early point in the financial year. Members raised concerns that given the repeated early overspends, was the budget for this service being set accurately, were lessons being learned from repeated overspending, and what analysis was being undertaken to ensure best value for money in this service.

Members were reassured that the overspends were less than the same period in 2022/23, when a balanced position had been obtained. However, when examining some of the changes in spending compared with the budgets put in place with efficiencies there appeared to be a large difference in those areas with what had

been planned. Members asked how the gaps would be filled and when there was a gap from that which was anticipated what lessons were being learnt from the differences in 2023/24 as compared to 2022/23 and what the impact would be on next year's budget.

Members noted that early and robust management of budgets in 2023/24 was crucial and that the Council undertook detailed modelling exercises many of which were on a monthly basis. Members were directed to Appendix 3 (page 51) which provided the detail of the Directorate Efficiency Saving Proposals for 2023/24. Some of the savings had not been achieved, for various reasons, but almost 80% had. It was not anticipated that the volatility would be removed going forwards although it was noted that contingency budgets allowed the Council to maintain stability in the face of such volatility.

Members asked for an update on the slippage around the Indoor Arena. Members were directed to Appendix 5 (page 71) which referred to a budget of £8.850 million in 2023/24 to fund main construction works of the Indoor Arena. Enabling works were due to commence on site in early 2024, with main construction works expected to begin circa six months later once the Development and Funding Agreement was signed and had become unconditional. Accordingly, no expenditure on main construction works was therefore anticipated in 2023/24 with full slippage projected into 2024/25.

Members highlighted the increasing cost of borrowing and asked at what point finance officers would state debt was a cause for concern. Officers explained that borrowing was secured for the entire capital programme rather than individual projects and was agreed by full Council. It was noted that at month 4 the cost of borrowing was 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.

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. It was noted that Cardiff Council did not engage in high levels of borrowing to generate income and had already addressed the financial risks that Birmingham was facing in respect of equal pay.

Members highlighted that at month 4 there was an indication that £2m of 2023/24 planned savings would not be achieved. It was pointed out that sometimes the anticipated timings of savings were not within the Council's control, such as the transfer of St David's Hall.

Members supported the importance of all Directorates reflecting on what actually happened that prevented savings being realised. Members took the view that savings were very quickly unachieved at an early point in the budget year in several directorates and it was important that such analysis is as robust as possible. Members also noted that inflation was just one of the factors that was used in terms of modelling. There were complexities around demographics, the real living wage, all of which were significant variables that could have a major impact.

Members were pleased to hear that the progress on the Children's Services Accommodation Strategy had been significant. The Authority had been able to utilise properties built by them through new build programmes and that whilst it took time and some of the fit out was taking longer than anticipated, the existing council accommodation (caretaker's property) had been re-utilised and continuing in this way would make a real difference to cost in the future.

Members enquired if the current deficit for St David's Hall, Cardiff included any income loss from being closed for RACC issues. Officers responded that the month 4 position for St. David's Hall did not reflect any possible loss of income due to unplanned closure for review of the RAAC position. Events would be rescheduled so there would be no loss of income but if the closure was prolonged it could impact and would depend on a closer examination of the Hall.

Members noted the concern that the funding settlement from Welsh Government for 2024/25 was unlikely to change substantially over 3%, unlike the previous year's settlement of 9%, and that this would 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 what was required to deliver essential council services, given the financial pressure residents were under.

Members acknowledged the 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. Members noted that the £6.457m overspend at month 4 was an improvement on the month 4 position in 2022/23, and that there an expectation that there would be further progress evident at month 6 2023/24.

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.

24 : WORK PROGRAMMING 2023/24

Members were aware that during the summer a list of options, contained in Appendix 1, had been circulated for the Committee's work programme between September 2023 and July 2024. Views were invited on the initial prioritisation. Members noted that the recognised traffic light approach had been used, so that red items would be programmed, amber would be scrutinised and green would only be scrutinised if several red and amber items slipped.

Responses had been received from a few committee members who were largely happy with the list and with the prioritisation.

Members were reminded that it was a working list and there would be a need to retain some flexibility as the Cabinet Forward Plan developed. The Terms of

Reference of the Committee, particularly the annual responsibility for strategic and financial planning, performance monitoring and partnership governance, meant that a significant proportion of the Committee's time was already allocated.

Members were invited to provide their views on the options listed and at Appendix 1 and were asked for their general agreement on the Work Programme priorities.

A discussion took place on task and finish work. It was noted that there was a commitment on behalf of the Committee to contribute to a joint committee task and finish group on the RLDP which was underway. Members were made aware that from January 2024 there would be scope for another task and finish group listed as a suggestion that Members scope the possibility of work on the recruitment and retention of staff, given that the delivery plans of all services were highlighting recruitment and officer capacity being a key challenge ahead.

Members asked if this task and finish work could also include organisational resilience and referred to modernisation, digitalisation of change. Members noted the value of looking at organisations outside of Wales such as in Plymouth, Leeds, Sheffield and Bristol to ascertain how they managed their directorates to mitigate risk and also perhaps a couple of European cities. For example, Newcastle had outsourced their waste management and what were the outcomes of this.

It was highlighted that it was important to understand that the topic cut across all the major directorates. A proper scoping exercise would need to be carried out and permission sought on how useful a piece of work researching the subject would be. If there were areas within recruitment and retention that ought to be part of the scoping mechanism it would be necessary to pare them down to what the Committee would want to concentrate their efforts on.

Members agreed to consider any further topics they would like scoped or added to the list. There was agreement that the list of options in Appendix 1 formed the basis of the Committee's work, notwithstanding the important pre-decision reports that would inevitably emerge as the year progressed.

AGREED: that

- (1) the work programme for 2023/24 be agreed, prioritising the work from the topics listed in Appendix 1 and that this would become the outline work programme for the Committee, notwithstanding matters that arose throughout the year that were unknown to the Committee at this point in time;
- (2) The fact that the work programme would be updated on a quarterly basis and published on the Council's website be noted

25 : DATE OF NEXT MEETING

18 October 2023 at 4.30 pm.

The meeting terminated at 6.40 pm