



Policy Review and Performance Scrutiny Committee

Annual Report 2017–2018

June 2018



Cardiff Council

*This document is available in Welsh
Mae'r ddogfen hon ar gael yn Gymraeg.*

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Committee Membership



Councillor David Walker
Chair



Councillor Rodney Berman



Councillor Bernie
Bowen Thomson



Councillor Joe Boyle



Councillor Stephen Cunnah



Councillor Owen Jones



Councillor Norma Mackie



Councillor Rod McKerlich



Councillor Jim Murphy

Chair's Foreword

The start of a new Council term is an important one for Scrutiny. It is an opportunity for new and experienced councillors to meet and work together in a non-partisan cross-party setting.

There is usually a large number of new policies and strategies to examine, and that has been the case as the Committee took on its wide ranging brief. There have been numerous opportunities for non-executive members to contribute to decision-making and take part in the kind of open governance so appreciated by external auditors and the wider public.

In executing our statutory responsibilities under the Well-being of Future Generations Act (Wales) 2015 we were able to meet and question the Public Services Board (PSB) about its Well-being Plan and objectives for Cardiff. This is an area of responsibility that will grow in importance as the PSB puts in place arrangements to deliver the Plan.

The Corporate Plan signals what the Administration is seeking to achieve, and at what pace. The Committee saw an opportunity to involve other scrutiny chairs in a joint scrutiny focussed on target setting for the Plan. Such engagement produced frank and useful input, facilitated by the Leader's willingness to engage in an equally frank and open manner.

An important role for all scrutiny committees is to contribute to policy development, ideally at an early stage. For us this included Capital Ambition and its delivery, Senior Management Arrangements, and the Workforce Strategy. Members embraced the task of working through often complex proposals, providing challenge and suggestions for improvement.

The Committee also took the opportunity to revisit a long-standing topic of concern, Sickness Absence, where we noted that small but important improvements made in previous years had started to reverse. There are cost implications for issues such as this, and our scrutiny linked usefully with the

wider, in depth, examinations we undertook of the Budget Strategy, monitoring at month 6 2017/18, and the draft Budget proposals for 2018/19.

Outside the committee's regular business, there were opportunities to undertake two task and finish inquiries, Customer Leadership published in May 2018 and Managing the Estate under a Corporate Landlord Model published in April 2018.

My appreciation goes to all who supported the scrutiny process during the year, including cabinet members, directors and senior officers as well as guests from external organisations. The efforts of the Committee Members are very much appreciated, including the role undertaken by Councillor Joe Boyle in chairing the Corporate Landlord Model task and finish inquiry.

Principal Scrutiny Officer Nicola Newton has faultlessly guided the Committee through its wide ranging and sometimes complex workload, for which the Committee expresses its appreciation.

I know that in 2018/19 the Committee will address further important work and, in so doing, will seek to contribute to the Council's overall effectiveness in delivering for its customers and other stakeholders.



A handwritten signature in black ink that reads "David Walker". The signature is written in a cursive, flowing style.

Councillor David Walker

Chair, Policy Review & Performance Scrutiny Committee

Overview

With the 2017 Administration firmly in place, and the birth of Capital Ambition, in July 2017, the Policy Review and Performance Scrutiny Committee welcomed new and experienced Members, in pursuit of open and transparent challenge, to ensure the best services for the citizens of Cardiff. For many years Cardiff's positive scrutiny culture and function has been an effective part of the Council's democratic decision-making process. The function ensures non-executive Members have an opportunity to bring their own independent expertise to bear on strategy and policy issues, working with the Cabinet to improve services. In this Annual Report we reflect on scrutiny undertaken in the first year, and some of the new developments that have grown out of a willingness on both Cabinet and Scrutiny parts to work together to deliver services against a backdrop of ever decreasing resources.

For clarity, this Annual Report covers the work of the Committee since its inception in July 2017, to the end of the municipal year in May 2018. It explains the many different types of scrutiny the Committee has undertaken in this period, categorises the various topics considered, and presents the highlights and outcomes of its work in 2017/18, from page 8 onwards.

Committee Responsibilities

The Policy Review and Performance Scrutiny Committee's Terms of Reference confer upon it two distinct scrutiny roles. Firstly, an overarching responsibility to scrutinise, monitor and review the overall corporate performance and improvement of the Council. Secondly, to scrutinise, monitor and review the effectiveness of specific functions, such as the Corporate Planning and Improvement framework, the Capital Ambition Delivery

Programme, Finance, ICT, Human Resources, Governance, Legal Services, Property, Procurement, Customer Services and the Public Services Board.

During this administrative year there has been a review of senior management arrangements. This means that within the new organisational structure the Committee's Terms of Reference¹ determine that its responsibilities fall within three of the Council's Directorates; as follows

The **Corporate Resources Directorate** falls within the Committee's remit in its entirety and comprises; *Commissioning and Procurement; Finance; Human Resources; Digitalisation and Customer Services (including Corporate Complaints and Connect to Cardiff (C2C); Performance & Partnerships (including Bilingual Cardiff).*

The **Economic Development Directorate** includes *Corporate Landlord, Strategic Estates (including both the operational and non-operational portfolios), Facilities Management and International Policy.*

The **Governance and Legal Services Directorate** falls within the Committee's remit in its entirety and comprises; *Committee & Members' Services; Electoral Services; Equalities, Glamorgan Archives; Legal Services; and Scrutiny Services.*

Work Programme 2017/18 - the statistics

During the municipal year May 2017 – May 2018 the Committee held 9 public meetings as programmed in the Council's calendar of meetings, and one un-programmed call-in meeting in April 2018. Over the year, 25 reports have been scrutinised by the full Committee, covering a wide variety of topics. This activity culminated in 19 letters to the Cabinet and Senior Management

¹ Terms of Reference for this Committee can be found on page 31.

Team, sharing the Committee's comments, concerns and recommendations following the scrutinies. In response the Committee received 12 letters from the Cabinet.

The Committee has enjoyed full Membership throughout the year, and excellent attendance. All nine seats have been occupied, with just one change when the Committee welcomed Councillor Owen Jones in February 2018, replacing Councillor Frank Jacobsen. At the start of the year all 9 Members volunteered to participate in task and finish inquiries, enabling the Committee to deliver 2 inquiry reports to the Cabinet on important topics; firstly, *Managing the Estate under a Corporate Landlord Model*, and secondly *Customer Leadership*. This output required Members attendance at an additional 11 informal evidence gathering meetings.

Additionally, the Committee agreed to establish a Performance Panel, for which 6 Members volunteered, and which met twice during the year. The grand total of meetings of this Scrutiny Committee, to which its Members committed in 2017/18, was therefore 23.

The success of Scrutiny is dependent on the capacity, skills and development of those Members that sit on Scrutiny Committees. At the start of the Administration the scrutiny team organised a programme of training events to enable new members to gain an overview and understanding of their roles, activities and scrutiny processes. This included:

- Introduction to Scrutiny (*June'17*)
- Questioning Skills (*July'17*)
- Budget Training (*Feb'18*)

The Committee's proceedings have been webcast twice, in November 2017 and February 2018, viewed by a total of 135 interested parties. The Committee looks forward to continuing and improving on such transparent engagement, and to playing its part in contributing to the Council's webcasting

performance indicator. Similarly, the Scrutiny function has developed and implemented a performance indicator “*The number of external contributors to Scrutiny meetings*” to highlight the breadth and depth of evidence informing scrutiny work. As at the 31 March 2018 scrutiny committees had received evidence directly from over 250 external witnesses.

To support its work the Committee has benefitted from one full time scrutiny officer, and a proportion of the scrutiny researcher and scrutiny support officer posts. High level oversight of its work has been through the Director of Legal and Governance Services, in the absence of an Operational Manager.

The Committee has used a variety of approaches to examine the topics scrutinised. All topics are listed below, analysed under the relevant type of scrutiny, and a selection have been highlighted for their impact.

Highlights of 2017/18

Partnership Scrutiny

Where the Committee has performed the statutory role introduced by the Well-being of Future Generations Act (Wales) 2015 and conferred upon it by Council. In 2017/18 this included:

- Public Services Board – progress report & draft Well-being objectives (*July’17*)
- Public Services Board - Well-being Plan. (*Nov’17*)

Public Services Board Scrutiny

The Council and its partners are subject to duties under the Well-being of Future Generations (Wales) Act 2015 (WFG). The Act seeks to ensure that the governance arrangements in public bodies for improving the well-being of Wales take into account the needs of future generations. The aim is for public

bodies to improve the economic, social and environmental well-being of Wales in accordance with detailed sustainable development principles and well-being goals prescribed by the Act.

The WFG Act established a statutory Public Services Board (PSB) for each local authority area in Wales, the core members of which include the Local Authority; the Local Health Board; the Welsh Fire and Rescue Authority; and Natural Resources Wales. It also conferred a statutory remit for Scrutiny:

- To review decisions made or actions taken by the PSB;
- To review the Board's governance arrangements;
- To make reports to the Board regarding its function or governance arrangements; and
- To require PSB members to attend Committee.

The Council's Constitution confers the statutory responsibility for upholding the requirements of the Act upon the Policy Review and Performance Scrutiny Committee for scrutiny of the Cardiff Public Services Board (PSB). Therefore the Committee continues to perform strategic overview scrutiny of the PSB's performance going forward.

In July 2017 the new Committee received a progress report and outline of the PSB's draft Well-being objectives. Members commended Cardiff's longstanding record of non-statutory partnership working, which continues to prove an excellent basis for taking forward the statutory requirements of the WFG Act and welcomed an offer for the Chair to attend the PSB from time to time to establish strong lines of open accountability, and benefit both parties.

As the Well-being Plan came to fruition, in November 2017 the Committee was delighted to welcome broad representation from Cardiff's PSB partners, Cardiff & Vale Health Board, Natural Resources Wales, South Wales Fire Service, South Wales Police, and Cardiff Third Sector Council. Following the scrutiny the Committee wrote to the Leader, as Chair of the PSB expressing

the importance that there is a strong correlation between Cardiff's Well-being Plan and the Council's Corporate Plan for Delivering Capital Ambition, and that all partners' corporate plans align with and demonstrate clear links to the Well-being Plan. Members felt it would be vital that the Plan includes clear targets, that all partner bodies should be spending proportionately on supporting partnership arrangements, and critically everyone should have an equal chance to benefit from Cardiff's success.

The Well-being Plan was subsequently launched in May 2018, and the Committee plans to scrutinise the governance arrangements of the PSB in June 2018.

Joint Scrutiny

Where the Committee has joined together with one or more scrutiny committees to examine a topic of a cross-cutting nature to enable collective consideration of the issues. In 2017/18 this included:

- Joint scrutiny of the Corporate Plan 2018-21 target setting (*Feb'18*)

This year there was an inaugural joint scrutiny of the Corporate Plan target setting process, hosted by the Committee's Performance Panel. All Scrutiny Chairs were invited to participate and a valuable informal engagement session supported effective scrutiny of the Corporate Planning process. The session considered proposed targets in some detail, providing an opportunity to feed cross scrutiny committee observations into Cardiff's final draft Corporate Plan 2018- 21, before it was presented to formal Cabinet.

A key issue raised by the joint panel was that sometimes targets and budgets are not achieved and Members encouraged that targets set should be stretching but attainable, to avoid a projected overspend as early as Quarter 1 2017/18. The joint scrutiny panel was of the view that there was an

opportunity to ensure budget savings aspirations were firmly reflected in the performance targets set out in the Corporate Plan. Members pointed out that the Corporate Plan is what the organisation wants to achieve, however it can fail if the organisation views performance management as separate from budget management. Members felt it should be possible to frame financial targets as an integral part of the Corporate Plan, and encouraged the Cabinet to consider this. Also, they should understand from reading the Plan, which KPI's are indicative of the real pressures on the budget.

Other areas highlighted included the need for more ambition in setting a target of 94.5% attendance for secondary schools; a suggestion that to increase the total number of visitors to Cardiff would require a larger than 2% increase in the number of staying visitors; and concern about the levels and cost to the Council of sickness absence, particularly in areas such as waste management.

In response, the Leader considered the Corporate Plan had been further strengthened as a result of this engagement; and was in full agreement with the Panel's view that financial targets form an integral part of the Corporate Planning and Budget Setting process, confirming that, in the same way as the Corporate Plan and the Budget are developed in tandem, the achievement of savings targets and performance reporting will be monitored and reported concurrently. Going forward the achievement of savings would be reported on a quarterly basis as part of the published Budget Monitoring Report. Similarly, the Performance Reports will continue to be presented on a quarterly basis. Taken together they will provide a regular update on achievements against budget targets, policy objectives and performance measures.

Policy Development / Consultation Scrutiny

Where the Committee has contributed to the Council's policy development processes by considering draft policy documents. In 2017/18 this included;

- Capital Ambition – policy priorities (*July'17*)
- Senior Management Arrangements (*Oct'17*)
- Delivering Capital Ambition (*Nov'17*)
- Central Transport Services (*May'18*)
- Workforce Strategy (*May'18*)

Capital Ambition – Policy priorities of the Administration

The inaugural meeting of the new Committee was briefed on the Administration's policy programme and associated delivery commitments entitled 'Capital Ambition'. The Committee heard how these ambitions would be translated into the Council's strategic policy, organisational development and budgetary framework.

The 'Capital Ambition' policy statement set out a programme of action to continue to drive the city economy forward whilst ensuring that the benefits of success are felt by all residents. In delivering its Capital Ambition, the Administration's focus is on four main areas: Working for Cardiff; Working for Wales; Working for the Future; Working for Public Services.

This briefing proved a critical introduction and context setting to Members understanding of the Council's strategic framework and the work of the Committee in year one. The refreshed policy and delivery framework would contain the following key components: A **Corporate Plan** 2018-19 setting out the Council's objectives; a **Budget Strategy** reworked to support the delivery of the administration's priorities; A **Programme of Change** setting out how the Council's new 3-year development programme will be reshaped to deliver the commitments contained in the 'Capital Ambition' document; The **Well-being Plan** to be launched by the PSB in April 2018; The **Performance Management Framework**, translating the 'Capital Ambition' document into performance objectives and clear milestones; and a programme of

Consultation and Engagement: to support the implementation of the administration's policy ambitions.

Senior Management Arrangements

In October 2017 the Committee was consulted on proposals following a full analysis and review of senior management arrangements by the Chief Executive. The Committee welcomed the opportunity to add scrutiny's voice to the consultation process, welcoming cost neutrality of the proposals, and the new posts of Head of Democratic Services, and Chief Digital Officer.

The Committee felt there was scope for further market research to ensure good quality candidates are attracted to Cardiff. It was concerned that under the proposed new arrangements the Director of Social Services did not sit at a Corporate Director level, and highlighted the risk of public perception that the Council is spending too much on senior salaries.

Delivering Capital Ambition

In December 2017, the Committee recorded its appreciation for the Cabinet's inclusive approach to scrutiny engagement with the Council's important strategic plans whilst in a development stage. The Committee reinforced the importance of a strong alignment between all planning documents that comprise the performance framework, and that the Committee would be looking for strong links between the Well-being Plan, the four-year Capital Ambition programme and the Corporate Plan. Importantly Members urged that Capital Ambition should work for the whole City, place communities front and centre, and focus on inequalities, particularly of health and opportunity.

Members stressed the importance of organisational culture embracing digitalisation, re-iterating that consistency of customer service organisation-wide is key, as is breaking down directorate silos to deliver a seamless council service.

In response, the Leader committed to continuing early engagement, and co-operated in delivering a session focussed on target setting with the Committee's new Performance Panel involving all Scrutiny Committee Chairs, considering it a an important opportunity to outline and raise awareness of the target setting process.

Central Transport Services

In May 2018 the Committee considered progress on a proposed new model for the delivery of Central Transport Services. Following the scrutiny the Committee advised the Cabinet Member for Investment and Development that they concur with the value of exploring engagement with an external commercial partner to improve efficiency and reduce costs, despite such a partnership bringing new risks to the Council. Members urged that proposals for such an approach include a clear indication of how success will be measured. The Committee's advice was the reduction of risk, and a share in any profits.

Members agreed with the proposal that budgets for vehicle maintenance should sit within service areas, as this will provide greater accountability, stressing the importance of those budgets factoring in overhead costs such as depreciation and the cost of replacement at the end of a vehicle's lifespan.

Importantly the Committee considered there is an opportunity for more effective marketing planning and targeting to make full use of the facilities.

Workforce Strategy

The Committee was afforded an opportunity for policy development scrutiny of the Workforce Strategy in May 2018. Members were pleased to hear that the holistic approach aims to strengthen the links between business, financial and workforce planning, with an intended outcome of improving performance and

thereby customer service. Following the scrutiny the Committee referred the Cabinet Member Finance, Modernisation and Performance, and senior officers to the recommendations of its Customer Leadership task and finish inquiry. Members felt there should be greater clarity of the issues the strategy would need to address, such as any visible gaps across the organisation where it is proving difficult to recruit and retain staff. Members were concerned that analysing service area data to develop the strategy would require significant resources.

The Committee highlighted the importance of building a loyal workforce and attracting talent, and as such suggested: assets such as the Castle and St David's Hall be used as a benefit to attract and retain staff; promotion of agile working; support for membership of the Stonewall Cymru network, and other employee networks (BME, Carers, Disability, LGBT, Women's network).

The Committee also established the importance of the action plans that will sit beneath the Workforce Strategy requested sight of both, and resolved to monitor what is achieved six months on from its implementation.

Pre-decision Scrutiny

Where the Committee has evaluated and commented on policy proposals before they are considered by the Cabinet, providing the Cabinet with an understanding of Scrutiny Member's views prior to making their decision. In 2017/18 this included;

- Mental Health Policy (Sept '17)
- Socially Responsible Procurement Policy (Sept'17)
- Delivering Capital Ambition (Dec '17)
- Draft Corporate Plan 2018-21(Jan '18)
- Draft Budget Proposals 2018-19 (Feb '18)

Mental Health Policy

In September 2017 the Committee welcomed the Council's initiative and focus on Mental Health with the development of a new Mental Health Policy. Given that 21% of all Council sickness absence is stress or mental health related, the Committee's overarching view was that a manager must possess the skills to identify the links between stress and mental health, catch issues early, and apply interventions to maintain a balance between sickness absence and productivity. In addition consistent approach to delivering the Mental Health policy across all Directorates was required, and therefore there should be a mandatory Mental Health Awareness training module for all managers.

In response the Cabinet Member reassured the Committee its recommendations had informed changes to the final policy. In particular, the aims of the policy now reflected the proactive management of health and wellbeing by including the following lines:

- Promote mental health and wellbeing in the workplace by considering the sources of pressure and causes of mental distress at work, not solely dealing with the symptoms.
- Ensure that work place pressure is managed through a risk assessment process in line with the Council's Stress Management Policy.

The Committees observations resulted in a range of additions to the policy including a description of the responsibilities of the Council's Occupational Health Service; training available through the Cardiff Academy; a specific link to the Mental Health Foundation; a commitment to explore developing a mandatory Mental Health Awareness training module for managers through the All Wales Academy; exploration of the introduction of therapies to support employees, for example, Sports Therapy massage sessions; working closely with the Council's Health and Safety team to review the Stress Management

Policy, and in particular to take account of advice and guidance published by the HSE since this policy was introduced.

The Committee will programme in-depth scrutiny of the Employee Health and Well-being programme, particularly how the occupational health programme has been performing for the Council in 2018.

Socially Responsible Procurement Policy

In September 2017 the Committee welcomed the socially responsible approach to procurement, particularly the news that 55% of the Council's £390m spend is with local suppliers, and that 4,000 of its 9,000 suppliers are small value companies. Members reported to the Cabinet they consider it important the Council continues to signpost smaller companies to bid application assistance, where it cannot offer support itself, and that there should be evidence that procurement decisions have been ethically based rather than price based.

In response the Cabinet Member for Finance, Modernisation and Performance confirmed 56% of the Council's suppliers are SME's. The *Selling to the Council Guide* continues to be promoted which aims to help potential suppliers and contractors understand how Cardiff Council buys goods and services. The Commissioning and Procurement Team are working with Cardiff's Third Sector Council to explore how best to support the Third Sector to develop their general procurement skills, including supporting a training programme and the identification of a list of potential community benefit schemes that need the support of a contractor. The ultimate aim is for the Council to be able to direct contractors to a list of potential community benefit schemes that need their support to deliver benefits across Cardiff.

The Cabinet clarified that tenders are awarded on a combination of price and quality, and it is more likely that ethical employment considerations will be considered as part of the initial selection stage which determines whether

suppliers/contractors are capable and suitable to deliver the contract requirements for the Council.

Draft Corporate Plan 2018-19

Following up on its policy development engagement with Delivering Capital Ambition and the Corporate Plan 2018-19 in December 2017, in January 2018 the Committee had an early pre-decision scrutiny opportunity of considering the Corporate Plan 2018-19. The Committee acknowledged that the series of opportunities afforded Scrutiny marked a significant step forward in facilitating scrutiny impact on the Council's strategic planning processes. Members specifically acknowledged that the Administration had sought to embed the Capital Ambition Delivery Programme within the Plan, and had sought alignment with the Public Service Board's Well-being Plan.

The Committee made many specific references to lines within the Plan, notably highlighting it considers that the Plan underplays the role Economic Development plays in achieving the objective '*A Capital City that works for Wales*'. They also considered performance measures (KPI's) for this objective were noticeably light.

The Committee's impact is evidenced by the consequential changes made to the Plan following the Committee's observations. The draft Plan:

- Included measures on employment growth.
- Added an objective to recognise the role of the City Deal in supporting Economic Development across the City and wider region.
- Included, under the well-being objective 'Modernising and Integrating our Public Services', the management of assets and property.
- Including an objective, and corresponding key performance indicator, focused on preventing young people from reoffending.
- Adding a performance measure reflecting the extent to which people believe they are capable of living independently following support from the Independent Living Services.

- Acknowledging the need for high-quality urban design, the Council will convene regular Design Reviews of proposals submitted to the Local Planning Authority and will make recommendations based on the views of the multi-disciplinary panel. Furthermore, proposing an annual Design Review Monitoring document is published, containing case studies and examples of recommendations made.
- Further developing the objective relating to a food strategy, to make clear what the strategy will seek to achieve.

The Committee commended Cabinet's unprecedented responsiveness to the Committee and the Performance Panel's concerns and observations, warmly welcoming the step forward in co-production of the Corporate Plan. However, Members sought further reassurance of a strong connection between the objectives of the Well-being of Future Generations Act and the Corporate Plan, around the health aspects of the legislation, considering there was an opportunity to strengthen the Council's commitment to addressing health inequalities.

The Leader reassured the Committee of a strong connection and that all of the well-being objectives had been designed to maximise the authority's contribution to the goals. With regards to the Council's commitment to addressing health inequalities in the city through working with public service partners, he pointed out that each of the seven well-being objectives in the Corporate Plan contributes towards the national well-being goal of 'A healthier Wales'. For example, the Council recognises that poverty is one of the greatest contributory factors to poor health and, therefore, the 'Supporting People out of Poverty' objective in its entirety contributes towards this goal. Similarly, 'Safe, Confident and Empowered Communities' confirms that the Council will respond to the recommendations of the Parliamentary Review of Health & Social Care in Wales and includes performance measures about the number of individuals participating in parks/outdoor sport. In addition, 'Cardiff grows in a resilient way' includes both steps and performance measures around improving air quality and increasing active travel in Cardiff.

Draft Budget Proposals 2018-19

In February 2018 the Committee exercised its dual remit of scrutinising both the overarching Budget Proposals 2018-19, and the specific budget proposals of three directorates. In respect of the *whole Council* budget the Committee highlighted several concerns. Firstly that Council Tax was increasing by 5% despite the financial settlement being better than expected, noting that the employers pay award at 2% was the main reason given for this. Other concerns included the risk of debt impacting on the Council's overall budget; an additional £8.4m in the budget for Social Services, writing out a previous saving; that income generation was a repeated theme across Directorate budget savings proposals; and how achievable was the proposal to reduce dependency on agency spend across the recycling and waste services team, by improving attendance at work.

In respect of the *Resources Directorate* proposals the Committee observed a different culture, noting the Directorate's appetite to push boundaries, illustrated in services such as procurement. Members urged that no proposed savings should prevent digital progress. However, that care should be taken to ensure that e-billing does not exclude those who are not technically resourced.

In respect of the *Economic Development* proposals the Committee welcomed the comprehensive review of the Council's estate; was concerned about the removal of the International Pool subsidy, and the impact on charges, staffing and services; considered the Corporate Landlord Model offered the potential to put in place the controls required for successful management of the estate.

In respect of *Governance & Legal Services* proposals the Committee noted the reduction of two posts from the scrutiny function and the consequence that there will be a reduction in the capacity to support members in undertaking task group inquiries.

In response the Cabinet Member reminded the Committee that the difference between a 1% and a 2% pay award is £2.8 million; drew attention to the Budget Report statement that whilst approving the Capital Programme for the period up to 2022/23 the later years of the programme will be subject to an on-going review of the Council's financial resilience; acknowledged that the savings proposed by Social Services were ambitious but it is important in these challenging times that directorates look at all savings opportunities and set themselves stretching targets in terms of their achievement.

Monitoring Improvement

Where the Committee has undertaken monitoring of the Council's improvement progress. In 2017/18, this included:

- Cardiff's Statutory Improvement Report 2016-17 (Oct '17)
- WAO Annual Improvement Report 2016-17 (Oct'17)

Cardiff's Statutory Improvement Report 2016-17

In October 2017 the Committee monitored the Council's self-assessment of its improvement in the form of the Statutory Improvement Report 2016-17, requesting a future role in contributing to improvement planning and processes around target setting for the forthcoming Corporate Plan.

The Cabinet Member Finance, Modernisation and Performance confirmed that the Corporate Performance Team would be happy to work with the Committee's Performance Panel to provide a productive avenue through which to further develop the Committee's involvement with the Performance Management Framework and agenda.

WAO Annual Improvement Report 2016-17

Continuing the improvement theme, the Committee welcomed the Wales Audit Office, promoting strong links between internal Scrutiny and external

Auditors as a way of ensuring the focus of its work during the year is appropriate.

The Committee has previously expressed some frustration at the volume of data it receives to assess how the Council is progressing on its improvement journey, and in future requested a simple summary and benchmarking as to whether the Council is performing well or otherwise. Members would also like detail on savings planning that includes the unintended consequences of planned savings; more information in respect of why change is necessary; and how the service can become more efficient.

In response the Committee was advised it is not possible to ascribe a simple, overarching status to the performance of the entire organisation. Members were advised that the Welsh Government's National Indicator and Public Accountability Measures system provides benchmarking, though this will be replaced with a new, improved set of indicators in 2018/19. In respect of savings planning, the general contingency is an important part of the Council's financial resilience, and had been reduced by 25% in 2017/18, from £4 million to £3 million. Directorates are not expected to see this contingency as a fall-back position and progress towards achieving planned savings is closely monitored and challenged throughout the year.

Short Scrutiny

Where the Committee has examined in-depth work underway to address a significant issue the Council faces, commented on findings and action plans, giving the Cabinet the opportunity to know Scrutiny Member's views as they tackle a difficult issue. In 2017/18 this has included:

- Sickness Absence (Jan '18)

Sickness Absence

In January 2018 the Committee resurrected its long term interest in the significant challenge of tackling sickness absence with an opportunity for a short scrutiny to consider the findings of a review by APSE, and an outline action plan to address the findings. Following the scrutiny Members agreed that the Committee will continue its work and interest in sickness absence, and it will be looking for evidence of strong senior management leadership when it scrutinises progress on the action plan in July 2018.

The Committee followed its scrutiny by commissioning comparative research with GLL Leisure Services, to explore whether there are lessons that can be shared and effectively applied to the in-house delivery of services. Members recommended focus groups be held with frontline staff to ensure their voice in the consultative process, and considered more data is required around high levels of sickness absence within specific groups, and the culture at various levels within the organisation which may impact on this.

The Committee has been assured of support in working with scrutiny research, to share any learning with the Committee. Importantly strong leadership on sickness matters is underway and APSE has been engaged to ascertain whether there are any reasons as to why certain occupational groups would have higher sickness than others and what processes can be put in place to assist this.

Briefings post Cabinet

Where timescales have not allowed for pre-decision or policy development scrutiny, and to ensure the Committee is kept informed of developments, proposals or progress, in 2017/18 this included:

- Budget Strategy 2018/19 Medium Term (*Sept '17*)
- Budget monitoring month 6 (*Dec'17*)
- Corporate Land and Property Management (*April'18*)

Budget Strategy 2018/19 Medium Term

In September 2017 the Committee considered the Council's Budget Strategy for 2018/19 and was reassured by a decrease in the forecast budget gap since February 2017, from £27m to £23.5m, and that a pay award of up to 2% would be planned for. Members sought clarification that achieving the £7m 2016/17 unmet savings remained a target; that the Cabinet intended to prevent a recurrence of missed savings targets in 2018/19 and that there would be close monitoring of budgets, particularly of those services that are overspending throughout the year, such as social services.

The Cabinet response confirmed that unmet savings from 2016/17 remain a target in the current financial year, and that savings are monitored on a monthly basis. All savings proposals undergo a risk rating for achievability and those identified as higher risk are subject to additional challenge. Budgets are monitored closely throughout the year and directorates receive detailed monthly monitoring information. Directorates currently reporting a projected overspend were acting to resolve the issues that led to the current position or alternatively, to identify offsetting savings in other areas of the service.

Budget monitoring month 6

The Committee proceeded to monitor the 2017/18 budget at month 6 in December 2017. Its main focus of concern was the overall savings shortfall of £1.782million, which appeared to be worsening. Members considered this situation could be due to unrealistic savings proposals, and concern as to whether the budget actually reflects the real cost of services such as Childrens Services, or whether a significant realignment of the budget is needed.

Members were of the view that the projection of a balanced budget at month 6 had been achieved at a cost, particularly of unachieved savings and was a result of management action in holding staff vacancies.

In response the Cabinet confirmed that a £3.3 million realignment had been included for Children's Services to reflect known pressures and unachieved prior year savings proposals, again re-enforcing that savings are rigorously assessed at the point at which they are first proposed. Risk and planning status are kept under review throughout the budget setting process and reported upon within the Budget Report. However, in order to achieve significant levels of savings, there is a need for the Council to proceed with a level of manageable risk contained within the proposals.

Corporate Land and Property Management 2018/19

In April 2018 the Committee was briefed on the CLPMP for 2018/19. The Plan was considered realistic, the Council's core buildings had deteriorated significantly and Members heard that it will take until 2020 to address the maintenance backlog. There were longer term plans to undertake a review of the core office estate, and the Committee would include a progress briefing on core office accommodation on its work programme.

The Committee was advised of an extensive review of proposed disposals in the autumn. Members were keen to ensure that the Council maximises its returns for disposals, and that the CLPMP target of £40m is based on selling assets at the market rate.

Importantly, the Committee welcomed Cabinet's intention to consult ward members on proposed disposals, and requested an opportunity to contribute to the consultation. Members made strong representation that where properties serving a community purpose are identified for disposal there must be full and proper consultation with the community. Where property is considered appropriate for asset transfer to the community, Members feel that there is a case for involving the community to ensure the cost effectiveness and availability of properties.

Task & Finish Scrutiny

Where the Committee considers there is an opportunity to examine in detail the issues and wider options available, to assist the Council in improving the way a service is delivered. In 2017/18 this included:

- Customer Leadership (*published May '18*)
- Managing the Estate under a Corporate Landlord Model (*published April '18*)

Customer Leadership

As part of the 2017/18 work programme the Committee agreed the terms of reference for a Task and Finish inquiry into the Council's approach to Customer Leadership. The group was set the task of exploring opportunities for embedding customer culture and leadership across the Council by reviewing existing best practice and making recommendations for improvement in Customer Leadership.

Members considered the views of internal and external customer service experts such as Admiral, Welsh Water and British Gas. Chaired by Councillor David Walker, five clear themes emerged from the evidence gathered: the *Vision and Strategy* required to embed customer service; the *Leadership* required to steer a customer focus; how *People* are central to embedding and delivering customer focus; the importance of understanding *Customer Expectations*; and what *Policies and Processes* need to be put in place to support a customer leadership focus.

The task group identified opportunities for placing the customer at the heart of Council's service delivery, requiring elevation of the profile of customer service both politically and operationally. Seven recommendations were developed from the inquiry's key findings for Cabinet's consideration centred on strengthening the customer focus of the Council's suite of strategic planning documents, by developing a new Customer Vision statement, a

Customer Charter, and a Customer Service Strategy; Improving the Council's understanding of customer needs and expectations by involving the customer in business planning through customer research; Facilitating a step change in customer service awareness and understanding across all management roles, specifically giving the Chief Digital Officer a mandate and full authority to ensure council-wide consistency of customer service standards; Developing the culture, management accountability and customer training at all levels that will encourage consistency of service excellence; Securing opportunities for senior managers to experience first-hand the culture of Admiral and Welsh Water's customer leadership approach; and securing membership of the Institute of Customer Service as the professional body that could support the customer service development journey.

Managing the Estate under a Corporate Landlord Model

During work programming the Committee agreed the terms of reference for a second Task and Finish inquiry into managing the Council's non-residential estate centrally, under a Corporate Landlord model. A Task Group was tasked with: establishing the reasons for this approach, the scale of benefits for both the Council and Cardiff residents and to identify key challenges overcome by other local authorities which had introduced this model.

In November 2017 the Task and Finish group met for the first time. Over the following 6 months the Task Group, chaired by Councillor Joe Boyle, heard evidence from internal and external property and asset management experts, the Cabinet Member responsible for the proposed changes, Council service areas and other local authorities who had already implemented a Corporate Landlord model. The final report was approved by the Committee May 2018, with evidence presented under 3 principal emerging themes: *securing corporate buy-in* for the model, *policies and processes* connected to implementation and the *benefits of successful implementation* of the model.

Recommendations for Cabinet’s consideration were: Agree a clear statement of the Council’s vision for the Corporate Landlord model to counter contradictory interpretations; Ensure political responsibility for the Corporate Landlord sits within a single Cabinet portfolio; Create a centralised Corporate Landlord management structure under the new Assistant Director (Corporate Landlord); Produce a Corporate Landlord executive summary annually as part of the budget setting process; Review and refresh as required the roles and responsibilities of the senior management team in respect of property matters; Put in place a preventative maintenance programme for all Council assets; Ensure that, during the first 12 months following the appointment of the Assistant Director (Corporate Landlord), Landlord and Occupancy Agreements are put in place for all Council properties and the terms agreed by relevant parties.

Call-in Scrutiny

Where the Committee considers a request made by a non-executive Member to review a recent Cabinet decision on a specific subject within the Committee’s Terms of Reference, that has implications for the Council and the City. In 2017/18 this included:

- The disposal of Wedal Road Household Waste Recycling Centre land, Cathays, Cardiff. (April ’18)

The Disposal of Wedal Road HWRC

In April 2018 the Committee was asked to consider a call-in of Cabinet’s decision to dispose of Wedal Road Household Waste Recycling Centre land off market. Following the scrutiny the Committee voted to refer the decision back to the Director of Economic Development as decision-maker, for further consideration. In referring the decision back Members were unanimous that officers had followed the appropriate protocol in taking this decision, however encouraged a review of the disposals protocol as a matter of urgency. The

Committee understands the importance of public sector partnership relations, and that overall the Council benefits from good relations in equal measure. However, it considered that in this specific case wider marketing to potentially interested parties, such as housing associations, would have been appropriate. Therefore it concluded that the land at Wedal Road should not have been removed from public auction given the pressing need for the Council to deliver £40million from disposals in 2018/19. A further option to maximise income to the Council would have been to take the property to public auction with a higher reserve.

In addition the Committee wrote to the Director of Legal and Governance expressing its view that the decision –maker should have the authority to seek more than one independent valuation, particularly when the asset is substantial or where there has been political challenge and community concern. The Committee’s view was that this restriction may need to be re-considered, to ensure the Council is supported in its need to maximise income from disposals.

The Director of Economic Development subsequently confirmed that he believes the process is fit for purpose and does not need to be changed, confirming that he was satisfied that the valuation report provided for the Wedal Road site disposal was robust, but that given the political interest in the disposal, he intended to refer the decision to Cabinet.

Future Work Programming Opportunities 2018/19

There are a number of items that will need to be carried forward and re-visited following this year's work. Topics commended to the Committee of 2018/19 for consideration in its work planning include:

- **Partnership scrutiny of the PSB** - the Committee continues to perform strategic overview scrutiny of the PSB's performance going forward, particularly the first annual report of progress on the Boards Well-being Plan. In addition the Chair considers attending the PSB as invited to establish strong lines of open accountability, and benefit both parties.
- **PSB Governance arrangements** - Committee plan to scrutinise the governance arrangements of the PSB in June 2018.
- **Workforce Strategy** – Committee has requested sight of the action plans that will sit beneath the Workforce Strategy, and resolved to monitor what has been achieved six months on from implementation.
- **Employee Health and Well-being programme** – Committee propose in-depth scrutiny of the Employee Health and Well-being programme, particularly how the occupational health programme has been performing for the Council in 2018.
- **Performance Scrutiny** – Chair to discuss with the Cabinet Member how the new Performance and Delivery Group could work constructively with the Committee in the future. Note that the Council's Corporate Performance Team will be very happy to support the Committee's Performance Panel. The Cabinet Member considers this will provide a very productive avenue through which to further develop the Committee's involvement with the Performance Management Framework and agenda, as a key stakeholder in both its development and implementation. Additionally programme scrutiny of Quarter 4 and year-end performance information by the full committee in June 2018.

- **Sickness Absence** - continue the Committee's work and interest in sickness absence. Give consideration to the content of the action plan in place, and prioritise monitoring of the Plan in July 2018.
- **Core Office Estate** – progress briefing and scrutiny of Cabinet's longer term plans to undertake a review of the core office estate, including City Hall.
- **Proposed property disposals** – an extensive review of proposed disposals is planned in the autumn, Committee would welcome sight of the proposals, and an opportunity to contribute to the consultation.

COMMITTEE TERMS OF REFERENCE

- To scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives.
- To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.
- To assess the impact of partnerships with, and resources and services provided by, external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-government bodies on the effectiveness of Council service delivery.
- To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance in this area.

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