

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

19 FEBRUARY 2020

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

57 : APOLOGIES FOR ABSENCE

Councillor Bowen-Thomson advised that she may be late arriving to the meeting.

58 : DECLARATIONS OF INTEREST

Councillor Mackie declared a personal interest as a family member is the Head of the Integrated Centre.

59 : CORPORATE PLAN 2020-23 - TO FOLLOW

The Chairperson advised Members that this was an opportunity for the Committee to undertake pre-decision scrutiny of the final draft Corporate Plan 2020-23. To place in context the Leader engaged informally with the Committee's Performance Panel and chairs of all scrutiny committees last week, focussing on the target setting process for the Corporate Plan. Following the discussion the comments, observations and concerns of scrutiny (attached at Appendix 2) were relayed to the Leader, prior to publication of this final draft of the plan.

The Chairperson welcomed Councillor Huw Thomas, Leader of the Council; Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance; Paul Orders, Chief Executive; Chris Lee, Corporate Director, Resources; Gareth Newell, Head of Policy & Partnerships; and Dylan Owen, Head of the Cabinet Office to the meeting.

The Chairperson invited the Leader to make a statement in which he said that he was grateful that the performance panel had convened, it was detailed in the Corporate Plan in supporting performance and governance arrangements that were in place and it was good to include wider governance. 33 comments had been captured, many had been agreed and the rest were being considered. Going forward, there was a role for the Panel to develop and the Leader stated he was committed to strengthening the function of Scrutiny for Council in the Local Government Election Bill requirements.

There was a new version of Capital Ambition which translates to the ambitions in the Corporate Plan. There had been meetings with each Cabinet Member and Senior Officers to ensure the Corporate Plan includes KPI's which are robust and realistic; this is an important document for the City.

The Chairperson invited the Chief Executive to make a statement in which he wished to echo the Leaders comments; he considered that had been a good exchange between Cabinet and Scrutiny year on year which had led to more robust arrangements.

The Chairperson invited Officers to give an oversight of the Plan and changes that have been made as a result of scrutiny engagement, after which the Chairperson invited questions and comments from Members;

Members noted the aspiration to bring foster carers in house and considered this a great idea, asking how this would be achieved. Officers explained that currently there were 31 facilities being assessed, this takes around 6 months to complete but at the end of the financial year there should be 12 facilities ready. This has been significantly more successful by having a focussed team in place for assessment and support. The CEX added that they were significantly increasing the in-house capacity and capability with dedicated managers, this was a multi-disciplinary project by nature and there would be a strong communications programme. Members considered that improvements could be made by developing a good package with a better offer than the commercial sector and competing with the suppliers. Officers stated that the main objective was to increase the overall pool as there was a need for more foster carers; the package is what is important, including the level of support, the now focussed resource will make the difference.

Members noted the detailed response to climate emergency and asked if there was a budget for this. The Leader explained that it would amount to millions and Officers were working on it, there are references to the One Planet Cardiff Strategy in the Corporate Plan which would provide granular detail.

Members noted that the version of the Corporate Plan provided to the performance panel was different to the version before Committee. The Leader explained that they wanted a non-glossy working draft to go to the performance panel; the version before Committee was near final.

Members referred to Wellbeing objective 2 – Cardiff is a great place to grow older and noted that in a Wales comparison, Cardiff was second from the bottom and below the Welsh average for performance figures in recycling amongst other comparators. The Leader explained that they are not trying to hide data; Cardiff is fairly exceptional in the Welsh context as it has major city issues which are very different to the rest of Wales; if compared to Core Cities then Cardiff is well placed.

Members asked if Cardiff is learning from the best proactively and the CEX stated that with regard to recycling specifically, they are actively engaging with the Welsh Government to promote recycling and taking into account the best authorities' performance. He added that it has to be put into context, areas such as social services and independent living services in Cardiff need high levels of support.

Members referred to the performance panel's comments on exploitation and reiterated the importance of a need for a promotion/campaign to make sure people are aware of exploitation and how to report it. The Leader said he would be happy to continue the conversation around this and take it forward.

Members referred to Waste and the target for recycling. Members considered more could be done such as, uncooked food placed in garden waste; separating out higher value items such as large milk cartons and allowing electrical items to be placed in black bins to be incinerated. This was considered a valued point but it was noted

that the quality of recycling is very different in different parts of the City and the contamination was different. There was a need to educate on the direct impact of proper recycling and re-use needs to be promoted. There was a priority to tackle contamination in the recycling scheme and Hubs were also going to become drop off points.

Members considered that the reference to Cardiff being world leading was ambitious as the figures show Cardiff doesn't even lead in Wales with regard to recycling. The Leader explained that this was in reference to Waste in general and not Lamby Way in particular; it was looking at Cities worldwide and Cardiff was third best and wants to do better and improve the status in Wales. Officers added that the reference was to the whole system review in Lamby Way to ensure the best decisions are made on use of resource and improving recycling and Health and Safety. There was a need to understand what data is telling us on productivity. With regard to recycling Cardiff is the only LA in Wales with a Trade Service, which is expensive to deliver and negatively impacts on target figures and wouldn't show on comparative data. Members considered this should be made clear.

Members made reference to the sickness and absence situation and considered that the measures to reduce are not working and a new creative, innovative approach is needed. The Leader accepted this was a fair challenge but was confident in the measures that were in place. He stated there were increased pressures on staff which has in turn increased levels of stress. He stressed though that 60% of staff do not take a single day of sickness, the challenge was with a small number of staff and long term sickness. The CEX added that there was no immediate rationale to change the policy position, there had been a significant margin of improvement in relation to long term sickness cases and it was about managers applying themselves with support from HR and Occupational Health.

Members discussed sickness absence further noting that generally across the UK figures were reducing; the CEX stressed that in relation to large public sector organisations, there was significant room for improvement; there was a particular problem of non-work related stress which needed to be grasped. Members considered it was very difficult to differentiate between work and non-work related stress and it was important to have good preventative measures in place. Members reiterated the importance of risk assessments in relation to stress. Councillor Weaver explained that HR and Health and Safety are looking at HSE tools to understand causes and look at preventative work.

Members asked if any work had been carried out to determine the effect of austerity on employee's health and wellbeing. The CEX said there had been no specific work regarding austerity but the employee survey was conducted year on year which contained qualitative information. There was also a Stress Action Plan launching, SMT had been briefed on this recently and there was a specific commitment to this work.

The Chairperson read out a letter from the Chair of Cardiff Civic Society and sought responses. The Leader felt there was a need to correct some of the information, stating that some pockets of land were not for sale and those that are, are agreed at public Cabinet meetings so were very open decisions, for example the £40 million capital receipt to fund the capital programme in the school estate, was all in the

public domain. It was also added that the Cabinet Member meets the Cardiff Civic Society on a regular basis.

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

(a) Draft Corporate Budget Proposals 2020-21 - to follow

The Chairperson advised that in line with this Committee's Terms of Reference Members have responsibility for taking an overview of revenue and capital budget proposals from a corporate and strategic point of view. In addition we will have a brief overview of budget implications for specific services that fall within our Terms of Reference within the Resources, Governance & Legal, Economic Development, Central Transport Services and Performance & Partnerships budgets.

Scrutiny of this budget item will be split into two parts:

- a) An overview of the 2020/21 corporate wide budget proposals from Cllr Weaver, Chris Lee and Ian Allwood; which will include a summary of the implications for Chris's Resources directorate, Governance and Legal Services, and elements of Economic Development, for which Neil Hanratty will join the table. Members will have an opportunity for questions before moving on. This will then be followed by:
- b) Scrutiny of the Capital Strategy, which Anil Hirani will join the table for.

Draft Budget Proposals 2020-21 - Overview

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance; Chris Lee, Corporate Director Resources; Ian Allwood, Head of Finance; Gareth Newell, Partnership and Community Engagement Manager, joined later by Neil Hanratty, Director of Economic Resources.

The Chairperson invited Cllr Weaver to make a statement on the 2020/21 budget, in which he said that the settlement was later than usual and final settlement was due 2 days before Council; whilst better than expected there was still a requirement to make savings to balance the budget in the amount of £10 million. It was good that they are able to reduce the efficiency from schools from 1% to 0.5%. Overall the 4.5% increase in Council Tax was in line with the Budget strategy published last summer, as was the £750k draw from reserves. Welsh Government had been explicit in saying that austerity was not over and there still remained a significant degree of uncertainty.

The Chairperson invited Ian Allwood to give a corporate overview of the budget.

The Chairperson invited Members' questions on the corporate overview of the revenue budget;

Members asked if the reserves put into the budget last year were used. Officers said they were for 2019/20, £2.750 million were used, so £2 million less this year.

Members noted the big figures in the realignments and asked if realistic budgets were being set if realignments of this size were needed. Officers explained that there were more conversations with Directors and their teams to ensure the robustness of savings etc. Officers understood that some services were demand led and the importance of understanding the blend of the offer to get meaningful assumptions; there is more resilience confidence about getting the right base budget going forward. Officers discussed issues around market supplement for social workers and the balance back from reduced agency use going forward and stated that they have already delivered £1 million of savings in year so were more confident that with the realignments it balances the budget.

Member sought clarification that income generation for non-schools was £200k less than last year. Officers said they look at the figures overall and just reflect the level of increase; there was more detail in the fees and charges section and they were still looking to take opportunities to maximise income.

Members considered that it looks like a non-controversial budget with lots of green/amber, but looking at the detail the figures are huge. Officers said it was more realistic, with resilience in there to ensure transformation projects can be delivered. In relation to green/amber, finance had worked with service areas to get more robust savings plan, some have already been delivered.

Members referred to recent extreme weather and issues caused, asking if this was paid for by external funding or if it impacts Cardiff Council's budget. Officers explained it was the Emergency Assist Scheme that was used for the immediate aftermath, which was small compared to infrastructure costs; there would be a need for more capital expenditure and this would be over and above what was set aside, the Council would work with Welsh Government on this.

In relation to the contingency fund, Members considered it should be reduced so it is not relied upon, and it could be used for other purposes if the Cabinet Member was confident in the budget. The Cabinet Member said this could be reviewed this year, and brought back to Committee in the Autumn. Officers added that although it was a better situation, they wanted to see the discipline achieved and the savings met; there was still uncertainty around grant funding, Brexit and the UK Budget; a 2% pay increase had been assumed and the Trade Unions had asked for 10%. There is a reason why the council needs a contingency, it increased the resilience of the Authority; if future settlements are better, then the conversation could be had.

Members considered that some Service Area's had been cut to the bone of staff and asked if this was genuine efficiency, if there was an impact on service delivery, the impact to staff and what analysis had been done. Officers stated that the Cabinet report included the risk matrix and mitigation assessment in which post reductions had been flagged; there was reference to workforce planning and internal audit stress testing it; there had been assurance that many posts were vacant posts.

Members asked which Service Areas were missing savings targets this year, by how much and what would the consequences be. The Cabinet Member said that at month 9, Children's Services were the most overspent. It was noted that Facilities Management had been realigned to address issues identified at month 4. Members were concerned that the overspend in FM cost the service area as a whole. Officers

said that there was provision in the budget to address historic issues and comments from the last PRAP letter regarding Security and Energy targets.

Members asked for overspend figures for Social Services. Officers advised these were £5 million, of which £725k was Adults and the rest was Children's. Members noted that Adults were overspent by £725k this year but were expected to save £2.6 million next year. Officers stated that they had built up resource, identified efficiencies, the bottom line had increased by 4% and there were still growth areas. Members wondered why the area couldn't be given what it needed to save and the Cabinet Members stated that this wouldn't identify efficiencies and they were driving the changes.

Members were pleased to see creation of posts but were concerned about vacant posts in areas such as the Youth Service and asked if the Cabinet Member was confident in the timing to deliver the budget. The Cabinet Member said he was and that it was part of the budget planning process and extended time had been allowed for recruitment in this area.

Members discussed agency spend, it was noted that at month 9 this was just over £15 million. The Cabinet Member said it was down from £16 million last year. Officers added that it was mainly in Children's Services and the market supplement should help. It could be difficult to track agency spend as some of it is spent against existing staff budget; it could be tracked over time but ideally there will be a reduction in agency spend as the Council attracts and retains its own staff. Members were concerned there was no visible action plan for this and the Cabinet Member said that there were plans in place to address the issues with recruitment and subsequently reducing agency spend. Members asked if it was a disincentive relying on agency for staff sickness, Officers said it depends on the role; for the front line it addresses the immediate need.

The Chairperson invited Chris Lee to briefly outline the implications for those services for which Committee have direct Scrutiny responsibility within its terms of reference.

The Chairperson invited Members' questions on the service implications within the revenue budget;

Members stated that in relation to CTS, they had previously asked for Cost/Value Analysis. Officers explained that on value analysis, they were doing work around productivity which was around 50-80%. Further information on this analysis would be brought to a future committee.

Members asked how much it would cost for the fleet to be totally electric and were advised that the market was not quite there yet to require electric waste vehicles, there was an opportunity to bid for WG funding for a Green Fleet which would be explored. The Cabinet Member said that there was £124k revenue in Capital Budget; £1 million in Capital Programme next year and there were 90 vehicles planned over the next 2 years.

Members referred to Information Governance and the numbers of FTE's lost referenced as TBC. Members asked if this meant that they haven't been identified or

if there was a potential for compulsory redundancies. Officers explained that there was a turnover of staff in this area and they were looking to lose the right vacant post.

In relation to Digital Services, Members asked for more information on growth. Officers explained it was £80k growth, with 2.19 more members of staff; 1 grade 5 and 1 grade 6. These would work on the Digital Strategy, Mobile app and Chat Bot for customer services through the website; this was a channel shift for customer contact and more development work was needed.

Members considered that the presentation was useful and that in future it should be circulated to Members in advance.

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

61 : CAPITAL STRATEGY 2020-25 - TO FOLLOW

Capital Strategy and Programme 2020/21

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance; Chris Lee, Corporate Director Resources; Ian Allwood, Head of Finance; Anil Hirani, Operational Manager Capital, Corporate & Treasury for this item.

The Chairperson advised that during this item Members should refer to Appendix F of their budget papers particularly.

The Chairperson invited Ian Allwood to give his presentation, after which he invited questions and comments from Members;

Members discussed the repayment of debts and were advised that the debts would be paid an equal amount over the life of the asset which was 40/45 years maximum. Members asked if there was an option to pay more or less and Officers advised that it would be kept under review, but the debts/costs are not charges to tax payers beyond the life of the assets and there had been external advice from treasury advisors on this. Members expressed concerns over high interest rates in the future and Officers explained that this had been looked at as part of the Treasury Management Strategy and at Audit Committee and it was considered that they were not adverse risks, they were prudent and affordable.

Members discussed the debt over the next 5 years, including revenue and expenditure; with rates likely to go up during this time they considered they would be likely to have to flex the Capital Finance figures by refinancing existing debts as they mature. Members asked if this flex was on unfavourable assumptions, what the cost of the Capital Financing would be. Officers explained that it was a 30 year plan and the Council Rent Policy pays for the HRA. Assumptions around future RSG look favourable to support Capital Financing. Assumptions are made on interest costs and are built into plans, there are risks and Capital Programmes are reviewed annually. Rates are favourable now to invest, medium term costs are built into plans which also capture and monitor all activity, there are a range of indicators which are reviewed to ensure limits are not exceeded.

Members asked for more information on the £1.5 million for the completion of the Coal Exchange. The Cabinet Member this was funding from a Welsh Government programmed funnelled through the local authority for regeneration. It is a loan to regenerate that part of the City. Members considered that those who bought bedrooms expected a return on their investment and the Cabinet Member stated that they are expecting a desirable outcome

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

62 : URGENT ITEMS (IF ANY)

None received.

63 : DATE OF NEXT MEETING

11th March 2020 at 4.30pm.

The meeting ended at 16.10