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My Ref: T: Scrutiny/Committees/Covid-19 Panel/20-07-14

Date: 15 July 2020



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Councillor Huw Thomas,
Leader,
Cardiff Council,
County Hall,
Cardiff
CF10 4UW

Dear Huw,

Covid-19 Scrutiny Panel: 14 July 2020

Members of the Covid-19 Scrutiny Panel have asked me to thank you for your continuing commitment to pre-decision scrutiny of business critical decisions to be made by Cabinet. Please also convey the Panel's gratitude to your Cabinet colleagues and to all senior managers that joined the remote meeting in support of the time critical reports to Cabinet on 16 July 2020. Our comments, concerns and recommendations for each of the five agenda items are set out in the order they were taken at the meeting.

Establishment of Racial Equality Taskforce

Member Engagement

Members wish to convey deep concern at the unnecessary speed with which the Council is establishing the taskforce. The Panel considers there is no evidence of wider member engagement with officers or with party groups on the matter. We consider all Members should have an opportunity to influence the Terms of Reference of the taskforce, rather than the taskforce itself determining them at its first meeting. The Council has a number of elected Members who are themselves representative of BAME communities, with experience and expertise to offer. The forced pace of taskforce establishment appears to have prevented communication with such Members and we feel, once the commitment had been made, that a more measured approach should have been taken to consider the appointment of an

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independent or opposition chair to avoid any perceived conflict of interest with the ruling group. We note the administration's early decision on the appointment to the Chair and his role and **recommend** that you invite expressions of interest in the position of Vice Chair from opposition groups. We are also **recommending** that Members should have an opportunity to influence the Terms of Reference of the taskforce.

We consider it will be critical to ensure that the public appointments process delivers a membership that is truly representative of the whole BAME community, including a gender and generational balance. We caution that the potential exclusion of some communities from membership of the taskforce risks leaving the Council open to criticism. As such, we **recommend** direct engagement with under-represented groups encouraging applications to ensure a wide blend of voices and experience on the taskforce.

Equality Impact Assessment

Members are concerned that in proposing the establishment of a Racial Equality Taskforce there has been no Equality Impact Assessment (EIA) as part of the Cabinet proposal. We consider the unnecessary pace of response may have led to this being overlooked. We are therefore concerned that without an EIA you cannot be confident that, in focussing predominantly on black communities, you are not excluding other communities. We **recommend** that you complete an Equality Impact Assessment, which will inform the work of the taskforce.

Governance

The Panel welcomes your agreement that scrutiny has a role to play in monitoring the long-term effectiveness of the Racial Equality Taskforce. We **recommend** that you afford the Policy Review and Performance Scrutiny Committee an insight into taskforce activities and enable representatives of the taskforce to attend a scrutiny meeting once terms of reference and plans are prepared, we would expect that to be in the autumn.

Supporting Evidence

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Following our June Scrutiny meeting you committed to the production of a report which brings together evidence on the impact of Covid-19 on deprived and BAME communities in Cardiff, with reference to two Welsh Government sub-committees on workplace risk assessment and socio-economic issues relating to the BAME community. Such a report has yet to be received. We consider this report should inform the development of Terms of Reference for the Taskforce. Members therefore **request** a firmer indication of your timelines for producing this report and confirmation of its early availability to the taskforce.

To recap, following this scrutiny we are recommending:

- That elected Members should have an opportunity to influence the Terms of Reference of the taskforce;
- That you ensure membership is truly representative of the whole BAME community by directly engaging with under-represented groups to encourage applications;
- That you complete an Equality Impact Assessment;
- That you invite expressions of interest in the position of Vice Chair from opposition groups;
- That the terms of reference and plans of the taskforce be brought to PRAP for scrutiny in the autumn

Mutual Investment Model (MIM) Strategic Partnering Agreement

Design

Members recognise that building new schools provides the Council with financially efficient and advantageous opportunities to ensure these buildings meet current needs, of pupils and communities, as well as ensuring buildings are future-proofed to cope with, for example, changing demographics and climate change. Members believe it is important that children and young people are consulted and engaged in the design process for new schools and note the Council is committed to ensuring this, with pupil surveys in addition to formal statutory consultation. Members are pleased to hear that there will be a community use protocol to ensure fair and affordable access to facilities for local community groups. Members note that high

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energy efficiency standards are already in place and the Council is working towards carbon-neutral buildings, as technological solutions become available.

Risks to Council

Members were interested to understand how the MIM differs from the Private Finance Initiative, in terms of risks to the Council and heard that MIM reduces the level of risk, albeit that some risks remain with a 25-year contract. In particular, Members sought to understand the financial risks to the Council and whether a fixed price contract will be used to limit them. In the response to this letter, Members **request a clear statement** that this is the case and at what stage the price is fixed, in order to give clarity and certainty.

Project monitoring

Members reflect that the MIM is a complex and complicated mechanism, requiring ongoing vigilance by the Council to ensure delivery of the schools is made on time and at the required standard. Members therefore **recommend** that the Council put in place effective monitoring of all these elements to ensure the efficient management of projects in addition to the mechanisms set out in the Strategic Partnering Agreement.

Finally, Members note that a report on Cathays High School is due to be considered by Cabinet in the autumn; we **recommend** that this report be made available in time for pre-decision scrutiny by the Children & Young People Scrutiny Committee.

To recap, following this scrutiny we are recommending:

- That the Council put in place effective monitoring of all elements of the project management process.
- That the report on Cathays High School be made available in time for pre-decision scrutiny by the Children & Young People Scrutiny Committee.

Homelessness – The response to the Covid-19 crisis and delivering the future service model

Funding

Members note that these proposals are predicated on Welsh Government funding and that the Welsh Government has cross-party support for this funding, giving longer-term assurance that investment will be available in future years, irrespective of election results. The Panel supports this approach, given the overwhelming need to tackle homelessness. In addition, Members note that partnership working overall has improved during the pandemic but that these proposals are difficult for some partners, as they will result in changes to some of their services. Members therefore **recommend** that a report on the outcome of the funding bids, any consequent changes to proposals, and the impact on partner provision be brought to the Community & Adult Services Scrutiny Committee at the earliest opportunity.

Ward Councillor involvement

With regard to the feedback comments received from councillors on proposals in their wards, Members note that you will develop mitigation actions with partners to address those that focus on the impact on local communities. Members **recommend** that you seek and take into account Ward Members input and guidance on the proposed mitigation measures.

Communication Campaign

Members note that the 'No Going Back' Welsh Government policy underpins many of the proposals for reshaping homelessness services in Cardiff. Members support the work underway to tackle and prevent rough sleeping and begging. Members recognise the widespread need to help those who are homeless and are struck by the opportunity for the Council and its partners to address the myths and misunderstandings regarding rough sleeping and begging. Whilst some work on this has already been undertaken, with the 'Give Differently' project and currently the 'Real Change' campaign, Members believe there remains a need to go further. Members therefore **recommend** that a broader and deeper communication plan be developed and implemented, that seeks to change public perception and

understanding, and therefore behaviours, raising the profile of success stories resulting from the new approaches.

Anti-Social Behaviour

Members explored how the Council and partners aim to manage the anti-social behaviour that will occur given the chaotic lives of many clients, particularly but not only single homeless clients. We note the aim is to provide diversionary activities and support services on site, which we support. However, Members believe more can be done and therefore **recommend** that the Council works with partners to innovate and seek best practice on how best to prevent and deal with anti-social behaviour proactively. The Police have worked innovatively with the Cardiff & Vale University Health Board to tackle domestic violence and violent crime and learning from this work will be valuable. Members also **recommend** that the Council ensure there is excellent security provision on the proposed sites at Adams Court, Newport Road and Hayes Place, not simply CCTV. This will reduce risks for staff who may not be able to manage violent or disruptive behaviours and risks for other residents.

Design Standards

Members explored the design standards of the proposed modular housing and heard your view that these are meeting or exceeding the current standards. However, Members are aware that where some homeless clients have chaotic lifestyles there will be a need for higher standards in some areas, for example sound insulation, to ensure that other clients and surrounding communities are not adversely affected by noise. Members therefore **recommend** that officers explore how to boost sound insulation in the modular housing to the highest specification possible, rather than relying on building regulation standards. Related to this, Members have concerns that the modular housing proposed at the Gasworks site could have adverse effects on the wider development, despite work to address site layout and access routes, given the needs of those being housed. Members therefore **recommend** a full risk assessment is undertaken on the siting of these units on the Gasworks site and that there is thoughtful selection of the families and individuals who will be able to become integrated and feel comfortable in such a community setting which will include private and socially rented property.

Asylum Seekers and No Recourse to Public Funds

Finally, Members note that discussions are ongoing with Welsh Government regarding the housing of Asylum Seekers and those with No Recourse to Public Funds and that more work is needed in this area.

To recap, following this scrutiny we are recommending:

- A report on the outcome of the funding bids, any consequent changes to proposals, and the impact on partner provision be brought to the Community & Adult Services Scrutiny Committee at the earliest opportunity
- That you seek and take into account of Ward Member input and guidance on the proposed mitigation measures for projects at Adams Court, Newport Road and Hayes Place
- That a broader and deeper communication plan be developed and implemented. It should use both social and printed media and seek to change public perception and understanding of rough sleeping and begging. It should aim to and be capable of changing behaviours and raising the profile of the service using real-life success stories
- That the Council work with partners to innovate in aiming to prevent and deal with anti-social behaviour proactively at sites for single and family homeless people
- That the Council ensure there is excellent security provision on the proposed sites at Adams Court, Newport Road and Hayes Place, not simply CCTV
- Officers explore how to boost sound insulation in the modular housing to the highest specification possible, rather than relying on building regulation standards
- A full risk assessment is undertaken on the siting of modular housing for family homeless provision on the Gasworks site, Grangetown.
- That there is thoughtful selection of those who will live at the Gasworks site, who should be able to become integrated and feel comfortable in such a community setting.

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The Panel recognises that at this point in time there are more challenging financial uncertainties ahead than the Council has previously encountered. Our comments offered on this end of year financial report for 2019/20 are predicated on the assumption that directorate analyses of final outturn are unaffected by the Covid19 crisis given that lockdown commenced in the last week of the 2019/20 financial year.

Savings

Members are concerned that the Council is carrying forward over £8m of unachieved savings into the next budget year, which is going to be particularly difficult as the organisation feels the full effect of the Covid-19 crisis, its costs and loss of income. Those Directorates that have the highest levels of overspending this year also have the highest levels of unachieved savings. We feel that if this pattern is to change then the Council must seek a better understanding of whether directors or cabinet members were overly ambitious in setting or agreeing savings targets, or whether unachieved savings are largely a result of management underperformance. A lack of accountability will not lead to the meaningful learning necessary to avoid repeated behaviour and results. The Social Services directorate has less control over demand for its services but should be capable of forecasting growth and taking account of past trends. Members consider there should be greater personal accountability and consequences where directors have overspent their budgets. We note with particular concern the Planning, Transport & Environment overspend of £3.325m and that the trend of increasing costs and spending in Social Services appears not to have been predicted in spite of many years of data. We **recommend** that a full, formal and honest review of last year's budget forecasting, overspending and underachievement of projected savings be undertaken over the summer period and reported to PRAP in the autumn. This work could be invaluable in preventing repeated failures in these key areas.

Covid-19 and Outturn 2019/20

The Panel considers that where directorates have cited the Covid-19 emergency as a factor in income shortfall contributing to overspending, greater analysis should have been undertaken to validate the explanation, given that lockdown commenced in the last week of the 2019/20 financial year. You agreed that this should not have been

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the case other than the transfer of the New Theatre to a private operator, which had unfortunately drifted from November 2019 and was incomplete at the year-end. The Chair of the Economy and Culture Scrutiny Committee would like a further report to his Committee on the position in respect of this matter. We consider references to reduced income at other venues due to Covid-19, such as Cardiff Castle, are unclear and **request** justification for the reason given with supporting financial and other data.

Schools Balances

Members note an increase in schools balances. We are keen to clarify why schools are holding on to money and the Council process for challenging schools on their financial management. We note you have a process in place for finance officers to examine individual school budgets and that there are challenging conversations to better understand whether the school has a project for which balances are being held. We also note the Council has the power to clawback monies from schools where balances are healthy, though this appears to be a protracted process and in fact the Council has never fully implemented its clawback powers. The CYP Scrutiny Committee may decide to look further into this matter.

Social Services unachieved savings

The Panel acknowledges that there have been many reports outlining transformational change to improve the delivery of social services. Our concern is that proposed changes are rarely fully costed. We feel there is an opportunity for strengthening the connection between strategic proposals to improve, directorate delivery plans and operational frontline services that enact the proposed changes. We note you will continue to drill down into the services offered to prepare for growth challenges and identify where you must spend to save in the future, and in doing so we **recommend** that you undertake proactive work to identify unexpected costs and the reasons for the lack of anticipation of the costs. We are also **recommending** that proposals to improve the Council's delivery of social services are fully costed.

Supportive Scrutiny

As Scrutiny Chairs, we are clear that this year more than most we will need to closely monitor budgets relevant to the terms of reference of our individual committees. In

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supporting the Cabinet as a critical friend, Members wish to remind you that over recent years the Scrutiny function has undertaken a number of task and finish exercises examining options to improve service delivery, often addressing how to save the Council money. The Panel considers that the ideas and recommendations our research unearths have the potential to improve the financial position but are often not implemented by the organisation. An example is the Children and Young People's Scrutiny Committee report on 'Out of County' Children's Services. Many scrutiny Task and Finish recommendations accepted by Cabinet have not been implemented and many are cost saving proposals. This is a failure to follow through on Cabinet decisions which may have led to missed cost saving and efficiency opportunities.

Borrowing

Members note that you consider the loan undertaken in 2019/20 of £58.250 million to pay for expenditure on the acquisition of the Red Dragon Centre was prudent despite an element of risk, particularly in respect of rental income. We also note that procurement to deliver the arena project is ongoing and you will be making a decision on a preferred bidder in the autumn. The Economy and Culture Scrutiny Committee will factor this into their work programming and we **request** that you factor pre-decision scrutiny of final proposals into your plans.

Finally, at this stage the Council appears to be very dependent on Welsh Government funding to resolve potential budget shortfalls in many areas, with no guarantee that this will be the case. We note there will need to be structural alignments to the current budget and it will be very difficult to prepare for the 2021/22 budget. We therefore **recommend** that a report be brought to PRAP in the autumn that clarifies the Council's financial position.

To recap, following this scrutiny we are recommending:

- That proposals to improve the Council's delivery of Social Services are fully costed;
- That for the Social Services directorate you undertake more proactive work to identify unexpected costs.

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- That a report on dealing with budget shortfalls and WG financial support be prepared and brought to PRAP for scrutiny this autumn
- That a review of last year's budget forecasting, overspending and underachievement of projected savings be undertaken over the summer period and reported to PRAP in the autumn.

Re-Procurement of existing Collaborative Construction and Civils Consultancy Frameworks

The Panel notes this report. Members acknowledge that by hosting the new procurement framework for awarding third party construction consultancy contracts the Council will have greater influence on community benefits and social value delivery will become a key focus for the re-procurement exercise. We were assured that the levy applied for hosting the service will mean resourcing, developing and promoting use of the framework will be cost neutral to the Council.

We look forward to a report to PRAP in the future that includes an update on hosting these frameworks.

Once again, on behalf of all scrutiny members, my sincere thanks for your support of effective internal challenge in difficult times. This letter contains a number of recommendations and we request formal responses to each of them. There are also other requests, which are set out in bold lettering. We would also like responses to these points.

Yours sincerely,



COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

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cc Scrutiny Chairs, Members of the Covid-19 Scrutiny Panel
Councillor Chris Weaver, Cabinet Member Finance
Councillor Sarah Merry, Cabinet Member, Education, Employment & Skills
Councillor Lynda Thorne, Cabinet Member Housing & Communities
Cabinet Observers, Leaders of opposition groups
Chris Lee, Corporate Director, Resources
Sarah McGill, Corporate Director People & Communities
Ian Allwood, Head of Finance
Jane Thomas, Assistant Director Housing & Communities
Richard Portas, Programme Director, SOP
Gareth Newell, Head of Performance & Partnerships
Dave Jaques, Operational Manager, Development & Regeneration
Chris McLellan, OM, Senior Category Manager
Davina Fiore, Director, Governance & Legal Services
Gary Jones, Head of Democratic Services
Joanne Watkins, Cabinet Office Manager
Debi Said, Cabinet Support Officer
Melanie Jackson, Cabinet Support Officer
Alison Taylor, Cabinet Support Officer
Andrea Redmond, Committee Support Officer