

## **BUSINESS AND TRANSFORMATION SCRUTINY PANEL**

**THURSDAY 4 JANUARY 2018 AT 10.05AM**

**PRESENT:** Councillor Mrs Riddle (Chairman), Councillors Allison (until 11.58am), Mrs Bowman, Mrs Glendinning, Mallinson J, McDonald (as substitute for Councillor Mrs Birks) and Watson (until 11.55am).

**ALSO PRESENT:** Councillor Dr Tickner – Deputy Leader, and Finance, Governance and Resources Portfolio Holder  
Councillor Burns – Vice-Chairman of the Health and Wellbeing Scrutiny Panel

**OFFICERS:** Town Clerk and Chief Executive  
Chief Finance Officer  
Deputy Chief Finance Officer  
Customer Services Manager  
Service Support Manager  
Policy and Communications Manager

### **BTSP.01/18 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillor Birks and Councillor Robson.

### **BTSP.02/18 DECLARATIONS OF INTEREST**

There were no declarations of interest affecting the business to be transacted at the meeting.

### **BTSP.03/18 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.04/18 MINUTES OF PREVIOUS MEETINGS**

A Member highlighted the resolution for BTSP.42/17(d) and commented that the last recommendation had been a resolution of the Portfolio Holder and not the Panel.

The Chief Finance Officer confirmed that the amendment had been made and could be viewed on page 86 of the Agenda Document Pack.

**RESOLVED** – 1) That the minutes of the meeting held on 5 December 2017 be approved with the following amendment to resolution BTSP.42/17(d):

4) That the Panel support the recommendation by the Finance, Governance and Resources Portfolio Holder that the following line be removed from Section 6.2 of the revised capital programme 2017/18 and Provisional Capital Programme 2018/19 to 2022/23:

No major one-off schemes unless fully funded from grants of external funding

2) That the Chief Finance Officer provide Panel Members with information on the use of additional contributions to the Public Realm Scheme

## **BTSP.05/18      CALL - IN OF DECISIONS**

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

## **BTSP.06/18      OVERVIEW REPORT AND WORK PROGRAMME**

The Policy and Communications Manager presented report OS.01/18 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

The Notice of Executive Key Decisions had been published on 18 December 2017. The following items included in the Notice fell within the Panel's remit:

*Items which had been included in the Panel's Work Programme:*

KD.23/17 – Budget Process 2018/19

KD.33/17 – Sands Centre Redevelopment (Special meeting)

KD.35/17 – Action Plan – Disabled Facilities Grant 2017 to 2019. This matter would be considered by the Health and Wellbeing Scrutiny Panel in February 2018.

*Items which had not been included in the Panel's Work Programme:*

KD.34/17 – Civic Centre – Ground Floor Reinstatement. This matter was likely to be considered by the Panel in February 2018.

The report included a table of the progress on resolutions from previous meetings. Since the publication of the report the following matters had been completed:

- Sexual Assault Referral Service
- Harraby Cycle Track Project
- Community Infrastructure Levy
- Adriano's
- Bitts Park Lodge

The Sands Centre Redevelopment would be considered by a special joint meeting of the Business and Transformation and Health and Wellbeing Scrutiny Panels on 29 January 2018.

The Panel's Work Programme had been attached as appendix 1 to the report for the Panel's consideration.

The Chairman reported that the Community Asset Transfer Task and Finish Group had a volunteer from each of the Economic Growth and Health and Wellbeing Scrutiny Panels and would the first meeting of the Group had been arranged.

RESOLVED – That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.01/18) be noted.

## **BTSP.07/18      BUDGET 2018/19**

The Chairman welcomed the Vice Chairman of the Health and Wellbeing Scrutiny Panel to the meeting.

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

Minutes of the meeting of the Executive held on 11 December 2017 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.

At the request of the Panel the Chief Finance Officer outlined the changes which had been made to the proposed budget since the Panel's last meeting in December 2017. The following key changes had been built into the budget –

- Removal of the proposed reduction to the Civic Centre Car Park charge for 4 - 9.5 hour period
- Removal of the proposed reduction to specific charges at the Old Fire Station
- Addition of a grant to Carlisle Food Bank
- Implications of the Sands Centre Redevelopment.

The Chief Finance Officer agreed to prepare a summary of the key changes to the budget in future and reminded the Panel that the RSG information had not been known at the time of publication and as a result there would be some amendments to the final budget.

The Finance, Governance and Resources Portfolio Holder added that the consultation period for the budget would end on 15 January and therefore the budget may change in response to any response received.

RESOLVED – That the decisions of the Executive on 11 December 2017 be received.

## **(2) Executive Draft Budget Proposals**

There was submitted the Executive draft Budget proposals 2018/19 which had been issued for consultation purposes.

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 Chief Finance Officer were considered at the Executive meeting of 18 December 2017.

The Chief Finance Officer drew the Panel's attention to Schedules 2 to 6 in the budget proposals and reported that the draft RSG figures of an additional £166,000 for 2018/19 and £149,000 for 2019/20 had been announced. The final figures would be confirmed at the end of January 2018. The budget assumed an £5 increase per Band D in Council Tax for the City Council. The Government had increased the general council tax referendum limit from 1.99% to 2.99%. If the Council had been minded to increase the council tax by 2.99% it would achieve a further £35,000 per annum.

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

- Would the Executive be considering an increase in the Council Tax to the full 2.99%?

The Finance, Governance and Resources Portfolio Holder responded that discussions would take place on the council tax increase and the Executive would then make their recommendation to Council.

- The Budget proposed a reduction of £300,000 to Tullie House funding, a Member was concerned that the service may come back in house.

The Town Clerk and Chief Executive reminded that Panel that the productivity report, jointly commissioned with Tullie House, identified that up to £300,000 per annum could be saved from the subsidy provided to the Trust effective from 2020/21. There was no evidence to suggest that the Trust would not continue to run Tullie House.

- A Member commented that he would not like to see the sale of capital assets used to fund the Leisure Development as he felt it counteracted the original idea of the Asset Management Plan.

The Chief Executive clarified that the detailed discussions on the Leisure Development had not yet happened; however, he felt the option of disposing of low yield capital assets in a transparent way to fund the proposed development and improve the leisure offer within the City would be appropriate. Members would be asked to make the decision for the Leisure Development with all of the information and public consultation responses available to them.

- The change from a subsidy to a surplus with the Leisure Contract was excellent and a Member suggested that the surplus be used to support the Leisure Development.

The Chief Executive confirmed that the changes to the Leisure Contract meant that investment in the facilities would increase income and reduce the requirement for a subsidy. The income that would then come from the leisure contract and the savings in the subsidy would then pay the loan.

- A Member was uncomfortable with the possibility that the Council could be borrowing £30m.

The Chief Executive responded that there was risk associated with the finances of the Leisure Development and they had to be considered alongside the benefit to the people of Carlisle. No decisions would be taken without Members knowledge and full understanding. He understood that Members would seek to fully understand the risks and how they would be managed.

A Member reminded the Panel that the project met the aspirations of the Carlisle Plan.

A Member commented that he was not concerned about the possibility of a £30m loan as long as it was entered into as a repayment loan and felt the terms of borrowing were more suitable now.

A Member added that it was important to remember that the decision making process had to take into account the social needs of the community as well as the financial responsibilities of the Council.

- The proposals reported that the phasing in of 100% retention of business rates was one of the main risks to the robustness of the estimates, how would this risk be dealt with?

The Chief Finance Officer responded that it was not known what the burden of Business Rate Retention would be. The budget therefore only assumed a small inflationary increase in the business rate base line for 2020/21 onwards. The Council had submitted a bid for the Business Rate pilot for 100% retention in 2018/19 but had not been successful and as result the continuing pooling arrangements with other Cumbrian Councils was being discussed.

- A Member asked that scrutiny have the opportunity to scrutinise the business cases for the proposed capital programme schemes as detailed in schedule 8.

The Chief Finance Officer responded that the projects marked with an 'A' in schedule 8 would be subject to further reports to the Executive, including a full business case, prior to the release of any reserves or any expenditure incurred.

The Town Clerk and Chief Executive added that some of the business cases would be for minor schemes; however, Scrutiny had the opportunity to call in any businesses cases if they were not happy with the decision made.

A Member agreed that the call in process was available to the Panel but felt it could be confrontational and suggested that the Panels made the decision to ask for the business cases they wanted to scrutinise.

- Why did the budget still have a GLL reserve?

The Chief Finance Officer explained that the reserve had been reduced but it had been retained to enable the Council to replace equipment at the end of the leisure contract if necessary.

- Was there any contingency built into the budget with regard to the Leisure Development?

The Chief Finance Officer clarified that there was no centrally held contingency for the revenue budget as the individual budgets included provision for inflation however there would be contingency built into the Leisure Development capital budget.

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

2) That the Scrutiny Panels add specific capital programme schemes to their future Work Programme as they required.

### **(3) Background Information Reports**

#### **(a) Budget Update – Revenue Estimates 2017/18 to 2021/22**

The Chief Finance Officer submitted report RD.35/17 providing a draft summary of the Council's revised revenue estimates for 2017/18, together with base estimates for 2018/19 and updated projections to 2022/23. 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 18 December 2017 (EX.133/17 refers) and decided:

"That the Executive:

- (i) Noted the revised base estimates for 2017/18 and base estimates for 2018/19.
- (ii) Noted that the estimates in Report RD.35/17 were draft and would be subject to the confirmation of Local Government Finance Settlement in December 2017.
- (iii) Noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues become clearer and decisions were taken.
- (iv) Noted the budget pressures/savings needing to be taken into account as part of the 2018/19 budget process.

- (v) Noted the Statutory Report of the Chief Finance Officer outlining the risks associated with the draft budget figures and that minimum reserves may need to be increased in the future depending upon the outcome of the Local Government Finance review.”

RESOLVED –That the Budget Update – Revenue Estimates 2018/19 to 2022/23 (RD.35/17) be noted.

**(b) Revised Capital Programme 2017/18 and Provisional Capital Programme 2018/19 to 2022/23**

The Chief Finance Officer submitted report RD.36/17 which provided a draft summary of the Council's revised capital estimates for 2017/18 together with base estimates for 2018/19 and updated projections to 2022/23.

The Executive had considered the matter on 18 December 2017 (EX.134/17 refers) and decided:

“That the Executive:

- (i) Noted the revised capital programme and relevant financing for 2017/18 as set out in Appendices A and B to Report RD.36/17.
- (ii) Had given consideration and views on the proposed capital spending for 2018/19 to 2022/23 given in the report in the light of the estimated available resources.
- (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.”

RESOLVED –That the Revised Capital Programme 2017/18 and Provisional Capital Programme 2018/19 to 2022/23 (RD.36/17) be noted.

**(c) Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2018/19**

The Deputy Chief Finance Officer presented report RD.37/17 setting out the Council's draft Treasury Management Strategy Statement (TMSS) for 2018/19 in accordance with the CIPFA Code of Practice on Treasury Management.

He informed Members that the draft Investment Strategy and the draft Minimum Revenue Provision Strategy for 2018/19 were incorporated as part of the Statement, as were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

CIPFA was currently conducting a review of the Treasury Management Code of Practice and the Prudential Code focussing, in particular, on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance those purchases, or the use of existing cash balances. Both actions would affect treasury management. As finalised revised codes were not expected until December at the earliest, it may be necessary to review the TMSS once the final guidelines were issued and any implications on the Council's position was known.

The Executive had considered the matter on 18 December 2017 (EX.135/17 refers) and noted the Draft Treasury Management Strategy Statement for 2018/19, which incorporated the Draft Investment Strategy and the Draft Minimum Revenue Provision (MRP) Strategy, together with

the Prudential Indicators for 2018/19 for draft budget consultation purposes as set out in Appendix A and the Treasury Management Policy Statement as set out at Appendix D to Report RD.37/17.

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

- Was there a cost for the services provided by Link Asset Services and was it value for money.

The Deputy Chief Finance Officer responded that Link Asset Services had been appointed for four years following a retender exercise in 2017. The service cost £11,000 per annum and provided free training, quarterly meetings with the Relationship Manager, monthly investment analysis and daily reports on interest rates and market forecasts.

- Could the Council secure a credit rating from a bond credit rating business?

The Deputy Chief Finance Officer responded that the Council did not need a credit rating as a local authority. He added that the credit rating did not affect the ability to borrow; any borrowing the Council took out would come from a Public Work Loan Board which was a loan from Central Government. The Council was assuming a 25 year principal repayment loan, however, it was likely that the Council would take a mix and match approach using different products to enable some flexibility for the future and minimise the overall cost of borrowing as far as possible.

- Members found the document difficult to understand and asked if a training or briefing session could be arranged.

The Deputy Chief Finance Officer confirmed that a full briefing on Treasury Management and the implications on the Leisure Development would be carried out.

RESOLVED –1) That the Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2018/19 (RD.37/17) be noted.

2) That the Panel receive appropriate training on the Treasury Management Statement.

## **BTSP.08/18      FINAL FLOOD UPDATE REPORT**

The Town Clerk and Chief Executive presented the final update report (CS.09/18) on flood recovery activities and any future programmed work.

The Chief Executive stated that the report set out a final update of the work associated with recovery from the 2015 floods and emerging plans to deal with any such future events. During the last two years an extensive range of recovery activities had been undertaken, the work areas had been outlined in the report. The Chief Executive outlined the City Council asset recovery programme and detailed the flood grants and household payments which had been made.

He informed the Panel that the Council continued to work in partnership with the Environment Agency, County Council and other partners on resilience and resistant measures to address specific issues which arose from the floods in December 2015 and manage flood risk in the future. A further round of public engagement would take place in the new year on a shortlist of interventions, this would be followed by tenders for design and build, business case development followed by implementation. A special Economic Growth Scrutiny Panel had been arranged for 8 February 2018 to consider the future of flood risk management in Carlisle.

The Carlisle Emergency Plan had been reviewed and signed off by Senior Management Team. Additional locations for Reception centres had been identified and a risk assessment for each location had been carried out. Once an agreement had been reached with the centres owners and operators they would be added to the Carlisle Emergency Plan and Cumbria Resilience Forum Welfare Plan.

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

- What was the date for settlement with the Loss Adjuster for the Shaddongate Resource Centre?

The Chief Executive agreed to provide Members with a written response.

- Some of the Council assets had some outstanding 'snagging'. Some of the issues that were outstanding were not minor issues and should not be reported as 'snagging'.

The Chief Executive commented that the experience of Members, Officers and users of the services had been frustrating and he would be preparing a report on the lessons learned from the flood and the document would be shared widely.

- A Member asked if the Town Clerk and Chief Executive had been satisfied that everything that could have been done had been done with regards to the flood in 2015.

The Chief Executive responded that it would have been beneficial if there had been more resources available. The Environment Agency was carrying out an inclusive consultation process on their data analysis of all the options and ideas. He added that there needed to be some understanding that the flood scheme which was in place performed to the specifications it had been designed for, the water had gone over the top of the flood defences rather than the defences failing.

The Policy and Communications Manager reminded the Panel that the Special Economic Growth Scrutiny Panel on 8 February 2018 would give consideration to the future flood risk management in Carlisle.

- Would the cost of the works to the ground floor of the Civic Centre be covered by the insurance?

The Finance, Governance and Resources Portfolio Holder confirmed that the ground floor works would be covered by the insurance and the plans also had the potential to create income.

- Were there any resilience grants available for properties which had recently been flooded?

The Chief Executive explained that the Flood Resilience Grants had been a Government Scheme administered by the Council. There were no grants available for properties recently flooded. He added that he had raised the matter with the Environment Agency and felt strongly that support should be made available to properties in flood risk areas before they flood to enable them to build in resilience.

A Member added that there had been problems for tenants in flats that were managed by a company as they were not eligible to apply for the grant. There was concern that those tenants could face similar issues in the future and the Panel asked if the issue had been resolved.

The Panel felt strongly that support should be made available to flood risk properties and asked the Chief Executive to write to the Environment Agency to raise the issues detailed above.



- The report detailed the recovery of Bitts Park and the Bitts Park Lodge, the Panel had previously raised an issue regarding out of hours access to the toilets and this matter had not been addressed in the report. The Panel asked that careful consideration be given to out of hours access to the toilets and the security of the toilets. The Panel suggested that the opening hours could be different in winter and summer and that remote locking be used to keep the toilets secure.

RESOLVED – 1) That the Final Flood Update Report (CS.09/18) be noted;

2) That the settlement date for the Shaddongate Resource Centre be circulated to the Panel.

3) That the Town and Clerk and Chief Executive's 'Lessons Learned' report on the Flood 2015 be added to the Panel's future Work Programme.

4) That the Town Clerk and Chief Executive write to the Environment Agency asking them to provide support to flood risk properties as a preventative measure, that flood resilience grants are made available as a matter of course for flooded properties and to ask them if the issue regarding flood resilience grants to tenants in flats with management companies had been addressed.

## **BTSP.09/18      CUSTOMER SERVICES UPDATE**

The Service Support Manager presented an update on the work within customer services and in the main the Smarter Service Delivery (SSD) Project.

The Service Support Manager reminded the Panel of the background of customer services and then outlined the progress made with the Carlisle City Council website, the success of the 'My Account' project and the Salesforce platform as detailed within the report. He highlighted the issues with the temporary portacabin that was being used as the Customer Services Centre and stated that Customer Services had been involved in the proposed reinstatement of the Civic centre ground floor.

He drew attention to the introduction of Risk Based Verification which significantly reduced the administration of Housing Benefits claims. He detailed how the system would work adding that the use of the online applications allowed staff to prepare for the upcoming Universal Credit Full Service which was due to go live in July 2018.

The Service Support Manager detailed the partnership working within Customer Services and reported that work was being undertaken with the Department of Works and Pensions Fraud Section, Cumbria Constabulary and Her Majesty's Passport Office.

The Service Support Manager informed the Panel that the Smarter Service Delivery (SSD) project had been shortlisted for an inetwork award for the category of Innovative Access for Public Services. An award ceremony would be held on 30 January 2018 and the winner would be announced on the evening.

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

- The Panel congratulated the Customer Services Team for their continued success with the website, SSD project and for maintaining an excellent service whilst in temporary accommodation.
- A Member commented that the only complaint he had received was regarding the telephone response times, had this been addressed?

The Customer Services Manager responded that the issue had been addressed where possible. It was difficult to always predict busy periods, however, known peaks times did have additional resources allocated to deal with the calls.

The Service Support Manager added that it was important to control customer expectations and emails from Customer Services were sent out with a clear expected response time.

- Some Members had not been aware that customer contact centre staff carried out a passport service and they asked how this had been advertised.

The Customer Services Manager responded that staff carried out a passport interview service for first time adult passports with remote links to the Glasgow office. The Glasgow office made the appointments and advertised the service.

- Members supported the promotion of the 'My Account' on the Council's website but understood that some people would not be able to set up an account or want to have an electronic account at all.

The Customer Services Manager agreed that the system was daunting to some people and explained that members of the public were welcome to come to Customer Contact Centre and staff would set up the account for them. As more people signed up to the electronic account it freed up staff to provide support to those who did not want to have on line accounts. Likewise staff were available to support vulnerable people in the community either face to face or on the telephone. She added that the online sign up for 'My Account' was the highest sign up in the North West.

RESOLVED – 1) That the Customer Services Update be welcomed (CE.01/18)

2) That Customer Contact staff be congratulated on their continuing improvements to service, their partnership working and for maintaining an excellent service in a temporary environment. In addition the Panel congratulated the Smarter Service Delivery Team for being shortlisted for an inetwork award.

3) That a further update on the Customer Contact Centre be added to the Panel's future Work Programme.

(The meeting ended at 12.01pm)