

AGENDA

Business & Transformation Scrutiny Panel

Thursday, 13 February 2020 AT 16:00
In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG

Apologies for Absence

To receive apologies for absence and notification of substitutions

Declarations of Interest

Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

Public and Press

To agree that the items of business within Part A of the agenda should be dealt with in public and that the items of business within Part B of the agenda should be dealt with in private.

Minutes of Previous Meeting

7 - 14

To note that Council had, at its meeting on 7 January 2020, received and adopted the minutes of the meeting held on 3 December 2019.

The Chair will be asked to sign the minutes. Minute Book Volume 46(4).

The Chair will move the minutes of the meeting held on 2 January 2020 as a correct record. The only part of the minutes that may be discussed is their accuracy.

(Copy minutes herewith)

PART A

To be considered when the Public and Press are present

A.1 CALL-IN OF DECISIONS

To consider any matter which has been the subject of call-in.

A.2 OVERVIEW REPORT

15 - 18

Portfolio: Cross Cutting

Directorate: Cross Cutting

Officer: Rowan Jones, Overview and Scrutiny Officer

Report: OS.02/20 herewith

Background:

To consider a report providing an overview of matters related to the work of the Business and Transformation Scrutiny Panel.

Why is this item on the agenda?

The Business and Transformation Scrutiny Panel operates within a work programme which has been set for the 2019/20 municipal year. The Programme will be reviewed at every meeting so that it can be adjusted to reflect the wishes of the Panel and take into account items relevant to this Panel in the latest Notice of Executive Key Decisions.

What is the Panel being asked to do?

Note the items (within the Panel remit) on the most recent Notice of Executive Key Decisions

Discuss the work programme and prioritise if necessary

A.3 REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO DECEMBER 2019

19 - 40

Portfolio: Finance, Governance and Resources

Directorate: Finance and Resources

Officer: Alison Taylor, Corporate Director of Finance and Resources

Report: RD.51/19 herewith and Minute Excerpt to follow

Background:

The Corporate Director of Finance and Resources to submit a report providing an overview of the Council's General Fund revenue budgetary position for the period April to December 2019 which was considered by the Executive on 10th February 2020.

Why is this item on the agenda?

Budget monitoring report

What is the Panel being asked to do?

To scrutinise the overall budgetary position for the period April to December 2019.

A.4 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT 41 - 60
APRIL TO DECEMBER 2019

Portfolio: Finance, Governance and Resources

Directorate: Finance and Resources

Officer: Alison Taylor, Corporate Director of Finance and Resources

Report: RD.52/19 herewith and Minute Excerpt to follow

Background:

The Corporate Director of Finance and Resources to submit a report providing an overview of the budgetary position of the City Council's capital programme for the period April to December 2019 which was considered by the Executive on 10 February 2020.

Why is this item on the agenda?

Budget monitoring report

What is the Panel being asked to do?

To scrutinise the overall budgetary position for the period April to December 2019.

A.5 QUARTER 3 PERFORMANCE REPORT 2019/20

61 - 74

Portfolio: Finance, Governance and Resources

Directorate: Community Services

Officer: Gary Oliver, Policy and Performance Officer

Report: PC.06/20 herewith

Background:

The Policy and Communications Manager to submit a report containing the Quarter 3 2019/20 performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. Performance against the Panel's 2019/20 Key Performance Indicators (KPIs) are also included.

Why is this item on the agenda?

Annual monitoring of performance.

What is the Panel being asked to do?

Scrutinise the performance of the City Council with a view to seeking continuous improvement in how the Council delivers its priorities and consider the proposed KPI changes for 2020/21

A.6 SICKNESS ABSENCE REPORT 2019/20

75 - 112

Portfolio: Finance, Governance and Resources

Directorate: Finance and Resources

Officer: Sue Kaveney, HR Manager

Report: RD.56/19 herewith

Background:

The Corporate Director of Finance and Resources to submit a report on the authority's sickness absence levels and other sickness absence related information.

Why is this item on the agenda?

Annual monitoring of sickness absence within the authority.

What is the Panel being asked to do?

Scrutinise and comment on the information on sickness absence provided in the report. Consider establishing a task and finish group with Member input to assist the HR Manager in reviewing the Attendance Management policy with the aim of more effectively managing absence levels

PART B**To be considered when the Public and Press are excluded from the meeting****B.1 SICKNESS ABSENCE REPORT 2019/20**

- Information which is likely to reveal the identify of an individual;

Members of the Business & Transformation Scrutiny Panel

Councillor Bainbridge (Chair) , Councillors Alcroft, Allison, Mrs Birks (Vice Chair), Mrs Bowman, McNulty, Mitchelson, Paton

Substitutes:

Councillors Mrs Atkinson, Betton, Bomford, Mrs Bradley, Mrs Brown, Collier, Ms Ellis-Williams, Mrs Finlayson, Mrs Glendinning, Glover, Mrs McKerrell, Meller, Morton, Patrick, Robinson, Robson, Rodgerson, Shepherd, Miss Sherriff, Southward, Tarbitt, Dr Tickner, Tinnion

Enquiries, requests for reports, background papers etc to:

Rachel Plant, Democratic Services Officer, (01228) 817039 or
rachel.plant@carlisle.gov.uk

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 2 JANUARY 2020 at 4.05pm

PRESENT: Councillor Bainbridge (Chair), Councillors Alcroft, Allison, Mrs Birks, McNulty, Mitchelson and Robson

ALSO PRESENT: Councillor J Mallinson, Leader
Councillor Ellis, Finance, Governance and Resources Portfolio Holder

OFFICERS: Corporate Director of Finance and Resources
Overview and Scrutiny Officer

BTSP.01/20 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of the Town Clerk and Chief Executive.

BTSP.02/20 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

BTSP.03/20 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.04/20 MINUTES OF PREVIOUS MEETINGS

RESOLVED – That the minutes of the meeting held on 3 December 2019 be agreed as a correct record.

BTSP.05/20 CALL – IN OF DECISIONS

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

BTSP.06/20 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.30/19 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. A Member noted that resolution 6 had been pending since August, she asked that the status be changed to outstanding and that clear direction be provided to the Panel on the new Key Indicator as soon as possible.

The work programme for 2019/20 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.30/19).

2) That the status of resolution 6 in section 3.1 of the report be changed to 'Outstanding' and clear direction on the new key indicator be provided to the Panel as soon as possible.

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

Minutes of the special meeting of the Executive held on 9 December 2019 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.

RESOLVED – That the decisions of the special Executive on 9 December 2019 be received.

(2) Executive Draft Budget Proposals

The Executive draft Budget proposals 2020/21, 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 16 December 2019.

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

- A Member felt that the consultation document was very complex and difficult to understand. He questioned the value of the consultation document and what response had been received as a result of the document.

The Corporate Director of Finance and Resources took on board the comments made and agreed to review the document going forward. She also reminded Members that the document had to be published in accordance with statutory requirements which required particular phrases and information to be published.

- A Member asked for clarification regarding the developer contributions for St Cuthbert's Garden Village.

The Corporate Director of Finance and Resources explained that an income of £50,000 from developer contributions had been built into the budget, the 2019/20 budget monitoring had identified that the income target would not be achieved and as a result there would be a non-recurring impact in the budget.

- A number of the recurring shortfalls seemed to be from over ambitious targets, it was felt that it was time to change the targets to more realistic ones.

The Corporate Director of Finance and Resources reported that it had been recognised that there had been a number of shortfalls which had, over the years, been achieved from other base budgets. The shortfalls had now been recognised and included in the budget as such.

- Were officers confident that the Leisure Facilities capital programme had been profiled correctly?

The Corporate Director of Finance and Resources noted that the Leisure Facilities development was the biggest capital scheme that the Council had undertaken for some time and she had asked for the profiling to be checked primarily from a cash flow perspective.

- The Carlisle Southern Link Road had £5million proposed capital allocated in 2022/23, it had been understood that this would be refunded through developer contributions, was this correct and who would take the lead on the negotiations to ensure the money came back to the Council.

The Finance, Governance and Resources Portfolio Holder confirmed that it was proposed that contributions from housing developers would fund the £5million over the lifetime of the project. The Corporate Director of Economic Development and the Investment and Policy Manager would lead the negotiations.

(3) Background Information Reports

(a) Budget Update – Revenue Estimates 2020/21 to 2024/25

The Corporate Director of Finance and Resources submitted report RD.39/19 providing a draft summary of the Council's revised revenue base estimates for 2019/20, together with base estimates for 2020/21 and updated projections to 2024/25. 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 16 December 2019 (EX.117/19 refers) and:

- (i) noted the revised base estimates for 2019/20 and base estimates for 2020/21;
- (ii) noted that the estimates in the report were draft and would be subject to the confirmation of Local Government Finance Settlement in December 2019;
- (iii) noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken;
- (iv) noted the budget pressures, bids and savings which needed to be taken into account as part of the 2020/21 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 detailed the changes in the report which the Panel had not previously scrutinised. The Corporate Director of Finance and Resources reported that the draft settlement funding figures had been received, however, there were a number of grants still outstanding and further work was required.

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

- Referring to the Pension Fund Triennial Revaluation, a Member noted that the Council had previously paid out a significant sum of money and asked if there was the potential to do the same again?

The Corporate Director of Finance and Resources reminded the Panel that, in 2016, the pension funding level was 91%, the Council had taken advice and had paid a three year lump sum up front to make revenue savings. The draft results of the Revaluation had been received and built into the budget along with a provision to deal with the impact of the McCloud judgement.

- A Member had concerns that the 2020/21 budget had removed the current recurring savings requirement of £1.130million Transformation Savings and asked what would need to be done to meet the savings and would it cause the reserves to dip below the minimum requirement.

The Corporate Director of Finance and Resources reminded the Panel that the reserves could drop below the minimum level as long as there was a plan to get back to a prudent level by the end of the MTFP. She explained that there were three strands to the savings strategy which had begun with the base budget review but that the other strands of the Transformation Savings would have to be considered in the future.

The Finance, Governance and Resources Portfolio Holder added that in previous years grants had been used to accommodate unachieved income and it was now time to address the income targets and ensure that targets were more accurate moving forward.

- Could Transformation Savings be made and offset from future targets if there was an opportunity to do so?

The Corporate Director of Finance and Resources confirmed that savings could be taken as non recurring but there needed to be recurring savings made. There were a number of options available to the Council moving forward including becoming more commercial. She added that there was still a lot of uncertainty about Local Government Funding but there was still a requirement to have robust savings strategy in place.

- Referring to Business Rate Retention a Member asked what impact a potential increase in CVAs would have on the budget.

The Corporate Director of Finance and Resources responded that potential Company Voluntary Arrangements would impact the Bad Debt Write Offs and there was a provision for this within the Policy.

- A Member asked for more detail on the City Centre Business Support package and the Future High Street Fund submission.

The Finance, Governance and Resources Portfolio Holder responded that the City Centre Business Support package comprised of a business rate relief scheme for vacant properties in Castle Street, Lowther Street and Victoria Viaduct where there was high level of vacant properties. There would also be an allocation to support a Business Improvement District Bid should businesses wish to and a fund to support capital works at business premises (this would be internal works).

Referring to the future High Street Fund the Finance, Governance and Resources Portfolio Holder explained that the Council had received a revenue grant to support the development of a detailed business case which would unlock up to £25million of capital investment to renew and reshape town centres and high streets. He added that detailed public reports on both matters would be considered by the Executive at their meeting on 15 January 2020.

- A Member noted that the Civic Centre Portacabin rental had caused a significant non-recurring pressure on the Council budget and had concerns that any more delay to the Civic Centre ground floor reinstatement would incur further pressures.

The Leader of the Council agreed that the ground floor reinstatement work needed to move forward as expediently as possible to avoid further rental costs.

- How many empty properties were classed as long-term empty?

The Corporate Director of Finance and Resources reported that there were 270 empty properties where the long-term premium applies, 150 of the properties had been empty for at least 5 years and 49 of them had been empty for over 10 years.

- A Member highlighted the salary turnover saving of £100,000 and had questioned how long the Council could reduce staff and provide services.

The Corporate Director of Finance and Resources clarified that the salary turnover saving was the budget which dealt with the natural gap between a member of staff leaving and the recruitment of new staff. She assured the Panel that there was no reduction in staff and no delay in recruitment.

- A Member was pleased to see the LED Footway lighting installation moving forward, it was a good way of reducing CO2 emissions and save money.

(b) Revised Capital Programme 2019/20 and Provisional Capital Programme 2020/21 to 2024/25

The Corporate Director of Finance and Resources submitted report RD.40/19 which provided a draft summary of the Council's revised capital estimates for 2019/20 together with base estimates for 2020/21 and updated projections to 2024/25.

The Executive had considered the matter on 16 December 2019 (EX.118/19 refers) and decided:

- (i) Noted the revised capital programme and relevant financing for 2019/20 as set out in Appendices A and B for recommendation to Council;
- (ii) Had given consideration and views on the proposed capital spending for 2020/21 to 2024/25 given in the report in the light of the estimated available resources for recommendation to Council;
- (iii) Noted 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.

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

- Where would the budget provision for the demolition of the Central Plaza come from and had there been any work undertaken to ask Central Government to support the City Council with the cost?

The Corporate Director of Finance and Resources responded that the cost of the demolition had initially come from the Council's reserves. With the approval of the Leader and the Leader of Opposition, officers were able to gain instant access to £1million from the reserves. A formal report on the matter would be considered by Council on 7 January 2020.

The Leader confirmed that a meeting had taken place with the local MP, John Stevenson, and he was due to meet with the Exchequer Secretary to the Treasury to discuss the matter.

- It was understood that the replacement of the full vehicles and plant fleet to electric would incur significant costs, however, had there been any consideration to having a default

position of replacing vehicles and plant with electric at the appropriate time or through a lease agreement?

The Finance, Governance and Resources Portfolio Holder confirmed that some vehicles had already been replaced with electric vehicles where practical. He added that technology and the infrastructure was not yet at the point where all vehicles could be changed.

The Corporate Director of Finance and Resources added that an options appraisal was carried out each time a replacement was required, the Council had bought and leased vehicles in the past based on the appraisal information.

(c) Draft Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2020/21

The Corporate Director of Finance and Resources presented report RD.41/19 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 Investment Strategy and the Minimum Revenue Provision Strategy for 2020/21 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 16 December 2019 (EX.119/19 refers) and it was resolved that the Executive noted the draft Treasury Management Strategy Statement for 2020/21, which incorporated the Investment Strategy and the Minimum Revenue Provision (MRP) Strategy, together with the Prudential Indicators for 2020/21 as set out in Appendix A and the Treasury Management Policy Statement as set out at Appendix D to Report RD.41/19.

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

- Had there been any partnership work with the Climate Change Group to look at how ethical investments could fit in with the investment strategy?

The Corporate Director of Finance and Resources explained that she had been investigating ethical investments and had discussed the matter with Treasury Advice and looked at other ethical strategies that were in place elsewhere. Initial work showed that the Council would have to have clear parameters going forward and would have to primarily ensure the security and yield of the investment.

The Finance, Governance and Resources Portfolio Holder added that he felt that the most ethical investment for the authority was the one that had the best return.

- Could the Council raise its borrowing limit to allow for new capital schemes should they come forward?

The Corporate Director of Finance and Resources reminded the Panel that the borrowing limit was set internally by full Council and could be increased, however, should a new capital scheme come forward there were other options that the Council could consider including reviewing the capital programme, review the asset base or becoming more commercial.

- Who carried out the valuations for the Council's assets?

The Corporate Director of Finance and Resources explained that both internal and external valuers were used for balance sheet purposes. An independent valuer would be used to gain a market value for any asset disposals.

- Referring to the Gearing table in 6.3.6 of the report, a Member asked if the 2019/20 spike had been caused by the Sands Centre Development and how the authority compared to other authorities.

The Corporate Director of Finance and Resources confirmed that the spike in the table was a reflection of the capital budget for the Sands Centre. She added that she was comfortable with the current position but would be carrying out some benchmarking work with other authorities using the new CFO Insights tool.

- Had there been any consideration regarding international investments?

The Corporate Director of Finance and Resources would clarify whether local Authorities were able to invest internationally due to the risks involved.

RESOLVED – 1) That the Panel accepted the Executive draft Budget Proposals 2020/21 as issued for consultation;

2) That the Panel had scrutinised and made comments on the following reports:

Budget Update – Revenue Estimates 2020/21 to 2024/25 (RD.39/19);

Revised Capital Programme 2019/20 and Provisional Capital Programme 2020/21 to 2024/25(RD.40/19).

Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2020/21 (RD.41/19).

(The meeting ended at 5.33pm)

Business and Transformation Scrutiny Panel

Agenda
Item:

A.2

Meeting Date: 13 February 2020
Portfolio: Cross-cutting
Key Decision: No
Within Policy and Budget Framework
Private/Public Public

Title: Overview Report
Report of: Overview and Scrutiny Officer
Report Number: OS.02/20

Purpose / Summary:

This report provides an overview of matters related to the Scrutiny Panel's work. It also includes the latest version of the work programme.

Recommendations:

Members are asked to:

- Note the items (within Panel remit) on the most recent Notice of Key Executive Decisions
- Review the current work programme and resolutions and make recommendations for the future work programme

Tracking

Executive:	Not applicable
Scrutiny:	BTSP 13/02/20
Council:	Not applicable

1. Notice of Key Decisions

1.1 The most recent Notice of Key Executive Decisions was published on 17/12/19. This was circulated to all Members. The following items fall within the remit of this Panel:

Items which are included in the Panel's Work Programme:

- Budget Process 2020/21 – 2024/25

This was scrutinised by BTSP on 3rd December 2019 and 2nd January 2020.

Items which are not included in the Panel's Work Programme:

- None

2. References from Executive

2.1 None

3. Progress on resolutions from previous meetings

3.1 The following table sets out the meeting date and resolution that requires following up. The status is presented as either “completed”, “pending” (date expected), or “outstanding”. An item is considered outstanding if no update or progress has been made after three panel meetings. All the completed actions will be removed from the list following the meeting.

	Meeting date	Minute reference	Action	Status
1	06/06/19	BTSP 49/19	That a monitoring report which included a range of Key Performance Indicators on the redevelopment project be submitted to the Panel on a quarterly basis should the project be approved on 25 June 2019;	Outstanding
2	22/08/19	BTSP 72/19	2) That a Key Performance Indicator which monitors and measures the response to the Climate Emergency be developed for inclusion in future Performance Reports	Outstanding – update to be provided in 13 Feb Performance Report

4. Reference from Audit Committee – Brexit Update

4.1 At their meeting of 26 September 2019, Audit Committee made a reference for Business and Transformation Scrutiny Panel to receive an update on how the City Council is supporting Brexit preparations. This was added to the workplan and was due to be reported at today's meeting. However, as the likelihood of a no deal Brexit has receded the BTSP Chair has instructed, following advice from the Director for Economic Development, that an information only report for BTSP on Brexit is no longer required.

5. Scrutiny Chairs Group Update

5.1 Scrutiny Chairs Group met on 23rd January (Appendix 2 – to follow). Among the items discussed were arrangements for future Scrutiny Panel meetings, with particular regard to:

- how well the substitution system was working,
- the number of members on each panel
- times of meetings.

It was agreed that this discussion would be highlighted in the Overview Report to allow consideration of these issues by BTSP and to seek guidance on how BTSP would like to progress that matter.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

6.1 The overview and scrutiny of the Carlisle Plan items that match the panel remit contribute to ongoing policy development.

Contact Officer: Rowan Jones

Ext: 7257

**Appendices
attached to report:**

- 1. Scrutiny Panel Work Programme 2019/20**
- 2. Scrutiny Chairs Group Notes, 23rd January 2020**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL -

FINANCE –

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE –

APPENDIX 1: Scrutiny Panel Work Programme 2019-20

Title	Lead Officer	Meeting Date
End Of Year Performance Report	Gary Oliver	30/05/2019
Outturn Reports	Steven Tickner	30/05/2019
Sickness Absence	Sue Kaveney	30/05/2019
Medium Term Financial Plan and Capital Strategy	Alison Taylor	25/07/2019
Asset Management Plan	Mark Walshe	25/07/2019
Corporate Risk Register	Darren Crossley	25/07/2019
Corporate projects	Jason Gooding	25/07/2019
Budget monitoring	Steven Tickner	22/08/2019
Performance Report	Gary Oliver	22/08/2019
Draft Procurement Strategy	Steven Tickner	22/08/2019
Customer Services Update	Matthew Ward	03/10/2019
Performance Report	Gary Oliver	03/12/2019
Budget monitoring	Steven Tickner	03/12/2019
Budget setting	Alison Taylor	03/12/2019
External Audit Findings Report - Action Plan	Alison Taylor	03/12/2019
Budget setting	Alison Taylor	02/01/2020
Performance Report	Gary Oliver	13/02/2020
Sickness Absence	Sue Kaveney	13/02/2019
Corporate projects	Jason Gooding	26/03/2020
Annual Property Survey Report	Mark Lambert	26/03/2020
Budget monitoring	Steven Tickner	26/03/2020
Corporate Risk Register	Darren Crossley	26/03/2020
Scrutiny Annual Report	Rowan Jones	26/03/2020

Report to Business & Transformation Scrutiny Panel

Agenda
Item:
A.3

Meeting Date: 13 February 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:
APRIL TO DECEMBER 2019
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 51/19

Purpose / Summary: This report provides an overview of the Council's General Fund revenue budgetary position for the period April to December 2019 which was considered by the Executive on 10 February 2020.

Questions for / input required from Scrutiny:

Members are asked to scrutinise the variances contained within this report.

Recommendations:

Members of the Business & Transformation Scrutiny Panel are asked to scrutinise the overall budgetary position for the period April to December 2019.

Tracking

Executive:	10 February 2020
Scrutiny:	13 February 2020
Council:	Not applicable

Report to Executive

Agenda
Item:

Meeting Date: 10 February 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:
APRIL TO DECEMBER 2019
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 51/19

Purpose / Summary: This report provides an overview of the Council's overall budgetary position for the period April to December 2019 for revenue schemes only. The revenue report includes details of balance sheet management issues, bad debts written off in the period and progress against the transformation savings is also provided.

Recommendations:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2019;
- (ii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iii) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A.

Tracking

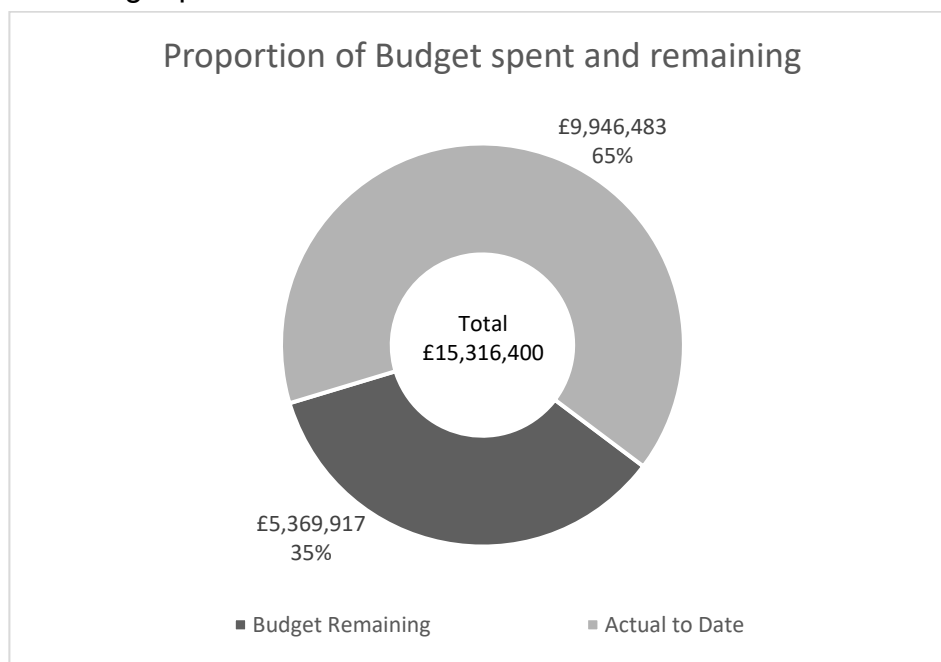
Executive:	10 February 2020
Scrutiny:	13 February 2020
Council:	Not applicable

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. Further details of virements processed can be found in **Appendix A**. It is the responsibility of individual Chief Officers to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Please note that throughout this report:
- (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received,
 - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income,
 - (iii) the term 'overspend' includes both spending above budget and/or shortfall in income.

2. 2019/20 REVENUE BUDGET MONITORING

- 2.1 The budget position of the Council as at December 2019 is as follows:



2.2 The summarised revenue budgetary position as at December 2019 is shown in the following table:

		Original Budget £	Updated Budget £	Net Budget to Date £	Net Spend to Date £	Variance £
Community Services	B1	8,523,900	10,032,200	7,613,379	7,891,482	278,103
Corporate Support	B2	3,081,500	1,523,900	1,024,602	940,524	(84,078)
Economic Development	B3	977,600	1,579,400	957,285	1,264,942	307,657
Finance and Resources	B4	3,331,200	1,656,100	1,436,506	929,153	(507,353)
Governance & Regulatory Services	B5	536,600	1,037,800	762,331	1,098,903	336,572
Corporate Management	B6	(2,095,700)	(513,000)	(1,918,970)	(2,178,521)	(259,551)
Service Expenditure		14,355,100	15,316,400	9,875,133	9,946,483	71,350
Transformation & Base Budget Savings		(734,100)	0	0	0	0
Service Expenditure		13,621,000	15,316,400	9,875,133	9,946,483	71,350
Parish Precepts		637,600	637,600	637,600	637,394	(206)
Total		14,258,600	15,954,000	10,512,733	10,583,877	71,144
Transfers to/(from) Reserves						
Transformation Reserve		(152,100)	(152,100)			
Welfare Reform Reserve		(200,000)	(200,000)			
Asset Investment Reserve		(47,600)	(47,600)			
Revenues and Benefits Reserve		(338,400)	(338,400)			
Building Control Reserve		0	(46,400)			
Cremator Replacement Reserve		0	68,600			
Carry Forward Reserve		47,600	18,800			
Revenue Grants Reserve		0	(304,300)			
General Fund Reserve		(558,600)	(965,300)			
Planning Services Reserve		0	60,200			
GLL Reserve		0	(273,000)			
Flood Reserve		0	(30,900)			
Total Transfer to/(from) Reserves		(1,249,100)	(2,210,400)	(205,033)	22,193	227,226
Financed by:						
Precept from Collection Fund		(7,870,700)	(7,870,700)	(5,903,025)	(5,903,043)	(18)
Business Rate Retention		(5,138,800)	(5,872,900)	(4,404,675)	(4,703,027)	(298,352)
Total Grants		(13,009,500)	(13,743,600)	(10,307,700)	(10,606,070)	(298,370)
Total		(14,258,600)	(15,954,000)	(10,512,733)	(10,583,877)	(71,144)

2.3 Further details for each directorate can be found in **Appendices B1 – B6**. Each appendix shows a breakdown of the variances for the Directorate, with comments and a note of any performance issues. The main variances are also summarised in the table below.

Budget Area		Underspend £	Overspend £
Recycling & Waste Management Savings	B1	0	25,500
Recycling & Waste Management Income	B1	0	146,338
Special Events	B1	0	56,103
Car Parking Income	B1	0	97,650
Revenues and Benefits	B2	(68,047)	0
Business Interaction Centre	B3	0	59,423
Development Control Fee Income	B3	0	191,363
Loan Interest (including new borrowing)	B4	(427,213)	0
Insurance Premiums	B4	(72,941)	0
Legal Services	B5	0	70,262
Homeless Accommodation	B5	0	129,798
Lanes Rent	B5	0	244,099
Civic Centre	B5	0	67,821
Enterprise Centre	B5	(37,977)	0
Other Rental Properties Income	B5	0	98,958
Regulatory Services	B5	(183,701)	0
Salary Turnover Savings	B6	(221,936)	0

2.4 Some of the **significant** service expenditure and income variances are set out below:

- A shortfall in Waste Services towards the savings required from revenue to fund the capital costs of replacement vehicles. This will be accommodated from within existing base budgets.
- A shortfall from income from the sale of recyclates due to a fall in the price of plastic and a shortfall in income from Garden Waste.
- A shortfall in Special Events income from lamp post and digital banner advertising. The income targets are currently unachievable.
- A shortfall in car parking income from tickets, permits and penalty charge notices. The reduction in income across our car parks is being analysed year on year and month by month to understand the reasons behind the reduction in income to identify any actions that may be needed to mitigate any pressures on income by year-end.
- A net underspend in Revenues and Benefits due to underspends on printing costs and legal fees and additional government grants received.
- A net overspend at the Business Interaction Centre due to a shortfall in income and there being no budgets identified to fund the monthly running costs.
- A shortfall from Development Control fee income due to slower progression on new sites and construction slowing down. Income to the end of December 2019

is considerably lower than the income received to the end of December 2018. The position is being closely monitored.

- A saving from interest on borrowing due to the level and rate of new borrowing arrangements entered into and the date the new arrangements commenced.
- An underspend relating to reduced insurance premiums as a result of the retender exercise.
- An overspend on Legal Services employee costs and a shortfall from Land Charges fee income.
- An overspend of £87,094 on expenditure on Homeless Accommodation mainly relating to a shortfall in savings required to offset the loss of the supporting people funding. Also, a shortfall in income of £42,704 due to some units being vacant for refurbishment.
- A shortfall in Lanes rental to date. Anticipated shortfall at year end is expected to be around £325,000 due to current market conditions as there remains great uncertainty in the high street with few active enquiries and where any new lettings are agreed, these are often on short-term flexible agreements that do not produce significant and certain rental receipts. However, the 2018/19 Head Rent reconciliations are currently being reconciled which may result in an additional payment to the Council and reduce the projected shortfall.
- An overspend on premises rental at the Civic Centre partly offset by underspends on utility costs. Also, a shortfall in rental income achieved to date.
- Additional rental income achieved at the Enterprise Centre which is anticipated to increase to £45,000 by year end.
- Shortfall in rental income from Other Properties mainly from vacant properties that are being considered for disposal. Further pressures are expected due to vacant units and downward rent review, which will need to be carefully monitored during the remainder of the year.
- A net underspend in Regulatory Services due to increased levels of Licence fee income, HMO registration fee income and Home Improvement fee income. Civil Penalties income has also been received and is intended to be utilised in part to enhance the stock condition survey.
- Additional salary turnover achieved against the budget.

2.5 A subjective analysis of the summarised budgetary position as at December is shown in **Appendix C**.

2.6 The savings target for 2019/20 of £734,100 has been achieved by way of a virement from overachieved Business Rates Pooling income approved by Council.

- 2.7 Any recurring savings target approved as part of the 2020/21 budget process will need to be achieved in accordance with the three strands contained within the approved Savings Strategy, i.e. Asset Strategy; Service Reviews; Core Budgets.

3. FORECAST OUTTURN POSITION 2019/20

- 3.1 The Council's financial position is affected by a number of external factors that have a financial impact during the course of the year and ultimately at the year end.

These include:

- The general effect of local economic activity on the Council's income streams e.g. car parking, tourism and leisure activities, and property rentals especially in relation to the retail sector.
- Fuel prices, energy costs and other inflationary issues.
- The effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control.
- The impact of any delay to the Spending Review, the Fair Funding Review and Business Rates Retention Review.

- 3.2 The Council's financial position will continue to be closely monitored and likely year end position will be reported fully at outturn. Some of the significant service and income variances estimated for the year are set out below:

- Projected shortfall in income from Recycling & Waste Management of around £220,000.
- Projected shortfall in income from lamp post and digital banner advertising of £60,000.
- The annual deficit on the Lanes income is expected to be around £325,000. However, this may reduce depending on the outcome of the 2018/19 Head Rent reconciliations.
- Net projected overspend position of around £69,000 at Business Interaction Centre.
- Projected overachievement of salary turnover of around £300,000.
- Projected shortfall in homeless accommodation income of around £54,000.
- A shortfall in savings required to offset the loss of the supporting people funding within Homeless accommodation of £51,000.
- Projected shortfall of around £250,000 from Development Control income.
- A shortfall in car park income from tickets, permits and penalty charge notices and of around £150,000 combined.
- A net underspend in Revenues and Benefits of around £80,000 due to additional legal fees and grant income received and general underspends on supplies & services.

- Projected underspend of £567,500 from interest on borrowing due to the level and rate of new borrowing arrangements entered into and the date the new arrangements commenced.
- Projected underspend of £73,000 due to reduced insurance premiums as a result of the retender exercise.
- An overspend of around £60,000 on Legal services.
- Surplus fee income from Homelife Grants within Regulatory Services of around £95,000.
- A projected shortfall in income of around £80,000 on Other Rental Properties due to graduated rent initiatives and vacant properties that are earmarked for disposal.
- A net overspend of around £65,000 on Civic Centre due to additional expenditure on premises rental and reduced rental income received. This is partly offset by underspends on utility costs.

3.3 The areas of significant variance noted in this report have been scrutinised fully and incorporated into the 2020/21 budget process where the position is deemed to be recurring in nature.

4. FUNDING

4.1 The main sources of funding for the Council are Council Tax Income and Business Rates income. Council Tax income does not vary in year from the amounts set at the budget, as any variation in Council Tax income received is adjusted in the Collection Fund Surplus/Deficit calculation for the following year's budget.

4.2 Business Rates Income is largely prescribed by the amounts submitted to MHCLG on the NNDR1 form which estimates Business Rate Income for the year when calculated in January, however, there are two elements of this income that can vary throughout the year, namely, section 31 grants paid by government for business rates reliefs granted, and the levy and pooling calculations to the Cumbria Pool.

4.3 The current estimates of Business Rates income for the quarter to the end of December compared to initial estimates submitted in January are shown in **Appendix D**.

The figures show that based on current estimates, the Council may receive an extra £298,352 (position at September 2019) in business rates income over and above what it has budgeted for. However, this position could change throughout the year depending upon the performance of other authorities in the Cumbria Pool and the

amount of reliefs granted during the year that are subject to Section 31 Grant reimbursement.

5. BALANCE SHEET MANAGEMENT

- 5.1 In line with CIPFA guidance and good practice, information relating to significant items on the Council's balance sheet is shown below. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis.

Balance Sheet item	Balance at 31/03/2019	Balance at Dec 2019	Note
Investments	£19.5m	£40.6m	(i)
Loans	£15.0m	£29.0m	(ii)
Debtors System	£1.06m	£1.77m	(iii)
Creditors System	£0.002m	£0.112m	

- (i) The anticipated annual return on these investments is estimated at £442,900 for 2019/20 with current forecasts anticipated to be above this level due to the profiling of the capital programme. Further details on the overall Treasury Management performance can be found elsewhere on the agenda.
- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £2,021,700 in 2019/20 with costs currently below target due to the level and rate of new borrowing arrangements entered into.
- (iii) There may be a significant impact on the cash flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax, NNDR, and Housing Benefit overpayments.
- (iv) The Council's VAT partial exemption calculation for the period ending December 2019 has been calculated and, at 2.40%, is well below the 5% limit set by HMRC. However, this will increase as expenditure is incurred on the capital programme especially on VAT exempt activities i.e. Civic Centre reinstatement.

6. BAD DEBT WRITE-OFFS

- 6.1 The Corporate Director of Finance and Resources has delegated authority for the write-off of outstanding debts for NNDR, Council Tax and Debtors (including Penalty Charge Notices). In accordance with this, the Executive is asked to note that debts totalling £156,994.78 have been written off during Quarter 3 to the end of

December 2019. A summary of bad debts is given in Table 1 in **Appendix E** of this report and these costs will fall against the following:

	£
General Fund	7,595.70
Council Tax (Collection Fund)	38,304.53
NNDR	111,094.55
Total Write-offs	156,994.78

- 6.2 The “write-ons” itemised in Table 2 in **Appendix E**, totalling £8,874.99, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

	£
General Fund	0.00
Council Tax (Collection Fund)	8,574.28
NNDR	300.71
Total Write-ons	8,874.99

- 6.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts. However VAT, which has been identified separately, will be recouped in future VAT returns. Any write-off/write-on of Council Tax/NNDR will fall against the provisions within the Collection Fund. Any Council Tax court costs written off will be charged against the Bad Debt Provision within the General Fund.
- 6.4 At this stage of the year, the level of bad debts is broadly in line with expectations and at this level will be within the scope of the current provisions to fund the bad debts. However, this situation is continuously under review and any major deviations will be the subject of future reports.

7. RISKS

- 7.1 The ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.

8. CONSULTATION

- 8.1 Consultation to date.
SMT and JMT have considered the issues raised in this report.
- 8.2 Consultation Proposed
Business and Transformation Scrutiny Panel will consider the report on 13 February 2020.

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

9.1 The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2019;
- (ii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iii) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

10.1 The Council's revenue budget is set in accordance with the priorities of the Carlisle Plan and the position for the third quarter of 2019/20 shows the delivery of these priorities within budget.

Contact Officer: Emma Gillespie

Ext: 7289

Appendices A, B1 to B6, C to E.
attached to report:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the budget monitoring is part of this process.

FINANCE – Financial implications are contained within the main body of the report.

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

REVENUE BUDGET MONITORING 2019/20

VIREMENTS PROCESSED FOR PERIOD OCTOBER TO DECEMBER 2019

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
Requested by Officers (under £35,000 or delegated authority)				
14/10/2019	Revenue contribution to capital from sale of waste receptacles to provide additional funding for the purchase of new items	Non-recurring	4,900	Neighbourhood Services Manager
30/10/2019	Release of Building Control Reserve to fund software licences	Non-recurring	9,500	Corporate Director of Economic Development
11/11/2019; 09/12/2019	Release of funding from Revenue Grant Reserve for Rogue Landlord Officer	Non-recurring	5,000	Corporate Director of Finance and Resources
22/11/2019	Virement from Pedestrianisation to fund Street Name Plate restoration work	Non-recurring	1,500	Health & Wellbeing Manager
09/12/2019; 09/01/2020	Release of funding from Revenue Grant Reserve for Local Plans	Non-recurring	10,400	Corporate Director of Finance and Resources
17/12/2019	Virement from Salary Turnover Savings to cover additional employee related costs	Non-recurring	35,000	Corporate Director of Finance and Resources
17/12/2019	Virement from IT software costs to cover additional employee related costs	Non-recurring	15,900	Chief Executive
17/12/2019	Virement from underspends on salary budgets to fund additional employee related costs	Non-recurring	35,000	Chief Executive
17/12/2019	Virement from Digital Strategy underspends to fund additional employee related costs	Non-recurring	33,500	Chief Executive
09/01/2020	Release of funding from Revenue Grant Reserve for Domestic Abuse Victim Support	Non-recurring	1,400	Corporate Director of Finance and Resources
Approved by Executive (£35,000 to £70,000 or delegated authority)				
Approved by Council (over £70,000)				
07/01/2020	Additional Business Rates Income used as a contribution towards transformation savings	Non-recurring	734,100	Council RD45/19

REVENUE BUDGET MONITORING 2019/20

COMMUNITY SERVICES	Gross Expenditure	Gross Income	Recharges	Total
Position as at 31 December 2019	£	£	£	£
Annual Budget	18,943,400	(6,160,900)	(2,750,300)	10,032,200
Budget to date	14,625,464	(4,628,463)	(2,383,622)	7,613,379
Total Actual	14,634,344	(4,384,984)	(2,357,878)	7,891,482
Variance	8,880	243,479	25,744	278,103
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	8,880	243,479	25,744	278,103

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Car Parking	1	(7,913)	93,851	14	85,952
Special Events	2	7,776	48,327	0	56,103
Recycling and Waste Services	3	63,557	146,338	(6,530)	203,365
Miscellaneous	4	(54,541)	(45,037)	32,260	(67,317)
Total Variance to date		8,880	243,479	25,744	278,103

Note	Community Services - Comments
1.	Shortfall in ticket income, contract income and penalty charge notice income.
2.	Overspend on contractors costs; Shortfall in income from lamp post and digital banner advertising.
3.	Budget shortfall of £25,500 towards the capital costs of replacement vehicles and overspends on transport and publicity costs; shortfall in income from sale of recyclates and Garden Waste.
4.	Minor underspends, surplus income and a shortfall in recharges across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

CORPORATE SUPPORT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 31 December 2019	£	£	£	£
Annual Budget	6,596,900	(1,491,700)	(3,581,300)	1,523,900
Budget to date	5,028,118	(1,317,181)	(2,686,335)	1,024,602
Total Actual	4,974,451	(1,347,989)	(2,685,938)	940,524
Variance	(53,667)	(30,808)	397	(84,078)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(53,667)	(30,808)	397	(84,078)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Revenues and Benefits	1	(48,673)	(19,409)	35	(68,047)
Miscellaneous	2	(4,994)	(11,399)	362	(16,031)
Total Variance to date		(53,667)	(30,808)	397	(84,078)

Note	Corporate Support - Comments
1.	Minor underspends on printing costs and legal fees; additional government grants received.
2.	Minor underspends and surplus income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 31 December 2019	£	£	£	£
Annual Budget	4,071,500	(1,751,400)	(740,700)	1,579,400
Budget to date	2,902,258	(1,389,372)	(555,601)	957,285
Total Actual	3,023,920	(1,203,453)	(555,525)	1,264,942
Variance	121,662	185,919	76	307,657
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	121,662	185,919	76	307,657

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Business Interaction Centre	1	50,871	8,552	0	59,423
Development Control	2	12,559	191,363	0	203,922
Miscellaneous	3	58,232	(13,996)	76	44,312
Total Variance to date		121,662	185,919	76	307,657

Note	Economic Development - Comments
1.	Overspend on monthly running costs which do not have budgets identified; shortfall in income.
2.	Overspend on scanning expenditure and software maintenance; shortfall in fee income.
3.	Minor overspends and surplus income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

FINANCE AND RESOURCES	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 31 December 2019	£	£	£	£
Annual Budget	28,104,400	(23,228,500)	(3,219,800)	1,656,100
Budget to date	21,307,428	(17,287,157)	(2,583,765)	1,436,506
Total Actual	20,807,471	(17,294,855)	(2,583,463)	929,153
Variance	(499,957)	(7,698)	302	(507,353)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(499,957)	(7,698)	302	(507,353)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Treasury and Debt Management	1	(421,171)	3,314	0	(417,856)
Insurance	2	(73,009)	0	68	(72,941)
Miscellaneous	3	(5,778)	(11,012)	234	(16,556)
Total Variance to date		(499,957)	(7,698)	302	(507,353)

Note	Finance and Resources - Comments
1.	Savings on borrowing costs due to the level and rate of new borrowing arrangements entered into and the date new arrangements commenced; under achieved market deposit investment interest.
2.	Underspend relating to reduced insurance premiums from the recent tender process.
3.	Minor underspends and surplus income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

GOVERNANCE AND REGULATORY	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 31 December 2019	£	£	£	£
Annual Budget	10,691,200	(6,334,300)	(3,319,100)	1,037,800
Budget to date	8,169,093	(4,916,104)	(2,490,658)	762,331
Total Actual	8,334,047	(4,750,034)	(2,485,110)	1,098,903
Variance	164,954	166,070	5,548	336,572
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	164,954	166,070	5,548	336,572

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Legal Services	1	41,771	28,431	60	70,262
The Lanes	2	(3)	244,099	0	244,096
Civic Centre	3	42,626	25,117	78	67,821
Enterprise Centre	4	(3,648)	(34,329)	0	(37,977)
Other Rental Properties	5	17,378	98,958	0	116,337
Homeless Accommodation	6	87,094	42,704	0	129,798
Regulatory Services	7	(12,010)	(170,648)	(1,044)	(183,701)
Miscellaneous	8	(8,255)	(68,262)	6,454	(70,063)
Total Variance to date		164,954	166,070	5,548	336,572

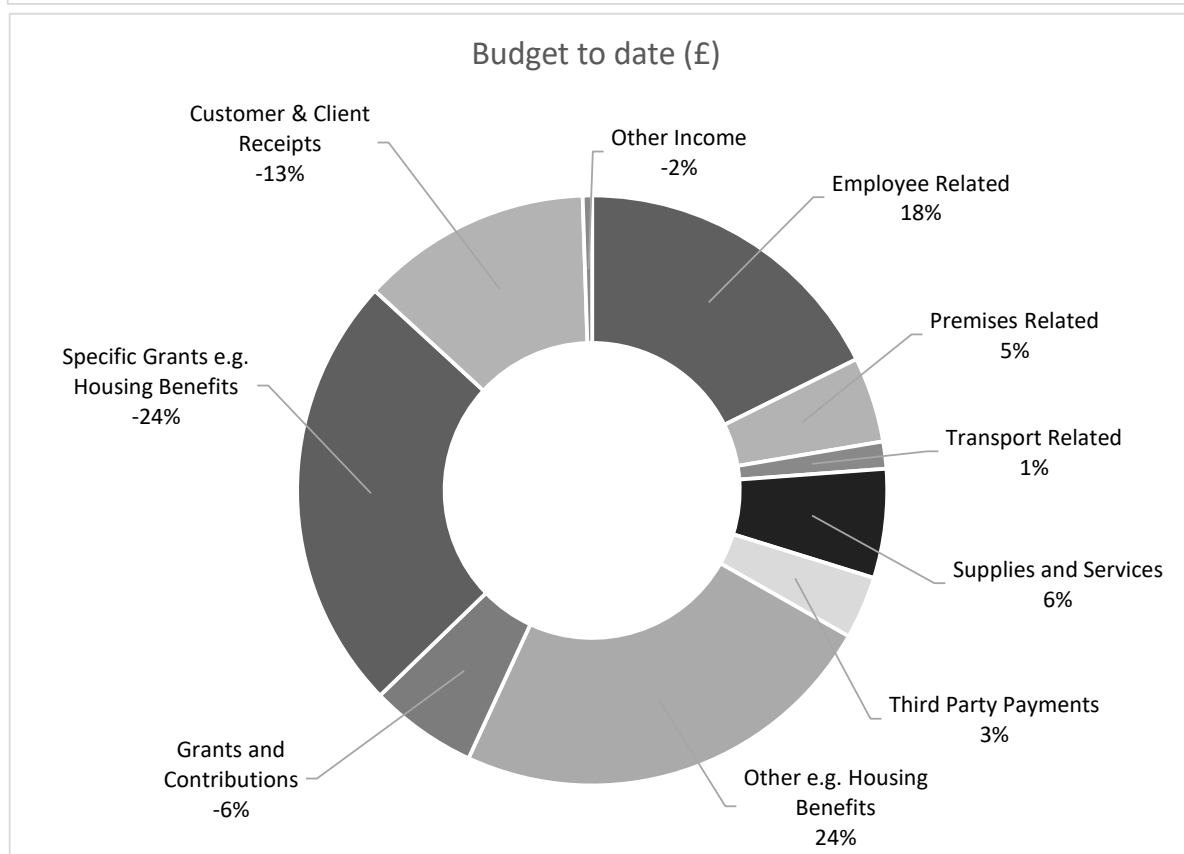
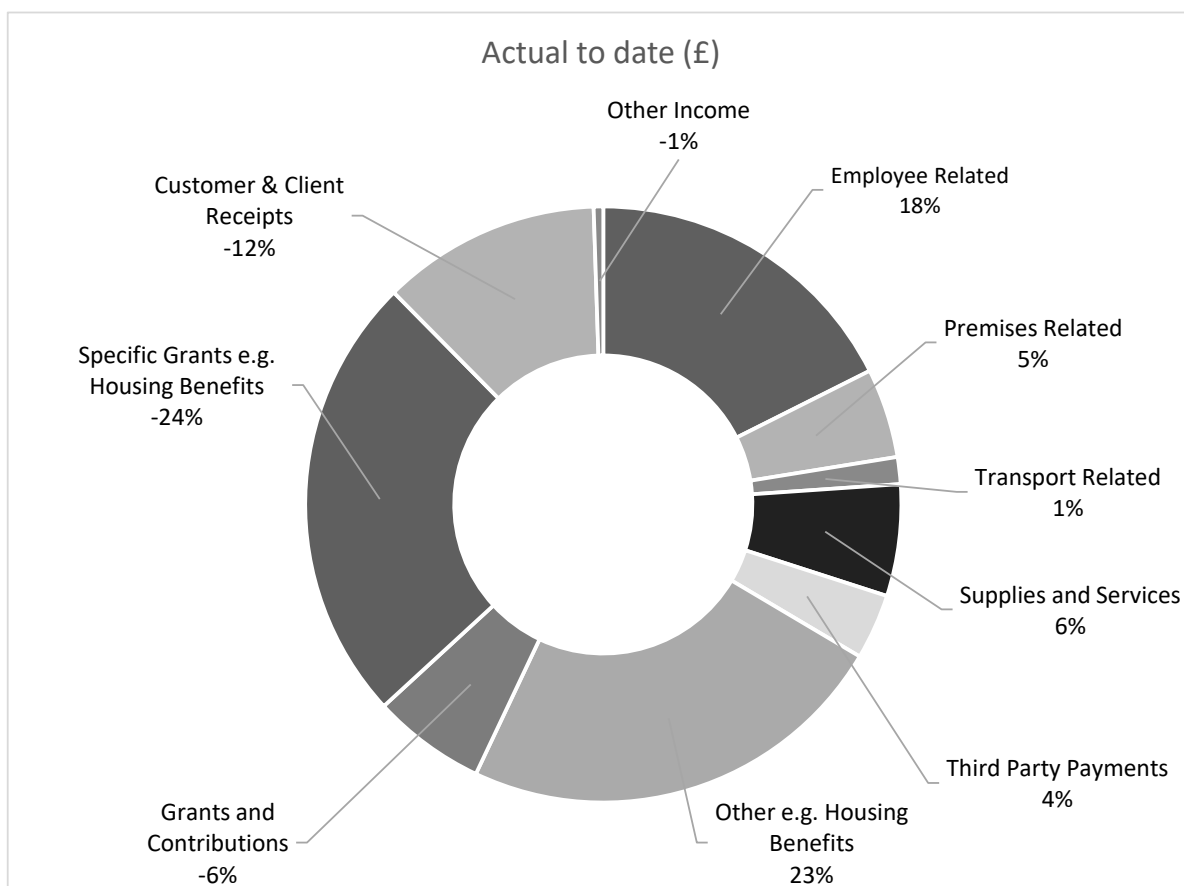
Note	Governance & Regulatory Services - Comments
1.	Overspend on employee expenditure; shortfall in Land Charges fee income.
2.	Shortfall in rent income for 2019/20. Annual deficit of £325,000 projected although the previous year head rents are currently being reconciled which may result in an additional payment to the Council.
3.	Overspend on premises rental offset by underspends on utility costs; shortfall in rental income.
4.	Additional rental income received which is forecast to be £45,000 by the year end.
4.	Overspend on surveyor fees and void costs; Shortfall in rental income due to vacant properties. Additional pressures are anticipated due to downward rent reviews.
6.	Shortfall on budget savings required due to the loss of Supporting People funding & overspend on employee expenditure; shortfall in income due to units being vacant for refurbishment.
7.	Minor underspends on supplies and services; Additional licence income and fee income received.
8.	Minor underspends and surplus income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

CORPORATE MANAGEMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 31 December 2019	£	£	£	£
Annual Budget	1,327,400	(1,840,400)	0	(513,000)
Budget to date	(525,466)	(1,393,504)	0	(1,918,970)
Total Actual	(762,760)	(1,415,761)	0	(2,178,521)
Variance	(237,294)	(22,257)	0	(259,551)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(237,294)	(22,257)	0	(259,551)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Other Financial Costs	1	(213,433)	(22,256)	0	(235,689)
Miscellaneous	2	(23,861)	(1)	0	(23,862)
Total Variance to date		(237,294)	(22,257)	0	(259,551)

Note	Corporate - Comments
1.	Improvements in savings for Salary Turnover (£221,936). Additional government grants received.
2.	Minor underspends across other services within the Directorate.

SUBJECTIVE ANALYSIS

BUSINESS RATES INCOME

	2018/19 Outturn	2019/20 NNDR1	2019/20 Q3
Local Share of Income (Per NNDR1)	(16,305,689)	(16,465,732)	(16,580,578)
Renewables (Per NNDR1)	(264,957)	(355,377)	(352,625)
Renewables Bfwd (NNDR3 Previous Year)	(250,585)	(54,492)	(54,492)
Enterprise Zone (Per NNDR1)	28,315	0	0
Tariff (Per Final Settlement)	12,090,274	12,367,342	12,367,342
Section 31 Grants (reimbursement of funded reliefs)	(1,516,801)	(2,062,020)	(1,905,547)
Section 31 Grants (Flooding)	(83,869)	0	0
Estimated Collection Fund Deficit per NNDR1	835,515	(180,118)	(180,118)
Levy Account Surplus	(4,681)	0	0
Levy Payable to Pool	1,031,049	1,360,000	1,234,766
Pool Redistribution	(624,035)	(610,000)	(700,000)
Total Income	(5,065,464)	(6,000,397)	(6,171,252)
Budget			
Baseline Funding	(3,281,700)	(3,388,600)	(3,388,600)
Additional Rates Income - Pooling/Growth	(1,650,000)	(1,750,200)	(2,484,300)
Total Budget	(4,931,700)	(5,138,800)	(5,872,900)
Additional Income retained	(133,764)	(861,597)	(298,352)

BAD DEBT PROVISION

TABLE 1		Write-Offs December 2019		Comments
Type of Debt	No.	£		
NNDR (General)	14	111,094.55	01/10/19 to 31/12/19	
Council Tax	71	38,304.53	01/10/19 to 31/12/19	
Debtors:				
Private Tenants	0	0.00	01/10/19 to 31/12/19	
Housing Benefit Overpayments	32	6,727.63	01/07/19 to 31/12/19	
General Fund	14	370.07	01/10/19 to 31/12/19	
Penalty Charge Notices:				
On Street	0	0.00	01/10/19 to 31/12/19	
Off Street	6	498.00	01/10/19 to 31/12/19	
TOTAL	137	156,994.78		

TABLE 2		Write-Ons December 2019		Comments
Type of Debt	No.	£		
NNDR (General)	5	300.71	01/10/19 to 31/12/19	
Council Tax	69	8,574.28	01/10/19 to 31/12/19	
Debtors:				
Private Tenants	0	0.00	01/10/19 to 31/12/19	
Housing Benefit Overpayments	0	0.00	01/10/19 to 31/12/19	
General Fund	0	0.00	01/10/19 to 31/12/19	
TOTAL	74	8,874.99		

Report to Business & Transformation Scrutiny Panel

Agenda
Item:
A.4

Meeting Date: 13 February 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2019
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 51/19

Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to December 2019 which was considered by the Executive on 10 February 2020.

Questions for / input required from Scrutiny:

Members are asked to note the variances contained within this report.

Recommendations:

Members of the Business & Transformation Scrutiny panel are asked to scrutinise the overall budgetary position for the period April to December 2019.

Tracking

Executive:	10 February 2020
Scrutiny:	13 February 2020
Council:	3 March 2020

Report to Executive

Agenda
Item:

Meeting Date: 10 February 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO DECEMBER 2019
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 52/19

Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to December 2019.

Recommendations:

The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2019;
- (ii) Note adjustments to the 2019/20 capital programme as detailed in paragraph 2.1;
- (iii) Make recommendations to Council to approve reprofiling of £14,495,000 as detailed in para 3.7 and Appendix A from 2019/20 into 2020/21 (£10,952,800) and 2021/22 (£3,542,200).

Tracking

Executive:	10 February 2020
Scrutiny:	13 February 2020
Council:	3 March 2020

1. BACKGROUND

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. It is the responsibility of individual Chief Officers to control income and expenditure within their areas of responsibility and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 All Managers receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.
- 1.4 It is important to understand the distinction between capital and revenue expenditure.

The general rule is that all expenditure must be treated as revenue expenditure unless it meets strict criteria allowing it to be treated as capital expenditure.

Capital expenditure is for fixed assets such as acquisition of land and buildings, construction, conversion or enhancement of existing buildings, or the purchase of new technology, vehicles, plant, machinery or equipment that yields benefits to the Council and the services it provides for more than one year.

Revenue expenditure is for the day to day running costs of providing Council services such as staff costs, premises, transport, and goods and services used in the delivery of services.

2. CAPITAL BUDGET OVERVIEW

2.1 The following statement shows the annual capital programme for 2019/20:

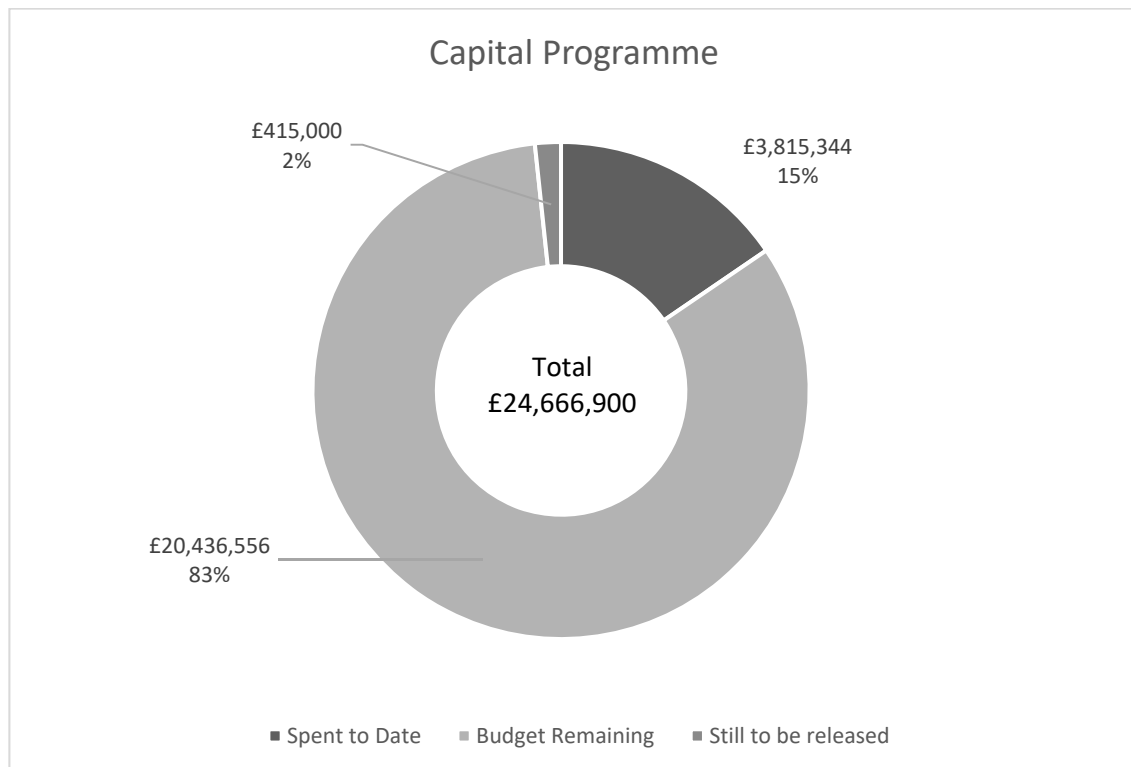
2019/20 Capital Budget	£
2019/20 Capital Programme (RD14/19 Council 16/07/19)	23,192,000
Revenue contribution towards Customer Contact Centre (OD.067/19)	7,000
Revenue contribution towards Bitts Park Tennis Court (OD.075/19)	23,900
Release of capital funding for Emergency Works at Central Plaza (ED03/20 Council 07/01/20)	1,350,000
S106 contribution towards Play Area Improvements	23,500
S106 contribution towards Play Area Improvements (OD.101/19)	16,000
S106 contribution towards Open Space Improvements (OD.107/19)	11,600
Revenue contribution towards Vehicle Replacement	30,000
Revenue contribution towards purchase of Waste Receptacles	4,900
Increased contribution to Digital Banner from sale of equipment	8,000
Revised 2019/20 Capital Programme (at Dec 2019)	24,666,900
Less Capital Reserves to be released by Executive (see para 3.8)	(415,000)
Revised 2019/20 Capital Programme (released)	24,251,900

2.2 A breakdown of the revised capital programme can be found in **Appendix A**.

3. 2019/20 BUDGET MONITORING

3.1 The position statement as at December 2019 can be summarised as follows:

Directorate	Revised Annual Budget £	Budget to Date £	Spend to date £	Variance to date £	Para. Ref.
Community Services	12,480,300	1,140,573	1,157,282	16,709	3.3
Corporate Support	123,900	42,559	9,363	(33,196)	3.4
Economic Development	1,550,400	745,515	757,440	11,925	3.5
Governance & Regulatory Services	10,141,500	2,593,461	1,850,138	(743,323)	3.6
Total	24,296,100	4,522,108	3,774,223	(747,885)	
Flood Related Capital	(44,200)	(44,200)	41,121	85,321	
Total	24,251,900	4,477,908	3,815,344	(662,564)	
Reserves to be released	415,000	0	0	0	3.8
Total	24,666,900	4,477,908	3,815,344	(662,564)	



Schemes still to be released by the Executive are outwith the budget monitoring process until the budgets have been released.

A detailed analysis of the schemes within each directorate can be found in **Appendices B to F** with the main issues being summarised in the paragraphs below.

- 3.2 As at the end of December, expenditure of £3,815,344 has been incurred on the Council's core capital programme. When considered against the profiled budget of £4,477,908 this equates to an underspend of £662,564.
- 3.3 The variance in Community Services is attributable to an overspend of £40,501 on the purchase of Waste Receptacles against the annual budget. The Council is no longer able to charge developers for the cost of new bins, bags and boxes provided for new homes and this has had a negative impact on the level of revenue income generated which can be used to increase the capital programme.
- 3.4 The variance in Corporate Support is attributable to an underspend of £33,196 on ICT improvements against the profiled budget to date. Implementation has been delayed and a revised plan for delivery has been considered as part of the 2020/21 budget process with £69,500 requested for carry forward into 2020/21.

- 3.5 The variance in Economic Development is attributable to an overspend of £11,986 on Durrhill Industrial Estate due to additional footpath works that have been carried out. There is currently no budget allocated to fund these works.
- 3.6 The variance in Governance & Regulatory Services is attributable to an underspend of £742,104 on Disabled Facilities Grants. Activity in the delivery of DFG is increasing and the position is being closely monitored and a carry forward of £500,000 is proposed which brings the revised budget in line with the anticipated spend within the revised Action Plan for Disabled Facilities Grants.
- 3.7 The unspent balance remaining of the revised annual budget of £24,251,900 is £20,436,556. Therefore, an initial review of the 2019/20 capital programme has been undertaken to identify accurate project profiles and **the Executive are asked to recommend to Council the reprofiling of £14,495,000 from 2019/20 into future years as follows:**

Directorate	Annual Budget £	Carry Forwards 2020/21 £	Carry Forwards 2021/22 £	Revised Annual Budget £	Spend to Date £	Budget Remaining £
Community Services	12,480,300	(5,037,800)	(3,542,200)	3,900,300	1,157,282	2,743,018
Corporate Support	123,900	(69,500)	0	54,400	9,363	45,037
Economic Development	1,550,400	0	0	1,550,400	757,440	792,960
Governance & Regulatory	10,141,500	(5,500,000)	0	4,641,500	1,850,138	2,791,362
Flood Related Capital	(44,200)	0	0	(44,200)	41,121	(85,321)
Total	24,251,900	(10,607,300)	(3,542,200)	10,102,400	3,815,344	6,287,056
Reserves to be released	415,000	(415,000)	0	0	0	0
Total	24,666,900	(11,022,300)	(3,542,200)	10,102,400	3,815,344	6,287,056

Note: Council have already been asked to approve a carry forward of £69,500 as part of the 2020/21 budget process.

The unspent balance remaining of the revised annual budget of £10,102,400 is £6,287,056 as at December 2019.

- 3.8 A number of schemes are included in the capital programme for 2019/20 that require a report to be presented to the Executive for the release of funding before the project can go ahead. It is requested however that these schemes (included in the request above) are carried forward from 2019/20 into 2020/21 with a report still required to be presented prior to the release of funding.

Scheme	Budget £
Play Area Improvements	35,000
Public Realm Improvements	380,000
Total	415,000

4. FINANCING

4.1 The revised 2019/20 capital programme can be financed as follows:

	Annual Budget £	Revised Budget
Total Programme to be financed (para 2.1)	24,666,900	10,102,400
<u>Financed by:</u>		
Capital Receipts / Internal Borrowing	4,897,000	(7,667,500)
Borrowing undertaken	14,000,000	14,000,000
Capital Grants		
• Disabled Facilities Grant	1,899,800	1,899,800
• General	2,024,700	24,700
Direct Revenue Financing	1,659,400	1,659,400
Other Contributions	186,000	186,000
Earmarked Reserves	0	0
Total Financing	24,666,900	10,102,400

5. CAPITAL RESOURCES

5.1 The following table shows the position as at December 2019 of the revised capital resources due to be received during 2019/20:

	2019/20 Annual Budget £	2019/20 Current Budget £	2019/20 Actual £	2019/20 Not yet received £	Note
Capital Receipts					
· General	0	0	(12,000)	(12,000)	1
· Asset Review	(1,700,000)	(1,700,000)	(1,628,500)	71,500	1
· Vehicle & Equipment Sales	(8,000)	(8,000)	(63,510)	(55,510)	2
Capital Grants					3
· Disabled Facilities Grant	(1,899,800)	(1,899,800)	(1,899,764)	36	
· Sands Centre	(2,000,000)	0	(5,470)	(5,470)	
Capital Contributions					4
· Section 106	(186,000)	(186,000)	(69,188)	116,812	
· Disabled Facilities Grants	0	0	(32,407)	(32,407)	
· General	0	0	0	0	
Total	(5,793,800)	(3,793,800)	(3,710,839)	82,961	

Notes:

1. Receipts for 2019/20 are anticipated to be received from asset review sales (£1,700,000). A review of the disposal programme has been undertaken as part of the 2019/20 budget process and seeks to revise the receipts expected in year to £3,257,000. This was considered by Council on 4th February 2020.
2. Included within vehicle sales are receipts of £33,510 for individual vehicle sales that are below the de minimis for capital receipts. These will be transferred to revenue and the year end and will be used to fund the capital programme in line with the capital strategy.
3. Capital grants are received once associated capital expenditure has been incurred and the amounts then reclaimed from the sponsoring body. £2,000,000 relating to the Sands Centre Redevelopment is requested to be carried forward into 2020/21
4. Contributions from Section 106 agreements to Affordable Homes (£50,400), Play Area Improvements (£39,500) and Open Space Improvements (£96,100).

6. BALANCE SHEET MANAGEMENT

- 6.1 In line with CIPFA guidance and best practice, information relating to significant capital items on the Council's balance sheet is provided in this section. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis and will ensure that the Council is using its resources effectively and that appropriate governance arrangements are in place around the use of Council assets and liabilities.
- 6.2 Fixed assets are revalued annually to ensure that an up to date value is held in the balance sheet. The revaluation programme is the responsibility of Property Services. It should be noted that some expenditure will be incurred during the course of the year which can be correctly classified as capital expenditure, but which will not increase the value of any of the Council's assets. This expenditure is written off to the revaluation reserve or through the Comprehensive Income and Expenditure Account as appropriate.
- 6.3 The value of fixed assets is a significant part of the balance sheet. In the 2018/19 accounts, fixed assets totalled £157million (2017/18 £157million). This represents 94% of the net current assets of the City Council.

6.4 Debtors

This relates to the amount of income due to the Council that has not yet been received. For capital items, this mainly relates to grants and contributions that the Council is able to claim towards funding capital expenditure. Generally capital debtors arise due to timing differences where a cut off point occurs (e.g. the financial year-end) and/or expenditure has been incurred in advance of making the grant claim. As at December 2019 debtors of £194,075 (£274,010 at 31 March 2019) were outstanding for capital grants, contributions and receipts.

6.5 Creditors

This is the amount of money due to be paid by the Council for goods and services received from its external customers and contractors. For capital schemes this also includes retentions i.e. the amount due to the contractor after a specified period (normally one year) following the completion of a project; this time is used to assess and correct any defects outstanding on the scheme. Amounts earmarked for retention as at December 2019 totalled £45,100 (£449,990 at 31 March 2019).

7. **PERFORMANCE**

- 7.1 The 2019/20 programme has been kept to a level that takes account of the Council's ability to deliver schemes with regard to capacity and available resources. Work is ongoing to continue to monitor the profiling of budgets, and these are adjusted to reflect progress in current capital schemes. It is likely that there will still be a requirement for some further carry forwards at the year end. Members are reminded that budgets now totalling £415,000 are being held in reserves (2020/21) until approved by Executive for release.
- 7.2 The Senior Management Team will provide strategic overview and monitor the effectiveness of the overall programme of work in delivering the Council's priorities and objectives. Technical project support and quality assurance of business cases and associated project management activities will be managed by a Transformation Sub-Group chaired by the Chief Executive. Decisions to proceed or otherwise with proposed projects will be made in the usual way in accordance with the Council decision making framework.
- 7.3 A review of all capital expenditure incurred is ongoing to ensure that the expenditure has been correctly allocated between revenue and capital schemes. This will facilitate the year end classification of assets.

8. RISKS

- 8.1 Individual capital schemes have different risks involved. A risk assessment of the overall capital programme is included in **Appendix G**.

9. CONSULTATION

9.1 Consultation to Date

SMT & JMT have considered the issues raised in this report.

9.2 Consultation Proposed

Business & Transformation Scrutiny Panel will consider the report on 13 February 2020.

10. CONCLUSION AND REASONS FOR RECOMMENDATIONS

10.1 The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2019;
- (ii) Note adjustments to the 2019/20 capital programme as detailed in paragraph 2.1;
- (iii) Make recommendations to Council to approve reprofiling of £14,495,000 as detailed in para 3.7 and Appendix A from 2019/20 into 2020/21 (£10,952,800) and 2021/22 (£3,542,200).

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 11.1 The Council's capital programme supports the current priorities in the Carlisle Plan.

Contact Officer: Emma Gillespie
Appendices A to G
attached to report:

Ext: 7289

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the budget monitoring is part of this process.

FINANCE – Financial implications are contained in the main body of the report.

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

Scheme	Original Capital Programme 2019/20 £	Other Adjustments £	Updated Capital Programme 2019/20 £	Proposed Carry Forwards £	Revised Capital Programme 2019/20 £
<u>Current non-recurring commitments</u>					
Gateway 44	6,459,200	0	6,459,200	(5,000,000)	1,459,200
Play Area Green Gyms	32,800	0	32,800	0	32,800
Open Space Improvements	84,500	11,600	96,100	0	96,100
Bitts Park (Tennis/Reinstatement)	94,000	0	94,000	0	94,000
Cemetery Infrastructure	11,200	0	11,200	0	11,200
Affordable Homes	50,400	0	50,400	0	50,400
Planning Software	150,000	0	150,000	0	150,000
Property Purchase	150,000	0	150,000	0	150,000
Flood Reinstatement Projects	(68,100)	23,900	(44,200)	0	(44,200)
Sands Centre Redevelopment	10,373,500	0	10,373,500	(8,580,000)	1,793,500
Civic Centre Digital Banner	20,500	8,000	28,500	0	28,500
Customer Contact Centre	0	7,000	7,000	0	7,000
Play Area Improvements	0	39,500	39,500	0	39,500
Central Plaza	0	1,350,000	1,350,000	0	1,350,000
	17,358,000	1,440,000	18,798,000	(13,580,000)	5,218,000
<u>Recurring commitments</u>					
Planned Enhancements to Council Property	329,600	0	329,600	0	329,600
Vehicles, Plant & Equipment	1,724,800	30,000	1,754,800	0	1,754,800
Recycling Containers	45,000	4,900	49,900	0	49,900
ICT Infrastructure	116,900	0	116,900	(69,500)	47,400
	2,216,300	34,900	2,251,200	(69,500)	2,181,700
<u>Disabled Facilities Grants</u>					
Private Sector Grants	3,179,500	0	3,179,500	(500,000)	2,679,500
Minor Works Grants	23,200	(23,200)	0	0	0
Empty Properties Initiative	0	23,200	23,200	0	23,200
	3,202,700	0	3,202,700	(500,000)	2,702,700
TOTAL	22,777,000	1,474,900	24,251,900	(14,149,500)	10,102,400
<u>Capital Reserves to be released</u>					
Play Area Improvements	35,000	0	35,000	(35,000)	0
Public Realm Improvements	380,000	0	380,000	(380,000)	0
	415,000	0	415,000	(415,000)	0
REVISED TOTAL	23,192,000	1,474,900	24,666,900	(14,564,500)	10,102,400

COMMUNITY SERVICES

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Civic Centre Digital Banner	28,500	0	28,500	28,500	34,180	5,680	Revenue contribution to capital approved under delegated authority to provide a replacement digital banner. The previous equipment was faulty and not possible to repair due to obsolete technology and therefore needed to be replaced.
Vehicles & Plant	1,754,800	0	1,754,800	675,400	674,454	(946)	Replacement of vehicles to date is within the allocated budgets. A revised replacement plan for the next 5-10 years has been provided as part of the 2020/21 budget process to confirm the capital funding needed to ensure the Council's fleet remains fit for purpose.
Cemetery Infrastructure	11,200	0	11,200	8,401	3,172	(5,229)	Footbridge improvements are underway and due to be completed in 2019/20.
Open Space Improvements	96,100	0	96,100	22,630	2,750	(19,880)	Funded by Section 106 monies.
Play Area Improvements	39,500	0	39,500	11,750	16,038	4,288	Approved Play Area Improvements funded from S106 monies.
Green Gyms	32,800	0	32,800	8,200	(3,171)	(11,371)	Project slipped from 2018/19. Credit in relation to reduced fee for works completed.
Bitts Park/Tennis Reinstatement	94,000	0	94,000	0	0	0	Revenue contribution to capital towards the Bitts Park Tennis Facilities project has been carried forward into 2019/20 as potential funding towards a proposed scheme at Bitts Park. Further information will be presented to a future meeting.
Sands Centre Redevelopment	10,373,500	(8,580,000)	1,793,500	335,792	339,458	3,666	Budget reprofiled based on revised report approved by Council (CS.17/19 - 25/06/19). Carry forward required to realign budget to revised expenditure profile.
Waste Minimisation	49,900	0	49,900	49,900	90,401	40,501	Purchase of waste receptacles are overspent against the annual budget. The Council is no longer able to charge developers for the cost of new bins, bags and boxes provided for new homes. This will impact the level of revenue income generated which has previously been used to increase the capital budget.
Grand Total	12,480,300	(8,580,000)	3,900,300	1,140,573	1,157,282	16,709	

CORPORATE SUPPORT

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
ICT Infrastructure	116,900	(69,500)	47,400	35,559	2,336	(33,223)	Part of ICT Strategy Business Case. Implementation has been delayed and a revised plan for delivery has been considered as part of the 2020/21 budget process which incorporates a revised spend profile with £69,500 requested for carry forward into 2020/21.
Customer Contact Centre	7,000	0	7,000	7,000	7,027	27	Release of Flood Reserve for the installation of Qmatic System (OD.067/19).
Grand Total	123,900	(69,500)	54,400	42,559	9,363	(33,196)	

ECONOMIC DEVELOPMENT

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Central Plaza Emergency Works	1,350,000	0	1,350,000	695,115	695,054	(61)	Increase to capital programme approved by Council (ED.03/20 07/02/20) to fund emergency works at Central Plaza.
Durranhill Industrial Estate	0	0	0	0	11,986	11,986	Additional footpath works for which there is currently no budget allocated.
Planning Software	150,000	0	150,000	0	0	0	The project has been delayed whilst software options are being evaluated and core components of the project (for example data migration) are being further considered prior to the detail business case and tenders being prepared.
Affordable Homes	50,400	0	50,400	50,400	50,400	0	S106 funding towards provision of Affordable Homes. Project now complete.
Grand Total	1,550,400	0	1,550,400	745,515	757,440	11,925	

GOVERNANCE & REGULATORY SERVICES

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Planned Enhancements to Council Property	329,600	0	329,600	61,990	70,105	8,115	Individual projects progressing as planned.
Property Acquisition	150,000	0	150,000	150,000	153,429	3,429	Property purchase now complete. Slight overspend in relation to stamp duty land tax.
Gateway 44	6,459,200	(5,000,000)	1,459,200	145,333	145,831	498	Development and Improvement costs associated with the Junction 44 development.
Empty Properties Initiative	23,200	0	23,200	13,261	0	(13,261)	Funding provided from minor works grant allocation to be used for bringing empty homes back into use.
Disabled Facilities Grants	3,179,500	(500,000)	2,679,500	2,222,877	1,480,773	(742,104)	Mandatory Grants. Increased grant allocation for 2019/20. The position is being closely monitored. An Action Plan confirms expenditure until 2021. carry forward required into future year.
Grand Total	10,141,500	(5,500,000)	4,641,500	2,593,461	1,850,138	(743,323)	

FLOOD RELATED CAPITAL EXPENDITURE

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
IC Buildings Flood Capital	(44,200)	0	(44,200)	(44,200)	41,121	85,321	Negative budget carry forward was in relation to expenditure incurred in 2018/19 on the reinstatement of Bitts Park and Civic Centre. Once schemes have been fully developed and approved, budgets will be released from reserves to cover both projected expenditure and also costs incurred in 2018/19.
Grand Total	(44,200)	0	(44,200)	(44,200)	41,121	85,321	

Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	Marginal	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not monitored nor reviewed (post contract) to ensure that the original business case assumptions have been achieved	Reasonably probable	Marginal	Better project management skills (including contract monitoring) have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects, including post contract reviews.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.

Shortfall in level of capital resources generated from Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.
---	----------	------	---

Report to Business & Transformation Scrutiny Panel

Agenda Item:

A.5

Meeting Date: 13 February 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: QUARTER 3 PERFORMANCE REPORT 2019/20
Report of: Policy and Communications Manager
Report Number: PC.06/20

Purpose / Summary:

This report contains the Quarter 3 2019/20 performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. Performance against the Panel's 2019/20 Key Performance Indicators (KPIs) are also included.

Recommendations:

1. Scrutinise the performance of the City Council with a view to seeking continuous improvement in how the Council delivers its priorities.
2. Consider the proposed KPI changes for 2020/21.

Tracking

Executive:	9/3/20
Scrutiny:	Health and Wellbeing 20/2/20 Economic Growth 27/2/20 Business and Transformation 13/2/20
Council:	N/A

1. BACKGROUND

This report contains the Quarter 3 2019/20 performance against the Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'.

The Panel's Key Performance Indicators (KPIs) are also included as an appendix.

Service Standards are the measures judged to be the most important to our customers and therefore the mostly likely to influence the overall satisfaction with how the Council performs. The following pages contains the Council's performance against the Service Standards for this Panel.

The updates against the actions in the Carlisle Plan are presented in Section 3. Only actions within the remit of the Panel are included in this report. The intention is to give the Panel a brief overview of the current position without duplicating the more detailed reporting that takes place within the Scrutiny agendas and Portfolio Holder reports.

Summary of KPIs and Service Standards:

Service Standards – 0 'red', 1 'amber' and 4 'green'

KPIs – 1 'red', 4 'amber', 6 'green'

Summary of Exceptions (RED)

Measure	Target	Performance
CSe14 Actual car parking revenue as a percentage of car parking expenditure (including recharges).	148%	138% Most significant contributing factor is a £65k shortfall in carpark ticket sales across City Council carparks.

3. PROPOSALS

See proposed KPI changes below.

3. RISKS

None

4. CONSULTATION

The report was reviewed by Directorate Management Teams in January, by the Senior Management Team on 27th January 2020 and has been considered at the other Scrutiny Panels.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Panel are asked to scrutinise the Quarter 3 Performance Report prior to it being submitted to Executive.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

Detail in the report.

Contact Officer: Gary Oliver

Ext: 7430

Appendices attached to report:

Performance Dashboard

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL - This report raises no explicit legal issues.

FINANCE – This report raises no explicit financial issues

EQUALITY – This report raises no explicit issues relating to the Public Sector Equality Duty.

INFORMATION GOVERNANCE – This report raises no explicit issues relating to Information Governance.


Section 1: Service Standards 2019/20

Service Standards were introduced in 2012 after consultation with Service Managers, DMTs, SMT and JMT. Following a review of the initial set of five Service Standards, five further measures were introduced from Quarter 2 2017/18.

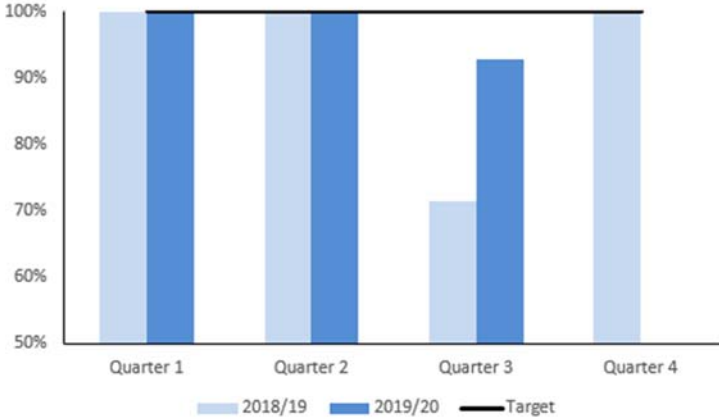
Service Standards are the measures judged to be the most important to our customers and therefore the mostly likely to influence the overall satisfaction with how the Council performs.

The following pages contains the Council's performance against the Service Standards within the Panel's remit.


SS04: Average number of working days to process new benefits claims

Service Standard	To end of Quarter 3 2019/20	Performance by Month	Further Information																																																				
New claims should be processed within 19 days to achieve top two quartiles compared to other local authorities	18.5 days (Q3 2018/19: 19.5 days)	 <table><caption>Performance by Month Data (Estimated)</caption><thead><tr><th>Month</th><th>2018/19 (Days)</th><th>2019/20 (Days)</th><th>Target (Days)</th></tr></thead><tbody><tr><td>Apr</td><td>21</td><td>22</td><td>19</td></tr><tr><td>May</td><td>18</td><td>20</td><td>19</td></tr><tr><td>Jun</td><td>19</td><td>19</td><td>19</td></tr><tr><td>Jul</td><td>18</td><td>18</td><td>19</td></tr><tr><td>Aug</td><td>20</td><td>17</td><td>19</td></tr><tr><td>Sep</td><td>20</td><td>17</td><td>19</td></tr><tr><td>Oct</td><td>19</td><td>17</td><td>19</td></tr><tr><td>Nov</td><td>21</td><td>16</td><td>19</td></tr><tr><td>Dec</td><td>20</td><td>20</td><td>19</td></tr><tr><td>Jan</td><td>22</td><td>-</td><td>19</td></tr><tr><td>Feb</td><td>21</td><td>-</td><td>19</td></tr><tr><td>Mar</td><td>19</td><td>-</td><td>19</td></tr></tbody></table>	Month	2018/19 (Days)	2019/20 (Days)	Target (Days)	Apr	21	22	19	May	18	20	19	Jun	19	19	19	Jul	18	18	19	Aug	20	17	19	Sep	20	17	19	Oct	19	17	19	Nov	21	16	19	Dec	20	20	19	Jan	22	-	19	Feb	21	-	19	Mar	19	-	19	2096 new claims have been made in 2019/20 up to the end of December 2019.
	Month		2018/19 (Days)	2019/20 (Days)	Target (Days)																																																		
	Apr		21	22	19																																																		
May	18	20	19																																																				
Jun	19	19	19																																																				
Jul	18	18	19																																																				
Aug	20	17	19																																																				
Sep	20	17	19																																																				
Oct	19	17	19																																																				
Nov	21	16	19																																																				
Dec	20	20	19																																																				
Jan	22	-	19																																																				
Feb	21	-	19																																																				
Mar	19	-	19																																																				
On target?																																																							
✓																																																							

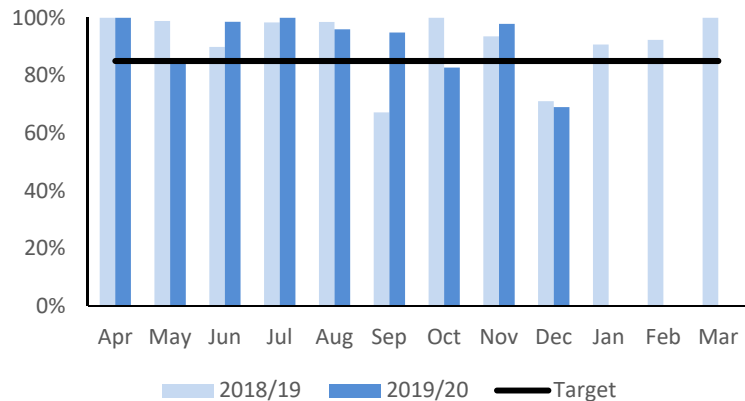
SS05: Proportion of corporate complaints dealt with on time

Service Standard	To end of Quarter 3 2019/20	Performance by Quarter	Further Information
Corporate complaints should be dealt with within 15 working days	96%	 <p>100% 90% 80% 70% 60% 50%</p> <p>Quarter 1 Quarter 2 Quarter 3 Quarter 4</p> <p>2018/19 2019/20 Target</p>	One late rely in Quarter 3 was due to a complicated issue that needed further investigation. The customer was kept informed throughout the process.
	(Q3 2018/19: 90%)		
	On target?		
	▲		

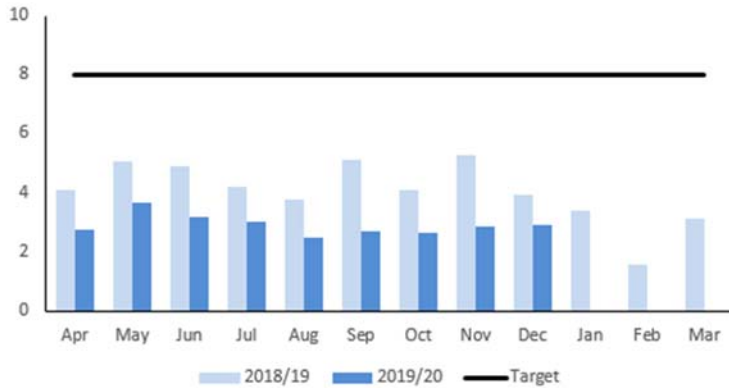
SS07: Proportion of non-contentious licence applications completed on time

Service Standard	To end of Quarter 3 2019/20	Performance by Quarter	Further Information
100% of non-contentious licence applications should be completed within 10 working days	100%	 <p>100%</p> <p>95%</p> <p>90%</p> <p>Quarter 1 Quarter 2 Quarter 3 Quarter 4</p> <p>2018/19 2019/20 Target</p>	576 out of 576 applications completed on time so far in 2019/20.
	On target?		
	✓		

SS08: Proportion of official local authority searches completed on time

Service Standard	To end of Quarter 3 2019/20	Performance by Month	Further Information																																																				
85% of official local authority searches should be completed within 10 working days	93% (Q3 2018/19: 91.6%)	 <table><thead><tr><th>Month</th><th>2018/19 (%)</th><th>2019/20 (%)</th><th>Target (%)</th></tr></thead><tbody><tr><td>Apr</td><td>100</td><td>100</td><td>85</td></tr><tr><td>May</td><td>98</td><td>85</td><td>85</td></tr><tr><td>Jun</td><td>90</td><td>98</td><td>85</td></tr><tr><td>Jul</td><td>98</td><td>98</td><td>85</td></tr><tr><td>Aug</td><td>98</td><td>95</td><td>85</td></tr><tr><td>Sep</td><td>68</td><td>95</td><td>85</td></tr><tr><td>Oct</td><td>100</td><td>82</td><td>85</td></tr><tr><td>Nov</td><td>92</td><td>98</td><td>85</td></tr><tr><td>Dec</td><td>72</td><td>70</td><td>85</td></tr><tr><td>Jan</td><td>90</td><td></td><td>85</td></tr><tr><td>Feb</td><td>92</td><td></td><td>85</td></tr><tr><td>Mar</td><td>100</td><td></td><td>85</td></tr></tbody></table>	Month	2018/19 (%)	2019/20 (%)	Target (%)	Apr	100	100	85	May	98	85	85	Jun	90	98	85	Jul	98	98	85	Aug	98	95	85	Sep	68	95	85	Oct	100	82	85	Nov	92	98	85	Dec	72	70	85	Jan	90		85	Feb	92		85	Mar	100		85	431 searches were completed in the year to date.
	Month		2018/19 (%)	2019/20 (%)	Target (%)																																																		
	Apr		100	100	85																																																		
May	98	85	85																																																				
Jun	90	98	85																																																				
Jul	98	98	85																																																				
Aug	98	95	85																																																				
Sep	68	95	85																																																				
Oct	100	82	85																																																				
Nov	92	98	85																																																				
Dec	72	70	85																																																				
Jan	90		85																																																				
Feb	92		85																																																				
Mar	100		85																																																				
On target?																																																							
✓																																																							

SS10: Average number of working days to process benefit claimants' changes of personal details

Service Standard	To end of Quarter 3 2019/20	Performance by Month	Further Information																																							
Changes should be processed within 8 days	2.9 days (Q3 2018/19: 4.5 days)	 <table><tr><th>Month</th><th>2018/19</th><th>2019/20</th></tr><tr><td>Apr</td><td>4.1</td><td>2.8</td></tr><tr><td>May</td><td>5.0</td><td>3.7</td></tr><tr><td>Jun</td><td>4.8</td><td>3.2</td></tr><tr><td>Jul</td><td>4.2</td><td>3.0</td></tr><tr><td>Aug</td><td>3.8</td><td>2.5</td></tr><tr><td>Sep</td><td>5.0</td><td>2.7</td></tr><tr><td>Oct</td><td>4.1</td><td>2.7</td></tr><tr><td>Nov</td><td>5.2</td><td>2.8</td></tr><tr><td>Dec</td><td>3.9</td><td>2.9</td></tr><tr><td>Jan</td><td>3.4</td><td></td></tr><tr><td>Feb</td><td>1.6</td><td></td></tr><tr><td>Mar</td><td>3.1</td><td></td></tr></table>	Month	2018/19	2019/20	Apr	4.1	2.8	May	5.0	3.7	Jun	4.8	3.2	Jul	4.2	3.0	Aug	3.8	2.5	Sep	5.0	2.7	Oct	4.1	2.7	Nov	5.2	2.8	Dec	3.9	2.9	Jan	3.4		Feb	1.6		Mar	3.1		Over eighteen thousand changes have been processed in the 2019/20 year to date.
	Month		2018/19	2019/20																																						
	Apr		4.1	2.8																																						
May	5.0	3.7																																								
Jun	4.8	3.2																																								
Jul	4.2	3.0																																								
Aug	3.8	2.5																																								
Sep	5.0	2.7																																								
Oct	4.1	2.7																																								
Nov	5.2	2.8																																								
Dec	3.9	2.9																																								
Jan	3.4																																									
Feb	1.6																																									
Mar	3.1																																									
On target?																																										
✓																																										

Section 2: Key Performance Indicators (KPIs)

Service Standards are not the only set of measures used to interrogate the performance of the Council. Alongside the review of Service Standards, a set of Key Performance Indicators, derived from the links between the service plans and Budget Resolution were developed. These are attached as a Dashboard.

The following changes to KPIs have been proposed by service managers. If agreed, these changes will be implemented from April 2020 for 2020/21:

Measure	Comments
Customer Services - 80% of calls answered within 1 minute	New measure
Customer Services - 90% of visitors served within 10 minutes	New measure
Council and/or district carbon footprint	New measure to track progress in delivering the climate change agenda. It has been noted that the Business & Transformation Panel requested that a Key Performance Indicator (KPI) be added to future performance reports to monitor the response to the Climate Emergency. This KPI will be developed and reported once the carbon footprinting baseline work is completed and the data has been assured.

Section 3: Carlisle Plan on a Page Delivery

The current Carlisle Plan covered the period 2015-18 and many of the key actions are now either delivered or considered 'business as usual' and feature within existing service plans. These were closed following the Quarter 1 report and will no longer be reported on. The following pages provide an update on the remaining key actions.

Priority 1: Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle

Business Property & Infrastructure:

OUTCOME	<u>2. City Centre redevelopment projects</u>
SMT OWNER	Jane Meek
Scrutiny Panel	Economic Growth / Business & Transformation
Specific – What is the task	Promote development opportunities and regeneration opportunities within the city centre (including Carlisle Station, Caldew Riverside, The Citadel, English Street and The Pools). Set out a strategy for the future vitality and viability of the city centre including development options for the regeneration opportunity sites (Carlisle Station, The Pools, Court Square, Caldew Riverside and the Citadel).
Measurable – How will success be measured?	Production of a city centre masterplan
Achievable – Is it feasible?	Yes
Realistic – Resources available	Consultancy support will be required to produce the masterplan. This will be funded by revenue budgets secured through the MTFP process.
Time Bound – Start/end dates	The preparation of the masterplan will commence Q3 2018-19, with a draft version produced by the end of Q4.
Progress in Quarter 3 2019/20 against project plan / key milestones achieved	Inception meeting has been held with key stakeholders to define the strategic objectives and critical success factors for the project. The consultants are now working on developing a series of projects that will fulfil the strategic objectives and the strategy articulated at the inception meeting.
Emerging issues / risks to the project	None

Priority 2: Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents

Service and Facilities Development:

OUTCOME	<u>12. Develop and deliver the proposed new leisure contract to improve facilities at The Sands Centre in line with the City Sports Facilities Development Plan and enhance the leisure services across the city.</u>
SMT OWNER	Darren Crossley
Scrutiny Panel	Business & Transformation / Health & Wellbeing
Specific – What is the task	<ol style="list-style-type: none"> 1. To retender and award a new leisure contract with a significantly reduced subsidy. 2. Develop Outline Designs and budgetary package and secure approvals for Sands Centre Development. 3. Complete works on cycle track and open the facility. 4. Complete works on tennis canopy and open the facility.
Measurable – How will success be measured?	<ol style="list-style-type: none"> 1. The award of a new contract. 2. Executive approval for outline designs and consent (inc budgetary provision) to develop detailed design and works. 3. An operational track by October 2017. 4. Canopy covered courts by Spring 2018.
Achievable – Is it feasible?	<ol style="list-style-type: none"> 1. COMPLETE 2. Sufficient budget and permission has been secured to appoint a design team to take the project to the end of outline design. The design team are currently working on a more detailed design to RIBA Stage 3. 3. COMPLETE 4. Support in place from the LTA and a clear scheme identified, subject to planning permission the canopy can be delivered.
Realistic – Resources available	<ol style="list-style-type: none"> 1. COMPLETE 2. The project is on schedule and has adequate financial resource to be completed.

	<ul style="list-style-type: none"> 3. COMPLETE 4. Sufficient budgetary provision has been made via grant funding from the LTA and the city council's capital programme. Work is currently underway to procure the enabling work to get the tennis courts back into service.
Time Bound – Start/end dates	<ul style="list-style-type: none"> 1. COMPLETE 2. Route to Affordability to be completed by the end of October 2018 and contracts put in place for the Principal Contractor. The designers need to be novated to the Principal Contractor by the end 2018, to maintain programme. Temporary accommodation (or alternative arrangements') need to be put in place by the end of October 2018 to allow demolition and construction of the Sands Leisure facilities by March 2019. Completion of the project scheduled for December 2020. 3. COMPLETE 4. The enabling works was scheduled for completion by end November 2018.
Progress in Quarter 3 2019/20 against project plan / key milestones achieved	<p>The occupation lease for the temporary leisure facilities at the former Newman RC High School (Lismore Place) has now been completed (21st Jan 2020).</p> <p>A 'letter of intent' has been issued to Wates Construction to allow them to place orders for the materials and labour to deliver the temporary facilities.</p> <p>The enabling works contract is close to completion and is targeted for sign off 31.01.2020.</p> <p>The main works contract is well developed and is targeted for completion end of February 2020.</p> <p>The funding agreement with Sport England is also close to completion and is targeted for completion early February 2020.</p>
Emerging issues / risks to the project	<p>The main contract has slipped from our original programme, largely due to protracted lease negotiations with the Diocese of Lancaster and Environment Agency permits at the Sands site.</p> <p>Surveys are currently being undertaken on the events centre roof and back of stage at the Sands.</p> <p>The results of these may raise further issues that the project team will need to assess.</p>

Carlisle City Council Performance Dashboard 2019/20

- to end of Quarter 3

Key	
↓	Performance is deteriorating (compared to same period last year)
↑	Performance is improving (compared to same period last year)
→	No change in performance (compared to same period last year)
✗	Off target
▲	Close to target (within 5%)
✓	On target

On Target?	New Code	Measure	Q3 Performance 2019/20	Q3 Performance 2018/19	Trend	Target	Comments
✗	CSe14	Actual car parking revenue as a percentage of car parking expenditure (including recharges).	138.4%	141.0%	↓	147.6%	Revenue under target
✓	CSu02	Proportion of customer "calls for service" logged in Salesforce completed on-line	16.4%	15.2%	↑	15.2%	From calls logged in Salesforce CRM (4697 out of 28691 logs).
✓	CSu04	Percentage of Council Tax collected	84.8%	84.8%	→	84.8%	
▲	CSu05	Percentage of NNDR collected	82.4%	84.2%	↓	84.2%	Charge for a new car showroom applied midyear and instalments will be paid during the remainder of the financial year
✓	CSu06	Proportion of direct social media messages on Facebook and Twitter responded to within 24 hours (work days)	100%	100.0%	→	100%	
✓	CSu07	Customer Services - Respond to customer emails within 48hrs	97.4%	N/A	N/A	90%	New measure for 2019/20
▲	FR01	Actual net spend as a percentage of annual net budget.	64.9%	59.3%	↓	64.5%	
✓	FR02	Percentage of all invoices paid within 30 working days	99.5%	98.9%	↑	98%	7496 invoices paid
▲	FR03	Average number of working days lost due to sickness absence per FTE (full-time equivalent) employee.	8.2	7.9	↓	7.9	Sickness Absence is a separate agenda item at the Business & Transformation Scrutiny Panel for Quarter 3 report.
▲	FR04	Percentage of return to work interviews completed in five working days of returning to work.	75%	77%	↓	78%	
N/A	FR06	Proportion of debts recovered (sundry debtors)	94.2%	N/A	N/A	N/A	New measure for 2019/20. Rolling 12 months to end of Dec 2019
N/A	GRS04	Proportion of contested licence applications decided on within 50 working days.	N/A	N/A	N/A	95%	0 contested applications
✓	GRS05	Proportion of Temporary Event Notices licences processed within 1 working day.	100%	100%	→	100%	149 applications in 2019/20

Report to Business & Transformation Scrutiny Panel

Agenda
Item:

A.6

Meeting Date: 13th February 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: SICKNESS ABSENCE REPORT 2019/20
Report of: Corporate Director of Finance and Resources
Report Number: RD.56/19

Purpose / Summary:

This report sets out the authority's sickness absence levels for the period April 2019 to December 2019 and other sickness absence information.

Recommendations:

- 1) Scrutinise and comment on the information on sickness absence provided in the report.
- 2) Consider establishing a task and finish group with Member input to assist the HR Manager in reviewing the Attendance Management policy with the aim of more effectively managing absence levels.

Tracking

Executive:	Not applicable
Scrutiny: BTSP	13 February 2020
Council:	Not applicable

1. BACKGROUND

Current sickness statistics, as at December 2019, are shown below, with the number of days lost per FTE equating to 8.2 in the first nine months of 2019/20 (7.9 2018/19).

Although the Council has an Attendance Management procedure in place, this was written and implemented in 2004 (with minor changes incorporated since then) and is therefore due a fundamental review and would benefit from clearer, more transparent trigger points. The existing policy, attached at **Appendix A**, outlines the trigger points which initiate an “informal discussion” but after this any triggers are down to Management discretion and what is deemed “reasonable”. This is open to interpretation, which potentially places the Authority at risk when trying to manage absence consistently and does not provide staff themselves with clear processes to help them manage their own attendance.

The use of a Task and Finish Group, to review the current Attendance Management Policy, is suggested to ensure a robust policy with effective trigger points is in place, providing support to Managers and HR when managing absences.

Local Authorities generally have identified issues with attendance management policies and a workshop is being held in Bolton on Wednesday 5th February 2020, which is being attended by the HR Adviser.

2. 2019/20 SICKNESS ABSENCE

The table below shows the 8.2 days lost per FTE split between long and short-term sickness (long term sickness is defined as any absence more than 4 working weeks):

Up to end Q3 2019/20	Days Lost	Days Lost per FTE
Long-term	2,277 (67%)	5.5 (67%)
Short-term	1,103 (33%)	2.7 (33%)
Total	3,380	8.2

The tables below provide absence levels split by directorates for April to December of each year. New staffing structures were in place with effect from 1 October 2016 and 1 October 2018.

All Directorates (476 head count/413 Full-Time Equivalents (FTE) as at 31/12/19)				
Indicator	2016/17	2017/18	2018/19	2019/20
Working days lost due to sickness absence per FTE	5.4	6.4	7.9	8.2
Number of working days lost due to sickness absence	2165	2666	3304	3380
Proportion of sickness absence that is long term (four working weeks or more)	47%	61%	67%	67%

Community Services (177 head count/168 FTE)				
Indicator	2015/16	2017/18	2018/19	2019/20
Working days lost due to sickness absence per FTE		8.9	10.0	7.9
Number of working days lost due to sickness absence		1493	1656	1296
Proportion of sickness absence that is long term (four working weeks or more)		71%	67%	62%

Economic Development (42 head count/39 FTE)				
Indicator	2015/16	2017/18	2018/19	2019/20
Working days lost due to sickness absence per FTE		2.5	1.7	4.1
Number of working days lost due to sickness absence		89	62	153
Proportion of sickness absence that is long term (four working weeks or more)		0%	0%	48%

Governance and Regulatory Services (134 head count/107 FTE)				
Indicator	2015/16	2017/18	2018/19	2019/20
Working days lost due to sickness absence per FTE		5.9	8.6	8.4
Number of working days lost due to sickness absence		606	924	907
Proportion of sickness absence that is long term (four working weeks or more)		56%	83%	73%

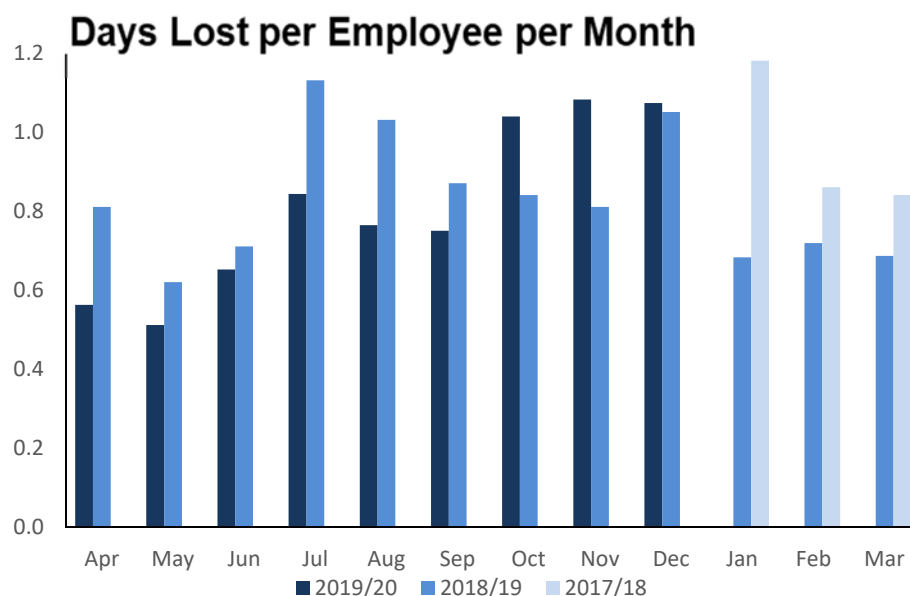
Corporate Support* (83 head count/67 FTE)				
Indicator	2015/16	2017/18	2018/19	2019/20
Working days lost due to sickness absence per FTE				8.3
Number of working days lost due to sickness absence				591
Proportion of sickness absence that is long term (four working weeks or more)				68%

Finance and Resources* (40 head count/33 FTE)				
Indicator	2015/16	2017/18	2018/19	2019/20
Working days lost due to sickness absence per FTE				13.5
Number of working days lost due to sickness absence				433
Proportion of sickness absence that is long term (four working weeks or more)				76%

*Corporate Support and Finance and Resources directorates restructures took effect from 1/10/18, therefore reporting on new directorates has commenced from 2019/20.

There has been a 4% increase in overall days lost per employee when compared to the same period in the previous year. 49 employees have been absent long-term (those cases where the absence is 4 working weeks or more) in the first nine months of the year; one more than the same period last year. 18 of the 49 instances remained open on 14th January 2020 and 21 of the 49 instances are due to 'Stress, depression, mental health, fatigue syndromes'.

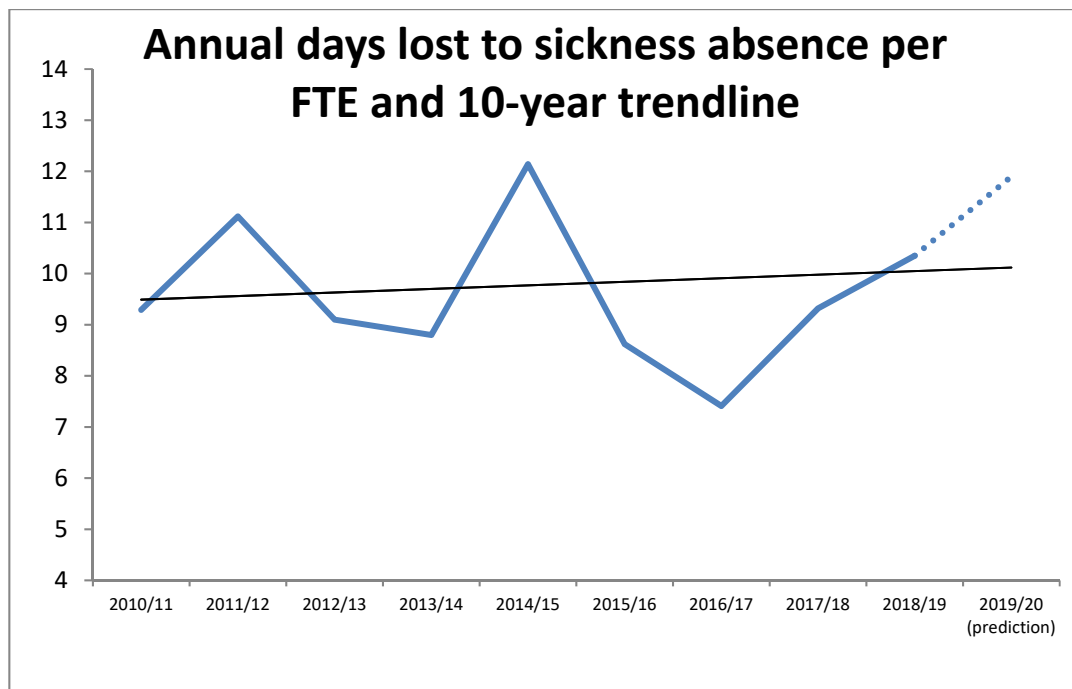
The following graph compares the latest twelve months with those of the previous year. Quarter 3 (October to December) has seen a significant increase from the same period last year. This goes against the trend of the improvements seen in the previous nine months.



3. TRENDS

Authority-wide, compared to same period of 2018/19, 2019/20 levels of sickness have increased by 4%. The long-term trend based on a forecast for 2019/20 can be seen in the graph below.

Normally the final quarter of the year (January to March) accounts for around 31% of the annual sickness. 2018/19 was slightly lower at 24%. If 2019/20 follows the average, the annual figure will be nearly 12 days lost per FTE – as shown in the line graph below. The black line is the long-term trendline.



4. SICKNESS ABSENCE REASONS

The reasons for sickness absence are shown in the table below. The table shows the FTE days lost due to each reason for the sickness absence and is split by directorate. 'Stress, depression, mental health, fatigue syndromes' currently represents the absence reason with the greatest days lost (908 days). 83% of these 908 lost days were from 21 long term absentees. Seven of these 21 were still open ended as at 14th January 2020.

FTE Days lost by reason and directorate	Comm. Services	Corporate Support	Economic Dev't	Financial Services	Gov & Reg Services	Total
Back and neck problems	43	53		87	14	196 (6%)
Other musculo-skeletal problems	271	58	61	50	49	489 (14%)
Stress, depression, mental health, fatigue syndromes	494	113	7	59	235	908 (27%)
Infections (incl. colds and flu)	98	55	23	17	98	291 (9%)
Neurological (incl. headaches and migraine)	8	17	2	18	16	59 (2%)
Genito-urinary / gynaecological	5	4	34	2		45 (1%)
Pregnancy related (not maternity leave)						-
Stomach, liver, kidney & digestion (incl. gastroenteritis)	198	152	10	9	121	489 (14%)
Heart, blood pressure & circulation	31	93			125	249 (7%)
Chest & respiratory (incl. chest infections)	105	1	2	10	44	162 (5%)
Ear, eye, nose & mouth / dental (incl. sinusitis)	38	39	11	3	12	102 (3%)
Other	7	9	3	180	194	392 (12%)

5. RETURN TO WORK INTERVIEWS (RTW)

Up to the end of Quarter 3 2019/20, 100% of return to work interviews were conducted (2018/19: 97.4%). The time taken to complete the interviews and the proportion completed within five working days has also been included in the table below:

Directorate	Proportion of RTWs conducted	Average time taken to complete RTW (working days)	Proportion of RTWs completed within 5 working days
Community Services	100%	4.6	80%
Corporate Support	100%	5.2	78%
Economic Development	100%	5.6	65%
Finance & Resources	100%	4.9	76%
Governance & Regulatory Services	100%	5.7	67%
All Directorates	100%	5.1	75%

6. KEY ACTIVITIES TO SUPPORT ATTENDANCE MANAGEMENT

HR, Organisational Development, Health & Safety and Occupational Health all continue to work closely to proactively manage all sickness absence cases, attendance at work and health surveillance and promotion.

In December 2019 the Council were awarded the Better Health at Work – Silver Award and are now working towards achieving the Gold Award.

A Health and Wellbeing Day was held in November 2019 at the Civic Centre and one held at Bousteads Grassing in July 2019. There were numerous activities including BMI checks, cholesterol checks, Reiki and presence from the EAP provider.

The following initiatives have been arranged in April to December 2019 to improve health and wellbeing and reduce sickness absence:

- Re-think your drink – scratch card sent to all staff in May to rate their alcohol intake;
- Mental Health Awareness Week – links emailed to staff to EAP webinars – May;
- Walking Event – Carlisle 10k in Ten Day Event – June;
- Healthy meals - Eating 5-a day sessions arranged by Health Advocates – June;
- Menopause Drop In – June and October;
- Cholesterol Checks – June;

- Big Lunch – June;
- First Aid Room and Breast Feeding Room set up on 1st Floor of the Civic Centre – June;
- Outdoor gym sessions – September;
- Carlisle City Council Football Tournament held in September;
- Migraine Awareness Week – email sent to staff in September;
- Bio resilience training – October;
- Health and Wellbeing session – Digestive Conditions – October;
- Flu vaccinations for staff – November;
- Physio – Neck and Back care - lunchtime learning – November;
- Deskercise booklet emailed to staff – November;
- Alcohol Awareness campaign – Free Mocktails – December;
- Lunchtime Learning – Mindful craft classes, crochet and advanced crochet - ongoing;
- Lunchtime walks – ongoing;
- Physio Pilates – ongoing;
- Meditation – ongoing;
- Yoga early morning and evening sessions;
- Counselling service – ongoing;
- Wellbeing pages on the intranet - which include support for mental health, carers and general wellbeing – ongoing;
- Staff rest room – ongoing;
- EAP - Employee / Employer Monthly Newsletters sent to staff and managers – ongoing.

7. RISKS

None

8. CONSULTATION

The report was reviewed by the Senior Management Team on 27th January 2020.

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Panel are asked to scrutinise and comment on the sickness absence information with a view to driving continuous improvement.

The Panel are asked to consider establishing a task and finish group with Member input to assist the HR Manager in reviewing the Attendance Management policy with the aim of more effectively managing absence levels.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

Monitoring sickness absence to help ensure the staff resources available to deliver the Carlisle Plan are maximised.

Contact Officer: Sue Kaveney

Ext: 7071

Appendices **Appendix A – Attendance Management Policy**
attached to report:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL - This report raises no explicit legal issues.

FINANCE – This report raises no explicit financial issues

EQUALITY – This report highlights the positive interventions taken around mental health in the workplace. This work demonstrates our commitment to the Public Sector Equality Duty and is consistent with the Equality Policy and Action Plan.

INFORMATION GOVERNANCE – This report raises no explicit issues relating to Information Governance.

ATTENDANCE MANAGEMENT: SICKNESS ABSENCE

Policy, Procedures and Guidelines Toolkit



**Produced by
HR Advisory Services**

March 2004
Last Updated March 2019

About this document

This document covers:

- Council Policy on Attendance Management: Sickness Absence
- Procedures to be followed in the event of sickness absence
- Guidance on specific issues where appropriate
- Checklists of actions and discussion points in specific circumstances
- Forms to be completed
- Sample letters for written correspondence with employees
- Flow charts to provide an overview managing both short and long term absences
- Details of health support available for managers to assist manage sickness absence

It forms part of the Council's overall attendance management strategy and its purpose is to assist managers manage sickness absence effectively and fairly. It contains information that is useful to both managers and staff. It is designed to be supportive, not punitive, and everyone involved should operate the policy and procedures within the 'spirit' of this.

It also contains information that is useful for staff. For ease a separate document has been written for staff detailing procedures they need to follow if too ill to attend work.

It is arranged in three parts:

- Part 1: Policy
- Part 2: Procedures and general guidance
- Part 3: A "toolkit" of checklists, forms, templates for letters and flow charts

Part 1: Policy

- 1: Introduction
- 2: Policy statement
- 3: Scope of the policy
- 4: Responsibilities
 - Employees
 - Managers
 - Directors
 - HR Advisory Services
- 5: Links with other policies
- 6: Monitoring this policy
- 7: Review of policy

Part 2: Procedures & Guidelines

- 1: Notifying absence
- 2: Failure to notify
- 3: Certification
- 4: Maintaining contact
- 5: Return to Work Interview
- 6: Record keeping and monitoring sickness absence levels
- 7: 'Trigger points'
- 8: Frequent short term absences
 - 8a) Absence support meeting
 - 8b) First stage – 1st First formal absence review meeting
 - 8c) Second stage – 2nd formal absence review meeting
 - 8d) Third Stage – 3rd formal absence review meeting
 - 8e) 'Life' of warnings
 - 8f) Rights of appeal
- 9: Long term absence
 - 9a) Maintaining contact
 - 9b) Meeting(s) with manager/home visit
 - 9c) Referral to Occupational Health
 - 9d) Case conference(s)
 - 9e) 'Managed' return to work
 - 9f) Redeployment
 - 9g) Specialist advice
 - 9h) Case review hearing
- 10: Mutual agreement to terminate employment
- 11: Ill health retirement with immediate pension benefits
- 12: Work-related ill health or injury
- 13: Diversity and equal opportunities considerations

- 14: Sick pay provisions
- 15: Long term sickness and annual leave
- 16: Sick whilst on annual leave
- 17: Several periods of long term sickness

PART 3: “Toolkit” – Checklists, forms, template letters and other information

A: Checklists

- A1 Manager’s contact with absent employee
- A2 Return to Work Interviews – short absences
- A3 Return to Work Interviews – long term absence
- A4 Absence Support Meeting – frequent short term absences
- A5 1st Formal Absence Review Meeting
- A6 2nd Formal Absence Review Meeting
- A7 3rd Formal Absence Review Meeting
- A8 Meetings with staff absent on long term sickness
- A9 Case Review Hearing

B: Forms

- B1 Sickness Declaration Form combined with Return to Work Interview
- B2 Absence Support Meeting
- B3 Referral form to Active Care Counselling
- B4 Referral to Occupational Health

C Templates for letters

- C1 Following an (informal) Absence Support Interview
- C2 Following a review of attendance targets where sufficient improvements have been made
- C3 Invite to a formal Absence Review meeting (1st or 2nd)
- C4 Following a formal Absence Review Meeting (with warning given – 1st written or final written)
- C5 Following a formal Absence Review meeting where more time is given for improvement
- C6 Invite to a 3rd Formal Absence Review meeting
- C7 Dismissal following 3rd Formal Absence Review meeting (frequent short term) or Case Review Hearing (long term)
- C8 Following 3rd Formal Absence Review meeting or Case Review Hearing – no dismissal
- C9 No contact (or little) during first and second week of absence
- C10 No contact after C9 letter
- C11 Failure to attend meetings arranged

D Other information

- D1 Fit Note
- D2 Form for employee to complete where injury is due to a third party and where damages may be claimed
- D3 Employee Assistance Programme
- D4 Summary flow chart – managing frequent short term absence
- D5 Summary flow chart – managing long term absence

PART 1: POLICY

1 Introduction

The Council values its staff and customers. Staff wellbeing is a crucial part of this; equally, we are here to be able to deliver good quality services to our public. To pursue this we need to maintain that fine balance between the requirement for all employees to attend work everyday unless they are on annual leave or some other pre-agreed absence, and individuals' need for time off when they are not fit enough to be present.

We acknowledge that individual staff can become ill and, as a consequence, require time away from work, and may be concerned about this absence. In order to minimise the risk of distress, it is important for managers and staff to communicate and work together co-operatively to manage absence situations and to enable staff to attend work or return to work with confidence.

Everyone has the indisputable right to be treated fairly and with respect and this includes any discussions about attendance at work. The role of the trade unions in supporting their members is valued. Equally, managers need to be kept informed about an employee's illness so that they can support that employee and minimise the disruption to work.

2 Policy Statement

The Council, Management and Trades Unions are jointly committed to the achievement of the highest possible level of attendance at work and will work co-operatively towards this objective. Current aims are for our absence statistics to fall below the Regional average and show year on year continuous improvement.

Management has a crucial role in working jointly with individuals and the Trade Unions to achieve this aim.

Everyone involved recognises that, from time to time, employees will be unable to attend work due to illness. Employees are responsible for their attendance at work; however, they may benefit from support and assistance during their recovery and return to work and, in situations of repeated absence, to improve their attendance and maintain it at an optimum level.

All employees will be treated with respect and on an equal basis. This policy and procedures will be applied in a fair and non-discriminatory way, and in line with the Council's policies on equality. Correspondingly, managers and supervisors are entitled to be firm when handling any matters arising from absence. To assist with consistency, the Council has identified 'trigger' points – that is absence rates and/or patterns that may indicate that there may be a problem and further investigation and action/discussion called for.

A thorough investigation of the circumstances of the absence will precede the consideration of any formal action. Formal action will not be taken automatically - each case will be considered in the light of the specific circumstances surrounding it. Guidelines have been formulated in the interests of consistency of approach while recognising the need to take individual circumstances into account. Where appropriate, occupational health advice will be sought.

Formal action will only be taken after the issue has been previously discussed with the employee. The employee will be afforded the right of representation, and there will be an appeals mechanism.

Whenever an absence interview is held with an employee, a review period should be set and a timetable agreed to assist with future monitoring of progress.

All action taken will comply with relevant legislation applying at the time and Council policies – including equal opportunities, disability discrimination and data protection legislation.

Managers and supervisors who have responsibility under this policy will receive training and guidance to ensure that the required skills are developed and the procedures are clearly understood.

3 Scope of this policy

This policy applies to all employees of Carlisle City Council.

4 Responsibilities

Everyone has a responsibility for helping to achieve high attendance levels. In particular:

Employees' responsibilities:

- ✓ Attend work when fit to do so
- ✓ Notify their manager if they have to leave work due to sickness
- ✓ Notify their manager punctually if unable to attend work – see “Notifying Absence” (part 2, paragraph 1)
- ✓ Have a shared responsibility with their line manager to maintain regular contact during the period of absence
- ✓ Refrain from any activities outside work that are incompatible with their illness or that may delay recovery
- ✓ Take advantage of activities identified that are designed to assist recovery and return to work – e.g. attending appointments at Occupational Health, participating in treatment prescribed, accessing other support available if required (such as ‘Access to Work’ Scheme), meeting with managers
- ✓ Return to work as soon as possible after an illness or injury, but only when fit to do so
- ✓ Take personal responsibility for their health and welfare

- ✓ Raise concerns with their manager, as soon as possible, if they believe that their work is making them ill or contributing to their illness
- ✓ Inform their line manager as soon as possible if they sustain an injury during the course of their work
- ✓ Inform their line manager or any other relevant parties, of any medical information that may pose a potential health and safety risk to themselves or others, e.g. if they have been issued with medication that restricts their capacity to carry out normal working activities.

Managers' responsibilities:

- ✓ Create a working climate where employees feel valued and respected and support them to carry out their job effectively – including providing appropriate training and development, effective communications and safe and healthy working conditions
- ✓ Treat everyone as an individual and with respect
- ✓ Act fairly and consistently, and adhere to this policy
- ✓ Ensure that all employees are made aware of this policy and other relevant Council policies and support available (see part 1, paragraph 5)
- ✓ Maintain confidentiality – and treat all sensitive data with respect
- ✓ Meet with the employee to discuss the employee's absence after every period of absence
- ✓ Maintain reasonable and regular contact with absent employees
- ✓ Carefully review the attendance record of staff especially those within their first six months of employment
- ✓ Monitor absence within their team and taking appropriate action to manage absence levels of their staff
- ✓ Where the level of an employee's absence is considered to be unsatisfactory, review the situation with the employee and provide appropriate support. They should set review dates and monitor progress accordingly. Where appropriate, carry out formal absence review meetings and, where appropriate, issue formal warnings.
- ✓ Seek advice and guidance from Occupational Health and the HR team where necessary to ensure that each absence case is dealt with appropriately
- ✓ Refer staff to Occupational Health where appropriate (see part 2, paragraphs 4 and 9c)
- ✓ Where an employee sustains an injury during the course of their duties, advise the Safety Health and Environment Manager and carry out any investigations required
- ✓ Keep records of sickness absence for their staff in line with agreed procedures.

Director's responsibilities:

- ✓ Determine the appropriate managers and supervisors to carry out the various stages of the procedure
- ✓ Ensure that accurate, and up to date records of sickness absence are kept and are available to enable early identification of individual problem areas
- ✓ Monitor and review attendance at work at both individual and section / Directorate levels
- ✓ All those responsibilities listed under 'all managers' – see above.

HR Advisory Services will:

- ✓ Provide regular reports to management on sickness absence
- ✓ Provide advice and guidance to managers and staff
- ✓ May make/assist with referral to Occupational Health, at managers' request
- ✓ Be involved in discussions when future employment or alternative employment issues are raised
- ✓ Be available to assist in sensitive cases
- ✓ Be present at any meeting from which serious action may result
- ✓ Ensure that the policy meets the business needs of the Council
- ✓ Monitor the policy – both in its application, and to ensure that it remains appropriate in the light of the operational needs of the Council, changing legislation and good practice.

5 Links with other policies

This policy, and related procedures, covers attendance management with specific reference to sickness absence. While dealing with sickness absence, managers may make use of other policies – mainly, but not exclusively:

- Redeployment
- Maternity
- Alcohol and substance abuse
- Carers
- Family emergencies
- Equal Opportunities
- Flexible Retirement
- Flexible Working
- Flexitime

Nothing in this attendance management policy and procedures runs contrary to other policies. However, if there is any apparent conflict between them, the HR Manager should be contacted for clarification.

6 Monitoring this policy

The HR Manager is responsible for monitoring this policy.

7 Review of this policy

This policy, and related practices, will be reviewed at any such time as legislation or good practice indicate that this is advisable.

To date, the policy has been updated as follows:

Date	
1 st March 2019	Part 12 fit note required
1 April 2004	Policy implemented
July 2007	Updated for terminology
October 2012	Updated for terminology, changes in legislation and review of procedures, additional “toolkit” information.

October 2012

PART 2: PROCEDURES & GUIDANCE

This section covers the procedures to be followed in relation to sickness absence, and, where appropriate, offers guidance in the application of particular aspects of the policy.

1 Notifying Absence

It is essential that line managers know when a member of staff is not able to attend work. Therefore, employees must:

- ✓ Telephone their line manager on the **first, 4th and 8th day** of their absence as a minimum. On the first day of absence this must be by the agreed time; for most people this will be **9.30 am, unless working in a section where different arrangements apply - see below.**

With some services it is important for managers to know of an absence earlier than 9.30 am to allow alternative cover to be arranged – in these cases employees will be given specific instructions relating to reporting sickness absence, and these must be followed.

- ✓ On the **first** day of absence give their manager details of:
 - : their illness or injury
 - : when their illness began/injury was sustained
 - : anticipated duration of absence
 - : details of any work commitments that may need to be re-arranged
 - : contact number for any return telephone call
- ✓ If the manager is not available to receive the telephone call, employees must leave a message and they will contact the employee as soon as they can.
- ✓ In exceptional circumstances, where the employee is not able to telephone themselves, they must arrange for someone to contact the manager on their behalf; the employee should make contact with their manager as soon as possible after that. Text messages must only be used as a means of notification in exceptional circumstances and must contain a telephone number to allow for the manager to ring the employee as soon as possible.
- ✓ If the employee believes that their absence may have been caused by something that happened at work, they must tell their manager this, as there are a number of additional aspects to the absence (part 2, paragraph 12, outlines these)
- ✓ If an absence lasts for **more than three** days, the employee must notify their manager again on the **4th and 8th** day. *Please note that each day (including the weekend) counts as a day of absence for this purpose. If the fourth day is a Saturday or Sunday, contact must be made on the following Monday.*
- ✓ For absences lasting longer than **eight days** regular contact must be maintained. The manager will agree the frequency and other contact arrangements.
- ✓ If the manager feel that more frequent contact would be appropriate they will advise the employee of this.

A checklist of issues to cover when employee notifies their manager is given in part 3 (Toolkit) as Checklist A1.

2 Failure to notify

Employees are reminded that it is a condition of their employment, and the sick pay scheme, that they notify their manager when unable to attend work and that if they fail to do this without good reason, they may jeopardise their entitlement to sick pay, and if repeated, may put their future employment at risk.

3 Certification

Every absence must be certified to ensure that employees receive the correct contractual and statutory sick pay and that accurate records are kept.

Employees must complete a 'Sickness Declaration' form for **all** absences. In addition:

- ✓ For absences of **eight or more days** (*whether or not they are working days*), a medical certificate must be forwarded to the line manager no later than the **8th day**
- ✓ Where there is continuing sickness absence, the employee must provide consecutive medical certificates to cover the whole period of the absence
- ✓ The manager must ensure that the absence is recorded on Trent
- ✓ If an employee becomes ill during annual leave, normal notification procedures apply (see part 2, paragraph 16).

A copy of the sickness declaration form is given as the first page of form B1 in part 3 (Toolkit).

4 Maintaining contact

When an employee is absent due to sickness, it is important that contact is maintained between the manager and the employee, to ensure that the employee is getting support available and prevent them feeling isolated and out of touch. Frequency of contact during the first eight days of any absence is specified in Part 2, paragraph 1 above. Thereafter the line manager should consider the following:

- ✓ Agreeing a method and frequency of contact – preferably by telephone but, if the employee finds this difficult, by letter or email
- ✓ For absences due to stress, the manager should normally arrange a referral to stress counselling which is provided by Active Care **immediately** by completing an Active Care referral form (part 3, form B3). Active Care will carryout a telephone consultation with the Employee, arrange for suitable counselling and do provide the Council's OH section, the manager and HR with a report (within the restrictions of confidentiality).
- ✓ For muscular skeletal injuries, the employee should normally be referred to occupational health **immediately** so that any necessary physiotherapy can be started as soon as possible (part 3, form B4).
- ✓ For all other absences of longer than **four weeks**, (or where it is anticipated that this will be the case) the manager should meet with the employee (see part 2, paragraph 9b). The employee may wish to have someone else present – this may be a trade union representative, a work colleague or a partner/close relative.
- ✓ Regular contact must be maintained in the case of long term absences.

- ✓ Occasionally, an employee may feel unable to meet, or speak, with their manager, during their illness. In these exceptional cases, alternative arrangements should be made e.g. the employee appointing someone who can speak on their behalf, corresponding by post or e-mail. It is important that the manager maintains regular, meaningful, dialogue with the absent employee.

5 Return to work interview

Managers will conduct a Return to Work interview with all employees returning from sickness absences, ideally on their first day back and no later than the third day back except in exceptional circumstances. A record of the discussion must be kept. A copy of the Return to Work Interview Form (combined with a Sickness Declaration form) can be found in the part 3, form B1.

A checklist of discussion points for the Return to Work Interview is given in part 3, form A2 (short absences) or A3 (long term absences).

If the Employee's absence is sufficient to cause concern (see Trigger Points below) this may be combined with the Absence Support meeting (see below Part 2, paragraphs 7 and 8a).

6 Record keeping and monitoring sickness absence levels

Accurate records must be kept to ensure correct sick pay is made, statistical returns completed and the level of sickness absence monitored. Therefore:

- ✓ Managers must record details of sickness absence for their staff, in the approved manner, on the HR/Payroll database (Trent)
- ✓ Managers will keep records and brief notes of all discussions and meetings with employees, to ensure that absence is managed effectively, and a record of earlier decisions and actions are available to inform future decisions and keep employees' personnel file up to date.
- ✓ HR Advisory Services will provide regular reports of sickness absence to SMT and Service Managers and necessary details for statistical returns and performance indicators
- ✓ Each manager will monitor sickness absence levels within their team, and take further action when there are concerns about an employee's absence levels (*more details of this is given in part 2, paragraph 7*)

7 'Trigger Points'

To assist managers, handle sickness absence in a considerate but fair and consistent way, the Council has identified a number of 'trigger points'. If an employee's absence reaches one, or more, of these, it indicates that there may be cause for concern and the manager must consider whether or not to take any further action.

The 'trigger points' are:

Short term absences: an aggregate of 2 working weeks} in any 12 month period
Or 4 occasions }
Or where the pattern of absence gives cause for concern e.g. Mondays/Fridays, adjacent to a holiday period.

Once the employee's attendance reaches one of the "trigger points" for frequent short term absence, the manager should consider moving to an informal absence support meeting unless there is good reason not to.

In deciding whether or not to do this the manager should consider the specific circumstances of the individual and their absence, past attendance levels and any other pertinent factor. “Pertinent factors” could include the fact that the employee is pregnant, and the absences are related to the pregnancy, has a disability that may require more than usual absences or be in the process of undergoing investigations or treatment for underlying health issues.

Guidance on the action that may be taken is given in part 2, paragraph 8a and more details in the checklist at part 3, form A4.

Long term absence: 4 working weeks or more

8 FREQUENT SHORT TERM ABSENCES

This relates to situations where the employee is frequently absent, usually as a result of minor ailments, whether or not there are medical certificates. Part 2, paragraph 7 (above) outlines when these become too frequent to be acceptable.

A summary flow chart of managing frequent short term absences is given as appendix D4.

8a Absence Support Meeting – Informal Stage

This is an informal discussion, designed to alert the employee to their attendance levels and assist them in improving their attendance, thus preventing the need for more formal action.

It is recommended that it follows on from the Return to Work Interview unless there is good reason not to, (such as the employee wishes to arrange to be accompanied by a work colleague or trades union representative. Thus, the process would be:

- ✓ Hold a Return to Work Interview as normal
- ✓ Discuss concerns you have about attendance
- ✓ Decide whether or not you need to move the discussion into an Absence Support Meeting
- ✓ Explain reason to employee and check to see whether they are comfortable with continuing or deferring to arrange someone to accompany them
- ✓ If an Absence Support Meeting is appropriate, discuss support, improvements, targets, review period and advise informally of consequences of not achieving an improvement in attendance.

See part 3 (Toolkit) for:

- ✓ a copy of the form to record the discussion (part 3, form B2) – Absence Support meeting (frequent short term absences).
- ✓ a checklist of points of preparation, points to discuss and options available is given as checklist form A4.
- ✓ a framework letter to be used to send to the employee after the discussion is given as letter C1 to confirm the agreed actions, and a copy will be kept on the employee's personal file. (*Note: this is a record of the discussion, not a formal 'warning'.*)

A further review meeting will be arranged to review progress.

If the employee's absence improves to a satisfactory level, the review meeting will acknowledge this, congratulate them on their achievement and indicate that, as long as the improvement is maintained, the matter is closed. A note to this effect should be sent to the employee (letter C2 provides a template) and a copy placed on the employee's file.

8b First formal stage – 1st Formal Absence Review meeting

If there is insufficient improvement in the employee's sickness absence record, the manager will hold a first formal absence review meeting. The employee will be given notice of the meeting and offered the opportunity to have their Trade Union representative or a work colleague accompany them.

See part 3 for details of:

- a framework letter inviting employee to the meeting C3
- a checklist of discussion points A5
- framework letter to send to the employee following a meeting where a formal warning is given C4
- framework letter where the employee is given more time to improve C5

If, following the 1st Formal Absence Support meeting, the employee's attendance improves to a satisfactory standard, a meeting should be held with them to acknowledge this, congratulate them on their achievement and indicate that, as long as the improvement is maintained, the matter is closed. A note to this effect should be sent to the employee (letter C2 provides a template) and a copy placed on the employee's file.

8c Second formal stage – 2nd Formal Absence Review meeting

If there is insufficient improvement in attendance – the manager will hold a second formal absence review meeting with the employee. An HR Advisor should also attend. The process and discussion should be as for the first formal absence review meeting.

See part 3 for a copy of:

- framework letter inviting the employee to the meeting C3
- a checklist of discussion points, considerations and possible outcomes A6
- framework letter advising employee of the outcome C4 if a further warning is given and C5 if more time is given for improvement

As with previous meetings the manager, if the employee's attendance improves to a satisfactory standard, a meeting should be held with them to acknowledge this, congratulate them on their achievement and indicate that, as long as the improvement is maintained, the matter is closed. A note to this effect should be sent to the employee (see letter C2) and a copy placed on the employee's file.

8d Third formal stage - Third Absence Review meeting

If the employee fails to achieve the required attendance levels, and the manager feels that the Council has done all that is practical to assist and support the employee achieve the targets set, a third absence review meeting will be held with the employee. The process will be the same as for other formal absence review meetings.

It is important that the employee is made aware of the seriousness of their situation, i.e. there is the possibility of dismissal, given written notification of the meeting and a minimum of five days notice. This enables them to prepare for the meeting (including arranging for representation if they wish).

As the absence levels have reached a serious level by this stage, a senior manager with the authority to dismiss must conduct the meeting and an HR Advisor also attend.

Part 3 gives a copy of

- a template letter inviting the employee to the meeting C6
- a checklist of discussion points, considerations and possible outcomes A7
- a template letter to confirm the outcome of the meeting C7 (where dismissal results) or C8 (where other action is taken)

8e 'Life' of warnings

All formal warnings must carry a 'life', after which they become 'lapsed'. The duration of a warning will depend upon a number of factors individual to each situation. As a general rule, 1st written warnings should remain live for six months and 2nd (final) written warnings for twelve months. However, account also needs to be taken of the specific circumstances involved – including the amount of time given to the employee to improve and previous attendance records. The life of the warning must be clearly stated within the letter of warning.

Good attendance levels need to be sustained and, in the event of an improvement in attendance, which deteriorates at a later stage, reference may be made to any lapsed warnings within a period of two years from the end of that warning, if appropriate.

8f Rights of appeal

The employee has the right to challenge the decision at any stage in the process – as follows:

- ✓ In relation to the (informal) Absences Support meeting – using the grievance procedure
- ✓ In relation to the 1st and 2nd stage formal meetings and against any decision short of dismissal in the 3rd stage (final) meeting – a formal appeal to the line manager of the person conducting the meetings, or other suitable manager
- ✓ In relation to the 3rd stage, if the decision was to dismiss – a formal appeal to be heard by an Appeals Panel of Councillors.

All appeals must be made in writing, giving reasons, to the employee's Director within 2 working weeks of receiving written notification of outcome(s) and for this purpose is assumed to be 2 weeks and 1 day after the letter is dated.

9 LONG TERM ABSENCE

Any absence of over four weeks (whether or not a working day) is considered to be a long term absence. The longer an employee is absent, the more difficult most employees find it to return, even when recovered. Therefore, it is vital that the manager actively manages these cases and does not allow the situation to 'drift' along. A summary flow chart of the processes involved in managing long term absence is given in appendix D5.

In cases where the employee appears to very seriously ill, advice from an HR Advisor should be sought at the outset.

9a Maintaining contact

As discussed earlier, it is important for the manager to remain in contact with the employee regularly and reasonably – see part 2B, paragraph 4 – to keep up to date with progress, identify areas for support and determine whether any other actions should be taken.

9b Meeting(s) with manager/home visit

As discussed in part 2, paragraph 4, if the absence is likely to extend longer than four weeks, with no prospect of an immediate return, the manager should meet with the employee. A meeting in the work place is preferable unless the employee's medical condition prevents this, when a meeting at the employee's home or other suitable venue should be arranged. The manager should contact the employee to arrange a suitable time. The employee may, if they wish, be accompanied at these meetings by a trade union representative, a work colleague or partner/close relative.

The meeting will primarily be to discuss the absence and determine a way forward.

A checklist covering details of possible discussion points is given in part 3, checklist A8.

The manager should keep brief notes about the meeting and any outcomes agreed, send a copy to the employee, and pass one copy to Personnel for the employee's file.

During on-going long term absence, the manager should hold regular formal and informal meetings with the employee or their representative to discuss the absence and take conscious decisions to try and resolve the absence situation.

9c Referral to Occupational Health

Unless there is good reason not to, the manager should refer the employee to Occupational Health. Early referral is usually helpful to assist manage the absence. Employee with stress or depression and muscular-skeletal illnesses should be referred as soon as they become ill (as outlined in part 2, paragraph 4). For other illnesses refer to Occupational Health once it becomes apparent that their absence is likely to last more than four weeks. The purpose of this referral is to provide an indication of the likely duration of the employee's absence' what can be done to help the employee return to work more quickly and to ascertain whether the absence is due to work related factors or issues beyond the control of the manager.

Arrangements for a referral to Occupational Health can be arranged by the manager directly with or channelled through an HR Advisor, who will liase with the manager and provide advice and guidance throughout the employee's absence. Part 3, form B4, gives an Occupational Health referral form.

Where necessary, Occupational Health will arrange to obtain reports from the employee's General Practitioner (GP) and any other medical professionals involved in the employee's treatment and advise the employee of their right to see the report(s). The employee is entitled to see these reports before they are sent to Occupational Health. If they wish to do this, they should contact their doctor as soon as possible and ask to see them. If the employee has not seen the report within three weeks of it being prepared, the GP will send it to Occupational Health regardless.

Employees may be asked to attend for other medical assessments in addition to Occupational Health. Any costs of these will be met by the Council.

Employees are reminded that they are expected to co-operate with medical referrals and assessments. If they do not do this, decisions will be made based on the information available – which could be detrimental to the level of support that could be given. In addition, failure to attend appointments without good reason may result in the employee losing their entitlement to occupational sick pay and may also result in disciplinary action.

9d Case conference(s)

Case conferences are a useful tool to manage long term absences. They are a meeting of those involved – usually the line manager, HR Advisor and anyone else who may have useful information e.g. Occupational Health Adviser, and senior management. The objective of this meeting is to explore the options open to resolve the absence and consider the next steps.

Following this, any actions being considered will be discussed with the employee (and their representative), with the objective of working out a strategy to progress the absence to some form of resolution. The strategy will depend on the circumstances and the advice received, and the likely options are covered in part3, checklist A9 and some are discussed further below.

Case conferences provide all involved the opportunity to fully understand the current situation, the various perspectives on absence and to attempt to gain a mutually beneficial resolution.

Depending upon the employee's illness, it may be that the first case conference is not able to result in a resolution of the absence, and that further conferences and support are more appropriate.

The manager will keep in regular contact with the employee throughout the process.

9e 'Managed return to work'

One way to assist an employee return to work, is through a process of 'managed' return to work (sometimes called a 'phased' return to work). This can involve any adjustment to the individual's work on a temporary basis, to allow them to 'build up' to full performance of their duties over a period of time. It may involve any, or all, of the following:

- ✓ Shorter hours for a period – possibly gradually increasing them to full hours
- ✓ Reduced duties and responsibilities for a period
- ✓ Carrying out different ('lighter') duties for a period
- ✓ Doing some work from home for a period
- ✓ Any other workable options.

The employee must be pronounced fit to carry out these reduced duties/hours by his/her GP or the Occupational Health. The duration of the adjusted hours/work should be agreed in advance (although – it may be appropriate, for example, to agree a certain period, then review the situation and if required, extend the period). The important aspect is that it must be managed (as with all things). During this period of ‘managed’ return to work the employee is paid as if they were carrying out their full contract.

9f Redeployment

If the employee will be unable to resume the full duties of their job within a reasonable time period, and it is not possible to make suitable adjustments to allow them to do so, it may be possible to re-deploy them to another vacancy within the Council. Managers should refer to the Council’s Redeployment Policy.

There are a number of activities involved in this and the HR Advisor will lead and co-ordinate these.

9g Specialist advice

Advice on specialist equipment and adjustments to the working area can be obtained from Occupational Health and, or, the disability advisory service at the Department of Work and Pensions. As the sources of this type of advice and government initiatives to assist disabled people may change over time, an HR Advisor should be contacted to assist with obtaining information.

9h Case Review Hearing

Where all other efforts to bring the absence to a satisfactory conclusion have been exhausted, the Director or Service Manager will have to consider whether or not the employee can remain in the Council’s employment. Before taking this decision, a ‘Case Review’ meeting will be held with the employee and their representative, to consider whether there are any further actions that the Council can reasonably take to assist the employee continue their employment, or whether, regrettably, the employment should be terminated.

The hearing will follow the principles of natural justice and include notice of the hearing, the right of representation, free open discussion and the right of appeal against any sanction taken. Details are given in part 3, checklist A9.

10 Mutual agreement to terminate employment

This is where the manager and the employee mutually agree that employment should cease. Both parties agree a date when employment should cease. This normally occurs when an employee is eligible for ill health retirement with immediate pension benefits (see part 2, paragraph 11) but need not necessarily be the case. Care must be taken by the manager to ensure that the employee does not feel under pressure to agree this course of action when they do not really wish for it.

11 Ill health retirement with immediate pension benefits

This is only available to members of the Local Government Pension Scheme and the Council must, by law, ensure that certain conditions are met.

For advice and guidance on Ill Health Retirement contact an HR Advisor.

For information, brief details of ill health retirement are outlined below.

The main criteria is that an independent registered medical practitioner (IRMP) must certify that

“the employee is permanently incapable of discharging efficiently the duties of their employment by reason of ill health or infirmity of mind or body” and

“have a reduced likelihood of being capable of undertaking any ‘gainful employment’ before normal retirement age”

If this is met, there are three levels of ill health retirement provision which are:

Tier 3: The employee is likely of being capable of undertaking gainful employment within 3 years of leaving.

Tier 2: The employee is not capable of undertaking gainful employment within 3 years of leaving employment but is likely to be capable of undertaking gainful employment at some time thereafter and before age 65.

Tier 1: The employee has no reasonable prospect of being capable of undertaking any gainful employment before age 65.

Before certifying that an employee would qualify for ill health retirement with immediate pension benefits, the IRMP has to be satisfied that there is no suitable alternative employment available. (More details on re-deployment can be found in part 2, paragraph 9f).

12 Work-related ill health or injury

While employees who are absent because of an accident or injury at work are treated in a similar way to those whose illness is attributed to other causes, there are a few administrative differences involved, therefore:

- If an employee or manager believes that the absence is caused by the work, an accident report form must be completed as soon as possible and the Safety, Health and Environment Manager advised
- The situation must be investigated in line with the Council's Health and Safety procedures (Accident or Incident Investigation & Report)
- The manager must liase with the Safety Health and Environment Manager and HR Advisor as part of the considerations before any formal action is taken
- The manager must advise the Payroll section and make an immediate referral to Occupational Health as soon as possible.
- Sick pay entitlement while absent with an industrial injury is separate from sick pay for other reasons. For this to be claimed employees must seek medical advice and have this supported by a fit note.

13 Diversity and equal opportunities considerations

Legislation provides additional protection for certain categories of employees in respect of absence. Currently these are pregnant employees and those with disabilities. The protection is mainly to ensure that there is no discrimination against them for reasons of their pregnancy or disability. Pregnant or disabled employees do not necessarily have more sickness absence than others. However, careful consideration is required before taking any action and managers are strongly advised to discuss the situation with an HR Advisor before taking any such action.

14 Sick pay provisions

Sick pay provisions are part of an employee's terms and conditions of employment, and as such are part of the benefits package of working for the Council. There are a number of issues related to this which employees should be aware of.

- Payment of Sick Pay is dependent on Employees following sickness absence reporting procedures and co-operating with all action taken designed to assist their recovery.
- Sick pay is made up of two parts – occupational sick pay (i.e. what the Council pays as part of the benefits package) and statutory sick pay (i.e. what a person is entitled to by law). Anyone who is absent due to sickness for longer than 28 weeks, needs to claim their statutory sick pay from the Department of Work and Pensions. If/when this period is reached, a member of the Personnel & Payroll team will advise the employee. Any occupational sick pay due will continue to be paid into the employee's bank account on the normal pay date.
- For sick pay to be payable for absences of over seven days (whether or not a working day), the employee must submit medical certificates to cover the full period of absence from the 8th day of absence (see part 2, paragraph 3).
- Employees who abuse the sick pay scheme may be liable to disciplinary action, and/or immediate suspension of the occupational part of sick pay.
- Where an employee is absent due to an accident where a third party is responsible e.g. a road traffic accident which was someone else's fault, the employee must advise their manager of this. The employee will continue to be paid as if sick pay were being paid. However, the employee will be asked to sign an agreement to claim this amount as part of their damages against the third party and, if successful, repay it to the Council. Employees will not be expected to repay any money received in sickness payment unless they are successful in claiming it back. An example of the agreement is shown as appendix D2.

15 Long term sickness and annual leave

Legislation entitles employees to take a certain amount of their statutory annual leave even if they are absent on sick leave. They need to give notice, in writing, to their manager that they intend to do this – the length of the notice must be at least twice the duration of the leave. Thus, if an employee intends to take annual leave of one week, they need to give two weeks notice, unless their manager agrees to waive this. There are several issues for a manager to consider whether or not to agree to this leave being taken, and managers are strongly recommended to seek advice from an HR Advisor before authorising such leave.

Any employee who has been unable to take all of their annual leave in the current leave year due their sickness absence may carry it over into the next year. Only one such carryover will be allowed in respect of that sickness absence.

Any employee who leaves having been able to take their annual leave because of sickness will be paid for it.

16 Sick whilst on annual leave

If an employee falls sick during their annual leave, the normal notification procedure applies. However, if the employee intends to reclaim any of the 'lost' annual leave, they must produce a medical certificate to cover the whole of the period of leave to be reclaimed. Outstanding leave may be taken at a later date.

If an employee is sick on a bank holiday, he/she is not entitled to take time off at a later date.

17 Several periods of long term sickness

In the unfortunate event of an employee having several periods of long terms sickness that results in unacceptable attendance levels, these should be dealt within the same manner as frequent short term absences i.e. using an Absence Support meeting, 1st, 2nd and third formal Absence review meetings (as appropriate). Referral to Occupational Health, consideration of what support the Council can provide, attendance targets, consideration of ill health retirement and reviews will all form part of that process.

D4: Flow Chart – Managing Short Term Absences

