

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

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Councillor Chris Weaver,
Cabinet Member, Finance, Modernisation & Performance,
Cardiff Council,
County Hall
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Dear Chris,

PRAP Scrutiny Committee 9 June 2021: Outturn 2020/21

Thank you for attending Committee on 9 June 2021 to present the Outturn report for 2020/21. Please also pass on my appreciation to Chris Lee, Ian Allwood, Anil Hirani and Rob Green for presenting and answering Members questions at the remote meeting. I have been asked to pass on Members' comments and observations as follows.

Overall Strategic Financial Control

The Committee appreciated the difficulties faced by Council in a complex budget year and the effort invested by the Financial Services team in accessing grants from the Welsh Government Hardship Fund. We heard that the experience of ensuring financial security during emergency times has resulted in organisation learning and valuable experience for the future. The Corporate Director Resources reflected that that the pandemic had revealed the extent to which citizens can access online services, the importance of resilient services and continuing the Council's digital journey. We note that effective financial planning and management will be a key element of the Council's new Transformation Programme and look forward to monitoring its progress.

Members look forward to scrutinising the Budget Strategy 2022/23, and enquired how the Outturn 2020/21 report will inform the Medium Term Financial Plan. We note your reference to five key impacts on future budgets; the costs associated with recovery; the savings risk; the need for greater clarity surrounding the risk to income; more certainty on funding mechanisms; and the need to catch up with the capital programme.

Members enquired what conversations had taken place in relation to balancing the Council's borrowing against the use of reserves to ensure a balanced budget. We were seeking assurance as to the sustainability of borrowing levels. It was stated that Cabinet has Council's support for the current levels of borrowing, however longer term the exit from the pandemic will require investment and there will be a judgement to be made as to whether reserves are used rather than increasing levels of borrowing. Officers assured us that the affordability of borrowing is reviewed annually and that financial resilience has been enhanced by transferring underspend to reserves.

Members commented that a substantial number of projected service area savings had not been achieved and would have to be carried over. It was unclear what priority would be given to this work given that further new savings targets and activity will be expected for 2021/22.

The Committee **recommends** that missed savings targets are fully assessed with the departments concerned, reported formally and that specific action plans are drafted to address last years missed savings targets. The Committee would like to have sight of this work at a future scrutiny meeting within the next three months.

Capital programme

The Committee enquired as to what analysis there had been of the significant slippage in Capital spend over the year. You acknowledged that the £160m spend was below target and there was a need to urgently get back on track. We will therefore look to monitor Capital spend more closely throughout the current budget year and how this substantial slippage will be addressed so that it does not carry over, at this scale, in future years.

Members were specifically interested in the Household Waste Recycling Centre (HWRC) capital project, which appears to have slipped two years in a row. You explained that work is ongoing to identify the right site for the HWRC. We would like a fuller briefing, with greater detail and therefore **request** more information on the site identification activity and current position from the Waste Management service.

The Committee wishes to pass on a number of observations on specific Directorate positions:

Schools – Members note a number of schools ended 2020/21 in budget deficit. We are assured that the Audit function has been made aware of the position. We note that eight of the City's schools were in deficit at the end of 2020/21, six were planned deficits that continue to decrease over time, and two were unplanned applications to carry forward a deficit of approximately £25-30,000.

Parks – Members note that the Parks service is underspent. We are surprised this is the case given the increase in usage of parks throughout lockdown and the fact that work in the open air was permitted to continue. We require a better understanding of the reasons for this underspend, particularly whether it was due to failure to deploy staff to parks projects and planned maintenance and, if this was the case, why this decision was taken. We therefore **request** more information from the Economic Development Directorate on how the underspend has occurred and why work activity in parks was lower than expected where there was clearly no apparent shortage of either work or parks employees to complete it.

Governance & Legal Services – Members expressed surprise at the size of the overspend in Governance and Legal Services and were keen to establish what the implications are for the current budget year. Officers advised there had already been an in-year re-alignment and an increase in the budget for 2021/22. Children's services is very much needs based reflecting an increase in complex child cases. It was stated that a precise forecast of the implications for 2021/22 may be difficult. We note that the Finance team has worked with Legal Services to ensure the service is doing what it can to operate within budget. This service area has expanded in previous years in an attempt to grow its own expertise. We note that there have been recruitment challenges during the year.

The Committee **requests** detailed assurance that this service is looking closely at this substantial increase in demand for its services and the high unanticipated costs and pressures placed on its budget and that of the Council as a whole. It also expects that the trend in increasing work demand from Children Services and other departments is factored into all future spending projections.

Requests following this scrutiny:

- Members are specifically interested in the Household Waste Recycling Centre (HWRC) capital project and therefore request more information on the number of potential sites considered since the 2020/21 budget was agreed and the latest position from the Waste Management service.
- Members request detailed information from the Economic Development Directorate on how the underspend in Parks has occurred and what duties were performed by Parks outdoor staff during lockdown and following its relaxation.
- Detailed assurance that Governance and Legal Services are looking closely at the substantial increase in demand for its services and the high unanticipated costs and pressures placed on its budget.

Recommendation following this scrutiny:

- That the 2020/21 missed savings targets are fully assessed with the service areas concerned, reported formally and that specific action plans are drafted to address last year's targets. The Committee would like sight of this work at a future scrutiny meeting over the next three months.

Finally, on behalf of the Committee, I wish to thank you and the officers for your continued support for the internal challenge of important issues that can improve the quality of services the Council is delivering to its customers. I look forward to your response.

Yours sincerely,



**COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee;
Leaders of Opposition Parties
Chris Lee, Corporate Director Resources;
Ian Allwood, Head of Finance;
Anil Hirani, Operational Manager, Capital, Corporate & Treasury
Rob Green, Operational Manager, Schools & Budgetary Control
Alison Taylor, Cabinet Support Officer
Joanne Watkins, Cabinet Business Manager;
Andrea Redmond, Committees Support Officer.