

Date: 23 February 2022

Councillors Huw Thomas
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Dear Huw and Chris,

Policy Review & Performance Scrutiny Committee: 23 February 2022.

Thankyou both for attending the Policy Review and Performance Scrutiny Committee today for consideration of the draft Corporate Plan 2022-25 and the draft Budget Proposals 2022-23. Following my final budget scrutiny as Chair I wish to convey the Committee's gratitude for your co-operation. I concur with your sentiment that we have successfully established a constructive relationship between Cabinet and Scrutiny over the past 5 years for the benefit of the city and its services. Please also pass my sincere thanks to the Chief Executive, Corporate Directors, and senior officers in attendance to answer Members' questions.

Members commend officers on the production of the Corporate Plan and acknowledge that the robust constructive framework within which it is developed is central to the Council's self-assessment arrangements. We are particularly proud that the Performance Panel, created from this Committee, plays its part in the process and that the Chief Executive considers it a model of best practice. That said, Members have asked me to pass on the following observations and concerns. Firstly, comments on the Corporate Plan; secondly on the Corporate Revenue Budget; followed by our comments on the Capital Programme.

Corporate Plan 2022-25

Accessibility

The Corporate Plan is clearly a valuable reference document for internal stakeholders to measure performance, however Members were keen to establish how accessible you consider it for our external stakeholders, particularly given the

intention to reach out more with the commitment in the Plan to develop and publish a new Citizen Engagement Strategy by October 2022. We note the Plan's complexity reflects the scale of Cabinet's ambition and the breadth of Council operations, and that social media now delivers key messages in bite sized pieces. We consider an executive summary would be worthwhile and we **recommend** that you ensure the Council's Communications & External Relations service is central to the engagement strategy.

Citizen Engagement Strategy

Members welcomed the prospect of a new Citizen Engagement Strategy that addresses a multi-channelled world but raised a concern that there are many citizens who claim they are unsighted on online surveys and social media posts. We were therefore pleased to hear that the forthcoming strategy, in focussing on participation in decision-making alongside consultation, will return to some face-to-face engagement.

Out-of-hours access to services

Members are of the view that the new administration will need to examine social media online access to services. It is felt that the availability of Council services through social media is poor outside of normal Council opening times. We note the Leader's commitment that this too will form a part of the Citizen Engagement Strategy and the Chief Executive's confidence in future out of hours capability.

Southern Arc

The Committee observed there was little reference in the Corporate Plan to inequalities of the Southern Arc, as had been the case in many previous Plans. We were keen to establish the results of Council actions in this area. We note this narrative has been replaced with Covid updates and the Leader's conviction that the Southern Arc remains front and centre, as evidenced by schools' investment, job support, money advice services, living wage policies, expansion in council housing and addressing health inequalities through stronger collaboration with the Health Board.

Customer service & performance assessment

The Committee wishes to place on record its thanks to those officers that have visibly gone above and beyond during the pandemic, officers in the Social Services Directorate were mentioned by one member. Members suggest that the incoming administration examines more closely how individual services have performed throughout the pandemic. Members cited examples of poor front facing service experience in some areas and consider this will be important to correct with the introduction of hybrid working. We were pleased to note the Chief Executive's view that, going forward, there would be a resumption of management guidance on customer service and work is in progress to again raise the profile of customer service following a previous inquiry and accepted recommendations of this Committee. In similar vein Members highlighted the opportunity, with the introduction of hybrid working, for HR to broaden its range of services to include organisational development expertise and staff capable of offering facilitation to team development activities.

Council services

Members note, with the increasing NHS waiting lists, the Council should perhaps be doing more to support citizens awaiting diagnosis, treatment, or facing difficulty coping at home either physically or financially. We note the locality approach with community connectors will ensure more community preventative work, and in the future, there will be a suite of indicators that measures progress.

The Committee is concerned that the Council continues to face waste management challenges including missed assisted lifts, failed collections in some areas and high absence levels. The Council's recycling level falls well below the Wales average which is the most suitable comparator. We note your view that the 4-day week has had a positive impact and the ongoing pilot scheme is improving recycling rates and may need to be rolled out by a new administration.

Finally, Members wish to ensure that the Socially Responsible Procurement Strategy ensures that small businesses are enabled to bid for Council work effectively. We consider there is merit in consulting with small businesses to seek feedback on their experiences in this respect. We **recommend** that a review process is set up to seek the views of local businesses which have engaged or would wish to engage with

Cardiff's procurement system, particularly those which are small in size and resources. There is also scope for officers to assess how accessible the application process is for small businesses who are inexperienced in the complexities of bidding for public sector contracts.

Corporate overview of Budget Proposals 2022/23

COVID related pressures

With the removal of the Covid Hardship Fund, given that the Council has claimed over £120m from that fund over the last 2 years, Members were keen to establish how a figure of £10m was arrived at for the ongoing Covid related pressures the Council faces. We note you recognise that £10m is less than previous year's costs and that you will be monitoring the position throughout the year and will use reserves if necessary. We also note that income has not yet reached pre-Covid levels, and you are forecasting a £5-6million reduction in income for 2022/23.

Members sought to establish levels of Covid related spend in the past two years and therefore what risks are inherent in the Covid-19 recovery plan. We inquired whether there is a RAG rating that allows an assessment of whether £10m will be sufficient, and therefore what levels of reserve may need to be used. We note the Council has spent £2m per month so far at month 9 and there are still some significant costs outstanding. We also note that some income is delayed rather than lost, that earmarked reserves are available for corporate recovery, and are marked as an amber risk.

Non-domestic rates

The Committee highlighted the risk of continuing business failures leading to lower levels of non-domestic rates. We note the economic development agenda and Corporate Plan steps to support the City Centre recovery. Members also acknowledge that business rates are pooled in Wales and re-distributed through revenue grants, many of which have supported businesses throughout the pandemic with the Council ensuring available grants are quickly made available to frontline businesses.

Cost of borrowing – revenue budget

Given the increasing interest rates and increasing energy costs, Members were keen to establish the potential increases in the cost of borrowing faced by the Council. We were reassured that the Council has regular contact with external advisors on this matter and has also factored in contingency funds to address energy price increases of 13% and 24%.

Budget Consultation

Members highlighted a reliance on the poorly supported Ask Cardiff survey alongside budget consultation to set budget priorities. There are also pressures to address the very disappointing response from young people. We note the forthcoming Citizen Engagement Strategy will seek to address this and apply a cost benefit analysis to Ask Cardiff. We look forward to seeing its results.

Council tax increase

The view was expressed that, against a backdrop of increasing costs of living, a 1.9% increase in Council Tax is a material increase for the standard hard-working resident and a freeze might be more appropriate in the current economy. We note your view that the medium-long term security of Council services is paramount, and you consider a balance has been struck.

Free school meals

Members sought clarification that Welsh Government will pick up the whole cost of free school meals. We accept your offer of a response from the Director of Education on this matter with details of the phased implementation plan which will include an assessment of extra staff and kitchen equipment costs which will affect most schools.

Linking budget and performance

The Committee remains interested in the progress you are making in linking the Council's budget to performance outcomes. We note there has been an improvement in performance reporting over the past 5 years. The Council has moved on noticeably and therefore we would expect to see further progress in pursuing the link between Budget Strategy and Corporate Plan, with an emphasis on bringing both forward to Directorate performance challenge sessions.

Recruitment

We note the net increase in staffing proposed by this budget. As the Council aspires to be a more inclusive workforce it is important that we target BAME communities effectively and we look forward to hearing of progress on the recruitment of a representative workforce at all grades through the work of the Race Equality Taskforce.

Capital Programme 2022/23 – 2026/7

Risk

Members are aware that there are inherent risks in the Capital Programme, such as materials supplies, building costs and the capacity to deliver and stay on track. We note that any capital project is always based on a business case, which will include the cost of any borrowing and be prudent in terms of debt repayment levels. The Governance and Audit Committee regularly reviews borrowing and risk. Members felt that published quarterly rather than annual monitoring of borrowing risk would identify issues sooner, particularly where there is geopolitical inflationary activity. The Committee is therefore seeking reassurance of the Council's total risk exposure. Whilst you report that there are no red flags at present, **we request** that you supply Members with information in respect of the total borrowing sums and their terms, included in all business cases.

Projects

The Committee heard that, whilst a decision and business case is outstanding in respect of core office arrangements, the Council is prepared for the costs associated with priorities such as the building renovation/development associated with introducing an agile working model. A published fully costed analysis would be a helpful source of information for scrutiny members.

The Committee was advised there is as yet no identified location for the Household Waste Recycling Centre for North Cardiff, however the project continues to be listed in the capital programme. Members noted a lack of any progress in acquiring a site to build this replacement centre

Cost of borrowing – capital programme

Members expressed concern that some capital investment does not generate income for the Council to repay the cost of borrowing and cover the final debt. We note the Council must invest in its assets and deliver an infrastructure for the future and often the income comes from Welsh Government. We are reassured by the section 151 officer, who has indicated that the Council's approach is robust and within appropriate limits. However, given that borrowing has increased over the past 5 years and may limit borrowing in future years the **Committee requests** that you provide Members with details of the costs associated with servicing the debt.

Section 106 funding

The Committee acknowledges the sizeable contribution from section 106 planning gain money for schools' construction, however, considers a vital piece of future research would be to assess the total costs the Council would incur and the balance between 106 contributions and money the Council will need to find itself. This is particularly important given that five new schools are projected for NE Cardiff LDP area and potentially a similar number in the west of the city. You suggested that the Directors of Education and Finance would collaborate to provide this analysis, and we are therefore **requesting** that is provided to the committee.

Members are also making an **additional request** for a list of highways improvements implemented across the city, including the costs by ward.

Requests following this scrutiny:

- That you supply Members with information in respect of the total borrowing sums and their terms included in all Capital Programme business cases.
- Given that borrowing has increased over the past 5 years and may limit borrowing in future years the Committee requests that you provide Members with details of the costs associated with servicing the capital programme debt.
- That the Directors of Education and Finance collaborate to provide analysis of research to assess the total costs the Council would incur for schools' construction, and the balance between section 106 contributions and money the Council will need to find itself.
- A list of highways improvements implemented across the city, including the costs by ward.

Recommendations to be monitored following this scrutiny:

To summarise, the Committee makes 2 formal recommendations which are set out below. As part of the response to this letter I would be grateful if you could, for each recommendation, state whether the recommendation is accepted, partially accepted, or not accepted and summarise the Cabinet’s response. If the recommendation is accepted or partially accepted. I would also be grateful if you could identify the responsible officer and provide an action date. This will ensure that progress can be monitored as part of the approach agreed by Cabinet in December 2020.

Recommendation	Accepted, Partially Accepted or Not Accepted	Cabinet Response	Responsible Officer	Implementation Date
1. That you ensure the Council’s Communications & External Relations service is central to development of the Citizen Engagement Strategy.				
2. That a review process is set up to seek the views of local businesses which have engaged, or wish to engage, with Cardiff’s procurement system, particularly those which are small in size and resources, to assess how accessible the application process is for small businesses.				

On behalf of the Committee and the Scrutiny service, thank you for your commitment in engaging with the five Scrutiny Committees, both in respect of the Corporate Plan 2022/25 and of the Budget Proposals 2022/23. I sincerely hope the new administration of the Council will take forward the tone of constructive challenge that we have sought to establish between Cabinet and Scrutiny in recent years.

Yours sincerely,



COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee
Paul Orders, Chief Executive
Chris Lee, Corporate Director Resources
Sarah McGill, Corporate Director, People & Communities
Ian Allwood, Head of Finance
Anil Hirani, OM Capital, Corporate & Treasury
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Gary Jones, Head of Democratic Services
Mr David Hugh Thomas, Chair, Governance & Audit Committee
Chris Pyke, OM Governance & Audit
Tim Gordon, Head of Communications & External Relations
Jeremy Rhys, Assistant Head of Communications and External Affairs
Joanne Watkins, Cabinet Support Office
Debi Said, PA to Leader