

Date: 28 September 2022

Councillor Chris Weaver,  
Cabinet Member. Finance, Modernisation & Performance  
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Dear Chris,

### **PRAP Scrutiny Committee 26 September 2022: Budget monitoring m4 2022/23**

On behalf of the Policy Review and Performance Scrutiny Committee my sincere thanks for attending Committee on 26 September 2022 to present the budget monitoring month 4 2022/23 report. Please also pass on our appreciation to the Corporate Director Resources, Chris Lee, and his finance support team for presenting an overview. The Committee was pleased to welcome you in person and has asked me to pass on Member's comments and observations following discussion at the Way Forward.

#### **Directorate overspends**

The Committee acknowledges the Directorate commentaries provide a breakdown of budget overspend at month 4 2022/23. We are particularly interested in the Children's Services overspend. As the provision of childcare is a significant challenge for the Council, Members wish to **request** more detail on overspending in Children's Services. We would particularly welcome an explanation of how the Council arrives at its budget for childcare placements where there are complex needs. The Council is clearly required to deal with cases presenting with need, and Covid appears to have made an impact on demand in this area.

We note a project team has been set up to examine costs in Children's Services, and that Corporate Finance are working very closely with the service area. We were interested to hear you consider very different market forces are at play this year than last year. We note that the months ahead will be important in maintaining corporate financial oversight in determining how much of the overspend is controllable and how much will require service change. Given the position, we are keen to understand how

the Council is growing its provision of childcare placements in Cardiff to achieve greater control over costs in this area.

You recommended that the Committee invite a presentation from service area directors, where greater budget detail and explanation is required. Therefore, in discussion with the Chair of the Children and Young People scrutiny committee, I will be writing to the Director of Children's Services seeking more information on their budget position, whilst also ensuring there is no duplication of our scrutiny work.

In respect of Adult Social Care, Members note that comparable size English core city councils all face adult social care budget difficulties, having faced more severe cuts in their budgets. The Council has recently realigned its budgets, both for Children's Services and Adult Social Care, during the budget strategy, and we conclude that this is the reason at month 4 the Adult Social Care budget is underspent. We note however that there remain some service challenges requiring continual watch, such as staff recruitment.

### **Closing the gap**

The Committee notes directorates have been asked to take action by making efficiency savings to close the month 4 gap in the budget over the financial year, and are doing so by holding vacancies, restructuring teams, and reviewing underspent budget allocations. We note action was taken immediately and with urgency to ensure efficiency savings are made without making changes to services. We also note you may struggle to close the gap in the next quarter following recent fiscal announcements, a project team has been established to examine how to control costs, and the in-year position will be focussed on areas of overspend to control costs.

### **Efficiency savings**

Members are **requesting** more information in writing on the following:

- The delayed appointment of a youth inclusion liaison officer. Bearing in mind the Council has evidence of an increasing impact of Covid on demand for children's services, Members are questioning whether this a sensible efficiency saving? We make this point particularly against the backdrop of the Legal services overspend due to the use of locums (£375,000).

- Cardiff Harbour Authority (paragraph 44) – Members found this paragraph unclear and would like more explanation please, clarifying the overall costs and grants the Council receives.

### **Capital Programme**

The Committee is keen to establish whether there will be a re-assessment of the Capital Programme given the bleak macro-economic picture emerging, to assess slippage and affordability. We note you are closely monitoring financial markets to remain flexible and are currently refreshing the Programme to ensure affordability. Clearly there will be increasing costs of borrowing to support the Capital Programme, as interest rates rise. Members pointed to the Arena development, keen to establish whether a rate of borrowing has already been secured and whether it will still be affordable. We note however you are not yet at that stage and will be bringing forward a report at the end of the year. As part of our work programme, we are therefore **requesting** an update to the Committee and an opportunity to look at the Capital position in more detail at our November meeting.

### **Exposure to inflationary pressures**

Members again pointed to the need to keep a close eye on borrowing rates and affordability. We refer you to our letter dated 14 July 2022 in respect of the Council's exposure to inflationary pressures and look forward to a response.

### **Requests following this scrutiny:**

- More detail on overspending in Children's Services, particularly an explanation of how the Council arrives at its budget for childcare placements where there are complex needs.
- More information in writing on the following:
  - The delayed appointment of a youth inclusion liaison officer. Bearing in mind the Council has evidence of the increasing impact of Covid on demand for children's services, Members are questioning whether this a sensible efficiency saving? (We make this point particularly against the backdrop of the Legal services overspend due to the use of locums (£375,000)).

- Cardiff Harbour Authority (paragraph 44) – Members found this paragraph unclear and would like more explanation please, clarifying the overall costs and grants the Council receives.
- A written response as to whether the Council is experiencing higher inflationary challenges in council expenditure compared to the macro average.

Finally, on behalf of the Committee, thank you once again for facilitating monitoring of the budget at month 4 2022/23. With your support, I look forward to continuing the valuable internal challenge established between this Committee and the Cabinet. There are a number of requests following the scrutiny, and therefore I look forward to a response.

Yours sincerely,



**COUNCILLOR JOEL WILLIAMS  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Cllr Lee Bridgeman, Chair, Children & Young People Scrutiny Committee  
Leaders of Opposition Parties – Adrian Robson, Rhys Taylor & Andrea Gibson  
Chris Lee, Corporate Director, Resources  
Ian Allwood, Head of Finance  
Julie Richards, Budget Strategy & Financial Planning Manager  
Anil Hirani, Account Manager, Capital  
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  
Gary Jones, Head of Democratic Services  
Alison Jones, Principal Scrutiny Officer  
Alison Taylor, Cabinet Support Officer  
Joanne Watkins, Cabinet Business Manager  
Andrea Redmond, Committees Support Officer.