

Councillor Chris Holley
**Convener – Service Improvement &
Finance Scrutiny Performance Panel**

BY EMAIL

Please ask for: Councillor Rob Stewart
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Our Ref: RS/KH
Your Ref:
Date: 26th March 2018

Dear Councillor Holley

Thank you for your letter of 6th March 2018 relating to the various performance panels views and for having afforded me the opportunity to attend in person your own performance panel on 14th February 2018. You of course, in tandem with the other panel convenors updated Cabinet verbally on 15th February 2018 before the budget reports were considered. My thanks for following up in writing for the record and for the opportunity to respond.

I thank you and your fellow convenors and panels for recognising indeed the very difficult financial decisions facing all councils and councillors, for the foreseeable future, and for your helpful and constructive scrutiny and feedback.

In relation to your summary points I would respond as follows:

Service Improvement and Finance Scrutiny Performance Panel

Consultation

We will continuously review the approach we take to openly engaging in consultation with all affected stakeholders. I would welcome any specific examples or views the panel have on how they would have better-phrased questions. I am open to widening opportunities for numbers involved to be expanded and encouraged to reply, simply, the more the better, as long as costs are proportionate and affordable.

Capital financing charges

The budget reports make provision for additional capital financing charges and the S151 officer has made clear his prudent views as to likely worst-case future funding costs. I remain much more optimistic that when the funding opportunities and income streams are developed fully and considered as part of the individual business cases, the capital programme affordability and ambition will look much more attractive. In any case i am not overly concerned at an overall revenue programme that may see capital financing costs rise form over 7% to over 10%, that seems to me to be a reasonable proportion of current spending to invest in future generations and revitalise and regenerate our city. I am prepare dot advocate this via Cabinet and Council

even though overall resources remain constrained and we may have to make difficult decisions elsewhere in the shorter term to maximise the future benefit.

Reserves

The S151 officer has advised that an in year contingency fund of £3.450m is adequate. That general reserves of £8-9m are adequate, albeit at the minimum level he considers acceptable. Further, that he considers earmarked reserves are also reasonable and adequate. I totally agree a £3m reserves budget would be too low, that is precisely why we haven't gone anywhere near that low.

Schools Performance Panel

I am please the panel supports the clear investment we have put into schools and wider education services both on a permanent basis and for the top up additional one off funding.

I agree entirely I would like to see longer term consistent logical and fair funding for councils from both the UK and Welsh Government ensuring that all services, not just schools, are properly funded for decisions made in Westminster, which increase our costs. Firm longer term funding from Welsh Government, treating councils equally with health, would clearly help all our planning. I continue to do all I can to achieve greater certainty and fairness of funding.

I too would like to see more rapid funding flows by Welsh Government. As pleasing, as it was to receive over £1m as our share of schools repair and maintenance money from the Cabinet Secretary for Education, receiving an announcement three to four weeks before the end of the financial year is hardly great planning. In contrast, we have made arrangements and paid cash to schools the same week we got the announcement. Fleet of foot rapid reaction. When money flows, we can "go with the flow" and inject targeted resource rapidly.

I share entirely the panel concerns about the impact that the 11% cut to the education improvement grant will have on supporting services. We still await details from the Welsh government. In relation to the Ethnic Minority Achievement Service we have secured some initial interim funding from Welsh Government because of the very strong stance taken by officers and members at this authority, with support from all other Welsh councils. We continue to negotiate for more funding and a more permanent solution. Likewise, we have taken clear S151 officer advice as a Cabinet and as a whole Council to ensure we do not compound the difficulties Welsh Government has created for this very important service for our minority ethnic children and pupils and their families. The budget approved at Council did the right thing in providing interim support from our own resources, we frankly can barely afford.

Education colleagues and school for will I am sure continue to share good practice across schools in relation to financial management

All transport costs are being reviewed through our well establish commissioning review process and this includes school transport and the better use of our own resources , including social services mini buses.

Adult Services Performance Panel

I do not agree that the overspend was not controlled. Quite the contrary. The overspend was caused by us having an unrealistic level of government funding to meet cost and demographic pressures in adult services in the first place. All councils with social care responsibility face

similar spending pressures. We tried a raft of cost saving mitigations to contain spending to broadly the same level as the year before. If they had fully worked that would have been a remarkable achievement. Regrettably, they could not fully stem the tide of demand. The cost pressures and overspending were recognised immediately and have been reported and managed through the year down to a level of overspend that can be "afforded" by the Council as a whole. That will, it has to be acknowledged, be partly helped by receipt of late, but nonetheless welcome additional funding from Welsh Government to all 22 councils recognising the clear pressures social care has been under in 2017-18.

The very clear budget strategy for 2018-19 was not only to inject additional cash to rebase that starting budget pressure but to invest, again within the confines of a very limited amount of new resource, additional cash to meet other pressures and demands. More importantly to again "invest to save" where possible to seek to move to more preventive services to reduce demand and more costly later intervention.

The difference in the figures quoted were explained in attendance at your scrutiny panel and again referred to subsequently in Council.

I note the panel concerns around charges for day centres and it has been subject to much further discussion and debate including in Council. As the Cabinet member indicated he was surprised the objection rate was not higher still given a free service is now being proposed to be charged for albeit on a means basis with an overall charge cap in line with other social care services. As you will be aware, social care is not set up, unlike the NHS, to be free at point of use. Again, as the Cabinet member indicated in Council, it could be made so if we added (theoretically of course) £70 million to the Council Tax. It is one reason the Welsh Government is looking at alternative tax and charging powers for social care in Wales. Furthermore, this charging measure actually brings day care more into line with other social care charges and services but with appropriate checks and balances in terms of assessing affordability to make a personal financial contribution by service users and subject to Welsh Government overall weekly caps on charging for social care. Cabinet has made the decision to charge, on equity (in line with other social care services) and sustainability (affordability for public subsidy) grounds but also agreed to defer implementation until those financial assessments have been thoroughly undertaken for individual users. I am pleased that Council agreed with Cabinet's budget proposals to defer rather than seek to stop implementation. I do think, despite the wide feedback received that this is a fairer more equitable more sustainable longer-term solution to keep the services running. Tough times and tough funding require tough choices to be made, tough choices I will not shy away from leading on.

Child and Family Services Performance Panel

I agree with all the comments raised. There is funding for improvements to services but also savings planned to be made and indeed the net position is that the increased budget for Child and Family services is mainly to cover inflationary increases in salaries. All of course funded by this Council, through its robust financial management not funded by Westminster.

Child and Adolescent Mental Health Services (CAMHS) remain a concern and do need to be monitored closely especially given the budget constraints our health service partners also face despite their far better funding.

I am pleased the panel has noted our strategy for maintaining and improving services and leaving them on a more sustainable footing as financial pressures continue is by early intervention.

Format of reports

In terms of your feedback to Mr Smith, he has advised that whilst of course pleased to note the feedback, he has had of course the benefit of previous comments and advice from scrutiny and performance panels in prior years and had many contributors to this year's suite of reports. He has gratefully relayed that feedback on to all contributors.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Rob Stewart', with a stylized, flowing script.

**COUNCILLOR ROB STEWART
LEADER & CABINET MEMBER FOR ECONOMY & STRATEGY**