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**Policy Review and Performance  
Scrutiny Committee**

**Annual Report 2015–2016**

**May 2016**



**City and County of Cardiff**

## CONTENTS

<b>Committee Membership</b>	<b>3</b>
<b>Chair's Foreword</b>	<b>4</b>
<b>Introduction</b>	
Work Programme Overview	6
Public Questions to Scrutiny	8
Types of Scrutiny Undertaken	8
<b>Highlights of 2015/16</b>	
Joint Inquiries	12
Joint Scrutiny	14
Policy Review	15
Policy Development	19
Pre-Decision	22
Monitoring Improvement	25
Monitoring Performance & Delivery	30
<b>Future Scrutiny &amp; Work Programming 2016/17</b>	<b>33</b>
<b>Committee Terms of Reference</b>	<b>34</b>

**POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE MEMBERSHIP**



**CHAIR**  
**Councillor Nigel Howells**



**Councillor Garry Hunt**



**Councillor Rod McKerlich**



**Councillor Eleanor Sanders**



**Councillor Jim Murphy**



**Councillor Huw Thomas**

## CHAIR'S FOREWORD

Membership of this Committee is an opportunity for those who participate to develop great oversight of the corporate challenges the Council navigates to deliver great services and *make a difference*. Our aim is to consistently add value to the work of the Cabinet, allowing Members to play their part in strong governance; a prominent improvement proposal issued to the Council by its Wales Audit Office external regulators in March 2016.

In fact this year our approach has been one of quality over quantity. It was the regulator's view that some corporate enablers, such as performance, human resources, and the Council's use of its assets still require improvement; that the scrutiny of cross cutting issues can be further developed; and that vacancies on scrutiny committees should be filled quickly. We have responded by focussing our work programme on performance, HR policies, and property matters; by carefully managing the length of agendas and meetings, acknowledging that Members are busy people; whilst also upholding the external regulator's view that it is important the Council builds the capacity and mechanisms for internal challenge and self assessment.

We continue to perform two roles, an overarching responsibility for holding the Cabinet to account for its corporate performance, alongside the focussed scrutiny of corporate services that support the Council in delivering the best frontline services possible. In addition, this year we became the home committee for partnership scrutiny, amid a rapidly expanding national policy context for the joined up delivery of public services. The Well-being of Future Generations (Wales) Act 2015 introduced statutory Public Service Boards, and a statutory role and responsibility for the Council to scrutinise the Board, for which the Council must strategically prepare with no additional resource.

This brings me full circle to the Scrutiny challenge as we enter a fifth year of the Administration. Against a backdrop of increasing statutory responsibility 2015/16 saw unprecedented turnover in the Committee's membership, and work is ongoing to address Member vacancies on the Committee.

May I urge you all, as you read this Annual Report of the Committee, to consider your role in helping the Council deliver the statutory challenges ahead and in bringing the democratic citizen voice to the scrutiny table.

Finally, on behalf of the Committee, my sincere thanks to all witnesses and officers that have facilitated our work.

A handwritten signature in black ink that reads "Nigel Howells". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Councillor Nigel Howells**

**Chair, Policy Review and Performance Scrutiny Committee**

## INTRODUCTION

Good governance is founded on independent scrutiny which has equal status with policy making. If it is to be effective and offer rigorous and constructive challenge, then scrutiny must rest at the heart of the Council's decision making process. This happens where Scrutiny consistently adds value to the work of the Cabinet, by examining best practice, scrutinising difficult decisions, assisting with specific challenges and engaging with the citizen.

This Annual Report covers the work of the Committee between May 2015 and April 2016. The work programme has been full and varied, and whilst this report analyses the types of scrutiny undertaken and all topics considered under each, areas of greatest impact are reported in 'Highlights of 2015/16' from page 10 onwards.

## Work Programme Overview

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 from a strategic viewpoint. Secondly to scrutinise, monitor and review the effectiveness of specific services, such as Finance, ICT, Human Resources, Governance, Legal Services, Property, Procurement, and Customer Services.

Cardiff Council has, along with the other 21 Councils in Wales, developed 15 "Characteristics of Effective Scrutiny"<sup>1</sup> which are designed to show whether scrutiny is working well locally, irrespective of an authority's priorities, challenges, political and organisational cultures and local issues. This

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<sup>1</sup> <https://www.cardiff.gov.uk/ENG/Your-Council/Councillors-and-meetings/Scrutiny/Documents/Guidelines%20for%20effective%20Scrutiny%20in%20Wales.pdf>

Framework has three Outcomes: Better Cabinet Decisions; Better Engagement with Stakeholders; and Better Outcomes for the Council, the City and its citizens. This report presents the Committee's main activities during 2015-16 and where possible applies the Characteristics of Good Scrutiny to ensure that there are:

- Better outcomes - Democratic accountability drives improvement in public service.
- Better decisions - Democratic decision making is accountable, inclusive and robust.
- Better engagement – The public is engaged in democratic debate about current and future delivery of public services.

The Committee held 11 programmed public meetings during the 2015/16 municipal year. In addition Members of the Committee participated in 2 joint public scrutiny meetings. The output was 25 letters to the Cabinet and Senior Management Team, sharing the Committee's comments, concerns and recommendations, following scrutiny.

The Committee's approach this year has been informed by the *Improving Scrutiny Project*, developed in response to the recommendations made by Wales Audit Office in its September 2014 *Corporate Assessment of Cardiff Council*. Alongside many current key strengths within the authority's scrutiny arrangements, WAO identified four challenges for the service to focus on, which were:

- Clarity and length of agendas, and length of meetings;
- Prompt publication of minutes, work programmes and reports;
- Evaluation of Scrutiny outcomes;
- Timeliness of Cabinet responses to Scrutiny reports and correspondence.

The Council's five Scrutiny chairs enlisted the help of the Centre for Public Scrutiny to examine how best to respond to these challenges, and others

facing the authority's governance, performance monitoring and policy review arrangements. In September 2015 the Committee approved the 18 quick wins that evolved out of the project and continue to focus on their application.

## **Public Questions to Scrutiny – *Better Engagement***

The Council's five scrutiny committees regularly invite citizens and representatives of community and third sector organisations to provide evidence at committee meetings and Task & Finish inquiries. During 2015/16 the committee has received advice, comments and concerns from numerous representatives who have either been invited or requested attendance at Committee.

The Committee is committed to ensuring that citizens are involved in Governance and that the "voice" of local people and communities are heard as part of decision making and policy development. Therefore during the summer of 2015 the Committee introduced arrangements for public questions from the City's Third Sector Council (C3SC), welcoming the Chief Executive of C3SC to the table, with a public question on Equality Impact Assessment.

## **Types of Scrutiny Undertaken**

The Committee's terms of reference<sup>2</sup> determine that its responsibilities fall within four of the Council's seven delivery Directorates; as follows

The **Corporate Resources Directorate** falls within the Committee's remit in its entirety and comprises *Central Transport Services and Facilities Management; Commissioning and Procurement; Enterprise Architecture;*

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<sup>2</sup> Terms of Reference for this Committee can be found on page 29.

*Finance; Health & Safety; Human Resources People Services; ICT; Organisational Development; Performance & Partnerships;*

The **Economic Development Directorate** includes *Strategic Estates* including both the *operational* and *commercial investment* portfolios and *International Policy*.

The **Communities, Housing and Customer Services Directorate** includes Community Hubs; Customer Services (including Corporate Complaints and the Member Enquiry Service); and Connect to Cardiff (C2C).

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

This year there have been many calls for the Committee to contribute to joint short scrutinies, along with colleagues from the other four scrutiny committees. In addition to the monthly meetings of the Policy Review and Performance Scrutiny Committee, Members have volunteered to represent the Committee on two joint scrutiny inquiries, the Alternative Delivery Mechanisms inquiry, and the Community Infrastructure Levy inquiry.

The Committee has scrutinised a wide variety of topics, which included:

**Joint Scrutiny Inquiries** – 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.

- Alternative Delivery Mechanism – Business Infrastructure Proposals
- Community Infrastructure Levy.

**Policy Review** - Where the Committee has considered the implementation of and impact of policies providing the Cabinet with Scrutiny Members' views about whether any changes are required. In 2015/16 this included;

- Attendance and Wellbeing Policy Review
- Disciplinary Policy
- Well-being of Future Generations (Wales) Act 2015
- What Matters 2010-20, review 2015
- Performance Management Review.

**Policy Development** – Where the Committee has contributed to the Council's policy development processes by considering draft policy documents, In 2015/16 this included;

- Strategic Equality Plan 2016
- Alternative Delivery Model governance proposals.

**Pre Decision** – Where the Committee has evaluated and commented on policy proposals before they go to the Executive, giving the Cabinet the opportunity to know Scrutiny Member's views prior to making their decision. In 2015/16 this included;

- Non Operational Investment Estate
- The Corporate Plan 2016-18
- The Proposed Budget 2016-17.

**Monitoring Improvement** – Where the Committee has undertaken monitoring of the Council's improvement progress. In 2015/16, this included:

- Organisational Development Programme
- Statutory Annual Improvement Report 2014/15
- Wales Audit Office Improvement Report
- Cardiff Liveable City Report
- Wales Audit Office Corporate Follow On Report.

**Monitoring Performance and Delivery**– Where the Committee has undertaken monitoring of the Council's performance. In 2015/16 this included:

- Directorate Delivery Plans 2016-17
  - Resources
  - Communities, Housing & Customer Services
  - Economic Development
  - Governance & Legal Services
- Corporate Performance Quarters 1, 3 & 4
- Employee Survey & Employee Engagement.

## HIGHLIGHTS OF 2015/16

### Joint Inquiries

#### Community Infrastructure Levy – Task & Finish inquiry

Between November 2015 and February 2016 the Committee contributed to a joint Task & Finish inquiry in partnership with all four other scrutiny committees. The scope of the inquiry was to consider options for introducing a Community Infrastructure Levy (CIL) in Cardiff and examined seven key elements:

- CIL strategy
- Proposed Cardiff CIL rates
- Recent legislative change & developer contributions
- CIL regulations 123 list
- CIL administration
- CIL 15% Community Council funding allocation
- General CIL information.

In reviewing the various options the group drew upon a number of information sources including witnesses from other local authorities; the construction industry; officers from Cardiff Council's Planning Service; Elected Members; a Scrutiny primary research report and external planning consultants. From this body of evidence Members drew key findings and twelve recommendations. The three core recommendations proposed:

- A zonal approach appeared to be the best way forward for the city. Members felt that Cardiff should be split into three distinct zones, these were 1) Strategic Sites; 2) Residential Inner Zone; and 3) Residential Outer Zone. The Strategic Sites should be exempt of CIL and the Residential Inner Zone should have a higher CIL than the Residential Outer Zone.

- The Residential Inner Zone and Residential Outer Zone should be supported by a Community Infrastructure Levy variation tool which relates the contribution percentage to the number of units in the development, i.e. the larger the development the lower the CIL rate.
- The rates provided in Cardiff's preliminary Draft Charging Schedule were high when compared to other local authorities who had, or were in the process of adopting the Community Infrastructure Levy. The report recommended that the complete schedule of rates should be reviewed in advance of the publication of the Draft Charging Schedule in spring 2016.

The draft inquiry report was agreed by the Policy Review & Performance Scrutiny Committee (on behalf of all scrutiny Committees) on 12 April 2016. Subject to one small amendment the 12 recommendations were accepted. A copy of the report has been forwarded to the Cabinet Member for Transport, Planning & Sustainability to inform the Community Infrastructure Levy report programmed for Cabinet consideration in June 2016.

## Joint Scrutiny

### Infrastructure Services – Alternative Delivery Model

In July 2015 Members took part in pre-decision joint scrutiny of the Cabinet report 'Infrastructure Services – Alternative Delivery Model' (ADM). Together with the Environmental Scrutiny Committee, Members had an opportunity to scrutinise and comment on the Outline Business Case (OBC) proposals for an ADM.

Following the scrutiny Members commented to the Cabinet that important information on the OBC (scoring services against the five alternative delivery models) was missing, and evidently the outcome of the Corporate Evaluation Methodology was different to the recommendation in the Cabinet paper. Members requested an explanation.

Members were also concerned at some of the high level financial analysis assumptions of the OBC, and that the Service Improvement Plans were unavailable for consideration alongside the OBC, despite forming a large part of the basis of the £4million in-house savings for the period 2015/16 to 2017/18.

Members requested details of the predicated changes to employee terms and conditions as a result of a transfer to a Wholly Owned Arms Length Company, and sought clarification of how TUPE protection would be applied, and if such a structure would prevent multi tier employee terms and conditions being applied.

***A Cabinet response is awaited. The Committee will have an opportunity for joint pre-decision scrutiny of the final ADM proposals in June 2016.***

## **Policy Review – *better outcomes***

### **Attendance & Wellbeing Policy Review**

The Committee considered a post implementation review of the Attendance and Wellbeing Policy, and looked specifically at the impact on sickness absence levels of targeted management intervention in two Council directorates: Sport, Leisure & Culture; and Environment.

Members considered the overall trend of sickness absence levels to be in the right direction, but that greater urgency was required, and that the Council should consider setting harder targets and timescales. Members felt there was an opportunity for stronger, more challenging, Occupational Health support, and that the Council should be more flexible with trigger points where there are long term sickness issues. Committee supported phased return to work, and return to work without a doctor's note.

The Committee re-stated its view that key to success is the quality of management implementation and accountability; noted that work-related stress is automatically referred to Occupational Health and that the manager is expected to identify the source of a stress-related illness. Members reiterated the value of comparative performance data, and were reassured to note Core City sickness data comparisons. They felt it would be enlightening to compare the Council with large organisations in business and industry.

***In response the Cabinet reassured the Committee that a further review of the revised Attendance and Wellbeing Policy would take place 12 months on from 1 July 2015. More radical and stringent changes will be considered, should improvements not be achieved or sustained over the coming year. Cabinet will continue to monitor the spend on agency workers brought in to cover sickness; generally tighten up Occupational Health Service processes; and learn not only from external organisations how improvements can be secured, but also share the good practice that already exists internally.***

## Disciplinary Policy

In November 2015 the Committee considered the Disciplinary Policy Review, and new Resolution Policy. Members welcomed a shorter policy, supplemented by five guidance booklets as a positive change in supporting senior managers to discipline staff; improved management information reporting; and the creation of a bespoke Investigations Team to undertake complex investigations.

Members endorsed the Employee Assistance Programme offering staff a 24 hour, seven day a week counselling support service; felt the number of suspensions was surprisingly high. They considered a downward shift in permission to suspend, to Operational Manager level, was appropriate and had the added benefit of retaining an appeal mechanism to Director/Chief Officer level.

The Committee felt the new proposals were a step in the right direction. Clear targets could be reported quarterly for the number of grievances logged; the number of actual suspensions; and the length of time taken to resolve disciplinary cases. Members aspired to reduce resolution time to 4 weeks.

Lastly the Committee felt very strongly that, where schools personnel are under disciplinary investigation, governing bodies required more solid advice in undertaking Disciplinary action.

***The Cabinet response indicated concern with the number and length of suspensions, and the time taken to conclude disciplinary and grievance issues. It agreed that transparency and compliance with these processes is key. The provision of timely management information will be important for consideration at both Directorate and Senior Management Team meetings. Cabinet agreed to explore the suggestion regarding a disciplinary performance indicator; and indicated officers would review how best to realign resources to offer more support to schools governing bodies.***

## **Well being of Future Generations**

In preparation for its newly acquired role as the home committee for partnership scrutiny, in December 2016 the Committee invited a Welsh Government representative as a witness, to assist the Committee's understanding of the Well-being of Future Generations (Wales) Act 2015. The Committee sought to understand the national policy context for which the Council would need to strategically prepare; its role and purpose in the scrutiny of partnership arrangements; and the implications within the Act for Scrutiny. Following the scrutiny the Committee sent Welsh Government a scrutiny-specific response to its consultation, in addition to the Council's response.

Members embraced the spirit of the Act and the aspiration to put in place mechanisms to hold Public Service Boards to account locally rather than nationally. Scrutiny Members considered the Council's own approach to Local Service Board (LSB) Partnership work to be relatively advanced and a good starting point in tackling the statutory requirements of the Act. However, the Committee emphasised local councils would benefit from greater clarity of expectation between national and local scrutiny arrangements for holding to account the statutory Public Service Board.

The Committee felt clear guidance was required as to how the Future Generations Commissioner would interact with local Scrutiny functions; that the Council would need to improve how it communicates its well-being goals, and that a clear set of partnership objectives would be critical. Members were keen to establish whether there would be new Key Performance Indicators to assist them in their monitoring role.

Practically the Committee felt there were resource considerations that could impact on the achievability of the Government's vision. Members were concerned that with the escalation in statutory scrutiny responsibility there was no resource earmarked for the role and responsibility it places upon Scrutiny.

## What Matters Strategy 2010-2020 - Review 2015

In May 2015 the Committee was asked to take overarching responsibility for scrutiny of the Council's partnership work, specifically scrutiny of the Cardiff Partnership Board (CPB). On publication of the *Improving Scrutiny Project* in September 2015, the transfer of responsibilities was agreed, and henceforth this Committee will perform a strategic overview role of the CPB's performance.

The Committee's first opportunity to perform its new role came in January 2016 when Members scrutinised the central strategic planning document of the CPB, the *2015 Review of the What Matters 2010 -2020 Ten Year Strategy*. This was timely scrutiny set against the national policy context for partnership working, and the Committee recognised the benefits of the CPB as a platform for addressing big issues within the City. Members were assured that external regulators recognise the quality of the Council's partnership work, and noted that partners consider there is still a way to go on the journey.

Members saw evidence of secure partner relationships, a common, consistent connection between the Corporate Plans of all partners, and sharing of data. However they were concerned as to how the Board measures its own achievements, and sought detail of what actions the CPB are planning over the next five years. Scrutiny of the Action Plan is programmed for 2016/17.

Of considerable concern to the Committee was how in the future the Council resources its statutory partnership and scrutiny responsibilities, as introduced by the Well-being of Future Generations Act 2015.

***The Committee remains keen to ensure greater collective transparency and accountability around the decision-making processes that involve all partners, for the benefit of the citizen. Members feel it is important that the level of scrutiny of partnership work is proportionate to the responsibility vested in the CPB and are in the process of clarifying arrangements in discussion with all stakeholders.***

## **Policy Development – *Better Decisions***

### **Strategic Equality Plan 2016 - 2020**

In October 2015 the Committee had an early policy development opportunity to consider the Strategic Equality Plan 2016-2020, at the start of a two month consultation programme to shape the final Plan. This was followed by a second pre-decision opportunity in March 2016 to consider the final Plan before it was considered by the Cabinet on 10 March 2016.

Following the scrutiny the Committee urged the Cabinet Member to ensure the Council works more strategically with its partners on equalities matters; encouraged the maintenance of strong links between the central Equalities Team and Directorates; encouraged that Directorates are required to report annually on equalities. This would enable the central Equalities Team to provide Members with an annual collective view of progress that enables the Committee to test how effectively the Council is delivering its Strategic Equality Plan. Notably Members felt it would be useful to produce a concise one sided A4 document for staff that summarised the 7 equalities objectives.

***The Committee concluded that its forthcoming work programme should include a fuller exploration of the challenge of ensuring the Council's workforce reflects its community.***

### **Business Infrastructure Model – ADM Governance**

As the Committee with responsibility for scrutiny of corporate governance the Committee considered specific matters and advice on the governance proposals for Alternative Delivery Mechanisms, such as a wholly owned trading company. The purpose was to ensure the Council puts in place appropriate arrangements to provide effective governance to preserve and enhance Council services to the citizens of Cardiff.

During the scrutiny Members considered company structures and forms, governance controls, the Constitution, Board and Membership, Reserved Matters, conflicts of interest, transparency and accountability, retained activities and the relationship between the Authority and Company.

Members' concerns and observations to the Cabinet acknowledged the Council's timely engagement with scrutiny on potential governance arrangements, affording Members an opportunity to contribute their views. Members will join with the Environment Committee to scrutinise the Full Business Case, and stressed should the Council decide to go ahead this Committee would also wish to factor scrutiny of the final contract into its future work programme.

The Committee endorsed the approach taken by appointed external consultants, *Bevan Britton*, to work with the in-house legal team in developing its own internal expertise; highlighted the importance of adhering both to the Companies Act and the Council's governance requirements; felt that it would be critical to have appropriate accounting procedures and standing orders in place for the new company; and cautioned against hampering the Company by putting in place too many reserved powers.

The Committee felt there needed to be clarity around the Member-Officer relationship, recommending that the Council engaged external advice as to Member involvement in the Board; the nominated Member(s) should be non-executive Councillors; nominated Member(s) should ideally have business skills and expertise; and therefore considers it appropriate to adopt a competitive process to ensure the right appointment(s).

Members requested that, should the proposals be accepted, and a Transition Board be put in place; the Committee has an opportunity to monitor the progress of matters that fall within its Terms of Reference, as the Board introduces new arrangements that impact on the finances and staff of the Council.

Finally, the Committee sought to ensure that any new operating arrangements maintain the existing Council ethos of working with SMEs, and requested the list of SMEs with whom services under consideration for transfer to the new Company are currently working.

***The Committee will participate in pre-decision scrutiny of the Full ADM Business Case, to include governance proposals, programmed for June 2016.***

## **Pre Decision – *better decisions***

### **Non-Operational Investment Property Estate**

In November Committee scrutinised the Council's Non-Operational Property Estate proposals. The Committee was pleased to hear that the estate is currently generating a good income, and that the new proposals will refine the Council's ability to develop its property portfolio to a point where it makes money. Members highlighted the risk to income of disposing of capital assets; were reassured that the new strategy proposing an Investment Estate Board is focussed on generating more money; and that all Council-owned buildings with a community value will be retained within the Operational Estate.

The Committee intends to monitor the performance of the Investment Estate Board annually; accepting that accountability for decisions taken by the Board will sit with professional officers advised by commercial advisers. The Committee's interest will be in the performance of the Board in maximising income from the Council's estate, and in seeking reassurance that an ethical and community focussed framework for investment has been implemented.

The Committee considered it important to preserve the quality of the public realm in prominent locations, that Cardiff is still short of hotel space, and therefore when the Board considers selling property would urge that the Council preserves some control over the site's future use.

***Cabinet indicated the Council will look to capitalise on any opportunities arising from redevelopment schemes where the City Council can share in the development value; Investment Board will seek to retain an element of control, but design quality will be controlled through the planning process and new Liveable City Design Guide. Ethical considerations will be part of the process to ensure that assets are used appropriately.***

## Corporate Plan

The Committee was provided with an early opportunity to help inform the development of the Plan in January 2016, followed by a second opportunity in February to scrutinise the final draft Plan before its sign off by Cabinet alongside the 2016/17 budget proposals.

The Committee's role was twofold in considering the Corporate Plan:

- Firstly, to scrutinise the overall structure and direction set out in the Corporate Plan and the process for its development, as the Council's key strategic document linking the outcomes set out in 'What Matters' Plan, Directorate Delivery Plans and individual officers' objectives.
- Secondly, the Committee had a role in scrutinising the linkages between the Corporate Plan and delivery of the specific services under its remit. These fall largely under Priority 4 - Working together to transform services.

***The Committee's overwhelming conclusion was that the draft 2016-18 Corporate Plan was a considerable improvement on last year's Plan.***

***The Committees' suggested improvements were taken on board, the Plan amended, and a new table inserted to clarify the links between the national Well-being goals of the Well-being of Future Generations (Wales) Act 2015, the seven Cardiff outcomes of the 4 Council priorities, and the improvement objectives contained in the Plan.***

## **Budget Proposals 2016/17**

In February 2016 the Committee considered the draft Cabinet budget proposals prior to their consideration by Cabinet and Full Council.

The Committee welcomed the greater openness and an apparently more rigorous budget setting process; expressed concern at the evident internal cost inflation and its impact on the savings made over time; felt there were green shoots of progress in savings made; and noted the Council was more business like, having reviewed many HR policies and specifically improved in areas such as sickness absence and agency costs.

In respect of the Changes for Cardiff budget consultation Members had some concerns around the presentation of results across methodologies of research, whether consequently results were skewed, and would have liked to see caveats to the methodology highlighted more strongly in the report.

During the scrutiny the Committee heard from Unison of concerns around the reflectiveness of the Council's workforce of the communities it serves.

***Therefore Members wish to follow up the concerns highlighted and will consider taking a look at the changing composition of staff over time. The Committee will address this during its future work programming for 2016/17.***

## Monitoring Improvement

### Organisational Development Programme

The Committee had an opportunity in July 2015 to consider progress and a new approach planned for delivery of the Council's Organisational Development Programme (ODP). Members were seeking assurance of progress in addressing the findings of the Wales Audit Office (WAO) Corporate Assessment of the Council in September 2014.

The Committee welcomed the refresh of the ODP to maintain momentum under the Council's '*Make the Difference*' Brand. Members noted some concern about the progress of the Reshaping Services for Vulnerable Adults Programme, and the risk surrounding Adult Social Services commissioning and demand pressures, particularly around managerial capacity.

Members focussed on the implications of new ways of working both for staff numbers and satisfaction, and particularly highlighted the importance of good staff engagement on plans such as multifunctional roles and mobile working.

***In response the Cabinet welcomed the Committee's input and monitoring of progress and reiterated strongly their commitment to open and informed dialogue with staff, reminding Members that this was the first of a three year programme of dedicated staff engagement.***

### Statutory Annual Improvement Report 2014/15

In September 2015 the Committee considered the Annual Improvement Report 2014/15, and challenged how effectively the Council was preparing for improvement, by focusing on delivery of its key priorities. Despite acknowledging that the annual media assessment of Local Authority performance is a crude mechanism, and that 70% of the Council's performance indicators had improved, Members expressed concern to the

Cabinet about performance in Cardiff when compared with urban authorities such as Newport and RCT. Members also felt the Improvement Plan could better address the *quality* of Council services delivered, and considered further work was required to assess what is important to our customers.

***Members were therefore pleased that the Cabinet and Chief Executive are confident in expecting better headlines in 2016 and will programme timely scrutiny.***

### **Wales Audit Office Follow-on report**

In line with good governance supporting stronger links between internal and external challenge, in March 2016 the Committee had an opportunity to receive the *Corporate Assessment Follow On* report, published by the Wales Audit Office (WAO).

In September 2014 the Auditor General had concluded that '*Fragmented (Council) leadership and management... meant that weak performance in key service areas has not improved*' based on evidence of political and managerial instability over a number of years; a lack of effective means of delivery for citizens; decision-making processes that were inefficient and lacked transparency; performance management failing to consistently secure improvement; uncertain prospects for achieving proposed savings in 2014-15; unsustainable methods of service delivery; inconsistent implementation of human resource arrangements; and not managing land and property assets well.

There was, however, evidence of the Council collaborating well with others to improve outcomes for citizens; improving information technology; and improving information management arrangements.

The Council received a Follow-on Review in the autumn of 2015 that resulted in the Auditor General's judgement that "***The Council has put in place better arrangements to support improvement and to address longstanding***

***issues, but is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes.”***

The Council received one formal recommendation, asking it to ensure it addresses 14 clear proposals for improvement to deliver improved outcomes within the next 12 months.

Following the scrutiny the Committee welcomed the WAO Corporate Follow-on judgement that there had been a transformation of leadership and senior management within the Council; and noted that the regulator would not have expected the Council to resolve all issues highlighted in the Corporate Assessment of September 2014, and that the Council has more work to do to ensure improved arrangements are embedded, to capitalise on the improvement trajectory.

The Committee will therefore during future work programming reflect on the regulator’s view that: some corporate enablers (such as Performance, Human Resources, and the Council’s use of its Assets) still require improvement; that the scrutiny of cross cutting issues can be further developed; and that vacancies on scrutiny committees should be filled quickly.

Members endorsed the external regulator’s view that it is important the Council builds the capacity and mechanisms for internal challenge and self assessment. The Committee recognises the improvement at leadership level, but stressed the importance that leaders probe deeper into the organisation to secure further improvement.

With regard to the Performance Reporting proposal for improvement, the Committee noted the need for more consistency around performance management and benchmarking; that the framework and mechanisms for effective performance management are already in place, but that there is scope for further improvement; and particularly scope for strengthening the relationship between the Central Performance Team and Service Directorates; and looked forward to pre-decision scrutiny of the refreshed

proposals for performance monitoring arrangements before the summer recess.

The Committee was very concerned about the number of vacant seats on scrutiny committees, and remains keen to establish how the Council can improve commitment to scrutiny amongst elected Members, to sustain a stable and consistent membership across all five scrutiny committees. Member engagement is a broader issue than just scrutiny, and there needs to be cross-party consideration of this matter.

Members were surprised by the Review proposal suggesting the Council needs to develop an approach to scrutinising cross-cutting issues. Members of all scrutiny committees have been involved in cross cutting scrutiny inquiries over recent years, and more in the past year than ever before. The Committee was therefore pleased to hear the WAO clarify that the proposal is rooted in the statutory implications for scrutiny of forthcoming government legislation that will require all Authorities to look at the bigger picture and scrutinise issues not entirely within the Council's control.

***The Committee received a prompt response from the Leader promising to keep the Committee updated of all WAO future work and intentions; welcoming an opportunity to bring a refreshed Organisational Development Programme to Committee in June 2016; and suggesting a six month review of the Council's Statement of Action in the autumn 2016.***

## **Cardiff Liveable City Report**

In December Members were introduced to the first *Cardiff Liveable City Report*, which offered a comparative benchmark perspective of Cardiff's performance against a group of ten major UK Core Cities, not including London.

Whilst the Committee congratulated the Cabinet on the accessibility of the document, there was some feeling that Members had not been central to the document's development. The Committee feels fighting inequality is a central role all Members perform, and that involving them at an early stage in developing the document would better address how we make the City more liveable for the 60,000 poorest citizens, and indeed for older residents.

## **Monitoring Performance & Delivery- *Better Outcomes***

### **Performance Monitoring**

Each Quarter, the Committee receives the overall performance report for the Council prior to the report going to Cabinet, while other Scrutiny Committees receive the reports of those Directorates that fall within their terms of reference. The Committee's role is twofold:

- To consider the overall performance of the organisation and the actions being taken to ensure that agreed targets and commitments are delivered.
- To scrutinise the performance of the services that fall under the terms of reference of the Committee. This includes the performance of three Directorates: Corporate, Resources, and Governance & Legal Services; in addition property elements of the Economic Development Directorate; and customer elements of the Communities, Housing & Customer Services Directorate.

Members decided during work programming discussions that its approach to monitoring Council Performance for 2015/16 would be to consider Quarter 1 and Quarter 3 performance reports at full Committee, to delegate responsibility to the Chair in discussion with the Principal Scrutiny Officer to review Quarter 2 and Quarter 4, and bring to the Committee's attention any matters of concern.

Throughout the year there were recurring themes to Members' concerns around performance. Specifically, the Committee are concerned that during the year staff and agency costs have been running ahead of budget, and in future Members will be looking for an improvement in recovering the overspend on staff budgets.

There have been repeated concerns about the ability of current performance information to facilitate comparisons with previous quarters, to illustrate trends, and to enable comparative demographics across authorities.

The Committee felt there has been little evidence of progress in respect of operational asset management, and asked the Cabinet Member to report on this matter before the summer recess; urged that in refreshing the performance reporting arrangements the Council encompasses the performance information needs of all five scrutiny committees; and considered there was an opportunity to improve the internal sharing of strategic expertise across Directorates.

***The Committee has been encouraged to participate in and contribute to performance management policy development in the form of the Performance and Governance theme of the Organisational Development Programme. This project work to commence shortly, the Committee will factor this into its work programme.***

### **Employee Survey & Employee Engagement**

In October 2015 the Committee had an opportunity to consider the results of the 2015 Employee Survey, and help drive forward the Employee Engagement agenda. The scrutiny was broadened to include valuable contributions from four staff ambassador representatives. Members commented that there is clear evidence of improvement and in general terms were content with the strategic approach and practical implementation of the work, the benchmarking activity undertaken and the pains taken to widen consultation and engagement with employees.

### **Directorate Delivery Plans 2016-17**

The Committee's Terms of Reference confer responsibility for scrutinising a range of services that fall within four Directorate Delivery Plans. In April 2016

two of the Plans, the *Resources Directorate Delivery Plan* and the *Governance and Legal Services Directorate Delivery Plan*, were considered in their entirety, whilst the *Economic Development Directorate Delivery Plan* was scrutinised for Strategic Estates and International Policy matters, and the *Communities, Housing & Customer Services Directorate Delivery Plan* was scrutinised for all Customer Services matters.

Consideration of the Delivery Plans set in context for Members the role they play within the Council's overarching strategic planning framework, and will effectively inform the Committee's work programming for 2016/17.

***Each Directorate received a letter capturing the Committee's views.***

## **Future Scrutiny - Work Programming 2016/17**

Over the course of its deliberations this year, the Committee has recommended that the following items be considered for inclusion in the Committee's 2016-17 work programme:

- ❖ Full business case proposals for an ADM;
- ❖ Partnership scrutiny proportionate to the responsibility vested in the CPB;
- ❖ The challenge of ensuring the composition of the Council's workforce reflects its community;
- ❖ Statutory Annual Improvement Report 2015/16;
- ❖ Six month review of the Councils WAO Statement of Action;
- ❖ Organisational Development Programme.

## 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 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.