

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

15 NOVEMBER 2016

Present: County Councillor Howells(Chairperson)
County Councillors Hunt, Murphy, Sanders, Thomas, Walker
and Goddard

35 : APOLOGIES FOR ABSENCE

Councillor Graham Hinchey
Paul Orders, Chief Executive
Neil Hanratty, Director of Economic Development
Sarah McGill, Director Communities, Housing & Customer Services

36 : DECLARATIONS OF INTEREST

The Chairperson advised Members that they had a responsibility under Article 16 of the Members' Code of Conduct to declare any interests and complete Personal Interest Forms.

37 : WEBCASTING

The Chairperson advised that this Scrutiny meeting was being filmed, except where there are no confidential or exempt items and the footage would be retained on the Council's website for 6 months. A copy of it would also be retained in accordance with the Council's data retention policy.

38 : MINUTES

The minutes of the 11 October 2016 were deferred until the December meeting.

39 : INVESTMENT ESTATE STRATEGY 2016-21

The Chairperson welcomed the following to the meeting:

- Councillor Phil Bale, Leader of the Council;
- Helen Jones, Strategic Estates Manager
- Chris Sutton representing Jones Lang La Salle.

The Chairperson reminded the Committee it had a responsibility within its Terms of Reference for scrutiny of the Council's non-operational property estate, and this was an opportunity to consider the Council's proposed Investment Estate Strategy for the next five years. It was an opportunity for scrutiny members' views to inform Cabinet consideration of the strategy on 21 November 2016. The Committee had heard previously that all of the Council's commercial income producing property was to be held corporately and a newly formed Investment Board would govern the Council's investment estate.

The report being considered would outline progress to date. This included all income generating properties now being directly managed by Strategic Estates; the appointment of external consultants Jones Lang La Salle (JLL) as the Council's

external property advisor; the establishment of a Property Investment Board; production of a comprehensive Master Property Schedule; a high level review of the property estate and the application of a Red Amber Green (RAG) system indicating what the Council should do with each individual property.

The Chairperson invited Councillor Bale to make a statement as the Cabinet Member with responsibility for the Council's property investment estate.

Councillor Bale advised there was comprehensive performance of the Council's investment assets as outlined by JLL. It was essential to maintain the assets and this was seen as an opportunity to ensure that ambitious targets were being put in place a robust framework framework to develop Council assets.

The Committee were provided with a presentation which outlined the following:

- Progress to date – appointed JLL as advisors
- Purpose of the Strategy
 - To improve the performance portfolio, improve the yield.
- Meeting Targets
 - Carry out review of Operational Estates to seek new opportunities to generate income.
- Need to acquire a good blended portfolio
- Governance
- Current status of Review

The Committee was advised that a comprehensive Master Schedule had been created with all information being held in the one place. The Investment Board had been established and appointed JLL as advisors. A detailed review of every asset in portfolio would be undertaken with the overall review of the Operational Estate to seek new opportunities to generate income.

The Chairperson invited the Committee to ask questions.

The Committee noted that eight properties were highlighted under the Red (RAG) status and asked where those properties were located. In response Officers advised:

- 194 Cowbridge Road East
- 29 Caroline Street
- 75 St Mary's Street
- 31B Hadfield Road
- 39 Hadfield Industrial Estate
- 1 property located in Plasnewydd Industrial Estate.

The criteria for defining the RAG status of assets was outlined to the Committee. A Red status would not give the Council the appropriate return or investment including its liveability value.

The Committee was advised that some factors did change the status of the asset. A considerable number of elements were considered, specifics of investment in sub-leases and the yield they could attract.

Members of the Committee drew attention to the Investment Estate Board and asked if its Terms of Reference had been developed. In relation to targets the yield figure setting for 2021 was of 5%-6%.

The Committee was advised the Investment Board met on a monthly basis to analyse and address performance of the investment estate, including rental growth performance. This board linked into the Asset Management Board. Helen Jones, Strategic Estates Manager was the Chairperson of the Investment Board.

The timescales for performance targets were addressed. These targets were reported on a quarterly basis, which included working towards the rent dates. This would commence on the 24 December 2016.

The Committee was advised that the Operational Estate had undergone a detailed audit to address performance issues and to gain a further understanding of assets that were surplus to requirement.

Members were informed that Capital Receipts were ring fenced in order to invest into and develop the estate.

All aspects were taken into consideration when assets were identified, including performance, yield, location and how it would fit into the Portfolio.

Yield was benchmarked against other local authorities and most of the assets were similar, even though there were different aspects to consider. Investment outside the area was also a common factor.

The Committee was advised of the dynamics of the Investment Board and it was noted that no Cabinet Member sat on the Board. The Leader would receive regular updates from officers on its progress.

CS (JLL) provided the Committee with a thorough outline of the analysis of assets and how this agenda was driven forward.

Members were concerned with the political dimension of the strategy, and the importance of taking on board input from Ward Councillors in relation to the use of local buildings in their respective areas.

The Committee was assured that the regeneration of communities was a part of the Asset Management programme, which provided and identified opportunities in local areas, including social benefits.

The Committee asked to see the Investment Board Annual Reports and hoped it could be reported to Scrutiny. Officers confirmed that the first yearly report would be provided in December 2017.

Members asked if the target of 5%-6% growth in yield was challenging. In response it was advised that lower valued yield was seen as a safer property. Higher yield was found on poor performance properties. The Portfolio outlined the potential for yield, and good returns were seen on properties with ground rent.

The streamlining of the Council's estate was essential to identify poor quality property. An active Asset Management Programme could provide the tools to identify underachieving property, including the shift in retail in some areas. Energy (EPC) was also a concern with every property having an EPC before it could trade from 2018 onwards. Some properties were in that category and these would have to be addressed and re-profiled.

RESOLVED: At the conclusion of the meeting the Committee discussed the evidence presented, following which they tasked the Chairperson of the Policy Review and Performance Scrutiny Committee to write to the witnesses to thank them for attending the meeting and set out the comments made by Members (letter attached).

40 : WALES AUDIT OFFICE CORPORATE ASSESSMENT FOLLOW ON REPORT - STATEMENT OF PROGRESS UPDATE

The Chairperson welcomed:

Councillor Phil Bale, Leader
Christine Salter, Corporate Director Resources
Davina Fiore, Director Governance & Legal Services
Joseph Reay, Head of Performance & Partnerships

The Chairperson advised Members of the Committee this was their opportunity to consider the Council's progress in addressing the commitments within its Statement of Action, developed to address the findings of the Wales Audit Office (WAO) Corporate Assessment Follow on report.

Members would recall the Committee considered the WAO Corporate Assessment Follow on report in March 2016, following which they requested an opportunity to consider the Council's Statement of Action. Cabinet had therefore offered sight of the progress report in implementing the Statement of Action six months on from implementation. This was the first opportunity for the Committee to consider the actions proposed in addressing the improvements required by WAO and therefore to consider progress in achieving the actions against the timescales identified.

The Chairperson invited Councillor Bale to make a statement.

Councillor Bale explained this report clearly outlined the progress that had been made in 6 months. The Actions outlined in the Statement had an indication of timescale and this was an opportunity for Members to consider the actions proposed when addressing the improvements required by the Wales Audit Office.

Joseph Reay explained that each Action had a RAG status.

The Chairperson invited the Committee to ask questions.

The Committee drew attention to the 4 Improvement Headlines in the report and the Actions apportioned against them. Progress in Staff Engagement was noted and Members asked how this had improved Leadership & Management.

Officers explained that staff engagement continued to progress with robust structures in place to support this, which included the Ambassadors Network. A review of the PPDR process would be taking place and mechanisms were developed to take this forward in line with Corporate Plan priorities.

The Committee noted that a culture change at senior management level had resulted in the organisation becoming more outward facing and inclusive. The development of Staff Roadshows had provided employees with an opportunity for open discussion with Directors and personal from other Service Areas and to feature as a platform for staff engagement. The Staff App had been launched and provided employees and members with a digital solution for information.

Members of the Committee were advised that the RAG status was embedded in all aspects of the organisation and was monitored at Senior Management level. Qualitative feedback was coming forward following PPDR discussions with on-going continued self-assessment.

The Committee recognised there were issues with the current CRM system in place and asked what progress had been made to resolve this. In response Officers explained the issues were being dealt with at a global level interact with other Council IT systems. The CRM was a ground breaking project and the issues remained between the digital portal C2C and the creation of the potential customer self-service system. SAP were engaging with the Council at the highest level and improvement in customer waiting times would be seen next month.

The Committee was concerned that CRM had Green status in the report and asked why this was not marked as RAG red, as no definite date for resolution of the issues had been provided.

The Officers assured the Committee that on-going work was developing to resolve the situation. The technical details involved the platform that supported the cloud based system that SAP would rely on to develop and improve the experience for the customer.

Members of the Committee drew attention to the Wales Audit Office Corporate Assessment 2014 which reported on fragmented leadership and weak performance and asked what evidence there was to show that progress was improving and embedding in the organisation.

The Committee was assured that on-going discussions took place between the Council and the Wales Audit Office to monitor and measure the Council's Statement of Action. The Wales Audit Office were aware of the barriers faced by the Council through formal discussions.

The Committee was keen to see accountability in Directorates and asked what the Directors were doing to ensure that performance management was a reality.

Officers indicated that mainstreaming performance management was essential to improving performance levels. Relevant steps were being taken to drive improvement mechanisms into the working practices of the organisation with on-going self -assessment. Accountability was critical for success and this started at the highest level monitored through the PPDR process.

RESOLVED: At the conclusion of the meeting the Committee discussed the evidence presented, following which they tasked the Chairperson of the Policy Review and Performance Scrutiny Committee to write to the witnesses to thank them for attending the meeting and set out the comments made by Members (letter attached).

41 : QUARTER 2 PERFORMANCE 2016-17

The Chairperson welcomed:

Councillor Phil Bale, Leader
Christine Salter, Corporate Director Resources
Davina Fiore, Director of Governance & Local Services
Joseph Reay, Head of Performance & Partnerships

The Chairperson advised the Committee that this item gave Members the chance to monitor the Council's performance for Quarter 2 of the 2016/17 financial year. Members would be aware that the Council's framework for Performance Management reporting was currently under review as part of a project within the Organisational Development Programme. However, for this Quarter, in response to the Committee's request, the reporting arrangements had developed further and a Scorecard had been produced for each of the Council's Directorates. This provided Members with an at-a-glance picture of each service area, in addition to the Corporate Scorecard. The intention is that strategic scrutiny and challenge of the Council's performance is made more effective as accessibility to the key messages was improved.

The Chairperson invited Councillor Bale to make a statement.

Sickness Absence figures were improving and savings had been realised. Transition Delivery Models were progressing and performance at Cardiff was improving.

The Committee drew attention to the sickness absence figures and noted that some of these issues related to seasonal discrepancies. Work was on-going to address the issues including the use of a Stress Risk Management process.

The Committee was advised that the loss of 590 FTE days through sickness was for non-school's Education staff. The sickness related to an issue involving several employees.

The Committee was advised of the process in place for sharing performance indicator data with members of the public. The majority of performance indicators didn't vary with little reporting made for performance indicators with no outturn. The Annual Improvement Report was published and made available to the public.

Members of the Committee drew attention to the Key Performance Indicators scrutinised by the Community and Adult Scrutiny Committee, which looked in depth

at the detail of performance in that specific area. This type of reporting mechanism provided the public with a more detailed insight into that service provision.

The Committee was still of the view that the reporting mechanisms on performance indicators could be improved and are still unclear which Performance Indicators are proving challenging and which are improving performance. They requested a corporate summary of highs and lows during the quarter, highlighting clearly where current performance concerns are for the Council.

Officers confirmed they would try and report the data on an A4 page and advised that this quarter notable improvement was to be found in:

- Planning Applications
- Street Cleansing

The Committee noted that the reporting line for sickness absence in Leisure Services had been removed from the report. Officers advised the Committee that GLL the company contracted to deliver Leisure Services found it common practice to take on board a service experiencing high levels of sickness.

The Committee discussed the projected budget savings being reported to Cabinet in November 2016, along with the process in place for the write off exercise.

Members of the Committee were concerned with the write off exercise as the Council budget was agreed by Council to spend that mandate. On what basis was the decision taken to write off an unachieved saving.

The Committee was advised that the budget proposals were taken in good faith but could be affected by possible market forces. Some proposals were also over time not feasible. There were also issues that the Council had to adapt to - examples given were:

- 15/16 level charge of credit card transactions, a change in banking regulations had an impact on the budget
- Social Services savings, negotiations with external providers as service users were reduced.

The write off's would not be activated until 2017/18

The Committee noted in the Scorecard that there was still a projection of a 13% shortfall in savings.

The Officers advised that the savings would impact on next year's budget.

The Committee discussed the projected overspends and the timing delay that affected these savings.

RESOLVED: At the conclusion of the meeting the Committee discussed the evidence presented, following which they tasked the Chairperson of the Policy Review and Performance Scrutiny Committee to write to the witnesses to thank them for attending the meeting and set out the comments made by Members (letter attached).

42 : DATE OF NEXT MEETING

The next meeting will be held on 6 December at Wilcox House.

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg