

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 25 JULY 2019 at 4.00PM

PRESENT: Councillor Bainbridge (Chairman), Councillors Alcroft, Allison, Birks, McKerrell (as substitute for Councillor Mitchelson), McNulty and Robson.

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

OFFICERS: Town Clerk and Chief Executive
Corporate Director of Governance and Regulatory Services
Corporate Director of Finance and Resources
Policy and Communications Manager

BTSP.50/19 APOLOGIES FOR ABSENCE

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

BTSP.51/19 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

BTSP.52/19 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.53/19 MINUTES OF PREVIOUS MEETINGS

RESOLVED – That it be noted that Council, at its meeting on 16 July 2019, received and adopted the minutes of the meetings held on 28 March 2019, 30 May 2019 and 6 June 2019. The Minutes were signed by the Chairman.

BTSP.54/19 CALL – IN OF DECISIONS

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

BTSP.55/19 OVERVIEW REPORT AND WORK PROGRAMME

The Policy and Communications Manager submitted report OS.19/19 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 21 June 2019. All the relevant items in the Notice had been included on the Panel's agenda.

Progress on resolutions from previous meetings had been set out at section 3.1 of the report and the Policy and Communications Manager reported that resolutions 2 (BTSP.17/19), 3 (BTSP.43/19 a), 5 (BTSP.43/19 b), and 6 (BTSP.43/19 c) had been completed since the publication of the report. The Policy and Communications Manager added that the Key Performance Indicators on the Sands Centre Redevelopment project would be built into the Performance Monitoring Report and would be scrutinised by the Panel in August.

A Member highlighted the written response from the Finance, Governance and Resources Portfolio Holder regarding the waste receptacle overspend. The response stated that 435 new

homes had been provided with a suite of recycling bags, boxes and wheeled bins at a cost of £18,338. It had been Members understanding that developers paid for the receptacles through Section 106 agreements and the Member asked for clarification.

The Finance, Governance and Resources Portfolio Holder agreed to circulate further details to the Panel.

The Panel's work programme for 2019/20 had been attached for the Panel's consideration and the Panel agreed that the following be added to the Work Programme:

- an update on Community Asset Transfers be included in a future Overview Report;
- Customer Services Update on 3 October 2019.

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.19/19);

2) That the items detailed in the work programme for 2019/20 be noted and the following items be added:

- an update on Community Asset Transfers be included in a future Overview Report;
- Customer Services Update on 3 October 2019.

3) That the Finance, Governance and Resources Portfolio Holder provides the Panel with further information regarding developers contributions to the provision of recycling and waste receptacles for new homes.

BTSP.56/19 DRAFT ASSET MANAGEMENT PLAN 2020 TO 2025

The Corporate Director of Governance and Regulatory Services presented report GD.41/19 which set out the revisions to the Asset Management Plan which had been updated to reflect key issues and changes affecting the management and use of the City's portfolio resource. The Plan also reported on the current position and performance of the portfolio, and the Asset Disposal Programme.

The Corporate Director of Governance and Regulatory Services drew the Panel's attention to the outcome of the portfolio condition survey which showed that over 90% of the portfolio was classed as either excellent or good and was testimony to the proactive management regime. He also informed the Panel that the disposal programme had successfully delivered over £10m of capital receipts for the Council.

The Executive had considered the Draft Asset Management Plan 2020 to 2025 at their meeting on 22 July 2019 (Minute Excerpt EX.58/19 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Asset Management Plan Members raised the following comments and questions:

- A Member commented that the Council should be aware of the benefits of open green spaces for the health and wellbeing of residents and asked if the Council considered purchasing assets that had a social value opposed to an economic value?

The Leader responded that community benefit would be considered when acquiring land. He added that the Council had to consider future disposals carefully to ensure that the revenue position of the Council was not damaged.

- How did the £10m of capital receipts measure up to the expectations?

The Corporate Director of Governance and Regulatory Services reminded the Panel that the disposal programme had been agreed by Council and that the capital receipts were ahead of what was expected.

- A Member had concerns regarding the financial position of some of the tenants for the Gateway 44 bulky goods retail scheme and asked if the Council had any concerns moving forward with the scheme?

The Corporate Director of Governance and Regulatory Services responded that the Council had adopted the position to undertake to develop the scheme and retain it as a long term investment. The Council had carried out its due diligence of the scheme including an independent review which had agreed that the scheme was a sensible way forward for the Council. He added that there were always risks when entering into projects of this nature but the Council was as confident as it could be that the scheme would bring in revenue at a sensible rate of return.

The Town Clerk and Chief Executive commented that he was responsible for the careful stewardship of resources within the Council and he had requested the independent review. The review had given clear recommendations that it was sensible for the Council to proceed and he was assured that the appropriate due diligence had been carried out by finance and property services as well as the independent review. The outcome of the review was available for Members should they wish to see it.

- Why was the capital value in the report different to the capital value in the Capital Strategy report?

The Corporate Director of Finance and Resources explained that the capital value in the Draft Asset Management Plan only included assets that were under Property Services, the Capital Strategy included all assets including equipment, infrastructure and heritage assets.

- What was the timescale for the review of the category C (mediocre) assets?

The Corporate Director of Governance and Regulatory Services explained that the assets were constantly reviewed to see if they required further maintenance or investment.

- Were the Council in a position to act quickly to react to market demands?

The Corporate Director of Governance and Regulatory Services responded that the Council was a corporate entity with responsibility for public money and therefore decisions needed to be made properly. However, the Council tried to run Property Services as a business and therefore were able to move quickly to seize any opportunities and react to market demands.

RESOLVED – That the Draft Asset Management Plan 2020 to 2025 (GD.41/19) be received.

BTSP.57/19 DRAFT MEDIUM TERM FINANCIAL PLAN 2020/21 to 2024/25

The Corporate Director of Finance and Resources reported (RD.16/19) on the draft Medium Term Financial Plan (MTFP) 2020/21 to 2024/25 which set out the current framework for planning and managing the Council's financial resources, developing its annual budget strategy and updating its current five year financial plan. The Plan linked the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives.

The MTFP was reviewed annually commencing with the assumptions made in the Budget resolution approved by Council on 20 February 2019. In addition, the Corporate Charging Policy had been reviewed and included within the MTFP. The Charging Policy provided a framework detailing potential policy options for each charging area, whilst recognising the

different approaches that might be required for different services and the various influences which needed to be acknowledged in setting charges.

The Corporate Director of Finance and Resources highlighted the fact that the overarching policy guidelines of the MTFP were that resources would be redirected to Council priorities via the budget process within the overall caveats that:

- Redirection of resources towards areas of high priority would be contained within existing budgets, unless increases could be justified and funded through the budget process.
- Council Tax increases would be limited to fair and reasonable levels, taking account of national guidance from Government.
- External grants and income would be maximised wherever possible to mitigate the effects of budget increases.
- Partnership working and funding opportunities would be explored wherever feasible.

As well as some significant pressures, there was scope for some additional savings and additional income opportunities to be considered as part of the budget process. Those considerations were likely to be around Business Rate Retention Growth and Pooling; and more commercial and investment opportunities.

The Corporate Director of Finance and Resources informed the Panel that the outcome of the Government's consultations on the Fair Funding Review and Business Rate Retention Review had been delayed for a year therefore it was very difficult to predict the future potential funding for the Council from Central Government beyond 2019/20. It was likely that the Spending Review would be for one year only.

The Executive had considered the Draft Medium Term Financial Plan 2020/21 to 2024/25 at their meeting on 22 July 2019 (Minute Excerpt EX.57/19 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Medium Term Financial Plan 2020/21 to 2024/25 Members raised the following comments and questions:

- Was there still a requirement to have the Emergency Contingency funds?

The Corporate Director of Finance and Resources explained that it was prudent for the authority to have contingency funds and reminded the Panel that the funds had been used for the maintenance work on the Central Plaza building and then were built back up.

- Could the Enterprise Zone negatively impact the Business Rates income?

The Corporate Director of Finance and Resources confirmed that the Enterprise Zone could impact the Business Rates income and as a result had been included in the report.

- Members asked for an update on the new Carlisle Plan.

The Town Clerk and Chief Executive reported that officers were working with the new administration on their priorities so that they could be reflected in the new Carlisle Plan.

- Would Carlisle Airport impact the Business Rates income?

The Corporate Director of Finance and Resources clarified that the commercial flights would not impact the rateable value at the Airport. All but one of the buildings on the site had been valued in 2018 and incorporated into the budget, the value of the outstanding building may impact the income.

- How long could the Rickergate Ringfenced provision be kept for?

The Corporate Director of Finance and Resources explained that the area was a Local Plan Redevelopment Area and therefore the Homes and Communities Agency had indicated that the Council could retain the income and reinvest it in the area.

- How were the fund in the bequests accessed?

The Corporate Director of Finance and Resources responded that members of the public could write in to apply for the funds, however, officers were currently checking the criteria for the bequests and investigating how the funds could be used and accessed better.

- The Business Rate Retention growth assumption had reduced from £1,750,000 to £900,000, would this change due to the delay in the reset and re-design of the Business rate Retention Scheme.

The Corporate Director of Finance and Resources clarified that the matter would be considered as part of the budget process. She reminded the Panel that the Council benefited significantly from being part of the pooling arrangement, but it was not yet known if the arrangements would be allowed to continue in 2020/21.

- A Member felt that budget consultation process with Unions and Businesses needed to be more inclusive and asked for a refresh of the process.

The Corporate Director of Finance and Resources reminded the Panel that the Council consulted with all residents, staff, business rate payers and Trade Unions. The budget consultation documents had been changed to make the papers easier to use and more understandable.

The Leader agreed that the budget consultation meetings were attended by the same people and he would welcome any suggestions to change the process and engage more people in the budget.

The Town Clerk and Chief Executive commented that members of the public were happy to engage if they felt there was an opportunity for change. The Council needed to consider the purpose and outcome of the budget consultation.

Members suggested that the budget consultation could be held as an event and suggested the Carlisle Ambassadors as a potential event.

- The Panel asked for an update on the rent reviews.

The Corporate Director of Finance and Resources reported that a saving requirement of £1m had been included in the MTFP and to date £420,000 had been achieved against the target.

The Corporate Director of Governance and Regulatory Services added that the process was still ongoing and involved a lot of work and arbitration.

- Would the concessions be reviewed?

The Governance, Finance and Resources Portfolio Holder responded that the budget was the review process and reminded the Panel that should the concessions be increased there would be a reduction in the income base and it could become a budget pressure.

The Panel discussed the concessions and felt that it would be appropriate to include veterans in the concessions as the City Council had signed the Armed Forces and Community Covenant.

RESOLVED - 1) That the Draft Medium Term Financial Plan 2020/21 to 2024/25 be welcomed (RD.16/19);

2) That the Panel recommend that the Executive give detailed consideration to including veterans in the concessions list given that the City Council has signed the Armed Forces and Community Covenant.

BTSP.58/19 DRAFT CAPITAL INVESTMENT STRATEGY 2020/21 to 2024/25

The Corporate Director of Finance and Resources reported (RD.17/19) on the Draft Capital Investment Strategy 2020/21 to 2024/25, which directed the Council's Capital Programme and the allocation of resources for the five year period 2020/21 to 2024/25. The guidance in the strategy complimented and supplemented the Medium Term Financial Plan.

The Corporate Director of Finance and Resources drew attention to the key messages in the report and the financial principles which supported the Capital Investment Strategy as detailed in section 2 of the Strategy.

The Executive had considered the Draft Capital Investment Strategy 2020/21 to 2024/25 at their meeting on 22 July 2019 (Minute Excerpt EX.58/19 refers) and made the report available to the Panel for scrutiny.

In considering the draft Capital Investment Strategy Members raised the following comments and questions:

- Given that the City Council had made a climate change commitment could consideration be given to replacing vehicles and equipment with more environmentally friendly options?

The Corporate Director of Governance and Regulatory Services reminded the Panel that the primary goal for the Council was to deliver its services, however, alternative options would be considered at the appropriate time to try and meet the Council's climate change pledge.

The Town Clerk and Chief Executive agreed that the Council did look at ways to procure vehicles and equipment that would have the minimum impact on the environment, however, work needed to be carried out to change behaviour to minimise the demand for the service.

- A Member asked why a number of the capital programmes were only funded for one year?

The Corporate Director of Finance and Resources explained that it was usual for the capital programme funding to be one off expenditure. The funding would be included for one year only as the programme would then be delivered. The Expenditure Forecast in section 3.2 of the report set out the approved current forecast for the next five years.

- A Member asked for clarity regarding the Authorised Limit, and the Operational Boundary and the authority to borrow.

The Corporate Director of Finance and Resources explained that the Authorised Limit was consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. However, the overall authorised limit should not be exceeded without prior Council approval. The Corporate Director of Finance and Resources added that the Operational Boundary limit could be exceeded in exceptional circumstances without prior Council approval providing that it remained within the authorised limit.

- The Panel requested that members budget training included more details on pensions, minimum revenue provision and capital financing requirement .

The Corporate Director of Finance and Resources responded that a Cumbria Chief Finance Officer meeting was taking place in September and a representative from the Pensions Team would be attending to discuss the triannual revaluation of the pensions fund. It would be

prudent for Members' training to take place after that to ensure the most up to date information was available for Members.

RESOLVED – 1) That the Draft Capital Strategy 2020/21 to 2024/25 (RD.17/19) be welcomed;

2) That delegated authority be given to the Corporate Director of Finance and Resources to effect movement between the separately agreed limits for borrowing and other long-term liabilities.

BTSP.59/19 CORPORATE PROJECT STATUS REPORT

The Town Clerk and Chief Executive submitted an update against corporate projects being undertaken by the Council (CE.04/19).

The Town Clerk and Chief Executive reported that a risk based audit review of Programme and Project Management had taken place in June 2019. The scope of the audit had been to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls were in place over the service objectives. The outcomes of the audit would be reported to the Panel when they were available.

A summary of current projects and their status was attached to the report as appendix 1. The majority of the projects were progressing to schedule and there were no projects which were experiencing major issues. The key achievements in the last period were also detailed within the report.

The Town Clerk and Chief Executive explained that the only project with an amber rating was the Asset Recovery Programme. There had been some concerns with regard to the progress with the programme, following constructive discussions with WYG, the work was now progressing.

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

- The Panel felt strongly that the new e-purchasing/ledger update did not alienate small suppliers and suggested that they be invited to receive training on the system from officers within the Council.

The Town Clerk and Chief Executive highlighted the benefits of the system in improving the ordering, invoicing and payment of services. The system would allow for small businesses and individuals who provide services to do business with the Council in an effective way. The Council was aware of the risks associated with alienating those small businesses and individuals and the Town Clerk and Chief Executive was confident that the process had considered those risks.

The Corporate Director of Finance and Resources agreed to circulate a note to Members explaining how the risks associated with small businesses and individuals had been dealt with.

- Referring to the Public Realm Improvements, a Member asked if the ongoing dialogue with Cumbria County Council had reached a conclusion.

The Town Clerk and Chief Executive confirmed that the dialogue was ongoing as most of the public realm improvements that the City Council wished to undertake required consent or approval by Cumbria County Council.

RESOLVED – 1) That the Panel scrutinised the most recent summary of projects and governance arrangements in place and the actions being taken to support projects with issues (CE.04/19);

2) That the Corporate Director of Finance and Resources circulate a note to Members explaining how the risks associated the e-purchasing/ledger upgrade and small businesses and individuals had been dealt with.

BTSP.60/19 CORPORATE RISK REGISTER

The Town Clerk and Chief Executive submitted an update on the management of the Council's Corporate Risk register (CS.22/19).

The report included the revised Corporate Risk Register (CRR).

The Corporate Risk Register was last reviewed by the Corporate Risk Management Group (CRMG) in June, since then the control strategy narrative and the dates had been updated and had been included as appendix one. The CRR reflected the most up to date version of the Carlisle Plan and included risks around ICT security.

The Risk Management Assurance Framework was live and available on the City Council's intranet, Service Managers had been briefed at the April Management Briefing.

Operational risk registers had been migrated across from Project Server and were hosted on Sharepoint. The new system was user friendly, provided greater functionality and the ability to manipulate data to feed into the Council's reporting requirements as well as a dashboard which could show at a glance the number of risks with a red rating; those risk registers which had yet to be updated and those risks which had escalated in the last quarter and may require attention.

In response to a Member's question the Corporate Director of Finance and Resources explained that the 'Preparing for the future funding of local government from 2019' risk matrix would need to be readdressed to reflect the target date of 2020.

RESOLVED – That the Panel had scrutinised the current Corporate Risk Register (CS.22/19).

(The meeting ended at 5.28pm)