

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

28 FEBRUARY 2024

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

57 : APOLOGIES FOR ABSENCE

Apologies were received from Cllr Hinchey.

58 : DECLARATIONS OF INTEREST

Cllr Thomson declared a personal and prejudicial interest in Item 5 as she will shortly undertake a role with National Theatre Wales which receives SPF funding.

Cllr Carter declared a personal interest in Item 5 due to a family member being employed by the Council.

Cllr Henshaw declared a personal interest in Item 5 as Deputy Lord Mayor and due to family members being employed by the Council.

Cllr Williams declared a personal interest in Item 5 due to family members being employed by the Council and a personal and prejudicial interest in respect to the Council's leasing scheme.

Cllr Bowen-Thomson declared a personal interest in relation to her work with a charity, Safer Wales, in receipt of Council funding and her membership of the Community Safety Partnership as part of her role with the charity.

All members that are school governors declared a personal interest in Item 5.

59 : MINUTES

The minutes of the meeting held on 10 January 2024 were approved as a correct record.

60 : CORPORATE PLAN 2024/27

Members were reminded that this item provided an opportunity for the Committee to undertake pre-decision scrutiny of the final draft Corporate Plan 2024-27. The Leader and senior management team had engaged informally with the Scrutiny Performance Panel comprising chairs of all five scrutiny committees recently, focussing on the target setting process for the Corporate Plan. Following the discussion, the recommendations, observations and concerns of scrutiny were relayed to the Leader and a response received shortly after, prior to publication of the final draft of the Plan. The issues raised and the Cabinet response were appended as appendices 2&3 to this item.

For this item, the Chairperson welcomed Councillor Huw Thomas, Leader of the Council; Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance; Paul Orders, Chief Executive; Sarah McGill, Corporate Director People & Communities; Chris Lee, Corporate Director, Resources; Gareth Newell, Head of Policy & Partnerships; and Dylan Owen, Policy & Improvement Manager.

The Chairperson invited Cllr Thomas and the Chief Executive to make statements, after which Members were asked for their comments, observations and questions.

Members expressed concern about the delivery of an ambitious Corporate Plan against the background of a reduced staff base and sought information about the expectations of the Council leadership regarding the trajectory moving forward. The Committee was advised that the plan is grounded in realism and reflects the financial pressures the Council is facing. Examples were given of how work in certain areas can deliver cost savings as well as better outcomes, and Members were advised that delivery targets were being extended to reflect available resourcing.

KIP's and targets

Members were advised that some targets could only be set once the most recent annual data was collected, or where there was a new KPI when a sufficient time series of data was available. Concern was expressed that it would be difficult to judge parts of the Corporate Plan if the Committee did not know what the proposed targets were. Members were reassured that there was only a small minority of KPI's where no target was set, and this was because the Council was awaiting annual outturn data, no proxy data was available, or a time series of data was awaited. The Council will be working towards setting targets going forward.

Staff engagement

Regarding staff engagement, Members were advised that the Corporate Plan was a policy document that sets out for Cabinet how their policy agenda was to be delivered following consultation with senior management. The views of staff will be sought later through a revived staff engagement programme.

Wellbeing objective

Discussion moved on to deprivation and the importance of investment in the southern arc, with concern being expressed that the Corporate Plan focuses on investment in the city centre rather than in district centres. Members were advised that KPI's such as the creation of Grade A office space could be seen as proxies for the economic health of the city. Section 3 dealing with supporting people out of poverty and Section 4 dealing with public health speak to the Council's continuing concern about inequality. The Indoor Arena is now at the point of delivery and is the largest public-private investment in the south of the City since the Cardiff Bay barrage. The Plan also includes the new regeneration strategy supporting the viability of district and local centres, and 15-minute city toolkit.

Recruitment and retention

Members sought information on the monitoring of recruitment and retention to ensure a diverse workforce. Members were advised that there had been growing diversity in recruitment due to changes in recruiting practices. It will be challenging to continue that with more limited recruitment. Nevertheless, there are encouraging signs of increasing diversity at senior levels.

Additional Learning Needs

The Committee was advised that KPI targets for pupils with ALN had not been set partly because there was a lack of historical data due to the change in the system and partly because the service is demand led. It is an area of significant volatility with a large increase in demand in recent years.

Scrutiny and Performance Panel Recommendations

Members were provided with a summary of how the Panel's recommendations had been incorporated, including an increase in the number of Citizen Voice KPI's; the number of new units for children and young people; the Strategic Equality work being taken forward within the Housing and Communities Directorate (included within the Directorate Delivery Plan); the monitoring of demand for Grade A office space; clarification around Blackweir Bridge; and an update on the latest planning permission for Llanrumney Bridge.

Sustainable Communities for Learning

Members sought information on how the Council would capture young people's voices in relation to their satisfaction with services and their schooling. The Committee was advised that gaining young people's perspectives is fundamental to the ambition of being a Child Friendly City and Rights Respecting Schools. The views of residents including young people are collected in many ways and KPI's across the Corporate Plan, and there will be additional Citizens Voice indicators within the Education Directorate.

Living Wage City

Members were advised that targets are drawn from the Cardiff Living Wage City Plan which spans a number of years. The Council supports SME's with their accreditation costs in the first year as well as practical support either directly or through partner organisations. Cardiff Council also identifies sectors or large employers where it can help with accreditation and undertakes an annual stocktake of sectors that should be prioritised.

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.

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance; Chris Lee, Corporate Director Resources; Sarah McGill, Corporate Director, People & Communities; Ian Allwood, Head of Finance; Gareth Newell, Partnership and Community Engagement Manager and Anil Hirani, Operational Manager, Capital, Corporate & Treasury.

Members were advised that in line with Committee's Terms of Reference, they have responsibility for taking an overview of both *Revenue* and *Capital* budget proposals from a corporate and strategic point of view, and to examine proposals for back-office support services.

The Chairperson proposed to split scrutiny of this budget item into three parts. Firstly, an overview and questions on the 2024/25 corporate wide revenue budget proposals, followed by Members' questions on the capital programme, and finally the implications for the Resources directorate.

The Chairperson invited Cllr Weaver to make a statement on the 2024/25 budget, then Officers provided a brief verbal overview of the Corporate Revenue Budget. Members were then asked for their comments, observations and questions.

Council-wide Revenue Budget Proposals

The Committee sought information on steps the Council was putting in place to support schools at risk of getting into a deficit budget, plans to address the cost of educating children with ALN in the independent sector, and confidence that the Council will receive the funds to address the gap in the teachers' pension scheme. Members were advised that detailed work is done with schools at risk of setting a deficit budget and deficit budgets have to be approved with a clear plan to eliminate the deficit. Efficiency groups look at good practice and information sharing between schools, and there is a paper going to Cabinet on collaboration and federation, which can bring financial benefits as well as improved educational outcomes.

Regarding ALN education in the independent sector, Members were advised that there is investment going into provision of accommodation and additional educational places for children with ALN. In some circumstances private provision may be more appropriate for a young person's needs, and sometimes provision has to be outside Cardiff as that is where the young person is accommodated.

Officers advised that the risk of the Council not receiving the funding to meet the gap in the teachers' pension scheme had been identified in the report, along with the mechanisms that would be required to address that. The Welsh Government has advised that the Council may not be advised until early in the next financial year whether the funding will be available.

The Committee was advised that the progressive migration of claimants onto Universal Credit reduces the need for the Council to assess claimants for Housing Benefit. The Council continually reviews how provision in the advice service meets need and where skills can most appropriately be used.

Members were advised that each saving is assessed on its own merits. Some arise because the Council no longer needs to provide a service, some from the use of new technology which frees up time and capacity, and some because a new funding stream allows expenditure to be removed from a base budget. Efficiency savings are distinguished from service changes because they do not have a significant impact on citizens, although they may be a challenge internally in terms of different working practices.

The Committee was concerned that the increase in charges for collection of bulky waste items might lead to more fly tipping. Members were advised that the Council was doing away with the distinction between recyclable and non-recyclable bulky items as it is becoming possible to recycle more items. The Council service is considered good value compared to commercial operators, and the Council is reducing the time customers wait between booking and collection. Preventing fly tipping is considered a priority.

Pentwyn Leisure Centre

The Committee sought clarification on the amount of money being given to GLL to install solar panels on buildings, and why money was not being invested in Pentwyn Leisure Centre. Officers advised that £600,000 is being given to GLL. This is under the Invest to Save programme and is to enable sustainable, lower cost energy in the Council's estate. Members were advised that £3 million in the capital programme was set aside for Pentwyn Leisure Centre in addition to Shared Prosperity Fund funding, and the Council is applying to Welsh Government for a Sustainability Carbon Reduction Grant which could be spent on the leisure centre. This will allow the delivery of a 25-metre swimming pool with greater energy efficiency. The delivery of the new leisure centre follows a consultation with the community. Cardiff Rugby is no longer interested in taking up residence at the centre and a 3G pitch will no longer be built. The new centre is expected to open in summer 2025. Officers advised that the £1 million SPF funding was available to spend in 2024/25, the £3 million capital programme funding is scheduled for 2025/26 but could be brought forward if necessary.

Schools

The Committee was concerned about whether the projected cumulative deficit in schools' budgets was sustainable. Officers advised that the cumulative deficit recognised the need for upfront expenditure to enable medium term savings. The Council is trying to find ways to give schools time to move towards balanced budgets with an aggregate balance or surplus without compromising educational outcomes.

Officers advised that a number of schools over the past 15 years have had deficit repayment plans exceeding 3 years, with 1 taking 10 years to return to a balanced budget, while other schools take less than 3 years. The decision on financial recovery plans involves the Director of Education as well as the Section 151 Officer as it has to take account of educational outcomes as well as financial parameters.

The Committee was advised that 38 schools went into deficit in 2023/24 with 3 expected to be in balance by the end of March. Of the remaining 35, 2 have met their deficit for 2024/25 while 33 have gone within their deficit. It is too early to say how

many schools will be in deficit in 2024/25 as not all schools have shared their financial plans with Officers yet.

Financial resilience

Members were advised that £2 million of the Financial Resilience Mechanism remains in the base budget and specific contingencies have been retained for Children's Services and Adult Services. Reserves are higher than in 2019/20. The budget takes into account the medium-term financial gap. Delivering key services while maintaining financial resilience is the key challenge moving forward.

Equality Impact Assessments

The Committee was advised that all budget proposals are subject to consideration as to whether they need an Equality Impact Assessment. Where an EIA identified a protected characteristic as being disproportionately affected by a proposal, bespoke engagements with affected groups are convened to discuss the potential impact and what mitigation can be put in place. Steps are being put in place under the Corporate Plan for 2024/25 around mandatory equality training for all members of staff and dedicated EIA training for OM's.

Capital Programme

The Chairperson invited Cllr Weaver to make a statement, then Officers provided a brief verbal overview of the Capital Programme. Members were then asked for their comments, observations and questions.

The Committee was advised that the £4.9 million Phase 1 for heating and mechanical works at City Hall was the necessary spending to allow the venue to be reopened. Any further investment would require a business case on further use of heritage buildings.

Members were advised that there is a large amount of surface area parking that will be developed through the Arena development and the redevelopment of the Red Dragon Centre. As part of this there is a commitment to deliver multi-storey car parking facilities for those that need to travel by car. There will be a significant need for public transport for people coming into the area and this supports the business case for the Metro line.

Officers advised that the 30-year HRA business plan assumes capital spending on existing housing stock to maintain standards and achieve the Welsh Housing Quality Standards, but new build is the main driver of increased borrowing. A viability assessment is undertaken for all investments, looking at the level of borrowing, the level of grant funding available and the level of rents over 30 years. At the end of the 30 years reserves are projected to be higher than currently due to the return on investment.

On school property asset renewal, the Committee was advised that officers in the Education Directorate work with schools to assess asset, maintenance and renewal needs and allocation is based on identified need. Prioritisation of property asset renewal is backed up by property condition surveys. The Committee was advised that

it could seek more detailed information on the process from the Education Directorate. Members were advised that Elected Members in the Cabinet and Council take responsibility for decisions.

The Committee noted the small amount of money that was allocated to footways and wished to know whether this could be increased in future years. Members were advised that there is money in Highways Infrastructure Assets that goes directly into roads and pavements, and there are opportunities to access grant funding for cycle and Active Travel routes which can also include improvements to highways and pedestrian access. The Council is doing its best to maintain this infrastructure but it is very challenging due to the financial circumstances.

Members wondered if the difference between capital and revenue budgets could be better communicated to the public. The Committee was advised that it can be difficult for people to understand the differences but thought would be given to whether there was a clearer way to give lay people an understanding during consultations.

On drainage and flood prevention schemes, the Committee was advised that the Council is preparing business cases for Welsh Government grant funding, which usually accounts for 85% of cost. The Council is undertaking the coastal erosion project around the River Ely and the coastline, which is supported by Welsh Government grant.

The Committee was concerned about the affordability of the capital programme in the context of the challenging revenue budget. Members were advised that the capital financing requirement as a proportion of the General Fund remains relatively constant over time. Significant parts of the capital programme rely on the award of grants. The Arena funding is an Invest to Save model and the modelling shows a surplus to the Council over time. Officers and the administration take affordability very seriously. Failure to undertake essential works can lead to higher costs in the long term. Officers advised that a significant proportion of the new borrowing requirement has been offset with income, through housing rents or other income streams in major projects. The Section 151 officer is required as part of the budget process to set out their views on the budget proposals and is satisfied that the capital programme sets out an investment programme that is deliverable, affordable and mitigates risk appropriately.

The Committee discussed the appropriateness of some of the language used to discuss the capital programme. The view was expressed that there was some public concern about the level of capital spending at a time when school budgets are in deficit, and attention drawn to the fact that capital spending has an impact on revenue budgets. Members were advised there would be reflection on better communicating the difference between capital and revenue budgets to the public.

Resources Directorate Budget Proposals

The Chairperson invited Cllr Weaver to make a statement, then Officers provided a brief verbal overview of the Resources Directorate Proposals. Members were then asked for their comments, observations and questions.

The Committee sought assurances that the proposed savings would not compromise the standard of service delivered. Officers advised that there are now more opportunities to deliver efficiencies through automation and using digital technologies to reduce manual processes, lowering headcount requirements and providing services to an increasing number of areas, and maximising opportunities around funding streams. No savings reductions are being made in audit, VAT tax or insurance teams. The Revenue section is able to accommodate the additional work in relation to empty and second homes within present headcount. In future years and specialist areas outside consultants may be required to supplement in-house expertise in Professional services where it is more efficient to do so. Accountancy has changed in recent years from a monitoring role to engaging more closely with directorates.

Members were advised that there will be no compulsory redundancies in Finance. Currently 2 voluntary redundancies are envisaged with other savings coming from unfilled vacancies.

The Committee sought assurances that the increasing reliance on digital services would not disadvantage citizens unable to access them. Members were advised that the C2C customer telephone service and face-to-face Hub services will continue to be provided. The Council encourages people to use digital services if they can but is mindful that some residents are not able to.

Officers advised that the workforce reduction in C2C will be achieved through unfilled vacancies and natural wastage.

The Committee extended its compliments to the team for the professional way it has continued to deliver core services in very difficult financial circumstances.

Members were advised that the savings in Corporate Transport Services are part of the restructuring that the Committee had already considered at its last meeting.

The Committee was reassured that no efficiency savings were being sought in the team that supports schools with their budgets. There are also no reductions in the team responsible for the statement of accounts.

The Committee expressed its concern over the possible impact of AI on staff jobs in future years and requested that the Council be mindful of this in future representations it makes to Welsh Government and the UK Government.

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.

62 : URGENT ITEMS (IF ANY)
None were received.

63 : DATE OF NEXT MEETING
The next meeting will be on 13 March 2024 at 4.30pm.

The meeting terminated at 1.20 pm