

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 3 JANUARY 2019 AT 10.00AM

PRESENT: Councillor Birks (Chairman), Allison, Mrs Bowman, Ellis, Ellis-Williams (as substitute for Alcroft), Mallinson J (as substitute for Councillor Mrs Mallinson), McDonald and McNulty.

ALSO PRESENT: Councillor Glover, Leader
Councillor Dr Tickner, Finance, Governance and Resources Portfolio Holder

OFFICERS: Town Clerk and Chief Executive
Corporate Director of Finance and Resources
Corporate Director of Governance and Regulatory Services
Financial Services Manager
Policy and Performance Officer

BTSP.01/19 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Alcroft and Councillor Mrs Mallinson.

BTSP.02/19 DECLARATIONS OF INTEREST

In accordance with the Council's Code of Conduct Councillor McNulty declared an interest in respect of Agenda item A.3 – Budget Process. The interest related to him working with Tullie House.

BTSP.03/19 PUBLIC AND PRESS

RESOLVED – It was agreed that the items of business in Part A be dealt with in public and Part B be dealt with in private.

BTSP.04/19 MINUTES OF PREVIOUS MEETINGS

RESOLVED – That the minutes of the meeting held on 29 November 2018 be agreed.

BTSP.05/19 CALL – IN OF DECISIONS

There were no items which had been the subject of call-in.

BTSP.06/19 OVERVIEW REPORT AND WORK PROGRAMME

The Chairman informed the Panel that the Overview and Scrutiny Officer had resigned from post and asked that a letter of thanks be sent to him on behalf of the Panel.

The Policy and Performance Officer presented report OS.34/18 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

The table of progress on resolutions from previous meetings had been included in section 3 of the report. The resolutions BTSP.82/18 (1), BTSP.82/18 (5) and BTSP.86/18 had been completed.

The Chairman noted that the following resolutions were outstanding and requested that reminders be sent to the relevant officers and Portfolio Holders.

BTSP.68/18 (3)

BTSP.82/18 (4)

The work programme for 2018/19 had been attached to the report for consideration.

RESOLVED – 1) That the Panel scrutinised the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.34/18);

2) That the following resolved items be removed from the resolution table:

BTSP.82/18 (1)

BTSP.82/18 (5)

BTSP.86/18

3) That reminders be sent to the relevant officers and Portfolio Holders for the following outstanding resolutions:

BTSP.68/18 (3)

BTSP.82/18 (4)

3) That the following items be rescheduled in the work programme for the February meeting:

Customer Services Update

Flood Recovery Lessons Learnt

BTSP.07/19

BUDGET 2019/20

(1) Executive's response to the first round of Budget Scrutiny

Minutes of the meeting of the Executive held on 3 December 2018 were submitted detailing the response of the Executive to the comments made by the Scrutiny Panels in response to the first round of Budget scrutiny.

A Member asked for an update on the ERDF bid which had been submitted for the BIC. The Corporate Director of Finance and Resources agreed to ask the Corporate Director of Economic Development for a written response.

A Member noted the Portfolio Holder's comments in the local press and asked for details regarding the potential cost and timescale of demolition of the Central Plaza building should it be required.

The Finance, Governance and Resources Portfolio Holder clarified that the press article had been his personal view. He explained that the deadline for expressions of interest for the building had closed on 31 December 2018 and some expressions of interest had been submitted. The expressions of interest would be compiled into a report and submitted to the Crown for their deliberation. He reminded the Panel that the building was owned by the Crown and the Council were only providing a conduit service for the expressions of interest, the future of the building was the decision for the Crown.

The Portfolio Holder confirmed that the Council had a statutory duty to keep the building safe and it had been costly, however, the building was currently safe and there were no problems which required funding through the MTFP at this point.

In response to a question the Town Clerk and Chief Executive reminded the Panel that the Council were only involved in collating the expressions of interest, the Council had no influence or input into the decision regarding the building and there would be no added value by scrutinising the report.

RESOLVED – 1) That the decisions of the Executive on 3 December 2018 be received.

2) That the Corporate Director of Economic Development provide the Panel with a written update on the ERDF bid which had been submitted for the BIC.

(2) Executive Draft Budget Proposals

The Executive draft Budget proposals 2019/20, which had been issued for consultation purposes, were submitted for scrutiny by the Panel.

The budget proposals were based on detailed proposals that had been considered by the Executive over the course of the last few months. In particular the reports of the Corporate Director of Finance and Resources which were considered at the Executive meeting of 10 December 2018.

In considering the Draft Budget Proposals Members raised the following comments and questions:

- A Member asked for clarity regarding the existing non recurring commitment approvals table which included three figures for homelessness.

The Corporate Director of Finance and Resources agreed to provide the Panel with a written answer.

- The budget included funding for the Housing Regeneration Officer and Members questioned if a value for money study had been carried out on the post and why a post had been made permanent on external funding.

The Corporate Director of Finance and Resources explained that the post was a key post within the housing team which had been externally funded for ten years and therefore could not be temporary. She agreed to circulate further details to Members.

- Were officers confident that the reserves target would be achieved?

The Corporate Director of Finance and Resources reminded the Panel that the reserve levels had been increased due to the uncertainty regarding grant levels from 2019/20 onwards. The level of grant to the authority in respect of 2019/20 would be confirmed later in January. In addition two consultations were taking place for funding beyond 2019/20 regarding Business Rate Retention and Fair Funding and these would not close until February. Assumptions had been made in the MTFP and they would be amended when guidance was received from Government.

- Had the Council received any responses to the budget consultation?

The Finance, Governance and Resources Portfolio Holder explained that the consultation period did not end until 14 January when all responses would be collated, and themes would be identified in addition the formal consultation meetings would take place on 3 January. He added that all responses to the consultation that had direct relevance to the budget process would receive a reply from the Council.

- Did all the partners involved in the Borderlands Growth Deal provide a financial contribution?

The Town Clerk and Chief Executive confirmed that all partners provided a financial contribution to support the Growth Deal work. He agreed to provide more details in a written response.

- Members asked why a previous report had detailed the stock piling of recycling equipment yet the budget showed a further £45,000 being spent on replacement recycling and refuse containers.

The Finance, Governance and Resources Portfolio Holder agreed to provide a written response.

RESOLVED – 1) That the comments and concerns of the Panel as set out above regarding the Executive draft Budget Proposal be forwarded to the Executive for their consideration.

2) That the Corporate Director of Finance and Resources provide the Panel with the following written responses:

- Clarity regarding the three homelessness figures included in the existing non recurring commitment approvals table.
- Further information on the funding of the Housing Regeneration Officer post

3) That the Town Clerk and Chief Executive provide the Panel with information on the financial contributions made by the partners involved in the Borderlands Growth deal.

4) That the Finance, Governance and Resources Portfolio Holder provide written details on the purchasing of the replacement recycling and refuse containers.

(3) Background Information Reports

(a) Budget Update – Revenue Estimates 2019/20 to 2023/24

The Corporate Director of Finance and Resources submitted report RD.29/18 providing a draft summary of the Council's revised revenue estimates for 2018/19, together with base estimates for 2019/20 and updated projections to 2023/24. The report included the impact of the new savings and new spending pressures currently under consideration and the potential impact on the Council's overall revenue reserves.

The Executive had considered the matter on 10 December 2018 (EX.118/18 refers) and decided:

“That the Executive:

- noted the revised base estimates for 2018/19 and base estimates for 2019/20;
- noted that the estimates in the report were draft and would be subject to the confirmation of Local Government Finance Settlement in December 2018;
- noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues become clearer and decisions were taken;

- (iv) noted the budget pressures/savings needing to be taken into account as part of the 2019/20 budget process;
- (v) noted the Statutory Report of the S.151 Officer outlining the risks associated with the draft budget figures and that minimum reserves may need to be reviewed in the future depending upon the outcome of the Local Government Finance review."

The Corporate Director of Finance and Resources informed the Panel that the Council had not been successful in its bid to be part of the Business Rate retention pilot. 35 bids had been submitted for 15 pilots. all applicants had met the required criteria and therefore additional criteria had been used, the Corporate Director agreed to circulate the prospectus to the Panel Members.

A Member was concerned that there was no cap on the amount a Parish Precept could be increased by and there were no reasons given for the increases or any accountability.

The Corporate Director of Finance and Resources explained that the Council tax bill included information on how the bill was made up and any queries regarding Parish Precepts were referred back to the individual Parishes involved.

A Member asked if it was possible for the authorities in the County to prepare one document on the budget that could be consulted on at one time.

The Town Clerk and Chief Executive agreed to propose to the Cumbria Leaders Board that consideration be given to the preparation of a comprehensive consultation document which showed an overall picture of how the Council Tax was made up and when decisions were made.

RESOLVED –1) That the Panel had scrutinised and made comments on the Budget Update – Revenue Estimates 2019/20 to 2023/24 (RD.29/18);

2) That the Panel supported the Town Clerk and Chief Executive's proposal to the Cumbria Leaders Board that consideration be given to the preparation of a comprehensive consultation document which showed an overall picture of how the Council Tax was compiled and when decisions were made.

3) That the Corporate Director of Finance and Resources circulate a copy of the Business Rate Retention Pilot Prospectus to Panel Members.

(b) Revised Capital Programme 2018/19 and Provisional Capital Programme 2019/20 to 2023/24

The Corporate Director of Finance and Resources submitted report RD.30/18 which provided a draft summary of the Council's revised capital estimates for 2018/19 together with base estimates for 2019/20 and updated projections to 2023/24.

The Executive had considered the matter on 10 December 2018 (EX.119/18 refers) and decided:

"That the Executive:

1. Noted the revised capital programme and relevant financing for 2018/19 as set out in Appendices A and B including approving the removal of two schemes from the capital programme in 2018/19 and future years, and made recommendations to Council to re-profile £380,000 from 2018/19 to 2019/20;

2. Had given consideration and views on the proposed capital spending for 2019/20 to 2023/24 given in the report in the light of the estimated available resources;
3. Noted the views expressed by the Scrutiny Panels, and that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

RESOLVED –That the Panel received the Revised Capital Programme 2018/19 and Provisional Capital Programme 2019/20 to 2023/24 (RD.30/18).

(c) Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2019/20

The Corporate Director of Finance and Resources presented report RD.31/18 setting out the Council's draft Treasury Management Strategy Statement (TMSS) for 2019/20 in accordance with the CIPFA Code of Practice on Treasury Management.

She informed Members that the draft Investment Strategy and the draft Minimum Revenue Provision Strategy for 2019/20 were incorporated as part of the Statement, as were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

The Executive had considered the matter on 10 December 2018 (EX.120/18 refers) that the Executive noted the draft Treasury Management Strategy Statement for 2019/20, which incorporated the Investment Strategy and the Minimum Revenue Provision (MRP) Strategy, together with the Prudential Indicators for 2019/20 for draft budget consultation purposes as set out in Appendix A and the Treasury Management Policy Statement as set out at Appendix D to Report RD.31/18.

In considering the report Members raised the following comments and questions:

- Did the Council have an ethical investment policy or was there a plan to have one?

The Financial Services Manager responded that there was not a specific ethical investment policy, the Council used credit ratings and ratings given by the treasury advisors, Link. He agreed that this could be looked at in the future and he would take some advice on how to develop a policy and what other authorities did.

The Town Clerk and Chief Executive recommended that the advice and recommendations of the Local Government Association be sought on the matter.

- A Member commented that the total investments cash balance in the report seemed high given the Council's turnover.

The Financial Services Manager clarified that the total investment figure would increase and decrease throughout the year as cash came and out of the authority. He added that at the end of March 2018 the cash investment figure was £13million.

- Had the Asset Disposal Plan been factored into the future gearing?

The Financial Services Manager confirmed that the asset programme had not been included at the current time.

- How was the authorised limit for the operational boundary reported to Council?

The Financial Services Manager responded that the Treasury Management Strategy set out the limit which was approved at full Council in February each year.

- Why had the repayment of the £15million stock issue had not been included in the report?

The Financial Services Manager that the refinancing of stock issue had been included in the budget for 2020 at a 3.1% interest rate. Work was being undertaken to determine the best time to repay the stock issue.

RESOLVED – 1) That the Panel had scrutinised and made comments on the proposed Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2019/20 (RD.31/18).

2) That the Financial Services Manager investigate the possibility of developing an ethical investment policy for the Council.

BTSP.08/19 CORPORATE PROJECT STATUS REPORT

The Town Clerk and Chief Executive submitted an update against corporate projects being undertaken by the Council (CE.01/19).

The Town Clerk and Chief Executive reported that a summary of current projects and their status was attached to the report as appendix 1. The majority of the projects were progressing to schedule and there were no projects which were experiencing major issues. The key achievements in the last period were also detailed within the report.

In considering the report Members raised the following comments and questions:

- The Panel asked for further details on the One Public Estate project.

The Town Clerk and Chief Executive reported that the Project was a partnership of public services including local authorities and the NHS which mapped out the estates in the area and looked at how joint working, using the estates, could best and most efficiently deliver services. The Deputy Chief Executive was the Councils lead officer on the Project and it was suggested that he provide a full report on the project to a future meeting of the Panel.

- Work on the stage two master planning for the Garden Village was being undertaken, should this wait until the outcome of the Southern Relief Road funding bid was known?

The Town Clerk and Chief Executive clarified that, although the Southern Relief Road was important to the Garden Village, if it did not progress the Garden Village project would continue. He agreed to ask the Corporate Director of Economic Development to provide a written update on the bid to the Panel.

- Was the Bitts Park Lodge project still on target?

The Town Clerk and Chief Executive confirmed that the project was broadly on target following the value engineering exercise.

- The Panel asked for an update on the Sport England bid and the Town Clerk and Chief Executive agreed to provide a written response.

RESOLVED – 1) That the Panel scrutinised and made comment on the most recent summary of projects and governance arrangements in place and the actions being taken to support projects with issues (CE.01/19);

2) That a report detailing the One Public Estate project be added to the Panel's work programme;

3) That the Corporate Director of Economic Development provide a written update to the Panel on the Southern Relief Road bid;

4) That the Town Clerk and Chief Executive provide a written update to the Panel on the Sport England bid.

**BTSP.09/19 TASK AND FINISH REPORT – AN EFFICIENCY AND EFFICACY
REVIEW OF THE CURRENT GOVERNANCE STRUCTURES OF THE
COUNCIL**

The Policy and Performance Officer submitted a report from the Task and Finish Group work on their efficiency and efficacy review of the current governance structures of the Council (OS.33/18).

The Policy and Performance Officer reminded the Panel of the background to the review and he set out the recommendations that the Task and Finish Group had reached along with the proposed timetable for the review.

The Town Clerk and Chief Executive asked the Panel to be clear about the purpose of the recommendations and to clarify if the proposal was to take the consultation forward with a view to introducing the changes in May or if the proposal was to take the consultation forward with a view to giving Council in May a substantive document which informed them to make the decision.

The Chairman of the Panel explained that the Task and Finish Group had been established to ensure the most efficient use of Scrutiny. The structure of the Panels had not been reviewed since their establishment in 2001 and although the Boundary Review would impact the number of Councillors it was more important to make sure Scrutiny worked for Carlisle.

The Panel discussed in some detail whether the recommendations should be made to Council in April or left to the new Council in May. Some Members of the Panel felt that the decision should be made to enable the implementation of the changes to begin in May but others felt that the decision was being rushed and that more evidence should be gathered on which to base the decision of the structure and implementation time.

The Vice Chairman of the Panel reiterated that the Task and Finish Group's goal which was to make sure that the Scrutiny of the Council was working as effectively and efficiently as possible for the people of Carlisle regardless of the Boundary Review.

The Corporate Director of Governance and Regulatory Services suggested that the Task and Finish Group continue with the consultation on their report and then the Panel could consider the feedback and make a decision about the timing and process at a subsequent meeting, having considered the consultation responses.

The Leader asked the Panel to consider the outcomes that the Panel wanted for residents and businesses and the vision for the future and then consider what governance arrangements were required to deliver the vision for the people of Cumbria.

The Panel felt that the Task and Finish Group had started some good work and that it should continue. The Panel:

RESOLVED – 1) That the report and recommendations of the Task and Finish Group on the efficiency and efficacy review of the current governance structures of the Council be agreed for consultation purposes (OS.33/18).

2) That the Task and Finish Group continue to work to gather evidence to be submitted to the Business and Transformation Scrutiny Panel at its special meeting on 22 February 2019 along with feedback from the consultation with the Groups and the other Scrutiny Panels.

(The meeting ended at 11.38am)