

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

16 OCTOBER 2019

Present: Councillor Walker(Chairperson)
Councillors Berman, Bowen-Thomson, Henshaw, Lister, Mackie
and McKerlich

31 : APOLOGIES FOR ABSENCE

None received. It was noted that there were two vacancies remaining on the Committee.

32 : DECLARATIONS OF INTEREST

None received.

33 : BREXIT

The Chairperson advised Members that, in line with this Committee's responsibility, this item would update the Committee on the Council's preparedness for a 'No-Deal' Brexit, and the implications for Council Services and address the implications of a No-Deal exit from the European Union (EU), including areas of interest such as:

- business continuity plans;
- emergency planning arrangements;
- resilience of the supply chain; and
- the EU settlement scheme.

The Chairperson welcomed Councillor Huw Thomas, Leader; Paul Orders, Chief Executive; Gareth Newell, Head of Performance & Partnerships; and Gavin Macho, Principal Emergency Planning Manager to the meeting.

The Chairperson invited the Leader, Councillor Huw Thomas to make a statement in which he said that this was a moving feast, it was important too refresh how the Council engages with a possible No Deal Brexit. It was also important to plan, prepare and respond to any kind of Brexit. The issues had been discussed at the PSB; and No Deal Brexit was on the Council's risk register. The headline issues were UK Settlement Scheme; Hate Crime Concern; Labour Market Issues and Structural Funds.

The Chief Executive gave a presentation after which the Chairperson invited questions and comments from Members;

Members asked if Business Continuity had been updated and if it was larger in scope. Members were advised that the Council's Business Continuity Officer talks to each director, has spoken to supply chains and identified specific Brexit risks, and has received written reassurance on everything that is known. Officers are confident and have received highest level assurances in relation to Fuel/Gas/Electricity. There was a need to reassure Cardiff citizens and manage the situation in a sensible, pertinent way. Members were advised that there may be a possibility of fresh food

stock shortages, but this has been looked at in relation to Schools and Meals on Wheels etc. and suitable frozen alternatives can be used if needed.

Members noted that the Council cannot control panic buying and asked if a communications system has been set up to deal with this. Officers advised that the Council's communication officer was engaged in, sending out reassuring messages on social media. The Local Resilience Forum also has a communications function, and the Council's communication officer was part of this and would reinforce the positive messages going forward.

Members referred to the proportion of staff in social services that are EU Nationals, and that in addition to existing vacancies there could be a potential risk to sustaining services going forward. The Leader agreed that it was very depressing reading but there was professional preparation taking place. He added it was a difficult question to answer as there was no definitive view of the future immigration relationship with EU and Non EU Countries. There was talk of trade deals but it was likely these would come with caveats. He stated that it was difficult for the Council to take a long term view of employment but it was important to look to develop Cardiff's workforce through the Into Work scheme. He stated it felt like grasping in the dark.

Members noted that the preparations outlined were pragmatic and should be monitored closely. Members considered there would be an effect on the Council's closely balanced budget and there may be a need to cut spending plans. The Leader stated that the currency situation is affecting the bottom line already, he added that there are opportunities in uncertainty but these are outweighed by risk factors, especially currency fluctuation.

Members asked when information is going to be given to people as they are already concerned, and asked if officers were waiting until 31 October. The Chief Executive advised that there was always an issue with significant national campaigns, they needed to be supplemented with local information, for example the EU Settlement Scheme, there has been low take up. Also with business in relation to trade/export regimes and what disruption a No Deal Brexit would have on such a rules based environment; there needed to be quality information. Officers added that this was a frequent discussion – to alert and not alarm people; this was difficult to do and there was no simple answer. Officers reassured Members that everybody has prepared and all the known unknowns were dealt with. The Leader explained that there had been discussions at PSB and there was an assuring narrative from different public sector partners. Members considered this a consistent and sensible approach and were keen that schools were involved too.

In relation to the EU settlement scheme (EUSS), Members asked about the potential implications of not signing up and asked what was being done in terms of community engagement. Officers explained that the Community Cohesion team were engaging with the migrant population and events had been promoted to inform people of the EUSS. Officers added that staff are aware of the people who need to apply to the scheme; there are a range of providers and different levels of support depending on the complexity of the case. National Insurance data was being used for targeted leaflet drops and there were discussions with migrant business owners. This information is fed back to the Welsh Government; the deadline is the end of December 2020 if there is a deal; if no deal then this would be more restrictive. The

most recent data showed that in the whole of Wales there had been 30k so far with 10k being in the last month.

Members asked, of the 30k who had applied so far, if they had all been granted. Officers only had the UK wide information, which showed that 60% were at settlement stage and 40% at pre-settlement stage; those at the pre-settlement stage can apply for settlement later.

Members asked how long the Business Continuity Emergency Plan would be in force for. Officers advised that all Senior Management Team are on the rota; it would go on for as long as it needs to. There would be a Gold Officer on rota every week with a specific Silver officer dedicated to Brexit. Officers are briefed and are to look out for loss of service. Information is sent to the Local Resilience Forum, then to Welsh Government, then to London to process for National Trends. Officers would look to see if businesses are still running, how the most vulnerable are affected and how this can be addressed. Members were assured that officers in Cardiff are used to dealing with Major Events and skills learnt will apply to potential issues with No Deal Brexit, for example logistics skills.

Members sought information on what the Council has spent on preparing for Brexit. The Chief Executive advised that the preparations have been undertaken overwhelmingly within existing resources, with some allocation of resource from Welsh Government, for example the Brexit Co-ordinator role; there have been budget impacts across the Council but there was no specific figure. The Leader stated that when things have settled, an exercise would be undertaken to establish costs.

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

34 : BUDGET CONSULTATION 2020-21

The Chairperson advised that this item would give Members the opportunity to consider and comment on the methodology under development for the 2020 budget consultation, Changes for Cardiff. Last December the Committee considered the Council's approach to budget consultation, following which Committee made representation to the Cabinet that there was opportunity for improvement.

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member for Finance, Modernisation & Performance; Chris Lee, Corporate Director Resources, Gareth Newell, Head of Performance and Partnerships and Sian Sanders, Operational Manager, Cohesion and Community Engagement to the meeting.

The Chairperson invited Councillor Weaver to make a statement in which he said that he had received helpful comments from Scrutiny Committees last year; he had met with Scrutiny Chairs, the methodology had been developed along with proposals for the consultation.

Members were provided with a presentation after which the Chairperson invited questions and comments from Members;

Members noted that it was the case that scrutiny and Members are not consulted until after publication of consultation documents, giving the example of the Ask Cardiff Residents survey; and asked how this could be avoided and how scrutiny could feed into the process earlier. Officers advised that in relation to Ask Cardiff, that would be brought back in the spring or summer next year for review. For general consultations officers agreed that they would be happy for Scrutiny to review them before they are finalised. In relation to the Budget Consultation, officers advised that this was tricky as decisions are taken quite late in the timescale; there had been early discussion around the methodology but due to a late settlement timescales would be delayed. Members suggested a draft could be brought to the next committee meeting if the agenda allows, or Officers could circulate a draft to Committee Members for comment.

Members welcomed the mixed methodologies and asked if previous response rates have been looked at. Officers advised that they are using more resource intensive methods to engage those cohorts with low response rates. Officers stated that a review at the end of the process will be very important, and for example examine venues for future consultations.

Members considered that often the budget seems a fait accompli and it would be better to have some flexibility at the engagement stage for anything that widely crops up, and have the opportunity to change it. The Cabinet Member stated that it is always difficult and it can generate very strong feelings. Very specific budget proposals need consultation in themselves; it is important to gain the views of public priority areas over the years, although it is always a challenge. Officers stated that the timing of the Ask Cardiff survey for November had been helpful as views on services would feed into the budget consultation in the new year. Officers agreed to share some initial responses from the Ask Cardiff Survey with Committee before Christmas.

Members asked how Officers intended to evaluate responses from hard to reach groups; whether they would be taken in the round or looked at specifically. Officers advised that the research team would be mindful of this when looking at the results, they would consider the nuanced layered picture of different residents, different wards etc. Officers recognised the need for more in depth focus groups or one to ones. There would be a mix of granular and top level findings to identify disparity in the bigger picture.

Members asked how the demographics had been defined. Officers explained that they had been identified through a standard equalities monitoring question which is at the end of all surveys. Members asked if Officers look outside of this area, for example homeless people and other sections of community. Officers explained that they had worked with the Third Sector previously and looked at sub-demographic groups such as Ethnic Minority Women, Asylum Seekers etc. so they have the ability to do this.

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

The Chairperson advised that Committee would now consider an update on the Council's financial monitoring position at month 4 of 2019/20. Members were reminded that the Report was presented to Cabinet on 26 September 2019; it had been agreed that all directorates currently reporting overspends should put in place action plans to reduce their projected overspends.

Managers of two services with notable overspends had been invited to join the witness panel, David Lowe in respect of Facilities Management and Stephen Melhuish in respect of Fleet Management.

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance; Chris Lee, Corporate Director Resources, Ian Allwood, Head of Finance; David Lowe, Operational Manager, Facilities Management; and Stephen Melhuish, Transport Manager to the meeting.

The Chairperson invited questions and comments from Members;

Members noted that the figures at Month 4, which is only 5/6 months after the budget was passed, are already showing a 6.29million shortfall projection and asked if the budget was already out of kilter. The Cabinet Member stated that there were quite a few reasons for this; a large proportion was Social Services, many proposals were based on deflecting demand, but it is a needs led service and demand was higher than anticipated. There were also waste management issues, external factors such as the recycling market and internal factors such as review of management. Overall there was a 325k projected overspend, but it was noted that Directorate overspends are very significant.

Members considered that with so many unknowns in social services, and not being able to predict demand, then it may be better to not propose savings. They suggested looking at the pattern of social services spending rather than relying on the Director of Social Services when under pressure to make savings. Officers explained that there are some areas in social services that can be predicted but many that cannot, such as sibling groups of looked after children, where a small change can have a significant impact on the budget. Month 4 is meant to identify pressures, push for action and to mitigate; Officers have been able to bring the overall position very close and will continue to do so despite the volatility in Social Services. When asked about using trends instead of predicting unknowns, officers stated that they can't predict the trends, they are working very hard to produce a robust budget strategy which would be debated by Members in the next few months; Officers reiterated that they recognise the challenges.

Members noted that just under one third of savings agreed in the budget are not going to be achieved; this has been the case for the last few years and Members asked if lessons were being learned. Members considered that Planning Transport and Environment (PTE) seemed to have lost control of its budget in many ways such as waste and fleet management; advice given to Councillors about what savings could be achieved has not born out and a discussion took place around using contingency versus robust savings proposals. The Cabinet Member responded saying that the issues with overspends in social services is a national issue and

Members were encouraged to attend an arranged Members briefing on this. The Cabinet Member added that one child can bring a budget of six figures, and a sibling group significantly more. He accepted that more must be done and the strategic plan needs scrutiny.

With regards to PTE, the Cabinet Member noted that the savings put forward had not been achieved, in some cases in full; he considered this was an area of great concern and he wanted a more detailed planning stage, to nail proposals down and follow them through. He noted that PTE management was under review and currently in transitional arrangements. In relation to the use of contingency, the Cabinet Member stated that it is getting harder to make savings and deal with events as the ability to absorb overspends has gone. He added however that the Council has saved millions over the years and mostly services to the public had been unchanged. When such savings are made in, for example, Leisure the saving is banked and then doesn't help in the years to come; for cumulative savings there is an element of risk that you have to bear.

Members discussed the fact that the Month 4 figures go up until the end of July, it was now October so the figures were historic. Members asked for the current figures and were advised that as there had been the summer recess, these figures were being worked on and would go to Cabinet shortly. Members considered it was important to see how PTE are doing and monitor the shortfall on a more rapid basis to ensure more control.

In relation to Facilities Management specifically, Members were informed of the various ways in which they were trying to make efficiencies such as the security arm going to the ARC, Brindley Road security being replaced by technology at the ARC, and that there would be opportunities going forward with the consolidation of core buildings. Members were concerned that there was no money in the budget for these things to happen. Officers stated that the overspend was around £500k and was due to increased security and energy costs. Officers stated that security provided in core building depends on operational requirements.

Members asked if the increase in energy costs was due to increased usage or a worse energy deal than expected. Officers advised that the energy team had transferred into the Corporate Landlord area to improve the focus, there was a need to improve the management of energy in buildings but it was probably a combination of both.

Members were advised that the overspends in security were 200k and Energy was 180K, when asked why the security costs were higher than budgeted, officers stated it was due to the trading and client accounts and making efficiencies; Officers conceded that it was a challenge and they would focus on this.

In relation to Fleet Services specifically, Members were informed of the background of having to take on the refuse fleet and maintenance. Members were advised that current figures were an improved picture from Month 4.

Members noted that last year the Committee had scrutinised the failure of the contractor and what was budgeted last year should have been included this year. The Corporate Director Resources advised that he currently supports Stephen

Melhuish in CTS; he stated that the utilisation target was extremely hard to achieve, it is badged as CTS but is across the Council and relates to the utilisation of all vehicles. This needed to be added into the budget strategy going forward. He added that he will be creating a group across the Authority looking at vehicle utilisation. There could be savings by reducing the number of vehicles in stock, looking at purchase versus lease and electric vehicles.

Members considered that this level of challenge needs to be done outside of Committee at senior management level.

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

36 : FORWARD WORK PROGRAMME

RESOLVED to agree the provisional agenda items for November and December 2019.

37 : CORRESPONDENCE

RESOLVED to note correspondence between the Committee and the Cabinet.

38 : URGENT ITEMS (IF ANY)

The Chair wished to make two announcements.

Committees work programming discussions included scoping more in depth work on the challenges faced by Waste Management, jointly with the Environment Scrutiny Committee. Both Committees have been offered an informal briefing by the Cabinet Member and senior officers, to facilitate a scoping discussion. The Chair confirmed that this will go ahead on Tuesday 5th November 2019. The meeting is forecast to last around one and a half to two hours, 4.30pm – 6pm.

Secondly, for those Members who are keen to participate in the work of the Committee's Performance Panel, the Committee's support officer would shortly be seeking Members availability for a meeting in late November/early December. This is an additional meeting of the Panel that includes all Scrutiny Chairs, to consider a half year review of performance against Corporate Plan targets.

39 : DATE OF NEXT MEETING

13 November 2019 at 4:30pm

The meeting terminated at 7.30 pm

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