

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

13 JULY 2022

Present: Councillor Williams(Chairperson)
Councillors Ash-Edwards, Ferguson-Thorne, Henshaw, Hunt,
Stubbs, Thomson and Waldron

1 : APPOINTMENT OF CHAIRPERSON & COMMITTEE MEMBERSHIP

Noted subject to the inclusion of Cllr Ash-Edwards in the Committee Membership.

2 : TERMS OF REFERENCE

Noted.

3 : APOLOGIES FOR ABSENCE

Apologies had been received from Cllr Chowdhury.

4 : DECLARATIONS OF INTEREST

None received.

5 : MINUTES

The minutes of the meeting held on 8 March 2022 were agreed as a correct record and signed by the Chairperson.

6 : DELIVERING A STRONGER, FAIRER, GREENER CARDIFF

Members were advised that this item provided them with an opportunity to familiarise themselves with the new administration's statement of policy intent for the next 5 years. This document will form the basis of forthcoming policies and strategies, many of which this committee will be engaging with through our Terms of Reference; the key strategy being the Corporate Plan which will take its direction from this statement.

To take Committee through the policy statement, the Chairperson welcomed:

- Councillor Huw Thomas, Leader of the Council
- Paul Orders, Chief Executive; and
- Gareth Newell, Head of Performance and Partnerships.

The Chairperson invited the Leader and Chief Executive to make statements after which Members were asked to make their comments, observations and to ask questions.

Members considered the Stronger Fairer Greener policy statement represents a bold and ambitious agenda for the City. They noted the many commitments contained within it that sit under the Committee's Terms of Reference. Members considered that topics such as hybrid working, digital development, asset management and partnership working should be built in to the Committee's work programming.

Referencing a priority within the Finance, Modernisation & Performance Portfolio to 'Strengthen our Socially Responsible Procurement Strategy to keep Council spending local and more accessible to SME'S,' the Committee expressed an interest in how the Council can strengthen its procurement strategy to enable local supply chains. Members noted that there has been strong progress to date with a Key Performance Indicator revealing 70% of Council spend is within the Cardiff region.

Members were keen to explore the impact of the cost-of-living increases and how they will challenge the Council in delivering its priorities. Members noted that inflation is going to be the major issue for forthcoming years, both in the demand pressure it creates on Council services and on the costs of service delivery.

Members considered that partnership working is more important than ever and were therefore pleased to hear that the policy statement will be integrated with the partnership and budgetary frameworks of the Council.

Members were pleased to hear that partners on the Public Services Board have a unity of purpose and had sought policy alignment on Well-being Objectives 5 years ago. Members noted that officers have been tasked with reviewing how well that policy alignment is working to inform the revised 5-year Well-being Plan, forthcoming in the autumn.

Members highlighted that there would be difficult resourcing decisions to be made to deliver on this policy statement and were therefore pleased to hear that the policy statement had been fully discussed with Cabinet members and senior managers before publication.

Members noted that budget discussions would need to take place in due course to ensure a deliverable programme that fits with the budgetary framework.

Members were keen to establish what measures the Council has taken to mitigate against inflation in terms of the ambitious capital programme. Members noted that many capital projects are grant or match funded by Welsh Government, or indeed invest-to save projects.

Members were pleased to hear that enhanced monitoring of the Capital programme is now in place to avoid accruing capital underspends, and that management of the capital programme is tighter and spend more closely profiled.

Members noted the Chief Executive's view that within the 2023/24 budget planning process there is a much greater emphasis on the capital programme.

Members were interested in how the Council approaches the performance assessment of Cabinet members in delivering the portfolio promises set out in the

policy statement. Members noted that there would be an informal, performance focussed, monthly meeting, assessing the Member's progress against the policy statement and that timelines against the priorities and targets within portfolios are clearly set out in the Corporate Plan each year and enable a full holding to account.

Members raised concerns about the uncertainty of our economic future, from external uncontrollable unknowns. Inflation, BREXIT, the Ukrainian war, and the instability of national leadership combine to present an uncontrollable challenge and the Council would need to take prudent steps in responding to the current crisis. Members were assured that the Council can continue to achieve with strong policies and capable officers.

RESOLVED: The Committee AGREED that the Chairperson writes to the Cabinet Members on behalf of the Committee to convey their comments and observations.

7 : BUDGET STRATEGY 2023/24

Members were advised that this item provided them with an opportunity to consider the Council's strategy and approach to developing the 2023/24 budget proposals, and specifically a fuller understanding of the financial resilience work underway to tackle the challenges posed by inflation, the energy crisis, interest rates, the labour market and weak economic growth that may curtail public sector funding. Committee are undertaking pre-decision scrutiny of a report to Cabinet tomorrow, and, as it is such an important report for understanding the financial challenges the Council faces, the Chairperson had asked the officers to provide Committee with a presentation.

To take Committee through the Budget Report, the Chairperson welcomed:

- Councillor Chris Weaver, Cabinet Member for Finance, Modernisation & Performance
- Chris Lee, Corporate Director – Resources, and
- Ian Allwood, Head of Financial Services.

The Chairperson invited Cllr Weaver to make a statement. Officers provided a presentation after which Members were asked for their comments, observations and questions.

Members were of the view that the Budget Strategy 2023/24 report is an excellent presentation of the Council's financial planning position.

Members noted there is a £29m budget gap to fill against the backdrop of a volatile economy, inflationary pressure, energy, fuel, food, employee costs, and capital financing increases. Members were, therefore, pleased to hear that a strong message has gone out to Directors that, this year more than ever, it will be critical to manage budgets efficiently. Members noted that to close the budget gap will require a £24m saving.

Members were interested in the Council's exposure to inflationary pressures and sought an understanding of how exposed the Council is to inflation volatility. Members were advised that inflation is currently 9%, and noted that the Council's treasury advisors consider inflation will peak at 11%, before falling to around 4% and 2.5% by 2024/25. Members welcomed the Corporate Director Finance's offer to further examine this with his team and provide a written response.

The Committee noted that over the past 10 years this Council has been required to reduce spend by £200m, which represents a third of the total budget in real terms. Bearing in mind the volatility of the economy, Members were keen to ensure contingency funds are sufficient. Members noted they sit at £2m, with increased contingency budgets specific to Children's Services and Adult Services and additional contingency from the Covid Hardship Fund.

The Committee highlighted the decreasing birth rate and resultant implications for Council services. Members noted that primary school numbers are currently reducing, which will impact on secondary numbers going through the education system, and overall numbers are expected to fall longer term. Members also noted that changes in the population impact on the financial settlement the Council can expect to receive from Welsh Government.

Members were interested in the success of Community Asset Transfers over recent years, and whether the savings achieved were as the Council had anticipated, as they seemed to have slowed in recent years. Members would welcome the opportunity to look more closely at this as part of Committee's work programme and requested that officers provide the Committee with a summary, including figures, of the savings that have been made to the Council's budget as a consequence.

Members noted that Directorates are now tasked with identifying savings proposals to meet the savings requirement, ideally digitalisation efficiencies and, where possible, income generation proposals rather than service change proposals. Members noted that where savings are taken, they are not necessarily at the same level across all Directorates. Members also noted that savings will be policy led, taking into account the Stronger Fairer Greener statement to determine where budget priorities should lie.

The Committee asked what estimates are used to ensure the Council is prepared if the settlement arrives late. Members noted prudence levels and a budget line of £3m to deal with emerging pressures and saw evidence of an intent to ensure the Council is ready for any risks and an acknowledgement that the emerging pressures line may need to grow depending on public sector pay awards.

RESOLVED: The Committee AGREED that the Chairperson writes to the Cabinet Members on behalf of the Committee to convey their comments and observations.

8 : COMMITTEE BUSINESS - WORK PROGRAMME 2022/23

Members were asked to agree the way forward for developing and agreeing the committee's work programme

- The first stage (already underway) is to identify a list of possible work programme items for prioritisation.
- The Chairperson proposed to circulate this list by the end of the month, with a request that Members review and feedback so that Committee can then refine and bring a draft programme back to September's committee for approval.
- It will be necessary to prioritise the items, given the range of subject areas covered by the Committee, the limitations of support available and number of meetings programmed. This ensures that the time and resources available to the Committee are most effectively used.
- The principal Scrutiny Officer will draft the list of possible items following research and consultation with sources as set out in the report and taking into account the challenges outlined by lead officers at the Committee's informal induction meeting last month. Members views conveyed at all induction sessions will also be included.
- Members will be invited to prioritise items in communication online through the Chair and Principal Scrutiny Officer. Proposals will then be presented to the full committee in September for formal approval of the work programme.

RESOLVED: to agree the approach to work programming

9 : URGENT ITEMS (IF ANY)

None received.

10 : DATE OF NEXT MEETING

To be confirmed.

The meeting terminated at 6.15 pm

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