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Councillor Graham Hinchey
Cabinet Member for Corporate Services and Performance
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Hinchey,

**POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 6 January 2015
Organisational Development Programme /Wales Audit Office Corporate
Assessment update**

Many thanks again for attending this month's Policy Review and Performance Scrutiny Committee meeting. I have written to you separately regarding the Voluntary Severance and Employee Costs items in order to feed in to the Cabinet's discussions of these matters, but would also like to convey the Committee's comments regarding progress in implementing the Organisational Development programme and in responding to the findings of the Corporate Assessment.

Members welcomed the update given by officers. This is obviously an important issue given the imminent return of the Wales Audit Office and the Committee has committed a significant portion of its work programme for this year to scrutinising the Programme. Officers informed Committee that the Programme has reached a certain point in delivering the objectives which were originally set in May last year and that these had been to a great extent front-loaded. We noted that the Programme will now be re-focussed on a smaller number of functions and services in order to drive forward change in the medium term. The Committee felt that in order to satisfy the Wales Audit Office, and indeed to satisfy Committee members that the shortcomings identified by the Corporate Assessment are being addressed and the Council's overall performance is improving, a greater evidence base than was presented at this meeting is needed. We therefore welcomed the offer of an additional scrutiny session prior to a further report being presented to Cabinet in March or April to set out the new direction for the Organisational Development Programme. We anticipate seeing greater evidence of progress delivering outcomes at that point.

We have previously asked if the Peer Advisors sitting on the Challenge Forum can brief the Committee on their work and advice, so very much welcome the offer to hear directly from them at that meeting. Members of the Committee are concerned that the Challenge Forum should be as open as possible, noting the Chief Executive's comment that he is relaxed about sharing this information. We have asked for regular updates on the Forum's work with quarterly performance reports,



so look forward to receiving more detail of their findings and recommendations with Quarter Three.

The Committee discussed the critical issue of how directorate budgets, and more specifically directorate overspends, will be managed. Given the emphasis laid by the Auditor General on the achievability of savings in the current financial year, Members would like a more detailed understanding of how the Cabinet is challenging senior managers to ensure that budget issues are addressed.

Members discussed the issue of staff morale at some length during the meeting. You commented that local government is in an unprecedented situation and that the extent of the change required will inevitably have an impact on morale. It is clear to the Committee that the Council needs positive leadership through this period, and that how change is managed and communicated is key. The manager training which is now in place, along with efforts to improve internal communication, form only a part of the response to the situation. We hope that momentum in this area is not lost as budgetary considerations take priority.

Finally, we note that the Chief Executive's review of senior management is almost complete, and look forward to considering this as part of the 2015/16 Budget Proposals.

We would appreciate a response to the points raised in this letter. To re-cap for ease of reference, Members:

- Look forward to receiving a more detailed update on progress in March or April, prior to a refreshed Organisational Development Programme being presented for Cabinet approval. We will look for clear evidence of delivery against intended outcomes at this meeting, and would like to hear directly from the Challenge Forum Peer Advisors;
- Request a detailed report regarding the work and recommendations of the Challenge Forum with the Quarter Three Performance Report in order to ensure transparency in its work;
- Anticipate receiving more detailed evidence of how directorate overspends are being challenged and managed;
- Recommend that staff morale and the positive management of change remain high up the Cabinet's and Chief Executive's agendas.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Councillor Phil Bale, Leader of the City of Cardiff Council
Paul Orders, Chief Executive
Martin Hamilton, Chief Officer Change & Improvement
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee