

OVERVIEW AND SCRUTINY

Resources Panel

Report of
Chairman:

COUNCILLOR
Trevor Allison

Dear members,

The following report covers the meetings of 3rd November and 7th December. These were two very long meetings and the minutes extend to 33 pages. I will endeavour to highlight the main issues which emerged.

Our November meeting was the Panel's first opportunity to consider the Budget implications of the Comprehensive Spending Review (CSR), with a 26% reduction in the Revenue Support Grant, front loaded into next year's Budget. In the event, the decrease for 2010/11 has turned out to be 11.9%, offset marginally by some advantage from the Concessionary Fare scheme. The Transformation Programme in large measure appears to underpin the savings required.

Members were concerned about the impact on the Social Housing Grant, uncertainties about the Council Tax Benefit and the outcome of the cessation of Train to Gain funding. The City Council has a good track record on internal training and development.

The Panel discussed the status of the £15M Sands Centre development and were informed by the Portfolio Holder that "*at present ... the Business did not stack up and it may be difficult to deliver the project in such a stressed time.*" Given the press reports that the project is going ahead, this acknowledges the financial realities of our present situation.

The Chief Executive gave the Panel a presentation on the successful joint County and District Local Enterprise Partnership (LEP) Bid. The Carlisle Delivery Board is to be private sector led. The Panel were concerned about the limited funding, only about a third of the previous regional funding from the North West Development Agency (NWDA), and that it would be subject to a 'Challenge Tendering Process'. We urged that there should be political representation on the LEP Boards to ensure that elected members were involved and consulted in what might be considered as the successor to the Renaissance Project.

Following on from the work done by the Panel's Task and Finish Group I am pleased to see that the Employment Panel considered the implementation of the Lease Car and

Essential Car User Allowance report. This is will come before the Employment Panel again at its meeting on 4th January 2011. I look forward to seeing the final outcome of this work.

In Part B of the agenda, we were given a presentation by Montague Evans on our property portfolio. Carlisle is described as cash/asset rich and revenue poor. It is recognised that that our assets are under-performing and a more ambitious target of return on assets has been set. Given the commercial sensitivity of the document, Panel members appreciated being given the draft report prior to the meeting, before it was considered by the Executive. Hopefully this will become a regular feature. There was broad support for the recommendations in the report. However, members felt it was important that Ward Councillors are consulted and can have input into projects in their particular wards. I am pleased to see this openness and to facilitate this, all 52 Councillors will be given a copy of the document and invited to comment, when it comes before the Panels and Council.

Our December meeting was an all day event, with major topics including Tullie House Governance, The Budget , a review of the Policy Framework and The property Portfolio. In retrospect, I feel that this was perhaps too big an agenda to do full justice to the subjects, especially when some members had other commitments in the afternoon. I do not think it appropriate to make formal Resolutions if there is not a balanced team. I will have more regard to the lengths of the agendas in future.

On Tullie House, the Strategic Director presented a report outlining the business case prepared by Armstrong Watson, for establishing the Trust, and the principles of the Shadow Board. This has been set up to facilitate the change over should it be agreed. They had used a prudent level of income and for the purposes of this exercise, the potential for attracting additional income had been discounted. They had assessed the risks and concluded that the scheme was viable even in the present climate. One of the main advantages was that as a Trust it would attract Rate Relief.

In summary, issues were raised about the admissions charging policy and possible VAT implications, a perceived loss of civic ownership, (the Council retain title of all assets and collections) the speed of the operation given the number of issues still to resolve, the loss of the education budget, consultation issues, conditions for new staff, (existing staff would be TUPED over).The Panel acknowledged the sterling work done by the Tullie House staff, and in the preparation for moving to a Trust. We made recommendations to the Executive for supporting the Education programme for three years.

On the Budget, although this was still at an early stage of the process, budget pressures had been identified which cannot be accommodated within our existing resources. Shortfalls in our revenue income were also identified. We are particularly concerned at the serious shortfall in Lanes Head Rent and the overspend on fuel and energy costs. The (then) estimated 5% reduction in Central Government funding incorporated into the Medium Term Financial Plan (MTFP) has since been revised upwards.

Not surprisingly, members asked where the savings were to come from given that much of the Transformational savings have already been identified. The Asset Review is a long term project which may yield up to £1M but is not likely to produce significant improvements for some time. Clearly then, Discretionary Services will come under increasing pressure in order to achieve a balanced budget, together with efficiency

improvements in the statutory services. The initiatives will emerge as the Budget process progresses and there will clearly be some sensitivity as to where any cuts should be made.

As far as Charges and Services are concerned there were two particular issues. In common with the other Panels, on principle, we do not support the proposal that the purple sacks be withdrawn and that those living in terrace houses buy their own. Members feel that a review of this service and better control of the way the sacks are issued could provide the same yield. On the Enterprise Centre, it emerged that it is running at a loss and we welcome the Review of the Centre. Presumably, in due course this will come back to the Panel.

On the Capital Programme we sought an explanation of the £1.9M on the Caldew Riverside site.

As a statutory housing authority and with pressure for more (social) housings, members are concerned about the impact of the withdrawal of the Regional Housing Pot. The Community Panel have this on their January agenda as an item with Riverside. We resolved that Council Officers meet with the Housing Associations to explore the options to address this issue. We also requested an update on the agreement between Lovells and the Council on the Raffles project.

On the Council's Policy Framework and where it sits in Article 4 of the Constitution, we were concerned that all members should have confidence in any review of the large number of policies, and that it is not perceived as passing more power to the Executive. Together with colleagues from the two main Groups, I attended the workshop taken by the Assistant Director (Governance) on this issue. We went through the complete list and identified those entries which we felt should remain with members through full Council.

Draft Asset Business Plan. In this presentation, the Panel confirmed their support for this initiative and that Ward Councillors should have the opportunity for input into the disposal of assets in their ward. To have a better understanding of the value of the various sites identified, we request that where appropriate we be given details of the lease arrangements.

Yours sincerely

Cllr Trevor Allison