



## **POLICY AND RESOURCES SCRUTINY COMMITTEE**

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON  
TUESDAY, 28TH MAY 2019 AT 5.30 P.M.**

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PRESENT:

Councillor J. Pritchard - Chair  
Councillor G. Kirby - Vice-Chair

Councillors:

M. Adams, K. Etheridge, Miss E. Forehead, L. Harding, C.P. Mann, J. Ridgewell,  
R. Saralis, Mrs M.E. Sargent, J. Taylor, L. Whittle

Cabinet Members:

C. Gordon (Corporate Services)

Together with:

R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Interim Head of Business Improvement Services), L. Lucas (Head of Customer and Digital Services), L. Donovan (Head of People Services), C. Forbes-Thompson (Interim Head of Democratic Services), R. Barrett (Committee Services Officer)

Also present:

L. Dallimore (Branch Secretary – Caerphilly Unison)

### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Mrs E.M. Aldworth, Mrs C. Forehead, G. Johnston, Mrs D. Price, and Cabinet Member Mrs B. Jones (Finance, Performance and Governance).

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest received at the commencement or during the course of the meeting.

### **3. MINUTES – 12TH MARCH 2019**

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 12th March 2019 (minute nos. 1 - 13) be approved as a correct record and signed by the Chair.

#### **4. CONSIDERATION OF CALL-IN REQUEST – PROPOSED CHANGES IN FEES AND CHARGES – CABINET 27TH MARCH 2019**

Steve Harris (Interim Head of Business Improvement Services) presented the report, which asked Members to consider under the Council's call-in procedure a decision taken by Cabinet on 27th March 2019 in respect of changes to certain fees and charges within the Communities Directorate.

Members were reminded that on 27th March 2019, Cabinet considered a report on Proposed Changes in Fees and Charges, and subsequently resolved that for the reasons contained in the report:-

- (i) The services where fee and charge changes need to be applied be noted, and authorisation be given to the relevant Head of Service in consultation with the Director, relevant Cabinet Member and Head of Corporate Finance to implement changes in line with inflationary and/or commercial conditions prevailing for the service(s);
- (ii) The relevant Head of Service records and posts any increases in fees and charges in accordance with the Authority's scheme of delegation.

A request for a call-in on the report was subsequently received, having been supported by Councillors K. Etheridge, A. Farina-Childs, C.P. Mann, J. Taylor and L. Whittle. It was explained that the call-in had been made on the grounds that the decision conflicts with the Council's approved budget and that it had been made without regard to a material fact or information or without proper consultation which in the opinion of the members making the request would lead to a different decision being made by the Executive. Members were asked to consider the merits of the call-in request whilst having regard to a number of questions set out in the report, and to consider whether to refer any remaining concerns to the Cabinet for reconsideration, setting out, in writing, the nature of its concerns.

Clarification was sought on why this particular proposal had been presented to Cabinet for a decision in view of the Council's introduction of delegated powers in 2002. Officers explained that in the past the delegated power has been used in accordance with council policies, and as there was no policy in place for this particular proposal, and the increases were not included in the budget, then a report to Cabinet was required on this occasion.

Councillor K. Etheridge addressed the Scrutiny Committee and elaborated on his reasons for requesting the call-in, explaining his concerns in that the report had not been presented to the Policy and Resources Scrutiny Committee prior to its consideration by Cabinet, nor had it been considered as part of the budget setting process. Councillor Etheridge also held concerns regarding the proposed delegated powers to be given to Officers and Cabinet Members and in view of the level of savings required by the Authority, felt that any decision in respect of fees and charges should be the responsibility of Members and not Officers. He also felt that business cases should be produced to detail the costings for any fee changes for the areas detailed in the original report to Cabinet, and feared that the decision to allow the fees and charges to be determined under the scheme of delegation will give unlimited scope to Officers and the Cabinet Member to make any changes. He therefore requested that the report be reconsidered by Cabinet and that the views of the Scrutiny Committee be taken into account.

In response to a Member's query, Officers confirmed that the Finance Team had explored the amount of revenue that could be generated for the service areas where delegation is proposed and confirmed that each 1% increase equated to circa £79k. Members were advised that a report would be presented to Cabinet in the Autumn regarding a Commercial

Strategy and that should the Scrutiny Committee be minded to recommend a threshold on fee increases, this could be incorporated into the Strategy for Cabinet consideration.

The Scrutiny Committee expressed the importance of thorough consultation and were of the view that they should have been given the opportunity to consider the report prior to its presentation to Cabinet. During the course of the debate, it was suggested that a cap be imposed on fee increases and that any changes of significance or above this level should firstly be presented to the Scrutiny Committee for consideration and thereafter Cabinet for approval. Members debated how the level of the cap could be determined and it was subsequently moved and seconded that the previous September's Consumer Price Index (CPI) figure (which is currently at a level of 2.1%) be utilised and any fee increase below that level be implemented under delegated powers, with any increases above that level being reported to the Scrutiny Committee and Cabinet. A Member also suggested that alternative uses for venues be examined to generate additional income before fee increases are explored.

Following consideration of the report and in supporting the call-in request, it was moved and seconded that the following recommendations be forwarded to Cabinet for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) the report on the Proposed Changes in Fees and Charges be reconsidered alongside the views of the Policy and Resources Scrutiny Committee;
- (ii) that a cap equating to the previous September's Consumer Price Index level in respect of any proposed fee increases be implemented, and that any increases above this level be referred to the Policy and Resources Scrutiny Committee and thereafter Cabinet for determination, with any changes below this level being authorised under the delegated powers as set out in the original report to Cabinet on 27th March 2019.

## **5. POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME**

Cath Forbes-Thompson (Interim Head of Democratic Services) presented the report, which outlined details of the Policy and Resources Scrutiny Committee Forward Work Programme (FWP) for the period May 2019 to March 2020, and included all reports that were identified at the Scrutiny Committee forward work programme workshop on 12th March 2019.

Members considered the forward work programme and agreed that the special performance management meeting provisionally scheduled for January/February 2020 be cancelled, with any performance items (to consider half-year progress) being absorbed into the meeting of 14th January 2020.

Subject to the foregoing amendments, it was unanimously agreed that the Policy and Resources Scrutiny Committee Forward Work Programme be published on the Council's website.

## **6. CABINET REPORTS**

With the exception of the report on Proposed Changes in Fees and Charges, which had been the subject of a call in and discussed earlier in the meeting, none of the other Cabinet reports listed on the agenda had been called forward for discussion at the meeting.

## REPORTS OF OFFICERS

Consideration was given to the following reports.

### 7. WORKFORCE PLANNING EXERCISE

Councillor Colin Gordon (Cabinet Member for Corporate Services) presented the report, which updated the Scrutiny Committee on the workforce planning exercise that commenced in Summer 2018.

Members were reminded that in order to try to support the achievement of estimated savings of £38m between 2017/18 to 2021/22, the Interim Chief Executive wrote to all non-school employees on 31st July 2018, outlining the financial situation and seeking to understand the next steps in their career to assist the Council with its future workforce planning. All employees were given the opportunity to submit a voluntary expression of interest for reduction of hours, flexible retirement, voluntary severance, or early retirement by mutual consent. In total, 514 expressions of interest were received in response to this letter (with 8 subsequent withdrawals). Each expression of interest was considered in detail to determine whether a business case could be developed which was viable from a financial, operational and organisational perspective. 47 business cases were supported in total, with 2 subsequent withdrawals by employees.

Members noted the details of the workforce flexibility policy that underpinned the support of each business case, together with the end dates of employment for the employees affected. Members also noted the details of the total cost and total annual savings per Directorate, with it explained that the one-off cost of £886,242 results in year on year savings of £1,258,708, meaning that the outlay effectively pays back within 8.4 months.

During the course of the ensuing debate, a Member requested information on the number of posts filled by the Authority since 31st August 2018 and the cost of filling these posts, in order to gauge the total savings made. Officers explained that this was not simply a matter of comparing “like for like” as each of the posts removed under the workforce planning exercise are permanent deletions supported by a robust business case. Additionally, the £1.258m of savings achieved are no longer included in the budget, and any subsequent appointments are made from existing budgets. It was explained that the Council recently carried out an exercise to document the number of FTE (full time equivalent) posts and that this information could be circulated to Members.

In response to a Member’s query, it was confirmed that the Trade Unions were supportive of the exercise and have been regularly kept up to date with progress. Assurances were sought that no staff who had left under the workforce planning exercise had since been re-employed by the Council. Officers explained that although they cannot prevent this under existing legislation, the Council’s Pay Policy states that any employee who leaves on the grounds of early retirement, severance or voluntary redundancy cannot be re-employed without the express permission of the Chief Executive in consultation with the Cabinet Member for Corporate Services

Reference was made to staff attendance and the level of sickness absence and the Cabinet Member for Corporate Services emphasised that this matter is being taken very seriously by the Authority. He suggested that it could be beneficial to provide a progress report on the tackling of this area if the Committee were minded to request its addition to the Forward Work Programme.

Clarification was sought on how the workforce planning exercise will be utilised in the future in view of the need for the Council to make continued savings. It was explained that

expressions of interest from unsuccessful staff will be kept on file and will be subject to continuous review in order to support the Council's MTFP challenges. It was noted that some staff had also expressed an interest in pursuing one or more of the options within the workforce planning exercise at a future point in time.

Having fully considered the report, the Policy and Resources Scrutiny Committee noted its contents.

## 8. **FUTURE CAERPHILLY TRANSFORMATION STRATEGY - #TEAMCAERPHILLY - BETTER TOGETHER**

Steve Harris (Interim Head of Business Improvement Services) presented the report, which sought the views of the Scrutiny Committee on the draft Future Caerphilly Transformation Strategy and associated Strategic Action plan, prior to its consideration by Cabinet.

Members were advised that the Transformation Strategy provides details of a new whole-authority operating model for the Council that examines how services are prioritised, how they can become more business efficient, explores opportunities for greater customer focus and digital delivery, considers alternative delivery models and opportunities to take a more commercial approach to service delivery. **#TeamCaerphilly – Better Together** has been developed in view of the significant challenges faced by the Authority and the need to establish a new way of thinking to deliver services to residents in the future. The Strategic Action Plan attached to the Strategy provides details of the forward work programme and activities to deliver on the key elements of the new operating model.

Officers explained that the Strategy will support the successful delivery of outcomes, continue the provision of high quality, resilient, value for money services in an environment that will require new approaches and new skills, and build a new relationship with staff and communities. The Strategy recognises the Council's commitment to public services and the needs of citizens, whilst also demonstrating a commitment to explore commercial and investment opportunities to generate income that can be reinvested in services to help them remain resilient. The strategic programme of "whole-authority" work will be delivered through a number of key themes to underpin this new operating model.

In view of the need to ensure sufficient capacity to help drive forward the new approach, the report proposed the appointment of three Transformation Managers, initially on fixed-term contracts for a period of two years. The new ways of working will lead to efficiencies, savings and additional income to help the Authority deal with continuing financial challenges, and in that regard the posts should be seen as an 'invest to save' approach.

Ms Lianne Dallimore (Unison) addressed the Scrutiny Committee in respect of the proposals, and explained that Unison welcomed the Strategy as a means to protecting livelihoods and services for communities during these challenging times, as well as the key aims to build a relationship with staff and explore different ways of working. Ms Dallimore expressed a need for the "culture book" being developed as part of the Strategy to emphasise a two-way relationship and to incorporate the expectations of employees in addition to the Council's own expectations of its staff already being included. Unison urged caution regarding the embracing of new digital technologies, were of the view that outsourcing should be avoided in all forms, and that the Council should have regards to the existing workloads of staff in its development of a corporate volunteering policy as part of the Transformation Strategy.

During the course of the ensuing discussion, Officers confirmed that the proposed fixed-term posts would be advertised both internally and externally to attract the highest

possible calibre of candidates. A Member referred to queries on the report that he had emailed to the Interim Head of Business Improvement Services, the responses to which had subsequently been circulated to all Members of the Scrutiny Committee. Concerns were expressed regarding the cost of the fixed-term posts (£425k) and the effect on public perception in view of the savings needed to support the Medium-Term Financial Plan. It was also suggested that the Scrutiny Committee should have greater involvement in monitoring the success of the posts and the delivery of the Transformation Strategy, such as setting up a Task and Finish Group.

Officers emphasised the need for investment in order to drive forward the ambitious transformation programme, and reiterated the intention of the 'invest to save' approach for the posts. It was noted that progress against the Strategic Action Plan will be reviewed quarterly by the Corporate Management Team (in its capacity as the #TeamCaerphilly Project Board). Six-monthly progress reports will also be presented to Cabinet, and the Scrutiny Committee will receive an annual progress report. It was suggested that the Scrutiny Committee might wish to recommend that the six-monthly progress reports be brought for their consideration. Additionally, one-off investments to pump-prime the service changes required will be supported by robust businesses cases and subject to further Cabinet reports as they arise.

It was confirmed that the GMB union had also responded positively to the Transformation Strategy and no representation had been received from other unions. Discussion took place regarding the exploration of commercial and investment opportunities and Officers confirmed that specific proposals in these areas moving forward would be presented to the Scrutiny Committee prior to consideration by Cabinet. Members also discussed the high expectations associated with the new posts and the positive contribution and benefits that these appointments could make to the delivery of the Strategy. Officers confirmed that the success of the posts would be monitored and the contracts reviewed after the initial fixed-term period of two years.

Following consideration of the report and in noting the content of the Strategy and Strategic Action Plan, and in endorsing an additional recommendation for the six-monthly progress report to be brought to the Scrutiny Committee it was moved and seconded that the following recommendations be forwarded to Cabinet for approval. By a show of hands, (and in noting there was 1 against), this was agreed by the majority present

RECOMMENDED to Cabinet that:-

- (i) the content of the Strategy and Strategic Action Plan as appended to the report be noted;
- (ii) £425k be set aside to fund three fixed-term posts for an initial 2 years, to provide the additional capacity required to support the delivery of the Strategy;
- (iii) the £425K for the proposed three fixed-term posts be funded from the £1.8m earmarked reserve approved by Council on 31<sup>st</sup> July 2018, which was established to provide funding for one-off costs associated with delivering savings to support the Medium Term Financial Plan;
- (iv) the six-monthly progress reports on the Transformation Strategy be brought to the Policy and Resources Scrutiny Committee ahead of consideration by Cabinet.

## 9. CUSTOMER AND DIGITAL STRATEGY AND STRATEGIC ACTION PLAN

Councillor Colin Gordon (Cabinet Member for Corporate Services) and Liz Lucas (Head of Customer and Digital Services) presented the report, which sought the views of Members on the draft Customer and Digital Strategy and associated Strategic Action Plan for Caerphilly CBC, ahead of its presentation to Cabinet for endorsement.

By way of an interactive digital interface that will be made available on the Council's website and will be continually updated, the Scrutiny Committee were referred to the key sections of the Strategy as appended to the report. Members were advised that the Strategy sets out a proposed vision for "Investing in our Future by Opening the Digital Front Door". The Strategy includes a number of guiding principles and a narrative for #DigitalCaerphilly, including connectivity with customers and staff via this "Digital Front Door", helping and supporting business by driving innovative solutions, will embrace the wider Welsh agenda by adhering to digital principles and development of digital service standards, and will connect internally with a digital culture to promote and support the use of modern day technology. The Action Plan attached to the Strategy sets out a forward work plan and activities to deliver on the Key Objectives of the Strategy, and the Strategy will set the scene for future direction of travel for the service and the Council.

It was explained that the Strategy will put the customer at the heart of service delivery, whilst also continuing to support traditional customer service and a personal approach. Officers emphasised that the Strategy is intended to enhance existing customer services. It was noted that it is important for the Council to retain its ability to direct its own resources to the successful delivery of this strategy, and whilst this by no means closes the door on future collaborations of ICT and digital provision, will allow the Council to focus on the tasks at hand at a key time in its transformation journey. Although Cabinet has approved the setting aside of £600k to fund some of the key initial investments to support the Strategy, it is anticipated that further investment will be required moving forward and will be subject to further Cabinet reports as matters progress.

Discussion took place regarding the possible impact of the Strategy on customer interaction, and Officers emphasised that the new Abavus Customer Portal being launched as part of the Strategy will not take away the existing face to face service preferred by some customers. Rather, this will create more avenues to contact the Council and will offer greater flexibility for residents, particularly those who prefer to contact the Council in the evenings. It was explained that the system will rely on help points and an automation service outside of office hours, and will be set up in such a way as to reduce repetitive tasks for staff in daytime hours.

In response to a Member's query, it was confirmed that the system will not replace staff and will offer support for back office staff and allow them to be retrained to concentrate on other customer services areas. It was also confirmed that Unison welcomed the potential to allow repetitive tasks to be eliminated and allow for the retraining and reskilling of staff. Members noted that the new Abavus system will offer ease of use and provide directionality to where it is needed, and that several staff from Customer First and IT Services with the relevant knowledge base have been deployed to work on the new Strategy in order to maximise its potential.

The Scrutiny Committee were pleased to note the enthusiasm of Officers involved in the development and delivery of the Strategy and asked that their thanks to the relevant staff be placed on record.

Following consideration of the report and in noting its contents, it was moved and seconded that the following recommendation be forwarded to Cabinet for approval. By a show of hands this was unanimously agreed.

RECOMMENDED to Cabinet that the Customer and Digital Strategy and Strategic Action Plan as appended to the report be endorsed.

## 10. PRINCIPLES ON IMPLEMENTATION OF MICROSOFT OFFICE 365

Councillor Colin Gordon (Cabinet Member for Corporate Services), presented the report, which outlined to the Scrutiny Committee the principles on implementation of the Office 365 solution for the Council, ahead of its presentation to Cabinet.

Members were advised that in line with the Council's Customer and Digital Strategy, the Authority has been investigating the implementation of the latest version of the Microsoft Office 365 (O365) suite of tools. These tools offer an extended suite of productivity and collaboration tools over the current Microsoft Office suite, and will assist with everyday challenges and barriers that officials have in working effectively, efficiently and collaboratively in the current systems environment. The new product range will support the proposed Customer and Digital Strategy and the wider transformation strategy, and will be Cloud-based to maximise storage opportunities.

The Scrutiny Committee were directed to the financial implications as set out in the report, and it was explained that whilst these costs appear significant, there is no option to continue with the current Microsoft offering and pricing model. The licenses are currently funded from the PC replacement fund and based on equal migration of the workforce to O365 over the next 18 months, the costs will increase by £13.58k in 2019/20 with a further increase of £172.5k in 2020/21. Other licenses and providers are available but the license cost and cost of change would be both significant and limiting. At the end of this Microsoft agreement (2020), the Council will enter into a new agreement which will fix the unit costs for the following three years and is estimated to be £720k per annum, which is approximately 20% increase on 2020 costs. Members were asked to note that the public sector across Wales has experienced price increase of between 50%-60% on their Microsoft licensing when moving to O365 in recent years. The financial implications of this migration to O365 will be kept under close revision during the implementation process and the additional funding required will be factored into the budget setting process for the 2020/21 and 2021/22 financial years.

The Scrutiny Committee discussed the report and level of costs involved, and sought assurances that all alternative options had been explored. Officers explained that whilst the price increase is substantial, a like for like service is not being procured and the existing product can no longer be purchased. Although there are alternatives to Office 365, Caerphilly would be a standalone local authority in terms of Information Technology if they did not proceed with this product, and should the Council not adopt Office 365, this would remove their ability to collaborate across the public sector. It was explained that the cost of changing to another supplier would be excessive and all staff would have to be retrained in the use of an alternative system. Members were referred to the benefits of the new product and the huge suite of tools available, which will allow for new functions such as collaboration on shared documents and remove the need for a number of existing software packages. Additionally, the product will reduce the need to purchase new servers, as data will be stored in the Cloud system, and accessibility across devices will be enhanced. Assurances were given that all avenues have been thoroughly examined and that the proposals offer access to a whole host of new services to complement the Council's Transformation Strategy and the Customer and Digital Strategy.

In response to Members' queries, it was confirmed that the new Office 365 product will allow the Council to utilise its staff in alternative ways moving forward, and also that the security offered by Microsoft's Cloud service is extremely reliable.



Following consideration of the report and in noting its contents, it was moved and seconded that the following recommendation be forwarded to Cabinet for approval. By a show of hands this was unanimously agreed.

RECOMMENDED to Cabinet that the Office 365 solution for Caerphilly County Borough Council as set out in the report be implemented.

The meeting closed at 7.20 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 9th July 2019, they were signed by the Chair.

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CHAIR