

## **RESOURCES OVERVIEW AND SCRUTINY PANEL**

**TUESDAY 7 DECEMBER 2010 AT 10.00AM**

**PRESENT:** Councillor Allison (Chairman), Councillors Boaden (until 1.30pm), Bowditch, Bowman S, Craig, Hendry, Layden and Watson (until 3.00pm).

**ALSO**

**PRESENT:** Councillor J Mallinson – Governance and Resources Portfolio Holder  
Councillor G Ellis – Performance and Development Portfolio Holder  
Roger Cooke – Chair of the Tullie House Trust Shadow Board  
Hilary Wade – Arts and Museums Manager  
Alison Watts – Armstrong Watson  
Adam Wellings – Adam Wellings Consulting Limited

### **ROSP.99/10 APOLOGIES FOR ABSENCE**

There were no apologies for absence submitted.

### **ROSP.100/10 DECLARATIONS OF INTEREST**

There were no declarations of interest in respect of the business to be considered.

### **ROSP.101/10 MINUTES OF PREVIOUS MEETINGS**

**RESOLVED** – That the minutes of the meeting held on 3 November 2010 be noted.

### **ROSP.102/10 CALL-IN OF DECISIONS**

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

### **ROSP.103/10 TULLIE HOUSE GOVERNANCE ARRANGEMENTS**

The Strategic Director (Mr Crossley) submitted report GD.43/10 concerning the project currently in place to transfer Tullie House Museum and Art Gallery to a Trust which emanated from a decision taken by the Executive on 14 April 2009 (EX.068/09). The City Council had, on 14 July 2009, approved a budget of £150,000 to support the work programme.

Mr Crossley introduced Roger Cooke, Chair of the Tullie House Trust Shadow Board, Alison Watts, Armstrong Watson and Adam Wellings of Adam Wellings Consulting Limited to the Panel.

Mr Crossley outlined the background to the Council's deliberations regarding the establishment of a Tullie House Museum and Art Gallery Trust, reminding Members that a Project Group had been established; various work streams initiated; and a 'critical friend' appointed with relevant experience to offer advice and assistance to the Council in relation to the project. Key to those work streams was the preparation of a Business Case to support the Trust proposal and, following a recruitment process, Armstrong Watson were engaged to produce the document, a copy of which was set out at Appendix 2 to his report. He then outlined the rationale for the Business Case, pointing out that the establishment of a Trust also brought financial and structural benefits such as relief from business rates. In addition to the financial opportunities outlined, the Business Case also brought the proposed arrangements into the Council's Transformation Programme.

A Shadow Trust Board had been established and, after a rigorous recruitment process, Mr Roger Cooke had been appointed as the Chair. He had subsequently gone on to appoint Mr Alan Niekirk (Charities Lawyer and ex-Chair of the Friends of Tullie House) and Mr Andrew Smith (background in Accountancy) as fellow Shadow Board Members.

Tullie House Museum and Art Gallery was a very important part of the cultural offer available in the Carlisle City Region and the Tullie House Trust would play a vital role in safeguarding and enhancing the Museum's status. To that end, it was felt important that, in establishing a Trust, the Council identified its vision for the future of the institution as it became established and moved forward. The Assistant Director (Community Engagement) had worked with the Shadow Board and had produced the draft Vision Statement included at Appendix 1 to the report.

Details of the financial and legal context were also set out within the report. Mr Crossley gave the Panel two small amendments to the risk register which had previously been circulated.

In conclusion, Mr Crossley reported that the Business Case prepared by Armstrong Watson indicated that the establishment of a Trust was a viable way forward for the Museum and the City Council. The Executive would, however, wish to come to its own view on the Business Case and, to assist in that process, comments from the Community and Resources Overview and Scrutiny Panels would assist in that process.

The matter had been considered by Executive on 8 November 2010 (EX.178/10).

The Executive resolved that:

“That the Executive:

1. Noted the content of Report GD.43/10, together with the draft Vision Statement and Business Case appended thereto.
2. Referred the draft Vision Statement and Business Case to the Council's Community and Resources Overview and Scrutiny Panels (25 November and 7 December 2010 respectively) for scrutiny and comment. Such comments being referred back to the Executive for its meeting on 13 December 2010."

Mr Crossley, Mr Cooke and Ms Watts gave a brief presentation to the Panel which outlined the values, principles and vision for the Trust.

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

- *At a time of cut backs where would the grant money come from?*

Ms Watts explained that the Business Case had been prepared with a very prudent level of income and a budget of no more than 12% which it was at present. It was hoped that becoming a Trust would draw in additional income opportunities but it had not been included in the Business Case. The Business Case also took in to account the reduction in funding.

Mr Crossley agreed that the Business Case was not heavy with expectations but the Trust would have the ability to attract other investors.

Mr Cooke reminded the Panel that the Trust had not yet been established and so plans could not be developed and resources could not be raised. There were different ways in which the Trust could raise funds; Tullie House was already very successful in extracting public funding and this would be nurtured, there would also be an opportunity to attract private funding through donations and legacies and there would be an opportunity to raise funds for specific projects.

- *Would the funds be used for the general running costs of the Museum and support the base budget or would they be for the development of the Museum?*

Mr Cooke responded that the Trust would have the responsibility to start to build up reserves using donations or legacies that were unspecific. This would be a long term process and would involve fund raising activities. Many people will donate for specific developments but new developments result in operational and revenue implications and the Trust will want to use long term fund to support revenue demands of new projects. It would be good if the Trust could achieve a reduction in grant from the Council.

- *What were the advantages and disadvantages of moving towards a Trust for the City Council?*

The Performance and Development Portfolio Holder stated that the primary reason for the move would be to provide a successful thriving museum on

less than the Council currently spent. Even without savings it was felt that the Trust was an opportunity for the organisation to grow independently and improve services for the citizens of Carlisle.

Mr Crossley stated that a clear advantage was the saving on the Discretionary Rate Relief of £116,000 per annum. He added that the Business Case was viable in the current climate and a further advantage was the additional funding streams in the future. There were some dangers to the Council regarding a change in control, the future direction of the Trust and the Council being a minority on the Board. There were also issues around the success of the Trust and how to deal with it if it was not successful. There was a range of issues but they were counter balanced with legal and performance arrangements that would be put in place.

- *A Member questioned the actual savings for the City Council.*

The Performance and Development Portfolio Holder stated that the savings for the Authority would be between 16% and 20% which included the recharges. The savings would be achieved largely from the Rate Relief.

- *What was being considered in terms of public relations to ensure people understand the reasons for the Trust and don't feel like this would be a loss?*

Mr Cooke understood why there may be a feeling of civic loss and stressed that it would not be a loss, Tullie House would remain Council owned and would remain deeply involved with the Trust.

- *It was understood that National Museums who did not charge for admission did not pay VAT, should Tullie House be the same?*

Ms Watts explained that National Museums had a special dispensation for VAT and it was being looked at for Tullie House. The admission income in the Business Case had been kept at the same level of budget as it was currently.

- *There were 5 museums in the North West and Tullie House was the only museum that charged for admission, what was the other museums position with regard to VAT? It would not be clear to Members until the situation regarding VAT and admissions was known.*

Mr Crossley stated that the Authority was looking to make an in principle agreement to move to a Trust, in order for the agreement to be clarified the admissions policy would have to be completed. Each organisation had a different charging policy and there was further work required to specify the position for this Authority.

Mr Mason confirmed that the Authority had asked for advice with regard to VAT and although it was a complicated process it was understood that it was better for VAT maximisation if Tullie House kept a charging policy.

- *A Member commented that the admissions policy and VAT situation had raised concerns and Members needed more clarity on a number of areas. They were also concerned with the quick timeframe.*

Mr Crossley explained that the Business case had included the existing admissions policy but there was issues regarding potential challenges over preferential rates which needed further consideration.

The Assistant Director (Governance) (Mr Lambert) explained that there was a potential risk of challenge to the current charging policy but there could still be ways of constructing a scheme where local residents could benefit. It was just that any such scheme should not be based on residency. This had been discussed with the Chair of the Shadow Board for further consideration.

- *Members would like to see the paragraph on page 5 of the Draft Vision Statement regarding the historic quarter strengthened. They felt that Tullie House was vital to the economic regeneration in terms of cultural tourism and should be the focus of economic regeneration.*

- *A Member had concerns with regard to the loss of finances to provide educational resources and suggested that consideration be given to using £150,000 of funds from the Capital Programme over three years to support the educational budget as one off capital to ensure its success in the future.*

- *Why had there not been any public consultation carried out with regard to the Trust proposals?*

The Performance and Development Portfolio Holder confirmed that although there had not been consultation carried out with all members of the public, which would require a large budget, consultation had been carried out with the Friends of Tullie House, all Tullie House staff and Elected Members as representatives of the City.

- *A Member asked for clarification on the following points in the report:  
What did the paragraph under 'Impact on Customers' mean on page 7 of Report GD.43/10?  
How would the Trust be able to dispose of collections if the Council still owned them?  
Paragraph 4.1 of the Business case does not address the maintenance of the collections*

Mr Cooke explained that the report was a draft document and the issues raised would be investigated.

Mr Lambert reminded the Panel that the ownership of the assets would remain with the City Council but would be cared for by the Trust and an agreement would be in place to protect the collections and acquisitions. If the Trust wanted to dispose of some exhibits they would have to receive consent from the Council.

- *Would new staff be recruited on the same terms and conditions as the staff that were transferred under TUPE arrangements from the Council?*

Mr Cooke responded that new staff would have comparable terms and conditions, the salaries and holidays would be on the same scale but the pensions would be different.

RESOLVED – 1) That the comments and observations of the Panel be referred to the Executive for their consideration.

2) That the Panel commend the excellent work of the Tullie House staff over the years and in the preparation of moving to a Trust;

3) That the Panel recommend that the Executive explore the possibility of using £150,000 of funds from the Capital Programme over three years to support the educational budget as one off capital to ensure its success in the future.

#### **ROSP.104/10 BUDGET 2011/12 to 2015/16**

The Assistant Director (Resources) (Mr Mason) gave a presentation to the Committee to assist Members in their consideration of the Budget 2011/12 to 2015/16

Mr Mason outlined the Budget policy context, revenue projections, the main revenue assumptions which had been made, new spending pressures, efficiencies requested by Council, savings proposals and income projections, potential revised revenue projections, proposed capital programme, capital resource projections and key Budget dates.

RESOLVED – That the budget overview be welcomed.

#### **ROSP.105/10 MINUTES OF THE COMMUNITY AND ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANELS**

The excerpts of the minutes of the meetings of the Community and Environment and Economy Overview and Scrutiny Panels held on 25 November and 2 December 2010 respectively were submitted for consideration.

RESOLVED – That the Minutes be noted.

#### **ROSP.106/10 2010/11 REVISED REVENUE BASE ESTIMATES AND UPDATED MTFP PROJECTIONS: 2011/12 TO 2015/16**

The Assistant Director (Resources) (Mr Mason) submitted report RD.54/10 providing a summary of the Council's revised revenue base estimates for 2010/11, together with base estimates for 2011/12 and updated reserve

projections to 2015/16. The report had been prepared in accordance with the guiding principles for the formulation of the budget over the next five year planning period as set out in the Medium Term Financial Plan (MTFP) and Charging Policy; Capital Strategy; and Asset Management Plan agreed by Council on 14 September 2010. The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved. He reported in some detail on those key issues which included:

- (a) Government Finance Settlement - the Revenue Support Grant and National Non Domestic Rates figures (including implications of grant funding for Concessionary Fares moving to Cumbria County Council)
- (b) Triennial revaluation of the Pension Fund
- (c) Transformation

Mr Mason informed Members that the potential impact of any new spending pressures and new savings identified were not reflected in the report, as there were a number of options for Member consideration. It was, however, clear at this early stage of the budget process that all of the pressures currently identified could not be accommodated within existing Council resources. Decisions would need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies (and probable use of reserves) to enable a balanced budget position to be recommended to Council in February 2011.

He summarised the movements in base estimates and highlighted for Members the updated MTFP projections; the projected impact on revenue reserves; challenges facing the Council; and Efficiency Agenda targets.

The Executive had on 22 November 2010 (EX.180/10) considered the report and decided:

- “1. That the revised base estimates for 2010/11 and base estimates for 2011/12 be noted.
- 2. That the current Medium Term Financial Plan projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken, be noted.”

In considering the report, Members raised the following questions and observations:

- *Could the RPI and CPI change places again and have to be revisited?*

Mr Mason responded that the change had been for political reasons and the MTFP projections were based on the current situation.

- *Were the small scale community projects being deleted?*

Mr Mason explained that historically this had been a non recurring commitment and was not in the budget. Any decision to have it included would be as part of the budget process.

RESOLVED – That report RD.54/10 be noted.

## **ROSP.107/10 SUMMARY OF NEW REVENUE SPENDING PRESSURES**

The Assistant Director (Resources) (Mr Mason) submitted report RD.56/10 summarising the new revenue spending pressures and reduced income projections that had emerged as part of the current year budget monitoring procedures and which would need to be considered as part of the 2011/12 budget process. The issues were to be considered in the light of the Council's corporate priorities.

The Executive had on 22 November 2010 (EX.186/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

Details of the specific areas where the Panel had service responsibility in addition to its overall Budget scrutiny responsibility were as detailed on the Agenda for the meeting.

Members then considered and commented upon the report as follows:

- *Members were concerned that there was a serious shortfall with the Lanes Head Rent and it had not been incorporated within the summary of new pressures as a recurring revenue pressure.*

Mr Mason explained that the position would be closely monitored and would be treated as a recurring budget pressure in future years if current shortfalls did prove to be the norm in the long term.

Dr Gooding added that if the assumption was made that the shortfall would be a recurring issue then the effect of the decision would be permanent and would be difficult to undo. He felt it was prudent to deal with the shortfall as a one off and deal with it if it continued.

- *Was the overspend of £116,000 in 2010/11 for the fuel and energy cost correct given that there was a review underway?*

Mr Mason explained that the fuel and energy costs were overspent for 2010/11 but all initiatives from the review would reduce the figure and so the overspend would not be recurring.

- *Was the Council Tax freeze voluntary and would the rules for the capping arrangements be changed?*

Mr Mason confirmed that the Council Tax freeze was voluntary but if the authority did not freeze the Council tax then they would not receive the grant



from the Government. He added that the capping arrangements had not changed. The Council Tax freeze would cost the Council approximately £68,000 and this had been built into the budget.

In response to a Member's question regarding the reduction in grant settlement Mr Mason explained that the Spending Review announced an average reduction in central government funding to council's of 26% phased reduction over the next four years with the reduction being front loaded to 2011/12. A 5% reduction had already been incorporated into the MTFP and indicative figures had been provided for the additional phased reductions as an additional budget pressure. However final confirmation of the RSG settlement for 2011/12 to 2014/15 would not be announced until later this month.

RESOLVED – That report RD.56/10 be noted.

### **ROSP.108/10 SUMMARY OF SAVINGS DELIVERED AND NEW PROPOSALS**

The Assistant Director (Resources) (Mr Mason) submitted report RD.57/10 summarising proposals for savings and additional income generation to be considered as part of the 2011/12 budget process. He reminded Members that the Savings Strategy approved by Council on 14 September 2010 and endorsed in the Medium Term Financial Plan approved by Council on 14 September 2010, had concentrated on the following areas to deliver the savings required to produce a balanced longer term budget:

- (a) Asset Review;
- (b) Service delivery models
- (c) Transformation Agenda

Mr Mason reported that, at this stage, the Executive (and Overview and Scrutiny) were being asked to give initial consideration to the new proposals for further permanent reductions in base expenditure budgets and also increases to income budgets from 2011/12 onwards. He added that the requests needed to be considered in the light of projected budget shortfall contained in report RD.54/10 and the spending pressures (report RD.56/10).

The Executive had on 22 November 2010 (EX.187/10) considered the report and decided:

- “1. That the proposed reductions to the base budget from 2011/12 onwards, as set out in Report RD.57/10, be received and forwarded to the Overview and Scrutiny Panels for consideration as part of the budget process.
2. That it be noted that the Senior Management Team would continue to investigate efficiencies and savings in accordance with the Transformational Savings Strategy.

3. That the savings achieved / to be achieved via service reviews etc, amounting to £2.890m by 2015/16 to be used to meet the original transformation target of £3m be agreed.”

The specific areas where the Panel had service responsibility in addition to its overall Budget scrutiny responsibility were as detailed on the Agenda for the meeting.

Discussion arose, during which Members made the following comments and observations:

- *Given that the authority had been through a restructuring process and ongoing service review process, in practical terms what was the next stage to achieve the necessary savings?*

The Governance and Resources Portfolio Holder responded that the authority had been through a restructuring process but it had been carried out against a more favourable background. There would only be marginal savings still to come from the restructure, so the Authority was now looking at discretionary services. The discretionary services budget would come under close scrutiny and the statutory services would also be considered to find new and more efficient ways of working.

Dr Gooding added that the Senior Management Team had been considering the matter and felt that, in the short term, discretionary services was the only area where decisions could be made but they would not be easy decisions. In the medium term there would be a need to remodel service provision and there was a substantial amount of work to be undertaken on Shared Services. He also added that in the medium/long term the Asset Review proposed an income of at least £1m to the Council.

RESOLVED – That report RD.57/10 be noted.

## **ROSP.109/10 SUMMARY OF CHARGES REVIEW**

### **a) Local Environment**

Report CS.28/10 was submitted setting out the proposed fees and charges for areas falling within the responsibility of the Local Environment Directorate. The proposed charges related to income from Highways Services, Car Parking, Sports Pitches, Environmental Protection, Bulky Waste Collections, Dog Policy and Bereavement Services.

The Executive had on 22 November 2010 (EX.181/10) received the report and agreed for consultation the proposed charges, as set out in Report CS.28/10 and relevant Appendices (and subject to the amendments highlighted above), with effect from 1 April 2011; and noted the impact of those charges on income generation, as detailed within the report.

Members raised the following comments and questions:

- *The report proposed that the charge for bulky waste collection be simplified and that a uniform charge be applied to all bulky household items collected by the Council. Had the introduction of charges for bulky waste impacted on fly tipping and had there been any projections prepared for how a uniform charge may affect fly tipping and the cost to the Council?*
- *The proposal to charge for purple waste sacks would mean people were being charged for waste collection purely by virtue of the kind of house they lived in. Members felt that it was inappropriate to charge the 5,800 residents for the purple sacks when the rest of the City received their bins for free.*

The Governance and Resources Portfolio Holder informed the Panel that the provision of purple sacks cost the Council £30,000 per annum and if this saving was not made the money would have to be saved elsewhere.

*Members were very concerned by the proposal and felt it was not just a financial decision but felt that the principle was wrong to charge those residents who lived in terrace houses for waste collection and were obliged to use sacks..*

RESOLVED – That the Panel supported the views of the Environment and Economy Panel and urged the Executive not to discontinue the provision of purple sacks.

## **b) Community Engagement**

The Assistant Director (Resources) (Mr Mason) submitted report CD.21/10 setting out the proposed fees and charges for the services falling within the remit of the Community Engagement Directorate. The proposed charges related to income from Tullie House and Hostels.

The Executive had on 22 November 2010 (EX.182/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

## **c) Economic Development**

The Assistant Director (Resources) (Mr Mason) submitted report ED.37/10 setting out the proposed fees and charges for the services falling within the remit of the Economic Development Directorate. The proposed charges related to income from the Enterprise Centre, Assembly Rooms, Planning, Development Control and Building Control.

The Executive had on 22 November 2010 (EX.183/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

Members raised the following comments and questions:

- *The report stated that the Enterprise Centre would generate a miscellaneous income of £24,000 in 2011/12, but in reality they made an overall loss.*

Mr Mason agreed to provide Members with a written response..

The Governance and Resources Portfolio Holder explained that the running costs of the Centre outweighed the rental income. He added that he supported the reason for the Enterprise Centre but he felt that the building was not appropriate for the service that was being provided.

Dr Gooding added that a review of the Enterprise Centre was an action in the Corporate Plan and the Assistant Director (Economic Development) was undertaking the review.

RESOLVED – The Panel welcomed the review of the Enterprise Centre.

#### **d) Governance**

Report GD.62/10 was submitted setting out the proposed fees and charges for areas falling within the remit of the Governance Directorate.

The proposed charges in respect of Electoral Registers; Room Lettings/Minute Books and Local Land Searches, the acceptance of which would result in an anticipated level of income of £116,966 in 2011/12.

The Executive had on 22 November 2010 (EX.184/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2010/11 budget process.

At the request of Members Mr Mason agreed to prepare a written response on why the City Council fee for Land Charges was higher than other authorities and the reasons for the shortfall for Land Charges,

#### **e) Licensing**

Report GD.51/10 was submitted for information setting out the fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. The Regulatory Panel had on 13 October 2010 approved the fees.

The Executive had on 22 November 2010 (EX.185/10) noted that the Licensing Charges had been approved by the Regulatory Panel on 13 October 2010.

RESOLVED – That the report be noted.

## **ROSP.110/10 SUSPENSION OF THE COUNCIL PROCEDURE RULE**

RESOLVED – That during the above item the Council Procedure Rule 9 in relation to the duration of meetings be suspended in order that the meeting could continue over the time of three hours.

## **ROSP.111/10 REVISED CAPITAL PROGRAMME 2010/11 AND PROVISIONAL CAPITAL PROGRAMME 2011/12 TO 2015/14**

The Assistant Director (Resources) (Mr Mason) submitted report RD.53/10 detailing the revised Capital Programme for 2010/11, together with the proposed method of financing. The report summarised the proposed programme for 2011/12 to 2015/16 in the light of the capital bids submitted to date for consideration, and summarised the estimated capital resources available to fund the programme.

Mr Mason then outlined the current and future commitments, together with four new spending proposals. Details of the current commitments and new capital spending proposals were provided.

The Executive had on 22 November 2010 (EX.186/10) considered the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

In considering the report, Members raised the following questions and observations:

- *What was the new spending proposal at Rickerby Park for?*

Mr Mason explained that the bid was a five year proposal to improve Rickerby Park.

- *A member was concerned that there was no explanation for the expenditure of £1.9m on the Caldew Riverside, particularly as the Renaissance project there had been abandoned.*

Mr Mason explained that the bid was for the decontamination of the Caldew Riverside site, Tesco had informed the Council that they had concerns on the matter.

The Governance and Resources Portfolio Holder added that the site did need to be decontaminated before it could be used, it was a concern that there was claims that it was polluting another site but the process was expensive. The work had to be carried out but it was not clear when.

- *Was the current commitment to the Old Town Hall for the revamp of the building?*

Mr Mason informed the Panel that there was still information outstanding regarding the work at the Town Hall but it would be included in the budget process.

The Governance and Resources Portfolio Holder reported that he had received an email informing him that the Heritage Lottery bid for the Town Hall had not been successful so the matter would require further consideration.

- *Members were concerned that the Housing Strategy had been tied too closely with the Regional Housing Pot. The Strategy had been very successful but they were concerned that decisions should not be based solely on the income from the Regional Housing Pot.*

- *Members asked Officers to be mindful that the City Council was the Strategic Housing Authority and felt it would be productive if the Council met with representatives of all the local Housing Associations to discuss the issues surrounding the loss of the Regional Housing Pot.*

The Chairman informed the Panel that the Community Overview and Scrutiny Panel had an update and an item with Riverside Carlisle on their agenda in January and hoped that the Community Panel would invite representatives of this Panel to attend the meeting.

- *What was the budget for Renaissance Improvements to be used for?*

Mr Mason agreed to provide a written response.

- *Members requested an update on the agreement between the Authority and Lovells with regard to the work at Raffles. There was concern that the Council did not appear to be receiving a capital receipt. Another Member was of the idea that this was an important social housing initiative.*

RESOLVED – 1) That the Panel urge representatives of the Council to meet with representatives of the Housing Associations within the City to discuss the options available with regard to the loss of the Regional Housing Pot.

2) That an update on the agreement between the Authority and Lovells with regard to the work undertaken at Raffles be submitted to Members.

#### **ROSP.112/10 TREASURY MANAGEMENT JULY – SEPTEMBER 2010 AND FORECASTS FOR 2011/12 TO 2015/16**

The Assistant Director (Resources) (Mr Mason) submitted report RD.55/10 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management forecasts for 2011/12 with projections 2015/16, and information regarding the requirements of the Prudential Code on local authority capital finance.

The Executive had on 22 November 2010 (EX.189/10) received the report and noted the projections for 2011/12 to 2015/16.

RESOLVED – That report RD.55/10 be noted.

## **ROSP.113/10 BACKGROUND FINANCIAL REPORTS**

The following reports had been circulated to the Committee by way of background information:

- RD.48/10 – Revenue Budget Overview and Monitoring Report: April to September 2010; and
- RD.49/10 – Capital Budget Overview and Monitoring Report: April to September 2010.

RESOLVED – That reports RD.48/10 and RD.49/10 be received.

## **ROSP.114/10 OVERVIEW REPORT AND WORK PROGRAMME**

The Overview and Scrutiny Officer (Mrs Edwards) presented report OS.29/10 providing an overview of matters related to the Resources Overview and Scrutiny Panel's work. Also included was the latest version of the work programme and details of Forward Plan items relevant to this Panel.

Mrs Edwards reported that the Forward Plan of Executive key decisions, covering the period 1 December 2010 to 31 March 2011 had been published on 17 November 2010.

The Lead Member for the Use of Consultants Task Group gave a brief verbal update to the Panel. He explained that the Group had been happy with the process and hoped that the work had been constructive. Following investigation the Group had found that the negative publicity surrounding the use of consultants had been ill founded.

The Lead Member for the Capital Programme Task and Finish Group also gave a brief verbal update to the Panel. He explained that the Group had arranged to meet managers on 20 December to discuss the position and the Group also felt that they wanted to move away from the Capital Programme and look at the Asset Management Programme as the two were interrelated.

RESOLVED – That the Overview Report incorporating the Work Programme and Forward Plan items relevant to this Panel be noted.

## **ROSP.115/10 POLICY FRAMEWORK**

The Assistant Director (Governance) (Mr Lambert) submitted report GD.61/10 concerning the Council's Policy Framework. He drew Members' attention to Appendix 1 to the report which set out where the Policy Framework sat in the

Council's constitutional arrangements and the number of policies and strategies presently comprising that framework.

He outlined the relevance of the Policy Framework in the authority's governance arrangements, commenting that the policies within the framework, along with the budget, were the fixed parameters set by Council within which the Executive must act. Short of that, the Executive were entitled to take whatever decisions they deemed appropriate in respect of virtually all the functions of the Council vested in them. He added that the purpose behind the legislation which brought in the new governance arrangements was to streamline and speed up decision making and, more particularly, to produce greater clarity as to where responsibility for actual decisions rested by vesting the decision making powers in a small, identifiable body (the Leader and Executive) or, where there was an elected Mayor, in that individual personally. Details of the intended checks and balances on the Executive's powers were provided. It should be noted that the legislation provided for a strict compartmentalisation of Council functions and responsibilities; and if the wrong body took a decision it would be ultra vires and potentially challengeable. It was also important to be able to identify clearly whether a decision was inside or outside the Policy Framework, since if it was inside then the Executive could take it but if it was outside then it would be a matter for full Council. The number of policies and strategies within the Policy Framework obviously had a bearing on the ease of identifying whether a potential decision was within or outwith the framework and thereby down to the Executive or the Council.

Mr Lambert explained that the legislation set out a limited number of core strategies which must be within the Policy Framework and therefore approved by full Council. Those were intended to be the most important governing strategies which went to the root of the authority's policy direction and aims, and must be included as part of the Policy Framework by law. For the purposes of the City Council those included the Crime and Disorder Reduction Strategy; Licensing Authority Policy Statements; Sustainable Community Strategy; and Plans and alterations which together comprised the Development Plan.

The legislation also allowed authorities to include other plans and strategies within its Policy Framework definition over and above the basic statutory core plans, the intention being to allow some local discretion in elevating a particular plan or strategy into their Policy Framework to reflect local preference and give some measure of local autonomy. When Carlisle first adopted its Constitution it took the view that all the authority's plans and strategies should be deemed to be part of the Policy Framework and thereby approved by full Council to reflect both their importance and the sovereignty of Council in setting policy. The thinking at that time was that, on top of the statutory core plans, there would be very few additional plans and strategies which would require to be adopted and so the governance arrangements could cope with their adoption. That had proved not to be the case since, as Appendix 1 indicated, there were currently 80 plans listed in the authority's framework a number which was growing annually.



Mr Lambert further outlined the consequences of having a large policy framework, as set out in the report. He drew Members' attention to Appendix 2 which specified what must be included within the Policy Framework, together with what the Government guidance recommended be included. It was also recommended that a sentence be added to the Constitution to clarify that the term 'Budget' included documents such as the Medium Term Financial Plan; Capital Strategy; Asset Management Plan and Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy (one document), the effect being that Council would retain the decision making authority over those documents.

It was proposed that the content of Appendix 2 became the Council's new Policy Framework as specified within Article 4 of the Constitution. In addition, there would be other policies, for example the Council's Gambling Policy, which were required by their respective enabling legislation to be dealt with by Council irrespective of what was specified in the Authority's Policy Framework. The table at Section 2.6 of the report illustrated, for comparison purposes, the number of policies reserved to District Councils rated as 'excellent' for CPA purposes and having gained a score of 4 in Use of Resources. There was no doubt that the leaner policy base assisted the Councils in achieving excellence.

In conclusion, Mr Lambert reported that, for the reasons mentioned, the case for reviewing the number of policies and strategies presently comprising the authority's Policy Framework was compelling, particularly given that the Transformation Programme was leading to a leaner Officer corps and would necessitate a much sharper focus by both Members and Officers on what was important to the authority and a more economical use of their time. A way forward would be to consider limiting the Policy Framework only to the statutory core strategies with (possibly) the addition of any other strategies which the authority concluded were of sufficient importance to warrant their inclusion, although the Council may be content to include only the statutorily prescribed strategies and nothing more. Although it was not possible to give a definitive estimate of what a smaller Policy Framework designation would save in monetary terms it should, apart from any other advantage, reduce the time demands on both Members and Officers and enable the reduced Officer establishment to service the authority's decision making processes from a lower staffing base.

He added that all of the Overview and Scrutiny Panels would consider the matter, following which it would be brought back to the Executive on 17 January 2011. Thereafter, if deemed appropriate, a report with a recommendation would be presented to the Council at its meeting on 1 March 2011.

The matter had been considered by Executive on 8 November 2010 (EX.171/10).

The Executive resolved that:

“That the Executive:

1. Noted the content of Report GD.54/10 and indicated that they were minded to recommend to Council the amendment to Article 4 of the Constitution and revision of its Policy Framework to those policies as specified in Appendix 2; and
2. Referred the report to all of the Council's Overview and Scrutiny Panels for comment."

Members discussed the proposed Policy Framework and raised concerns that the small number of policies listed would take the decision making away from full Council and put it in the hands of a small number of Members. They were also concerned that the Policies included in the new Framework were the correct ones and following the recommendations from the Community and Environment & Economy Panels asked that an informal meeting of the three Panels and Mr Lambert and Mr O'Keeffe be arranged to discuss the policies included in the new Policy Framework.

Mr Lambert reiterated the reasons for the proposed changes and reminded the Panel that they had the right to call in decisions of the Executive and, through a better working relationship with the Executive, could ask the Executive to scrutinise documents before they were considered by the Executive.

RESOLVED – 1) That the Executive and Scrutiny acknowledge that a change is required in their relationship so that the Executive are more willing to inform Scrutiny of policy developments and advance notice of items which will be contained in the Forward Plan.

2) That a workshop for all Members is arranged to consider the policies to be included within the Policy Framework.

## **ROSP.116/10 CORPORATE PERFORMANCE MONITORING REPORT**

The Policy and Performance Manager (Mr O'Keeffe) submitted report PPP.46/10 providing details of the corporate performance of the City Council for the months April to September 2010. He informed Members that the report was presented in the existing format and also in the proposed future format based around the delivery of the Corporate Plan for their consideration.

He added that the replacement of the National Indicator Set and abolition of Comprehensive Area Assessment, Use of Resources and Place Survey presented the Council with an excellent opportunity to review performance management across the authority.

The matter had been considered by Executive on 22 November 2010 (EX.203/10).

The Executive resolved that:

“That the Executive had:

1. Considered the presentation and content of the Corporate Performance Monitoring Report PPP.41/10.
2. Considered the two versions (Appendices 1 and 2) of the Report and agreed that reporting should move to the new version by the end of the year.
3. Agreed that exceptions only be reported on a quarterly basis, with all areas being reported as part of an annual report.
4. Made the report available for consideration by the Overview and Scrutiny Panels.”

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

- *Were there some budget issues with regard to the level of employees with no NQF level qualifications?*

Mr O’Keeffe explained that the third party funding had ceased and the Organisation Development Manager was preparing an assessment on the impact of the loss of budget.

- *Members felt that the target set for Sickness Absence had been ambitious.*

Mr O’Keeffe felt confident that the target would be met.

- *The report highlighted that the Council was the Strategic Housing Authority and Members reiterated the need for representatives of the Council to meet with representatives of local Housing Associations to discuss the future of the Housing Strategy.*

RESOLVED – That the Panel were happy to receive reports on exceptions in the suggested format on a quarterly basis.

## **ROSP.117/10 PUBLIC AND PRESS**

**RESOLVED** – That in accordance with Section 100A(4) of the Local Government Act 1972 the Public and Press were excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the paragraph number (as indicated in brackets against the minutes) of Part 1 of Schedule 12A of the 1972 Local Government Act.

## **ROSP.118/10 DRAFT ASSET BUSINESS PLAN**

(Public and Press excluded by virtue of Paragraph 3)

The Deputy Chief Executive (Dr Gooding) submitted report CE.37/10 presenting the draft Business Plan for the future management of the Council's property assets.

He outlined the background to the matter, which was a product of the Asset Review which Members had directed Officers to carry out with a view to a more commercial approach to managing the Council's assets. Such an approach would better enable the Council to meet the challenges presented by the Comprehensive Spending Review.

The Deputy Chief Executive invited Members to consider the draft Business Plan and, following any amendments they may wish to make, to forward it to the Resources Overview and Scrutiny Panel for scrutiny. Observations from the Panel would come back to the Executive on 20 December 2010 following which the final Plan could be considered by Council for adoption on 11 January 2011 if that was the Executive's wish.

The matter had been considered by Executive on 22 November 2010 (EX.212/10) and resolved that the report be made available for scrutiny as detailed in the report.

Members discussed the report and asked for clarification on the decision making process with regard to disposal of land and property. Members requested that Ward Councillors be involved in the process for relevant individual sites.

A Member asked if consideration could be given to brownfield sites within Carlisle that could be retained for possible future use as affordable housing sites.

Dr Gooding confirmed that that would be a material consideration.

RESOLVED – 1) That the Panel support the Asset Business Plan;

2) That Ward Councillors be involved in the process for the proposed disposal of relevant land or property within their Wards. It was suggested that reports to the Executive regarding proposed disposal of assets included a section for comments from the Ward Councillor(s);

3) That the Business Plan included more information on the lease periods and income of land and property.

(The meeting ended at 3.20pm)