

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 30 MAY 2019 at 10.00AM

PRESENT: Councillor Bainbridge (Chairman), Councillors Alcroft, Allison, Birks. Mrs Bowman, Finlayson (as substitute for Councillor Mitchelson) and McNulty.

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

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

BTSP.37/19 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Mitchelson.

BTSP.38/19 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

BTSP.39/19 PUBLIC AND PRESS

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

BTSP.40/19 MINUTES OF PREVIOUS MEETINGS

RESOLVED – 1) That it be noted that Council, at its meeting on 30 April 2019, received and adopted the minutes of the meetings held on 14 February 2019 and 22 February 2019. The Minutes were signed by the Chairman.

2) That the minutes of the meeting held on 28 March 2019 be agreed.

BTSP.41/19 CALL – IN OF DECISIONS

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

BTSP.42/19 OVERVIEW REPORT AND WORK PROGRAMME

The Chairman welcomed Rowan Jones, Overview and Scrutiny Officer, to her first meeting in the authority.

The Policy and Performance Officer submitted report OS.14/19 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

The report detailed the most recent Notice of Executive Key Decisions, copies of which had been circulated to all Members, which had been published on 30 April 2019. All the relevant items in the Notice had been included on the Panel's agenda.

The Panel's work programme for 2019/20 had been attached to the report for consideration along with an update on the resolutions from previous meetings as detailed in section 3 of the

report. There were two outstanding items which required a written response and the Panel asked that these be expedited.

The Chairman drew the Panel's attention to section 4 of the report which gave an overview of the outcome of the efficiency and efficacy review of the current governance structures of the Council. The Chairman had met with the Health and Wellbeing Scrutiny Panel Chairman and the Economic Growth Scrutiny Panel Chairman to discuss the Task and Finish Group work, in particular the option to move Scrutiny Panels to 4.00pm. The Chairman of Business and Transformation Scrutiny Panel wanted to trial the 4.00pm start time and asked the Panel for their views.

The Corporate Director of Governance and Regulatory Services reminded the Panel that Members had wanted to change the way substitutes were appointed to Overview and Scrutiny and they had wanted to move meetings to 4.00pm to encourage Members who worked or had child care responsibilities to attend meetings. The three Chairmen had met and only the Chairman of Business and Transformation Scrutiny Panel had wanted to move forward with trialling a 4.00pm start time. It was within the Chairman's remit to change the start time of the next meeting and should the Panel want to start all their meetings at 4.00pm then a report would be submitted to Council. He reminded the Panel of Procedure Rule 9 which referred to the time limit of 3 hours for meetings and explained that there would need to be some amendments to reception arrangements to accommodate later start and end times.

The Panel discussed the proposed start time and agreed to trial the 4.00pm start time with a pre briefing meeting at 3.30pm.

The Panel were also reminded that a Special meeting of the Panel had been arranged to take place on 6 June 2019 at 2.00pm to scrutinise the Sands Centre Redevelopment report.

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.03/19);

2) That the items detailed in the work programme for 2019/20 be noted

3) That the next ordinary meeting of the Business and Transformation Scrutiny Panel would begin at 4.00pm and a report be submitted to the next Council requesting that all meetings of the Business and Transformation Scrutiny Panel for the 2019/20 municipal year start at 4.00pm.

4) That the written replies in response to resolutions BTSP.16/19 3 and BTSP.17/19 be circulated to the Panel as a matter of priority.

BTSP.43/19 2018/19 PROVISIONAL OUTTURN REPORTS

(a) Provisional General Fund Revenue Outturn 2018/19

The Corporate Director of Finance and Resources presented report RD.01/19 summarising the 2018/19 provisional outturn for the General Fund Revenue Budget. Members were advised that the outturn position showed a net overspend for Council services as at 31 March 2018, and the outturn position would require an additional use of General Fund Reserves of £41,000.

Requests had been made to carry forward committed expenditure of £406,700, net transfers to/from reserves of £206,275 and transfer from the building control reserve of £32,637, which, if approved, would result in an overall net position of £631,660 on Council Services; however additional funding from Business Rates income of £558,000 had also been realised.

The Corporate Director of Finance and Resources informed the Panel that subsequent to the preparation of the reports, the Council was required to make an additional year-end accrual totalling £478,000. This was in respect of flood discounts awarded to businesses in the area to recognise the amount of money due back to the Ministry of Housing, Communities and Local Government (MHCLG) with a further net accrual for other minor amendments. The overall accrual would impact on, and reduce, the level of General Fund Reserves.

The Corporate Director of Finance and Resources asked the Panel to note that the information contained in the report was provisional, subject to the formal audit process. The Draft Statement of Accounts for 2018/19 would be presented to the Audit Committee on 8 July 2019, with final approval of the audited accounts on 30 July 2019.

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

- Would the additional £478,000 be a reprofiling exercise or would there be an impact on the authority to find the funds?

The Corporate Director of Finance and Resources confirmed that there would be an impact on the General Fund Reserve; it was financially prudent for the authority to make a provision to repay the grant. Had she been aware earlier of the repayment requirement then it would have been included in the provisional outturn report with a recommendation not to authorise, nor to limit the carry forwards due to the impact on reserves.

- Was the authority relying on an underspend in the Capital Programme to cover the repayment of the grant?

The Corporate Director of Finance and Resources clarified that the Senior Management Team would be required to investigate the possibility of reducing the level of the carry forward requests or look at alternative funding should the carry forward requests not all be approved. She added that, as £250,300 was in relation to a revenue contribution to find the capital programme, it was important to profile the capital programme schemes correctly so the expenditure was in the correct year.

The Corporate Director of Finance and Resources drew the Panel's attention to the provisional outturn position summarised in the table at section 2.2 of the report. She explained that should the Council, taking into account the late accrual, be minded to approve the carry forward requests the minimum reserves would dip below £2.7m. However, the reserves would be returned to above minimum levels by the end of the Medium Term Financial Plan (MTFP). She was assured, based the information currently available and the current assumptions contained within the MTFP, including interest rates and spending profiles, that the reserves would be returned minimum.

The Chairman requested that the Corporate Director of Finance and Resources provide the Panel with a briefing note on the repayment of the grant to Government and the impact on the authority.

- What schemes would not progress should the carry forwards not be approved?

The Corporate Director of Finance and Resources responded that the Senior Management Team would have to consider alternative funding to progress schemes. The table of revenue carry forward requests included some smaller low cost schemes which Senior Managers would have to find alternative funding for.

- Was the proposed reduction in car park revenue affordable given the requirement to pay back the grant?

The Finance, Governance and Resources Portfolio Holder responded that a commitment had been made to change the car parking charges and it would be carried out.

The Town Clerk and Chief Executive reminded the Panel that the Council's reserves were there for situations such as the repayment of the grant. In addition, some of the schemes in the carry forward requests were opportunistic and each year carry forwards were approved and declined and some schemes did not move forward.

The Leader of the Council clarified that the changes to the car parking charges would be progressed and would be affordable.

- A Member had some reservations regarding the carry forward requests and wanted the Senior Management Team to investigate alternative funding opportunities and the scope of the schemes before anything was approved.

The Town Clerk and Chief Executive explained that the Executive had asked Scrutiny to consider the carry forward requests and determine what should be or should not be prioritised.

The Panel discussed their concerns and felt that it would be useful in future to have more details on the schemes set out in the carry forward request table to help determine the priorities.

A Member asked if the Corporate Management project i.e. Direct Revenue was one project or several smaller projects and the Corporate Director of Finance and Resources confirmed that the request was in respect three smaller schemes. The schemes were £94,000 for the tennis facilities, £150,000 for a property purchase and £6,300 for green gyms. The tennis facilities monies would be reprofiled to the Bitts Park reinstatement project and the property purchase had recently completed.

The Finance, Governance and Resources Portfolio Holder reminded that Panel that the report would also be considered by full Council for final approval.

The Panel requested that further details on each of the carry forward requests be circulated to Members prior to the full Council meeting.

- What was the apprentice infrastructure in section 5 of the report?

The Corporate Director of Finance and Resources explained that money had been set aside to appoint apprentices and cover salary costs with funds received from the Apprenticeship Levy being used to find their training costs.

- A Member asked for clarity with regard to the 2018/19 net variance of the Lanes rental income.

The Corporate Director of Finance and Resources explained that the budget had identified an income shortfall which had been identified in 2019/20 as £275,000. The actual shortfall in 2018/19 had been £145,000. She added the future projected shortfall figure was being considered by the Property Services Manager.

- A Member asked for further information on the backdated head rent calculations at the Market Hall.

The Corporate Director of Finance and Resources responded that the figure covered several years. As background information she explained the process: the head rent for the Market was agreed at the start of the year and each quarter the Council invoiced the Market Hall based on the agreed head rent. At the end of each year the difference between the agreed head rent and the actual head rent was paid either to the Market Hall or to the Council from the Market Hall. In this case there had been a backlog of the annual actual head rent reconciliations due to outstanding issues: that had been compounded by a change in staff at both the City Council and the Managing Agent's. The figure in the report was the full back dated amount to be paid to

the Market Hall. This figure had been included in the quarterly management reports which had been considered by the Executive and Scrutiny.

- The Recycling and Waste Management income had a recurring shortfall, was there scope to review the budget?

The Corporate Director of Finance and Resources clarified that the shortfall in income had been mainly due to the reduction in the cost of recyclates nationally however work would be carried out with service managers to review the budget and determine how realistic it was.

- What was the reason for the Homeless Accommodation overspend?

The Corporate Director of Governance and Regulatory Services explained that the overspend had been due to the 2015 flood. It had taken some time to reinstate properties and alternative provision had to be found for customers, there had also been a reduction in come as properties were not occupied.

RESOLVED – 1) That the Business and Transformation Scrutiny Panel welcomed the submission of Report RD.01/19 summarising the 2018/19 provisional outturn for the General Fund Revenue Budget.

2) That the Corporate Director of Finance and Resources provide Members with a briefing note on the repayment of the grant to Ministry of Housing, Communities and Local Government and the impact on the authority.

3) That future General Fund Revenue Outturn reports include more details on the schemes set out in the carry forward request table.

4) That further details on each of the carry forward requests be circulated to Members prior to the full Council meeting.

5) Although generally supportive, the Panel had some reservation regarding the approval of the carry forward requests and felt it would be prudent for the Senior Management Team to investigate the possibility of alternative funding streams for the schemes.

(b) Provisional Capital Outturn 2018/19 and revised Capital Programme 2019/20

The Corporate Director of Finance and Resources presented report RD.02/19 summarising the provisional outturn for the Council's capital programme and details of the revised capital programme for 2019/20.

The Corporate Director of Finance and Resources set out the position with regard to carry forward requests on the Capital Programme commenting that, the position for 2018/19 after committed carry forwards had been taken into account was an underspend of £44,083. The main variances after carry forwards were summarised in section 2.4.

She also identified for Members the resources which had been used to fund the 2019/20 Capital Programme and detailed the 5 year Capital Programme for the period 2019/20 to 2023/24.

The programme for 2019/20 totalling £28,739,700 was based upon the programme as agreed by Council in February 2019 of £25,071,200, the commitments brought forward from 2018/19 as identified of £2,253,900, the commitments brought forward from 2018/19 already approved of £982,100 and an increase of £432,500 for additional Disabled Facilities Grant awarded which had recently been advised and totalled £1,899,764.

The 2019/20 programme would be continually reviewed to ensure that the Council had the capacity to deliver that level of programme. The programme for 2019/20 and 2020/21 may be amended depending upon decision made in respect of the Sands Centre Redevelopment.

The Corporate Director of Finance and Resources pointed out that the information contained within the report was provisional and subject to the formal audit process.

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

- Members were disappointed that the Fusehill Street Play Area had progressed before the grant had been received and had resulted in an additional call on capital reserves. The Panel asked that external funding for schemes be received before projects were carried out.

The Finance, Governance and Resources Portfolio Holder agreed that external funding should be received before projects went ahead and it was the responsibility of the Portfolio Holder to ensure this happened.

- The Panel requested more information on the repayment of a grant in respect of a previous Durranhill capital project.

The Corporate Director of Finance and Resources explained that there had been a Cumbria Sub-Regional Employment Site (CRES) grant to Durranhill Industrial Estate from the North West Development Agency which had to be paid back when the relevant condition had been triggered.

- Was the potential development of Central Plaza making progress?

The Town Clerk and Chief Executive confirmed that a developer was interested in the site and had carried out ground investigations.

- Why was there an overspend on the released funding of the Sands Centre?

The Corporate Director of Finance and Resources reminded the Panel that full Council had agreed the capital allocation for the Sands Centre and it had been split in two parts. The first part had been to progress the scheme to RIBA Stage 4. The available budget for carry forward would be reduced as a result of the overspend.

- The Panel had previously requested and received information regarding the waste receptacles overspend but had found the response had not answered their questions. The Panel requested that the Portfolio Holder provide further information on the waste receptacle overspend.

RESOLVED – 1) That Provisional Capital Outturn 2018/19 and revised Capital Programme 2019/20 (RD.02/19) and the information contained therein be noted and received.

2) That the Finance, Governance and Resources Portfolio Holder provide the Panel with a written response regarding the waste receptacle overspend.

(c) Treasury Management Outturn 2018/19

The Corporate Director of Finance and Resources presented report RD.03/19 providing the annual report on Treasury Management, as required under both the Financial Procedure Rules and the CIPFA Code of Practice on Treasury Management. Also submitted was the regular report on Treasury Transactions.

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

- Was there scope to invest in schemes similar to the CCLA Property Fund?

The Corporate Director of Finance and Resources responded that further discussion was required regarding internal and external borrowing going forward and the potential increase in investments. She added that interest rates were low and work needed to be undertaken to lock the Council into a deal to repay the £15m stock issue before interest rates increased significantly. The CCLA investment was a long term investment and did have some risk, however, currently it had a good return at 4.26%. The Corporate Director was unaware of the end date for the investment and agreed to provide the Panel with some further information on the Fund including how it was reconciled on the Council's balance sheet.

The Finance, Governance and Resources Portfolio Holder commented that he would like to have support from Scrutiny to increase investment.

RESOLVED –1) That the Treasury Management Outturn 2018/19 (RD.05/18) be noted and received.

2) That the Corporate Director of Finance and Resources provide the Panel with written information on the terms for the CCLA Property Fund and how it was reconciled on the Council's balance sheet.

3) That the Corporate Director of Finance and Resources and the Principal Accountant be thanked for their excellent work during a difficult time.

(d) Council Tax & NNDR Provisional Outturn 2018/19

The Corporate Director of Finance and Resources presented report RD.04/19 summarising the 2018/19 provisional outturn and performance position for Council Tax and National Non Domestic Rates.

She informed Members that for 2018/19, the estimated position on the collection fund for was a surplus of £937,227 with the Council's share being £117,885. The increase in the surplus was then redistributed in the estimate for 2019/20 for budgeting purposes.

When the actual collection fund position was calculated at the end of 2018/19 the surplus on the Council Tax Collection Fund had decreased to £542,709. The current position on the Council Tax Collection Fund was detailed in Section 2.1.4 of the report, with the Council's Council tax collection performance for 2018/19 was 97.4%.

The Corporate Director of Finance and Resources also outlined the position with regard to the NNDR provisional outturn for 2018/19; bad debt write-offs and write-ons as itemised within the report.

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

- Had the Council applied to be part of the 100% business rates retention pilot scheme for 2019/20?

The Corporate Director of Finance and Resources explained that Cumbria had been unsuccessful in the 2019/20 75% BR Retention the pilot scheme but that system would change in 2021 and the Council was awaiting new guidance on base line funding and information on the new scheme. The Council continued to be part of the Cumbria pooling arrangements.

- There had been an increased amount of Council Tax discounts, what was the reason for this?

The Corporate Director of Finance and Resources agreed to ask the Revenues & Benefits Operations Manager to provide the Panel with a written response.

- What was the reason for the increase to bad debt write offs?

The Corporate Director of Finance and Resources reported that there had been a significant increase in CVAs which had been awarded which impacted the bad debt write offs.

A Member questioned whether the bad debt writes offs would continue to increase given the changes to the high street and the increase in CVAs and bankruptcy.

The Corporate Director explained that the situation was monitored and one advantage of the pooling arrangements was the shared risk. The Corporate Director agreed to provide the Panel with more detailed information regarding CVAs.

The Finance, Governance and Resources Portfolio Holder reminded the Panel that business rates came from all businesses not just high street retailers. Carlisle had many new businesses and expansions of existing businesses which impacted the business rates.

RESOLVED – 1) That the Council Tax and NNDR Provisional Outturn 2018/19 (RD.04/19) be noted and received.

2) That the Revenues & Benefits Operations Manager provide the Panel with details of the increase in Council Tax discounts.

3) That the Corporate Director of Finance and Resources provide the Panel with written information regarding CVAs.

(e) Elected Members' Allowances – Provisional Outturn Report for 2018/19

The Corporate Director of Finance and Resources presented report RD.05/19 setting out the amount of allowances paid to Members as part of the Elected Members' Allowances Scheme for 2018/19. She informed Members that £349,521 had been paid in allowances to individual Members which represented an underspend of £11,479.

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

- There was a consistent underspend on the public transport budget and an overspend on the mileage expenses budget could these figures be adjusted in future?

The Corporate Director of Finance and Resources informed the Panel that the Council's Independent Remuneration Panel set the Members Allowance Scheme. Two new Members had been interviewed for the Panel and arrangements were in place to interview a third Member. Recommendations for appointment would then be considered by the Council prior to the Panel meeting and reviewing the Members Allowance Scheme. Following the reduction in Members due to the Boundary Review, savings from the reduction had been included in the Transformation savings target.

- The Council had made a climate statement, how could Members be encouraged to use alternative transport to reduce the use of cars?

The Town Clerk and Chief Executive commented that he would welcome Members' suggestions and ideas for facilities that would make it easier for Members to use alternative transport.

The Panel were reminded that the Members Allowance Scheme contained details on the carers and dependents allowances which were rarely used and may be beneficial to some Members.

RESOLVED – That the Elected Members' Allowances Provisional Outturn Report RD.05/19 be noted and received.

The Corporate Director of Finance and Resources submitted the authority's sickness levels for the period April 2018 to March 2019 and other sickness absence information (RD.06/19).

The Corporate Director of Finance and Resources reported that there had been an increase in overall days lost per employee compared to the previous year. This had been mainly due to an increase in long term absences with 54 instances being long term, where the absence was more than four working weeks. This was seven more than the same period last year. Four of the 54 instances remained open on 25 April 2019 and 21 of the 54 instances were due to the 'Stress, depression, mental health, fatigue syndromes'.

The report detailed the authority wide trends for absence along with information on absence reasons and an update on the number of Return to Work Interviews that had been completed within five working days. The Corporate Director of Finance and Resources drew the Panel's attention to section six of the report which detailed the key activities which HR, Organisational Development, Health & Safety and Occupational Health carried out to proactively manage sickness absence, attendance at work and health surveillance and promotion.

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

- There had been an increase in stress and mental health absences, how could this be addressed to ensure the Council had healthy staff?

The HR Manager explained that there had been an increase in national awareness of mental health which had been very positive, but it had resulted in an increase in absence. The Organisational Development Team had carried out a lot of Mental Health Awareness within the Council and there would be a slow change to the figures. There was a lot of work being undertaken however it would take time to create an organisational change.

- Did mental health awareness and issues receive adequate funding?

The Town Clerk and Chief Executive confirmed that there was adequate funding and the Council ran several events to raise awareness and offer staff the necessary support. One example of the support were the staff who had been trained at mental health 'first aiders' and wore a special coloured lanyard to be easily identified.

- How could the authority encourage more staff, especially those who worked out of the Civic Centre, to complete the Wellbeing Survey?

The HR Manager reported that she had met with Trade Union representatives and they had discussed ways to support staff outside of the Civic Centre and encourage them to take part in wellbeing events. Changes had been put in place and a Wellbeing Day was being held at Boustead's Grassing and Managers were being supported to find ways to give front line staff time to access the support on offer.

- There had been a lot of change to the structure of the authority, was there a link between the reduction of staff and the increased pressure on existing staff and the increase in stress and mental health absences?

The Town Clerk and Chief Executive responded that the Council had reduced its operational cost and staffing by 30% but there was no evidence to support a link between the reduction of staff and an increase in absences. He agreed that there were some concerns regarding the absence figures, however, the authority had worked hard to raise awareness and put support in place which allowed people to be more comfortable in discussing mental health issues. The Town Clerk added that strategically the Council had reflected on the way that organisational

change had occurred in the authority and wanted to learn from good practice and help staff feel that they had a stake in the changes that were happening.

The HR Manager agreed that the Council had not always involved staff in transformation changes in a positive way and was now more aware of the impact of changes on staff and used different ways to carry out transformational changes.

- How could Elected Members access mental health support?

The HR Manager reminded the Panel that they could access the Employee Assistance Programme but agreed that the Programme needed more promotion for Members and she agreed to look at other options including a support group or supervision structure.

A Member added that the Panel had previously requested that some Members be trained as mental health 'first aiders' with the different lanyards so other Members knew who they could approach for support.

RESOLVED – That the Sickness Absence report 2018/19 had been scrutinised and the Panel accepted the findings as set out in report RD.06/19.

BTSP.45/19 END OF YEAR PERFORMANCE REPORT 2018/19

The Policy and Performance Officer submitted the 2018/19 end of year 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 2018/19 Key Performance Indicators (KPIs) were also included. (PC.05/19)

The report included a dashboard of the Key Performance Indicators (KPIs) for the Panel along with a summary of exceptions. Section 3 of the report gave an update against the actions in the Carlisle Plan for actions within the remit of the Panel.

A Member commented that local businesses relied on prompt payment for goods and services and she congratulated the authority on the high percentage of invoices paid within 30 days.

RESOLVED – That the performance of the City Council had been scrutinised with a view to seeking continuous improvement in how the Council delivered its priorities (PC.05/19).

(The meeting ended at 11.53am)