

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

17 JANUARY 2023

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

42 : APOLOGIES FOR ABSENCE

Apologies had been received from Cllr Stubbs.

43 : DECLARATIONS OF INTEREST

Cllr Henshaw declared a personal interest in Item 5 as her children work for the Council.

Cllr Thomson declared a personal interest in Item 4 as she has worked with the Royal Welsh College of Music and Drama.

Cllr Williams declared a personal interest in Item 5 as he has family members who work for the Council.

44 : MINUTES

The minutes of the meeting held on 14 December 2022 were agreed as a correct record and signed by the Chairperson.

45 : ST DAVID'S HALL - CALL-IN OF CABINET DECISION CAB/22-23/39

The Chairperson advised Members that the first part of the meeting today is assigned to a call-in made by himself in relation to St David's Hall. At its meeting on 15 December 2022, the Cabinet approved a decision in principle to progress negotiations with AMG for the future running of St David's Hall. The Chairperson has called in that decision on the basis of additional information becoming available with the announcement of the Provisional Settlement.

To assist Committee in considering the call-in, The Chairperson welcomed;

- Cllr Chris Weaver - Cabinet Member for Finance, Modernisation & Performance
- Chris Lee - Corporate Director Resources and Section 151 Officer
- Davina Fiore – the Council's Monitoring Officer was joining remotely should advice on proceedings or legal matters be required.

In the call-in request the Chairperson identified new information relating to the budget settlement that materially impacts the Council's financial position. This in turn may have an impact on the disposal of St David's Hall and the decision taken by the Cabinet on Thursday 15th December 2022. Following a review, the Monitoring Officer accepted the call-in on the basis that only information around the Welsh Government's better-than-expected local government settlement - which saw Cardiff Council receive a 9% budget uplift for next year - can be discussed as part of the call in.

The Chairperson stated that it was his aim that the scrutiny remains open for public observation. Therefore, he stressed the importance of Members avoiding reference to the exempted information that formed a part of their papers - appendices 1-7 of the 15 December Cabinet report (*paragraphs 14 and 16 of Part 4 of Schedule 12A of the Local Government Act 1972*), otherwise the meeting would need to go into closed session.

The Chairperson presented his call in as follows.

'In respects to this Call In, I have taken the decision to 'Call In' for further scrutiny the decision taken by the Cabinet on 15th December 2022;

'Which considered the Outline Business Case for the future of St David's Hall and agreed to proceed to the Full Business Case stage.'

In doing so, the Cabinet approved in principle the offer from AMG, the draft Heads of Terms and delegated authority to the Director of Economic Development in consultation with the Cabinet Member for Culture, Parks and Events, the Section 151 Officer and the Legal Officer to progress negotiations with AMG and for Legal Services to prepare proposed contractual documentation.

My 'Call In' was accepted by the Director of Governance and Legal Services on the basis that the 9% settlement which the Council was advised of subsequent to the decision taken on 15th December 2022 is significant new information which has not previously been considered by Scrutiny. It is therefore appropriate and necessary for this Call In to consider the possible impact of this new information on the decision taken on 15th December 2022.

To provide Members with some background information, the Council published details in November 2022 that it faced a circa £53m blackhole in its finances for the forthcoming financial year 2023/24. This significant revelation was a cause for concern for not just Members and Council Officers but also our customers, our residents and members of the public. Committee Members will recall earlier scrutiny undertaken by this Committee regarding that circa £53m blackhole.

In response to this forecasted circa £53m budget shortfall, Council Directorates were tasked with bringing forward savings proposals, whether that be through efficiencies, full scale service reform, income generation and/or voluntary redundancies. The future of St David's Hall forms part of these budget savings proposals.

When this proposal, to hand over St David's Hall to Academy Music Group (AMG) was considered by the Economy and Culture Scrutiny Committee on 12th December 2022, legitimate questions were raised in respects to finance and staffing arrangements of the proposal.

Following the decision taken by Cabinet on 15th December 2022, the Welsh Government released its Local Government settlement figures. Cardiff Council is due to receive a 9% increase from Welsh Government for the forthcoming financial year 2023/24. This represents a cash increase of just over £49m. As a result of this better than anticipated settlement, the Council has revised its savings requirement from circa £53m to circa £23m. Therefore £30m of savings will no longer be required. It is therefore necessary to question whether the Administration still wishes to proceed

with the disposal of St David's Hall in light of these improved budget forecasts. In doing so this Committee will seek a response from the Cabinet Member for Finance that the decision to dispose of St David's Hall is a political one.

I would submit that it is no longer a necessary nor appropriate decision for the Council to continue with its plans to dispose St David's Hall by way of entering into a long lease contract with AMG. I am not permitted to stray into areas outside of this Call In but will say I find them to be further compelling reasons to retain St David's Hall in public ownership. Therefore, I do not consider this to be a legitimate savings proposal for the Council to put forward. I sincerely trust my colleagues on this Committee will share this balanced view.

It is also materially relevant to this Call In that the Council have not formally approached Welsh Government for a number of years to seek expressions of interests for whether they would seek to retain St David's Hall in public ownership - contact was made long before this so called 'unsolicited bid' from AMG.

To provide context, only last week it was revealed the costs of the Indoor Arena at Cardiff Bay are due to rise from £170m to a potentially staggering £270m. The Council did not respond to a request for comment from the press. However, it goes without saying the Council are tasked with finding a further £100m should it wish to proceed with the Indoor Arena.

If an additional £100m can be found from the back of the Cardiff Council sofa for the Indoor Arena, then why aren't steps being taken to retain St David's Hall in public ownership. Residents will also be intrigued to note the Council's preferred provider for the Indoor Arena are AMG- the very same business which made this so-called 'unsolicited bid' for St David's Hall.

In conclusion, this decision has generated significant public concern, with a petition signed by tens of thousands of residents, from not just Cardiff but across Wales, calling on Cardiff Council to abandon their plans to privatise St David's Hall. As the National Concert Hall of Wales, well respected across our nation, every step should be taken to keep St David's Hall in public ownership. We have an opportunity tonight to keep that aim alive by accepting my Call In and referring the matter back to the Cabinet.

Therefore, I would ask Committee Members agree with me it is appropriate to send this decision back to the Cabinet and ask they re-consider their decision to dispose of St David's Hall.'

Cllr Chris Weaver response.

Cllr Weaver advised that they had been working on a 3.5% settlement based on the indicative settlement. During the Summer/Autumn, costs increased, and the gap increased, primarily due to inflationary pressures in energy and staffing but also procured services.

The provisional settlement in December was 9% in grant funding from Welsh Government, this still left a 23.5 million gap in the revenue budget.

Cllr Weaver explained that when setting the budget, he needs to close the gap, the options are Reserves/Council Tax/Savings/Increasing Charges etc. He considered that using reserves and increasing Council Tax was not practical. They always prioritise efficiencies, but after a decade of cuts, this was challenging.

A mix of measures was needed to close the gap, St David's Hall would bring a revenue saving of £700k, but this was more likely to be closer to £1million. If the proposal goes through, the £700k saving would be budgeted.

Cllr Weaver stated that the answer to the question on whether the Welsh Government settlement changes things was no, there is still a gap of £23 million. He added that there are also significant capital costs relating to St Davids Hall which would increase in the coming years. The Council would have to borrow to invest in the capital infrastructure, and this would need to be repaid.

The Council had received the unsolicited offer to take over the operation, NOT ownership, which means taking on the risk, the capital investment and the building infrastructure. This means the Council saves the £700k per year and needs to borrow less on capital investment, this money can be spent on other things.

Cllr Weaver considers it correct that the Council considers the offer, which would retain services, and the commercial provider would also provide a different offer too. This was preferential to cutting or stopping services completely. He added that the consultation was still underway, and the due process was outlined in the Cabinet report.

Members Questions

Members asked if the Council was looking at any proposals, other than AMG. Members were advised that AMG had approached the Council, however through the VEAT process this would be opened up to others and would be reported on.

Members sought clarification on the proposal as to whether St David's Hall would remain in public ownership. The Cabinet Member advised that yes it would remain fully publicly owned, the proposal was for a long operator lease.

Members expressed some concern over the nature of the offer by AMG, noting that they had not had sight of any correspondence trail. The Cabinet Member explained that this would be a question for the service area, and it does not relate to the financial settlement from the Welsh Government which was the reason for the Call-In.

Members asked if the Council had sufficient borrowing headroom to maintain the operation of St David's Hall, should there be political will to do so. The S151 Officer explained that borrowing is looked at as the whole Capital Programme, not a single item in isolation. Members further stated that the Council has a prudential borrowing cap in place to get capital for projects, 1.5 billion is estimated, of which 1.3 billion is the current exposure. Members asked if there was still headroom for capital borrowing. The S151 Officer explained that it was too simple to look at costs only, income stream, invest to save etc. had to be considered too. He added that he was not fixated on the limit, it was more about controls.

Members sought clarification as to whether, when savings are sought, each Directorate brings forward savings and it is then up to Cabinet to decide which are taken and that this process is Member led rather than officers making the decisions. The Cabinet Member confirmed this was the case, he added that sometimes officers can come back and say that savings are no longer viable, but what goes out to consultation is a Cabinet Decision that has had Officer advice. This is considered within the political ambition of Stronger, Fairer, Greener, all Members can propose alternatives.

The Chairperson and Cllr Weaver provided their summing up after which the Chairperson sought the determination.

Determination.

The Chairperson sought Committees view as to whether it;

- a. supports the decision,
- b. would like propose changes to aspects of the decision, or
- c. would like to invite Cabinet to reconsider its decision

The Committee's views were recorded as follows.

Cllr Henshaw – Reject the Call-In and support the original Cabinet Decision
Cllr Chowdhury - Reject the Call-In and support the original Cabinet Decision.
Cllr Ash-Edwards - Reject the Call-In and support the original Cabinet Decision
Cllr Waldron – Support the Call-In, option C
Cllr Ferguson-Thorne - Reject the Call-In and support the original Cabinet Decision
Cllr Thomson - Reject the Call-In and support the original Cabinet Decision
Cllr Hunt - Reject the Call-In and support the original Cabinet Decision
Cllr Williams – Support the Call-In, option C

RESOLVED: Call-In fell with 6/2 majority.

The Chairperson advised that this was an opportunity for an update on the Provisional Settlement and the Council's budget modelling, along with news of the budget consultation. The Chairperson reminded Members that the Council's Budget Consultation for 2023/24 is now live having been agreed at a special Cabinet in December. Therefore, Committee's task is to contribute to the consultation and feed any concerns and observations to the Cabinet to inform Cabinet discussion and debate in preparing their final 2023/24 budget proposals, which will come to this committee's next meeting.

The Chairperson welcomed.

- Councillor Chris Weaver, Cabinet Member Finance Modernisation & Performance
- Chris Lee, Corporate Director, Resources;
- Gareth Newell, Head of Performance & Partnerships

The Cabinet Member was invited to make a statement, after which Members were provided with a presentation. Members were then asked for any questions, comments and observations.

Consultation

Response rate

The Committee noted that approximately 3,000 responses had been received to the live Budget Consultation on savings proposals to date, and Officers are actively analysing where there may be gaps in responses from stakeholder groups.

Members wished to congratulate Officers on work to date to access groups that may be underrepresented.

Members wished to record their thanks for the work the consultation team has undertaken in collaboration with ward members in seeking to understand individual ward and community cultures to ensure more effective targeting of certain demographic groups.

Listening

Members acknowledged that the Budget Consultation exercise was a consultation rather than a referendum and, whilst the results are an important consideration in budget decision - making, there are many other sources of information and consultations that inform the final proposals. Members noted the example provided of the recent Ask Cardiff consultation, which revealed schools are a top priority for citizens, to illustrate Cabinet has taken the decision not to ask for efficiencies as a direct consequence of listening to the public's view.

Cardiff Museum.

Some Members had reservations about the proposal to seek efficiencies from a cultural amenity such as the Cardiff Museum. Members noted that Cabinet

recognises the Museum's value, however finding savings becomes more difficult each year to present a balanced budget to Council, having examined alternative options, prioritised need and listened to citizens views. Members urged that Officers drill down into the detail of the proposal to mobilise the exhibition before a final decision is taken, as costs may not necessarily be lower. Members considered it will be important to factor in the storage costs of historic artefacts.

Borrowing costs

The Committee wished to establish whether the cost of borrowing to fund capital commitments, such as the Arena Project, impacts on the Council's ability to support existing facilities, such as the Cardiff Museum. Members were keen to establish whether the cost of this borrowing was reasonable when set within the whole financial picture the Council is facing. Members noted that Officers consider the Arena Project an invest-to-save project, for which a fully costed business case will be brought forward; and Officers consider it important, even in difficult financial times, that the Council does not lose sight of the benefits in taking strategic decisions to invest in the future. Members also noted that, in respect of large projects, Officers look to secure match funding wherever possible, and the Arena is an invest to save project with a projected income stream that would cover the cost of borrowing. Therefore, the project will continue on this basis with further reports brought forward for pre-decision scrutiny.

Schools budget

The Committee heard that Schools will be allocated a 9.3% increase in budgets, acknowledging their post Covid challenges, compared with the 9% uplift received by the Council in the Provisional Settlement.

Members enquired whether the additional .3% will make a significant difference to the schools' budget, and if it were lower would enable the protection of other important Council services. Members noted that, in making the decision to protect schools' budgets from efficiency cuts Officers have considered the budget allocations made to Directorates over previous years.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

47 : MID-YEAR PERFORMANCE 2022/23

The Chairperson reminded Members that this Committee has responsibility for oversight and scrutiny of the Council's performance assessment and reporting arrangements. This was an opportunity for pre-decision scrutiny of the Council's Mid-year Performance Assessment for 2022/23 prior to its consideration by Cabinet. As a key stakeholder in the Council's self-assessment of performance, the Chairperson reminded Members that Committee routinely scrutinise performance formally three times a year, this is the quarter 2 assessment, Committee looks at quarter 4 in the summer and in February it will consider the Corporate Plan and the targets set for the year.

The scope of the scrutiny would focus on the assessment of performance at mid-year and the challenges and priorities ahead, it also allowed Committee to inform target setting discussions for the Corporate Plan 2023/26 which are currently underway.

The Chairperson welcomed.

- Cllr Huw Thomas, Leader
- Cllr Chris Weaver, Cabinet Member, Finance, Modernisation & Performance
- Paul Orders, Chief Executive
- Chris Lee, Corporate Director Finance
- Sarah McGill, Corporate Director, Resources
- Gareth Newell, Head of Performance & Partnerships

The Leader was invited to make a statement, after which the Chief Executive provided his overview of Performance mid-way through the year 2022/23. Members were asked for any comments, questions and observations.

Overview assessment

The Committee acknowledged there are wide challenges for the Council in difficult times however there is clear recognition of the strategic challenges ahead. Members noted the key challenges as demand for Children's and Adult Services, the cost-of-living impact on the poorest citizens and communities, workforce pressures across all services, housing and an increase in homelessness, and tough choices to make in the face of greater revenue and capital financial pressures.

Training opportunity

Members recognised that they would benefit from a better understanding of the new Corporate Performance Dashboard alongside the narrative summary of the performance position at mid and end of year. Therefore, Members requested a training session that supports the scrutiny member's role in monitoring performance. This would benefit members of all scrutiny committees, though may be most usefully delivered by individual committee, to enable a focus on well-being objectives relevant to the terms of reference of each.

Schools as community hubs

The Committee highlighted that schools are community hubs, and many are very engaged in offering community opportunities to all outside of school opening hours. Members noted multiple council services interact with schools and there was an opportunity to ensure services work more closely together to support the wider community. The ongoing significant investment in the schools building estate was particularly welcomed.

Members were pleased to hear that approximately a third of Cardiff schools engage in holiday programmes and Members further encourage the Council to work with the

remainder to expand support on offer through opening improved schools' estates to the whole community.

Workforce planning

Members were concerned that the workforce pressures felt across all services are particularly notable in Social Services. Members enquired whether there are other benefits the Council can offer to recruit successfully. Members were advised that there is a need to nationally regularise social workers pay in the current competitive environment, that the Council recognises that working conditions and caseloads are important to get right, and that there are often spend-to-save opportunities to deliver a preventative approach that improves job satisfaction. Members were particularly pleased to learn that there is a vision to expand the key worker housing scheme.

Staff motivation & innovation

The Committee wishes to place on record its thanks to all Council staff for the impressive commitment and quality of work delivered in difficult times. Members considered that customer satisfaction and sickness absence performance results at this point in the year may well reflect the underfunding of public services. Members were therefore pleased to hear there is a resilience within the workforce and making a difference is clearly a driver of public service. Members noted the Chief Executive's view that historically staff engagement has been good, and he aims to speak with as many staff as possible, though staff engagement will need to step up in the near future.

Members heard that post pandemic it is not easy to ensure staff have time to be proactive, to capture and record innovative ideas. Members noted the focus on the evidence gathered within an operational service area through real time data and use this to react quickly to service specific challenges.

Customer satisfaction (KPI7.19)

Members noted that the level of customer satisfaction for 2021-22 was below current year target and comparatively lower than the previous 4 years. The Committee sought to establish whether there has been any analysis of the main reasons for the decline; in which service areas customer satisfaction has declined the most; and how we can improve levels of satisfaction. Members noted that such analysis of customer perceptions was available through the results of the Ask Cardiff survey undertaken last autumn. Members requested sight of the analysis, as offered, and noted the Chief Executive's view that there is a post pandemic opportunity to breathe new life into the Customer Strategy and the Council's work with the Institute of Customer Services.

Sickness Absence (KPI 7.12)

Members were concerned that at this mid-point the total number of days lost per FTE employee due to sickness absence is at 12.65 days compared with the target set of 9.5 days. Members were advised that this is largely a result of the impact of Covid and flu in recent months, however in services such as Waste Management, where figures are comparatively high, the drivers of absence are well understood and mechanisms are in place, such as occupational health support, to tackle rising figures.

Members welcomed the Chief Executive's view that there is stability in the numbers and recognition of the importance of difficult cases being managed effectively.

Impact of efficiency savings

Members were keen to establish the impact of making efficiency savings on performance. Members noted that Officers consider the effective use of contingency budgets when setting the current year's budget has enabled the Council to continue effective service delivery and recovery where performance has dipped.

Members were pleased to hear that the collaborative work of partners has benefitted vulnerable citizens. The partner relationships in Cardiff are clearly well established providing a strong framework for all to access and this, alongside the impressive use of volunteers within Hubs and collaborative signposting, has benefitted citizens.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

48 : URGENT ITEM (IF ANY)

None received.

49 : DATE OF NEXT MEETING

1 March 2023 at 10.00am – Budget Scrutiny

The meeting terminated at 7.40 pm