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Fy Nghyf / My Ref: CM37002

Eich Cyf / Your Ref:

Dyddiad / Date: 17th Feb 2017

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Cllr Nigel Howells
C/O Member Services
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Annwyl / Dear Councillor Howells

Policy Review & Performance Scrutiny Committee: 15 February 2017.

Thank you for your letter dated 15 February 2017 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to meeting on 16 February 2017.

This response to your letter relates to multiple Cabinet portfolios and directorates and has been written in consultation with all Cabinet Members and Directors that have responsibility for the relevant functions.

The following paragraphs set out responses to your specific points.

Draft Corporate Plan 2017-19

I am pleased that the committee approves of the new approach to the Corporate Plan and would like to thank the committee for its contribution to its development.

With regards to the connection between the Corporate Plan and the forthcoming Well-Being Plan I am clear that our policy and planning framework, which was revised in 2014, sets out a clear structure for delivery. As you will be aware, the Well-being Plan must be published by April 2018 and I welcome the committee's involvement in shaping what will be a strategy for the city. We will also continue to work with partners to ensure the Corporate Plan reflects best practice, not least in responding to the requirements of the Well-being of Future Generations Act.

I also appreciate the committee's comments about the challenges of growth. Successful cities are characterised by growth but we fully recognise that this growth must be managed in a sustainable and inclusive way. It is also an issue that the Cardiff Public Service Board fully recognise. Members of the Public Service Board attended the January committee to present the draft of the "Liveable City Report", the city's well-being assessment, which outlined many of the issues affecting Cardiff. The Well-Being Plan will play an important role in coordinating a city response to these challenges, but the Corporate Plan sets out many of

the major steps the Council will be taking forward. For example, in addition to adopting a Local Development Plan to spatially manage growth, we will deliver a City Deal that is centred on sustainable Transport. The Corporate Plan also sets out how we will invest in schools to manage demand for school places and encourage a shift to sustainable travel through a new cycling strategy. I am also pleased that the Corporate plan contains a commitment to develop a Resilience Plan that will help address a range of issues including tackling air pollution and promoting energy efficiency. Responding to growth, and the corresponding demand pressures, is an issue that cuts through the Corporate Plan and is very much recognised by the Public Service Board.

I also share the committee's view that a focus on the target setting process for the Corporate Plan and continuing to successfully transform services will be important as we move forward.

Overarching Budget Proposals 2017-18

The savings which have been written out in respect of previous years are set out in paragraph 59 of the Budget Report. These do not include any amounts for which second or third year savings are proposed in 2017/18. Regarding the proposed £5 million savings in Social Services, the Directorate has confirmed that detailed plans are in place to achieve the savings. Despite this there will still be issues that require close attention and careful management from the outset to ensure that the detailed plan is realised. This point was also addressed by the Director of Social Services in his presentations to both the Children and Young Person's and Community and Adult Services Scrutiny Committees this week.

Your comments in respect of schools are noted.

The Financial Resilience Mechanism approves investment on the basis that it is for one year only. A full list of its use in 2016/17 was included in the Budget Report for that year as Appendix 14. A key criteria for the use of the mechanism is that investment is one-off in nature otherwise the purpose of the mechanism which is to provide resilience against future funding settlements will be compromised. Following Final Settlement, Cabinet have considered opportunities for the use of this mechanism for one-off purposes in the 2017/18 Budget and this is set out in Appendix 11 of the Report.

Budget Consultation 2017/18 – Changes for Cardiff

As noted at the Committee, the response to Cardiff Budget consultation for 2016/17 was the highest across all of the UK Core Cities for their budget consultations. Whilst final figures for 2017/18 have not yet been released by all local authorities, early indicators suggest that Cardiff will again achieve one of the highest levels of engagement across this group. A response of 2,520 is therefore comparably high, and is also considered high and statistically is robust at a city-wide level. Full reporting is also provided at a Neighbourhood Partnership Area level to ensure that any variances between geographies can be identified.

I do however recognise the Committee's concerns about under-represented groups and those who could be considered 'seldom heard.' As discussed at the Committee, we are increasingly seeking to supplement survey work with bespoke activities to ensure inclusion of the less frequently heard. That said, I agree that this is an area that needs to be further strengthened in the future. I will therefore ask officers to review how Cardiff's engagement process compares with other leading local authorities to ensure that this can be further improved next year.

Resources Proposals

I note your comments in relation to Apprentices and trainees. You raise a number of detailed points which will require a fuller response. This will be provided separately at a later date.

As discussed in the meeting, an annual sum of £400,000 for ICT refresh is included in the capital programme for the five years to 2021/22. This funding is provided to replace failing or non-compliant hardware. In addition, the capital programme includes sums amounting to £3.5 million to invest in technology projects including property asset management, CRM, mobile scheduling and digitisation allowing the Council to make business process improvements and so enhance directorate service delivery. The Committee has previously received updates in respect of the current CRM position and I understand that further discussions will take place over the coming period.

The Cardiff Living Wage as discussed at Committee is also known as the Accredited Living Wage. This is determined by the Living Wage Foundation and is a calculation made according to the cost of living based on a basket of household goods and services. This is a higher rate than the National Living Wage and the Minimum Wage both of which are set on a statutory basis.

I note your comments in respect of "Robotic Process Automation" and can confirm that this type of automation as well as other forms of process automation and Digital enabled efficiencies will be considered where appropriate as part of the Council's implementation of its Digital Strategy.

Economic Development Proposals

The Council's office rationalisation project achieved many of its objectives in terms of relinquishment of surplus buildings, however some small sites remain. The allocation is based on re-investment of capital receipts generated. This is deemed to be sufficient for the remaining programme.

Given the support that has been provided in recent years officers are confident that £100,000 should provide adequate and appropriate support for Community Asset Transfer activity in Cardiff. To put this into context, support for activity over the past two years, such as Whitchurch Community Centre and Grangetown Play Centre has totalled significantly less than this figure. Furthermore this figure also exceeds the future pipeline of support for Community Asset Transfer proposals. Given the preparatory work and timescales associated with Community Asset Transfers, further allocations of funding would be unlikely to lead to any increased activity over the course of the next financial year.

Governance & Legal Services Proposals

The Directorate budget is currently underspent, and a line by line budget review identified small sums of non-essential spend which together with planned changes in working practises, should enable directorate savings to be met.

I trust that this letter captures all the points raised in your letter and thank you again for your support in the budget process.

Yn gywir,
Yours sincerely,



**CYNGHORYDD / COUNCILLOR PHIL BALE
ARWEINYDD, CYNGOR DINAS CAERDYDD
LEADER, THE CITY OF CARDIFF COUNCIL**

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 15 February 2017

Councillor Phil Bale
Leader
City of Cardiff Council
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Cardiff
CF10 4UW



Dear Councillor Bale

Policy Review & Performance Scrutiny Committee: 15 February 2017.

On behalf of the Policy Review and Performance Scrutiny Committee sincere thanks for attending Committee yesterday together with Councillors Hinchey and De'Ath to facilitate consideration of the draft Corporate Plan 2017-19 and the draft Budget Proposals 2017-18. The Committee is grateful for your time, and for the co-operation of all Directors and officers in attendance to answer Members' questions. This letter captures the observations and concerns of the Committee in a structure that reflects the Committee proceedings. Firstly, comments on the Corporate Plan, secondly on the overarching budget position, including the budget consultation, followed by comments on the budget proposals of the specific service areas that fall within the terms of reference of this Committee.

Draft Corporate Plan 2017-19

The Committee wishes to re-iterate its approval of the new, more straightforward, approach to the Corporate Plan. Members are pleased that you appear to have responded to our comments following policy development scrutiny in January. Whilst we note officer views that there is a way to go in securing a fully uniform approach to how measures are set, we acknowledge the extensive number of new commitments in the Plan, and that many of these commitments evidence the application of the well-being ways of working. We commend the Plan, whilst drawing your attention to the following specific comments and observations:

Members were pleased to clarify that the Corporate Plan has escalated the Council's commitment in respect of NEETS to a new well-being objective (3.3) in its own right, reflecting the links to an economy that benefits all citizens in more positive terminology.

The Committee was seeking evidence of where the Corporate Plan has been strengthened to make the connection with the Well-being Plan. We note that the Well-being of Future Generations Act has driven specific changes and shifts in the Corporate Plan, and that the Well-being Plan is incomplete at this point.

The Committee notes that page 10 of the Plan indicates Cardiff's projected population growth for 2014-34 is 26%. Some Members feel that the forecast increase in population has not been sufficiently factored into the new Corporate Plan detail. The Committee was therefore pleased to receive reassurance that the figures used are validated by Welsh Government. We acknowledge that population growth is a matter central to the focus of both the Public Services Board, and indeed to all new collaborative work, such as the City Deal. We also acknowledge that the Council, in planning services, does not have the benefit of early notice of its settlement from Welsh Government, adding a complexity to how the organisation plans for such a population increase.

Members refer you specifically to the Priority 4 'Working Together to Transform Services' section of the Plan. We consider there is an opportunity to illustrate here how the Council would transform services over the next three years.

Importantly, and a recurring theme of Members questions, was the need to ensure the Corporate Plan addresses public concerns, and that the Council focuses on the visibility of public services. We thank you for your offer to consider incorporating any indicators the Committee might wish to suggest within the Plan.

The Committee understands the Corporate Plan is a finite size, high-level document. However, we feel there is little context of how targets have been set within the Plan. We accept that such detail will be within Directorate Delivery Plans, and concur there is scope for greater scrutiny of Directorate Plans in the future.

Overarching Budget Proposals 2017-18

The Committee notes that the figure of £1.5million found from reserves to support the budget is the result of a three-stage analysis/review of earmarked reserves: those no longer required; those that can be reduced; and those no longer fit for purpose. We also note that overall reserves are comparatively low in Cardiff at £36million.

Members are a little concerned that £6million of the proposed budget savings have a risk assessment achievability of Red/Amber. We accept not all risks are the Council's risks, some risks involve our partners, are legal, or regulatory. We note the contingency is set at £3million, and this year it reflects due diligence applied throughout budget setting. Members were also reassured that 93% of savings have detailed plans in place for their delivery.

Members are keen to establish whether any savings themed '2nd and 3rd year of previous savings' have been written off; and whether the £5million proposed savings in social services are achievable.

The Committee feels that, given the significant schools maintenance backlog, it is surprising that budget planning has not targeted those specific schools with budget deficits. We are pleased to note these schools now have recovery plans in place and, in fact, some late changes have been made to the budget in respect of schools maintenance.

Members consider that there is a lack of clarity in the budget papers where services will be affected this year (2017/18) by the loss of one off financial resilience funding provided in the previous budget year (2016/17). For example, the £50,000 one-off allocation to Scrutiny in 2016/17. The Committee feels such examples should be listed clearly in budget papers. We therefore wish to recommend that future budget papers include a list highlighting such impact on services

Budget Consultation 2017/18– Changes for Cardiff

The Committee respectfully highlights that there were just 2,520 responses to the bespoke budget consultation – Changes for Cardiff- during November and December 2016. This response rate constitutes less than 1% of Cardiff's current population. Of particular concern to us is that the responses were skewed towards North and West Cardiff. We are also concerned about those groups whose views are under-represented. We are therefore pleased to hear that more targeted focus group work, together with the consultation work underway to satisfy the Well-being of Future Generations needs assessment requirements, will address the deficit. Our concern is whether the Council can have confidence in the results with such a low response rate, and that fundamentally the Council may not be getting value out of the survey in its current format. Members agree that the survey is one element used in the planning of services, and that its robustness is improved by direct public contact at venues such as supermarkets, in areas of the City from which the response has been poor.

Resources Proposals

The Committee was most interested in the budget proposal to introduce trainee apprenticeships in the Council. Members would appreciate further clarification on a number of matters as follows: how these new apprenticeships differ from the Council's existing two-year apprenticeships; and whether an individual is allowed to undertake more than one traineeship.

We understand from officers that there is no guarantee of a job at the end of a trainee apprenticeship. Members feel strongly that they should benefit the Council as well as the individual, and that the cost of training should not be an automatic loss to the Council at the end of the traineeship, should the trainee move directly to another organisation for example.

The Committee has a variety of concerns about ICT. Firstly, that budget arrangements make no provision for the depreciation of ICT assets. Secondly, that the Resources Directorate is downsizing whilst also supporting new technical requirements. Thirdly, whether the Council is currently creating savings from ICT solutions, and finally, that unresolved issues around CRM/SAP are delaying improvements the Council wishes to make. We will be interested in the future budget implications of resolving the CRM issues.

We note your explanation that the Council encourages employers and contractors it works with to adopt the living wage. Members would be grateful for more clarity on the definition of the Cardiff Living wage as compared with the National Living wage.

The Committee is keen to encourage the Council to consider further Robotic Process Automation (RPA), acknowledging that this has already been introduced successfully in some services such as Council Tax data input.

Economic Development Proposals

The Committee wishes to make an observation as to the general performance of the Economic Development Directorate. Given the span of the Directorate, and therefore Cabinet responsibility, Members consider a coherent strategic approach and ownership of this Directorate is complex. We take on board your view that breaking down barriers is a critical approach of the Council, and that you consider it is important that Scrutiny Committees embrace a similar approach.

Members consider that the commercialisation targets in this Directorate are moderate. We note that security services and building cleaning processes will be further analysed over time, but at present realistic targets are required. We acknowledge the officers explanation of the moderate savings, that the Directorate's total budget is £75million, of which £62million is income.

The Committee is seeking reassurance that line 47 of the Capital Programme – £200,000 to meet the capital expenditure implications and accommodation rationalisation is adequate.

Additionally the Members are concerned that the £100,000 allocation for Community Asset Transfers (line 48) to community groups may not be sufficient to enable the Council's aspiration to make Communities more self-sufficient. We note that in reality much lower sums are allocated (eg £5,000 - £10,000).

Governance & Legal Services Proposals

The Committee was pleased to hear the Cabinet Member is confident the proposed savings within this Directorate can be made without making an impact on public services. We note there has been a line-by-line review of the Directorate's budget and welcome the proposal to increase the Members support service.

Members note accountants are currently working to centralise external legal support budgets, and the Committee would be grateful to receive an indication of the Council's total legal spend, when it becomes available. Officers clarified there will be improved commissioning and procurement of legal advice where necessary, and legal work will be undertaken more cost effectively in-house. Legal teams are currently overstretched, and we note that in taking this approach some risk will transfer to legal services. It is hoped therefore that over time a reserve can be built to mitigate such risk.

The Committee is interested that there have been informal discussions with other authorities to collaborate on legal services provision, and note the officer's view that this would entail significant start-up costs to deliver a shared service.

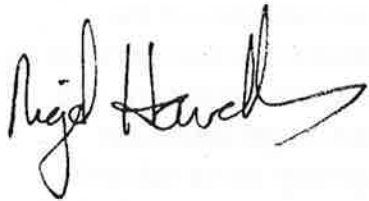
Members take on board that the centralisation of external legal spend will have particular benefits in respect of children's legal work. We understand the aspiration is to create two trainee solicitor posts, with the intention of developing the Council's internal expertise. This particular area of legal practice has become front loaded with strict time limits, leading to issues of recruitment for local authorities. We note therefore that the Director anticipates some difficulty recruiting experienced legal experts in this field.

Members were initially delighted to see that Scrutiny budgets appeared unaffected by the review and budget proposals. However, we take on board your explanation that, in fact Scrutiny will be affected, as there was a one off financial resilience commitment in the 2016/17 budget whilst the service was reviewed. Our principal concern as mentioned above is that, had we not asked this question, it would not have been evident within these budget papers.

The Committee is keen to understand how core business can be successfully maintained whilst also delivering efficiencies. We note the proposal includes widespread use of electronic papers, and particularly changes to the volume of hard copy papers distributed to Members in relation to items such as Planning Guidance.

May I thank you once again for the time you and your Cabinet have committed to enable scrutiny consideration of the Corporate Plan 2017-19 and Budget Proposals 2017-18 at all five Scrutiny Committees this week.

Yours sincerely



**COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Graham Hinchey, Cabinet Member Corporate Services & Performance
Councillor Dan De'Ath, Cabinet Member Skills, Safety, Engagement & Democracy
Paul Orders, Chief Executive
Christine Salter, Section 151 Officer
Neil Hanratty, Director of Economic Development
Davina Fiore, Director of Governance & Legal Services
Joseph Reay, Head of Performance & Partnerships
Philip Lenz, Chief Human Resources Officer
Ian Allwood, Head of Finance
Tara King, Assistant Director, Commercial
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Claire Deguara, Cabinet Support Office
Naomi Evans, PA to Leader
Members of the Policy Review & Performance Scrutiny Committee