BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 29 NOVEMBER 2018 AT 10.00AM

PRESENT: Councillor Birks (Chairman), Alcroft, Allison, Mrs Bowman, Ellis, Mrs Mallinson (until 1.09pm) and McNulty (until 12.45pm).

OFFICERS: Town Clerk and Chief Executive (until 10.55am)
Corporate Director of Governance and Regulatory Services
Corporate Director of Finance and Resources
Financial Services Manager
Workforce Development Manager
Property Services Manager
Policy and Performance Officer
Overview and Scrutiny Officer

BTSP.77/18 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor McDonald.

BTSP.78/18 DECLARATIONS OF INTEREST

In accordance with the Council's Code of Conduct Councillor McNulty declared an interest in respect of Agenda item A.5 – Budget Process. The interest related to him working with Tullie House.

BTSP.79/18 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.80/18 MINUTES OF PREVIOUS MEETINGS

RESOLVED – 1) Noted that Council, on 6 November 2018, received and adopted the minutes of the meeting held on 6 September 2018. Minute Book Volume 45(3) was signed by the Chairman.

2) That the minutes of the meeting held on 18 October 2018 be agreed.

BTSP.81/18 AGENDA

RESOLVED – That Agenda Item A.5 – Budget Process would be considered as the first item on the agenda.

BTSP.82/18 BUDGET 2019/20 – 2023/24

(a) Minutes of the Health and Wellbeing Scrutiny Panel and Economic Growth Scrutiny Panel

The excerpts of the minutes of the meetings of the Health and Wellbeing Scrutiny Panel and Economic Growth Scrutiny Panel held on 15 November 2018 and 22 November 2018 respectively were submitted for consideration.

(b) Budget Update – Revenue Estimates 2019/20 to 2023/24

The Corporate Director of Finance and Resources submitted report RD.22/18 providing a summary of the Council's revised revenue base estimates for 2018/19, together with base estimates for 2019/20 and forecasts up to 2023/24 for illustrative purposes. The base estimates had been prepared in accordance with the guiding principles for the formulation of the budget over the next five year planning period as set out in the Medium Term Financial Plan (MTFP) and Charging Policy; Capital Strategy; and Asset Management Plan approved by Council on 11 September 2018.

The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved, details of which were recorded at Section 1.3. A summary of the outstanding key issues, together with the resource assumptions was also provided at Section 4. The Corporate Director of Finance and Resources detailed each of the potential new spending pressures which fell within the remit of the Panel, as set out in section 5 of the report.

The Corporate Director of Finance and Resources added that the current MTFP included a savings requirement to be found by 2019/20 of £1.237 million. Further savings / additional income had already been identified in the budget process for 2019/20, details of which were set out at Section 6 of the report.

The Executive had on 12 November 2018 (EX.99/18 refers) received the report and resolved:

"That the Executive:

1. Noted the revised base estimates for 2018/19 and base estimates for 2019/20.
2. Noted the current Medium Term Financial Plan projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken.
3. Noted the initial budget pressures / savings needing to be taken into account as part of the 2019/20 budget process.
4. Noted the review of the earmarked reserves as outlined in paragraph 9 and Appendix G to Report RD.22/18 and made appropriate recommendations to Council"

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

- The City Council was moving more services online; however, the budget showed additional resources in Customer Services as a spending pressure, why were resources increasing?

The Town Clerk and Chief Executive agreed that the online sign up continued to increase and reminded the Panel that the Customer Services Team were part of and co-ordinated the Contact Demand Based Service Delivery. This meant they covered the face to face work of the Council, answered telephone calls and provided other services for external organisations. A restructure of staff within the service had taken place along with the introduction of a shift system. This would allow additional resources to be available at peak call times and would also expand the opening hours of the Service.

- A number of the savings and income generated were achieved at the end of the MTFP process, were they relevant to this budget process?

The Corporate Director of Finance and Resources confirmed that the figures were relevant as they may be required to ensure a balanced budget was achieved over the lifetime of the MTFP.

- The Boundary Review had been completed and the authority would reduce from 52 Members to 39 in May 2019, and each Ward would have three Members. Previously some Wards within the District had elections once every four years or twice in four years, from May they would have an election 3 in 4 years, had the additional cost of the elections been calculated?

The Corporate Director of Governance and Regulatory Services clarified that the budget had an additional £80,000 for the May 2019 elections, following that the cost of the elections would be offset by the reduction in the number of Members.

- The Panel asked to see the outcome of the Income and Budget Monitoring Shortfalls review, with key findings highlighted that Senior Management Team were working on.

The Corporate Director of Finance and Resources informed the Panel that a zero base budget exercise would be required to fundamentally review all base budgets. She added that it was a long process which would take 9-12 months to carry out properly.

- How much had the Income and Budget Monitoring Shortfalls changed compared to previous years?

The Corporate Director of Finance and Resources explained that some of the shortfalls such as the Development Control income and the reduced income from reyclates were new pressures; others such as the Lanes were not new but had increased.

- The income from the Lanes was £100,000 less than the anticipated 2018/19 budget shortfall, what had changed?

The Corporate Director of Finance and Resources agreed to provide the Panel with a written response.

- A Member asked for the correct position with regard to the savings and additional income proposals.

The Corporate Director of Finance and Resources responded that the additional income streams as set out in section 6 of the report were over the lifetime of the MTFP. The savings target of £1.237m had been built into the budget on a recurring basis. This was the position to date, however given the fact that there was great uncertainty with regard to the Local Government Funding post 2019/20 this may change. Work was currently being undertaken on Council Tax income in relation to the council tax base.

- The Welfare Reform Reserve was being moved back into the General Fund, what would happen if it was needed in future?

The Corporate Director of Finance and Resources confirmed that the Reserve would be moved to the General Fund as it was not required, should the position change then the money would come from the General Reserve for use.

- A Member asked for clarity on the Flood Reserve and the Promoting Carlisle Reserve.

The Corporate Director of Finance and Resources explained that the Flood Reserve was the cash figure received from the loss adjuster following the 2015 floods. The money would be used to reinstate the ground floor of the Civic Centre and for work in Bitts Park. The Promoting Carlisle Reserve was available for additional events to be held in the City as opportunities arose.

- Was there still a requirement for the budget for Rickergate?

The Corporate Director of Finance and Resources confirmed that the fund had been established from Homes England funding for maintenance of the Adriano's building. There was potential that the funding would have to be returned if development in Rickergate did not happen. This, along with a number of the other provisions on the Balance Sheet, would benefit from a review to establish their ongoing requirement.

- A Member asked for clarity with regard to the true position for the General Reserves.

The Corporate Director of Finance and Resources explained the accounting position for the General Reserves stating that the minimum reserve (General Fund Reserve) figure should be £3.3m. She added that this would be corrected in future reports.

RESOLVED – 1) That the Panel
(i) scrutinised the revised base estimates for 2018/19 and base estimates for 2019/20;
(ii) scrutinised the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
(iii) scrutinised the initial budget pressures/savings which need to be taken into account as part of the 2019/20 budget process;
(iv) noted the review of the earmarked reserves as outlined in paragraph 9 and appendix G of report RD.22/18.

2) That the Corporate Director of Finance and Resources provide the Panel with a written response regarding the reduced income from the Lanes.

(c) Review of Charges

The Corporate Director of Finance and Resources presented the Review of Charges reports informing the Panel that there was a 3% increase on the overall level of income in line with the Corporate Charging Policy.

Community Services

Report CS.31/18 was submitted setting out the proposed fees and charges for 2019/20 relating to those services falling within the Community Services Directorate.

The charges highlighted within the report would result in an anticipated income level of £3,036,900 against the MTFP target of £3,054,100 which represented a shortfall of £17,200 against the MTFP target.

The Executive had on 12 November 2018 (EX.100/18) received the report and resolved:

"That the Executive:

1. Had reviewed the proposed charges as set out in the body of Report CS.31/18 and relevant appendices with effect from 1 April 2019, noting the impact those would have on income generation as detailed within the report.
2. Made the report of proposed charges available to relevant Scrutiny Panels for their review and comment".

In accordance with the Panel's resolution BTSP.75/18, the Deputy Chief Executive also submitted report CS.36/18 which highlighted exceptions and major changes to the charges services levied by the Community Services Directorate. The report had no new charges and all increases complied with the agreed Corporate Charging Policy.

The report detailed a proposal that the City Council made a small charge for the supply and replacement of boxes and bags for recycling. The charges were to encourage residents to look after their boxes/bags and support recycling by offering reduced costs. In addition the most significant increase was the charge for stray dogs. The charge reflected the increased cost of the service.

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

- There was concern that the proposed increases to the stray dog charges were high for dog owners who had chipped and collared their animal. Members understood the need for increased charges, especially for repeat incidents but felt that a two tier structure should be used, dogs that were chipped and collared would be cheaper than those which were not and repeat incidents were then higher for both.

The Finance, Governance and Resources Portfolio Holder acknowledged the suggestion and informed the Panel that the charges reflected the increased cost of the service following a retender process and appointment of a new contractor. The kennelling service and out of hour's collection costs had increased and the cost would be passed on to the owner of the dog.

- A Member commented that there were no equality and diversity impact assessments within the budget documents which set out the impact of changes the Council was making, this was especially important with regard to charges reports.

- The Panel noted that it was proposed that the extended hours charging policy in the Sands Centre car park be removed during the development period and that the charges would be reconsidered following completed of the development.

- It was felt that there should not be any discretion when applying the charge for the delivery of recycling containers; if the charge was introduced the policy should be tighter than discretion on individual cases.

The Finance, Governance and Resources Portfolio Holder agreed there should be consistency and he would look again at the cost effectiveness of the proposed charge.

RESOLVED – That the Charges Review reports 2019/20 – Community Services (CS.31/18 and CS.36/18) be received.

2) That the Panel recommend to the Executive that the Stray Dog charges are altered to have a two tier system. Charges would be lower for dogs which were chipped and collared than for dogs without.

3) That equality and diversity impact assessments should be included in the budget documents, particularly with the charges reports.

Economic Development

Report ED.37/18 was submitted setting out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate.

The proposed charges in relation to Planning Services included Development Control income; Building Control income; and Local Plan income.

Acceptance of the charges highlighted within the report, with the exception of Building Control which was self-financing, would result in an anticipated level of income of £626,200 against the Medium Term Financial Plan target of £728,000.

The Executive had on 12 November 2018 (EX.101/18) received the report and resolved:

“That the Executive agreed for consultation the charges, as set out in Report ED.37/18 and accompanying Appendices, with effect from 1 April 2019; noting the impact those would have on income generation as detailed within the report.”

In accordance with the Panel’s resolution BTSP.75/18, the Corporate Director of Economic Development also submitted report ED.41/18 which highlighted exceptions and major changes to the charges services levied by the Economic Development Directorate. The report had no new charges and all increases complied with the agreed Corporate Charging Policy.

RESOLVED – 1) That Charges Review reports 2019/20 – Economic Development (ED.37/18 and ED.41/18) be received.

Governance and Regulatory Services

Report GD.72/18 was submitted concerning the proposed fees and charges for areas falling within the responsibility of the Governance and Regulatory Services Directorate.

The report set out the proposed charges relative to Environmental Health and Housing; Homeless, Prevention and Accommodation Services; and Legal Services. The introduction of the proposed charges was forecast to generate income of £874,000 in 2019/20 as summarised in the table at Section 5.10 of the report.

The Executive had on 12 November 2018 (EX.102/18) received the report and resolved:

“That the Executive agreed for consultation the charges as detailed within Report GD.72/18 and accompanying Appendices, with effect from 1 April 2019; noting the impact those would have on income generation as detailed within the report.”

In accordance with the Panel’s resolution BTSP.75/18, the Corporate Director of Governance and Regulatory services also submitted report GD.88/18 which highlighted exceptions and major changes to the charges services levied by the Governance and Regulatory Services Directorate.

The Corporate Director of Governance and Regulatory Services reported that there were no new charges and all increases complied with the agreed Corporate Charging Policy. He added that the most significant change was the transfer of the Official Search element of the Local land Charges search. The function, due to a change in the law, would transfer from the City Council to the Land Registry during 2019. Accordingly, the Council’s income would reduce by an estimated £29,000 during 2019/20.

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

- Did the move of part of the local land search function to the Land Registry result in any staff implications?

The Corporate Director of Governance and Regulatory Services explained that there was one permanent member of staff and one casual member of staff. As some of the search would remain at the Council, the permanent member of staff would be unaffected, it may however, mean there was no longer work for the casual member of staff.

- Were the immigration checks on properties carried out in house?

The Corporate Director of Governance and Regulatory Services confirmed that the Private Sector Housing Team, within Environmental Services, carried out the inspections at the point of application. Further inspections would be part of the Council’s role to ensure that houses within the District were fit for purpose.

- The Private Water inspection charges were subject to a review following recent changes to legislation, when would they be finalised?

The Corporate Director of Governance and Regulatory Services responded that the charges were subject to legislation and the charges would be brought to the Panel if and when the law changed.

RESOLVED – That the Review of Charges 2019/20 reports – Governance and Regulatory Services (GD.72/18 and GD.88/18) be received.

Governance and Regulatory Services - Licensing

Report GD.87/18 was submitted setting out the proposed fees and charges for areas falling within the responsibility of the Licensing Section of the Governance and Regulatory Services Directorate. The Corporate Director of Governance and Regulatory Services advised Members that the Regulatory Panel had responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013, which fell to the Executive.

The Executive had on 12 November 2018 (EX.103/18) received the report and agreed:

“That the Executive:

1. Noted the charges which were considered by the Regulatory Panel on 17 October 2018.
2. Noted that the fees under the Scrap Metal Dealers Act 2013 had been determined by the Executive for a three year period on 1 August 2016.”

A Member noted that the City Council had strong and proactive enforcement within the licensing section and hoped that the enforcement of the sale of dogs would be taken as seriously.

The Corporate Director of Governance and Regulatory Services assured Members that the Environmental Services Team would take the enforcement of the illegal sale of dogs very seriously.

RESOLVED – That the Governance and Regulatory Services - Licensing Review of Charges 2019/20 report (GD.87/18) be received.

(d) Revised Capital Programme 2018/19 and Provisional Capital Programme 2019/20 to 2023/24

The Corporate Director of Finance and Resources submitted report RD.23/18 detailing the revised Capital Programme for 2018/19, now totalling £9,551,200, together with the proposed method of financing. The report summarised the proposed programme for 2019/20 to 2023/24 in light of the new capital proposals identified, together with the estimated capital resources available to fund the programme.

Section 4 provided details of the existing and capital spending proposals. 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.

The Executive had on 12 November 2018 (EX.104/18) received the report and resolved:

“That the Executive:
1. Noted the revised capital programme and relevant financing for 2018/19 as set out in Appendices A and B including approving the removal of two schemes from the capital programme in 2018/19 and future years, and to make recommendations to Council to re-profile £380,000 from 2018/19 to 2019/20;

2. Had given initial consideration and views on the proposed capital spending for 2019/20 to 2023/24 given in the report in the light of the estimated available resources;
3. 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 the Panel raised the following comments and questions:

- Was the Public Realm Improvement scheme the same as the Old Town Hall/Greenmarket scheme?

The Corporate Director of Finance and Resources confirmed that the scheme had been renamed to Public Realm Improvements to allow for some flexibility about where and how the funding could be used.

- Why had the Chatsworth/London Road scheme been removed from the budget?

The Corporate Director of Finance and Resources agreed to provide a written response with regard to the unsuccessful grant funding submission.

- The Panel asked that a list of the funding that the Council had applied for be submitted to Members including where the funding was successful, where it was not, the reason why it had not been successful and lessons learned from unsuccessful bids.

- The Panel asked for further information on the Play Area Developments and Open Spaces capital programme.

The Corporate Director of Finance and Resources agreed to provide a written response for the increase in the budget for these schemes.

- Would the £1.7m capital programme for the Sands Centre be spent before the end of the financial year?

The Financial Services Manager confirmed that the capital programme sum had been approved for release for the pre consultation stage.

RESOLVED – 1) That the Revised Capital Programme 2018/19 and Provisional Capital Programme 2019/20 to 2023/24 (RD.23/18) be received.

2) That the Funding Officer provide the Panel with a list of the funding that the Council had applied for including where the funding was successful, where it was not, the reason why it had not been successful and lessons learned from unsuccessful bids.

3) That the Corporate Director of Finance and Resources provide a written response to the Panel regarding:
- the removal of the Chatsworth/London Road scheme from the budget.
- the Play Area Developments and Open Spaces capital programme

(e) Corporate Assets – 3 Year Repair and Maintenance Programme 2019/20 – 2021/22

The Corporate Director of Governance and Regulatory Services presented report GD.78/18 setting out the repair and maintenance programme budget proposals for the Council's corporate property assets for the three year period 2019/20 to 2021/22, required to ensure that the legal responsibilities of the City Council were met.

The Corporate Director of Governance and Regulatory Services reminded Members that local authorities had a duty to manage their property assets, particularly operational assets, in a safe and efficient manner which contributed to the quality of service delivery. The maintenance strategy was fully integrated with the Asset Management Plan and environmental policy. In addition, the Council followed good practice by, where practical, allocating its budget 70% planned maintenance and 30% reactive maintenance.

He added that the maintenance budgets for the year and those for the next 3 years (as set out in the Medium Term Financial Plan) were included as Appendix A. Whilst that allocation was necessary for budget purposes the Building Maintenance and Projects Manager (authorised by the Corporate Director of Governance and Regulatory Services) could re-distribute those funds to meet specific or emergency needs. That flexibility was essential to avoid any service disruption.

The Executive had on 12 November 2018 (EX.105/18) received the report and resolved:

"That the Executive approved:
1. The three year revenue maintenance programme set out in Appendix A to Report GD.78/18 as part of the budget process.
2. The 2019/20 capital budget of £150,000 as part of the budget process.
3. The list of capital projects selected to meet the allocated capital budget of £150,000."

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

- The repair and maintenance programme did not have a cyclical maintenance programme.

The Property Services Manager explained that Condition Surveys were carried out each year and they identified any major or day to day work that was required. The Survey identified the priorities and service requirements were also taken into account when prioritising the programme.

- How did the Council approve the capital works, they were not all listed within the budget.

The Corporate Director of Governance and Regulatory Services reminded the Panel that the Scheme of Delegation within the Constitution gave officers the authority to deliver the service. High priority areas were brought to Members but the day to day work was completed by officers under the Scheme of Delegation.

A Member asked that this be made clearer in future reports.

- Was the budget requirement for Mack Golf until 2021/22 required?

The Corporate Director of Finance and Resources clarified that a decision on the future of the Golf provision had not yet been taken and so the budget would remain until the decision was made.

RESOLVED – That the Corporate Assets – 3 Year Repair and Maintenance Programme 2019/20 0 2021/22 be received (GD.78/18).

(f) Treasury Management Quarter 2 2018 and Forecasts for 2019/20 to 2023/24

The Corporate Director of Finance and Resources submitted report RD.27/18 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management estimates for 2019/20 with projections to 2023/24, and set out information regarding the requirements of the Prudential Code on local authority capital finance.

The base Treasury Management estimates for 2018/19 with projections for 2023/24 were set out at Appendix C.

The Executive had on 12 November 2018 (EX.106/18) received the report and resolved that Report RD.27/18 be received and the projections for 2019/20 to 2023/24 be incorporated into the Budget reports considered elsewhere on the Agenda.

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

- Why did the Prudence and Sustainability table not include revised figures?

The Corporate Director of Finance and Resources explained that the figures would not be changed as they were updated on an annual basis. She agreed to add a further column to the table to clarify the matter.

- A Member asked for clarity regarding the Capital Financing Requirement figures.

The Corporate Director of Finance and Resources responded that the figure showed the underlying requirement to borrow as an annual sum based on the Minimum Revenue Provision and it would not change until the end of the year. An updated figure would be included in the outturn report.

- A Member had concerns regarding the stability of the Council's investment in the CCLA Property Fund.

The Financial Services Manager reminded the Panel that the Council had been invested in the Fund for a number of years with other Local Authorities. The Fund purchased a property portfolio and the yield returned was a result of the rental income. The Council had invested £3million and the overall value of the Fund was £1.5billion, the Council had had a return of £401,000. There was no set term for the investment in the Fund; however the Council would be required to give notice to come out of it. There was no plan to come out of the Fund as the return was higher than other options and it supported the Treasury Management income significantly.

RESOLVED – That the Treasury Management Quarter 2 2018 and Forecasts for 2019/20 to 2023/24 (RD.27/18) be received.

(g) Local Taxation 2018/19 – 2022/23

The Corporate Director of Finance and Resources submitted report RD.24/18 considering aspects of Local Taxation decisions which needed to be made as part of the Budget process for 2019/20 onwards.

The Corporate Director of Finance and Resources outlined the various considerations, including the levels of Council Tax for the City Council (including Parish Precepts), Council Tax Surplus calculations, Council Tax Base calculations, Local Support for Council Tax (LSCT), and Business Rate Retention (including Pooling arrangements). A summary of the assumptions made was also provided at Section 4.

The Executive had on 12 November 2018 (EX.107/18) received the report and resolved:

"That the Executive:

1. Noted the contents of Report RD.24/18 including the current assumptions built into the MTFP with regard to local taxation issues;
2. Approved, for recommendation to Council as part of the budget process, the 2019/20 Local Support for Council Tax scheme as set out in paragraph 2.4.
3. Approved the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2019/20, subject to the continuing involvement of the other partners which would be

formally agreed in January 2019 with the final decision on participation being delegated to the Corporate Director of Finance and Resources; that being subject to the outcome of the Business Rate Retention pilot bid for 75% retention in 2019/20."

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

- The Council Tax base figures which had been submitted to the Boundary Commission had a 10% growth increase, why had the increase in population not been reflected in the figures in the report?

The Corporate Director of Finance and Resources responded that work was required on the Council Tax base. The figures were based on a Band D equivalent; they were not based on the number of properties. The Corporate Director explained the process that the Council had to set the Council Tax and reminded the Panel that the tax base was not formally calculated for inclusion in the budget process until early January.

- If the 75% Rate Retention pilot application was successful how would the Council know what the share for the District would be?

The Corporate Director of Finance and Resources explained that the Council had external consultants to support the application process and 75% would equate to an additional £5m in Cumbria. If it was successful Carlisle would retain £264,000.

- Why had the Council chosen to keep the default statutory Council Tax Reduction Scheme instead of introducing a local scheme?

The Corporate Director of Finance and Resources responded that it was felt that the statutory scheme had offered more support for the vulnerable in the community. Cumbria County Council and the Police recognised the need to protect the most vulnerable and supported the City Council in using the statutory scheme.

The Finance, Governance and Resources Portfolio Holder commented that the scheme may have to be reconsidered in the future but it was the main role of the Council to look after the most vulnerable in the District and he felt it was prudent at this time to leave the scheme as it was. The Corporate Director added that any change to the scheme would involve a long detailed consultation process that would take at least twelve months.

The Finance, Governance and Resources Portfolio Holder took the opportunity to thank the Panel for their scrutiny of the budget. There were a lot of unresolved factors and it was a complex process but the Finance Team had continued to work hard to produce a balanced budget and retain prudent levels of reserves.

RESOLVED – 1) That the Local Taxation 2019/20 – 2023/24 report (RD.24/18) be received.

2) That the Corporate Director of Finance and Resources and her team be thanked for the work they had undertaken in preparing the budget reports

The Panel adjourned for a short break at 11.53am and reconvened at 12.00noon.

BTSP.83/18 CALL – IN OF DECISIONS

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

BTSP.84/18 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.32/18 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 9 November 2018 and included the Budget Process for the Panel's consideration.

The table of progress on resolutions from previous meetings had been included in section 3 of the report. The Overview and Scrutiny Officer stated that it was the Panel's responsibility to discharge resolutions and recommended that the following be discharged:
BTSP.16/18 (2)
BTSP.42/18 (c) (4)
BTSP.27/17 (2) – The Chairman read out the response to the Panel
BTSP.40/18 (3)
BTSP.64/18
BTSP.66/18
BTSP.68/18 (1)
BTSP.68/18 (2)

Referring to the work programme, the Overview and Scrutiny Officer reported that some amendments had been made to the scheduled dates of items in the work programme following discussions with the Chairman. The revised work programme had been included in the report, since the publication of the report the final item (Use of Technology and Flexible Working for Members) had been scheduled for 14 February 2019.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.32/18) be noted;

2) That the following resolved items be removed from the resolution table:

BTSP.16/18 (2)
BTSP.42/18 (c) (4)
BTSP.27/17 (2) – The Chairman read out the response to the Panel
BTSP.40/18 (3)
BTSP.64/18
BTSP.66/18
BTSP.68/18 (1)
BTSP.68/18 (2)

BTSP.85/18 REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO SEPTEMBER 2018

The Corporate Director of Finance and Resources presented the Revenue Budget Overview and Monitoring Report (RD.25/18) for the period April to September 2018, which included greater use of graphics to aide understanding.

Outlined within the report were the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement. Details of the balance sheet management issues and action taken by the Corporate Director of Finance and Resources to write-off bad debts were also provided.

The Corporate Director of Finance and Resources reported that the Council's financial position, which was affected by a number of external factors which had a financial impact during the course of the year and ultimately at the year end, would continue to be closely monitored and reported more fully in the Quarter 3 monitoring report to the end of December 2018. It would be important to maintain a prudent approach so as to ensure a sustainable budget position for future years to avoid any significant variance at the year end.

The Executive had considered the matter on the 12 November 2018 (EX.112/18 refers) and resolved:

"That the Executive:
1. Noted the budgetary performance position of the Council to September 2018;
2. Noted the action by the Corporate Director of Finance and Resources to write off bad debts as detailed in paragraph 6 of Report RD.25/18; and
3. Noted the release of reserves as set out in the table at paragraph 2.2, and noted the virements approved as detailed in Appendix A to the report."

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

- The budget position showed an overspend in the first six months, how would the shortfall be achieved as well as savings made?

The Corporate Director of Finance and Resources responded that the Council had to find £1.237m of savings; approximately £400,000 had been achieved to date. Options for achieving the remainder of the target could include the business rate retention pilot, salary turnover savings as well as rent review work being undertaken by Chancerygate, and internal officers within the Property Team.

The Property Services Manager clarified that the leases in the Industrial Estates included rent review provisions. The review process began with negotiations and if an agreement could not be reached the review went to an independent expert. When the process was finalised the rent would be back dated to the rent review date. A Member queried whether there was a risk tenants could leave if rents increased, there was always a risk this could happen but the tenants would have to assign their leasehold interest if they wished to do so.

- A Member asked why the budget proposed a reduction in the grant to Tullie House yet there was an increase in the revenue budget.

The Corporate Director of Finance and Resources clarified that the revenue budget pressure considered elsewhere on the agenda was part of the contractual arrangements with Tullie House for the provision of support services that the Council had previously provided. This was in addition to the Core Funding provided by the Council.

RESOLVED – That the Panel:
(i) scrutinised the budgetary performance position of the Council to September 2018;
(ii) scrutinised the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6 of report RD.25/18;
(iii) noted the release of reserves as set out in the table at paragraph 2.2, and noted the virements approved as detailed in Appendix A of report RD.25/18.

BTSP.86/18 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT – APRIL TO SEPTEMBER 2018

The Corporate Director of Finance and Resources submitted report RD.26/18 providing an overview of the budgetary position of the City Council's capital programme for the period April to September 2018, including greater use of graphics to aide understanding. Detailed therein were the capital budget overview; the overall budget position for the various Directorates; the monitoring and control of expenditure against budget allocations and the exercise of virement.

The Corporate Director of Finance and Resources reported that as at the end of September, expenditure of £2,701,000 had been incurred on the Council's core capital programme. When considered against the profiled budget of £3,558,110 that equated to an underspend of £857,110. The unspent balance remaining of the revised annual budget of £9,041,200 was

£6,340,200. That would be closely monitored over the following months to identify accurate project profiles and any potential slippage into future years.

In addition, paragraph 3.5 recorded that a number of schemes were included in the capital programme for 2018/19 which required reports to be presented to the Executive for the release of funding before the project could go ahead, some of which may slip into future years capital programmes.

The 2018/19 programme had been kept to a level that took account of the Council's ability to deliver schemes with regard to capacity and available resources. Work was ongoing to continue to monitor the profiling of budgets, and those were adjusted to reflect progress in current capital schemes. It was likely that there would still be a requirement for some carry forwards at the year end due to further slippage and delays on projects. Budgets now totalling £510,000 were being held in reserves until approved by Executive for release.

The Executive had considered the matter on the 12 November 2018 (EX.113/18 refers) and resolved:

"That the Executive:
1. Noted and had commented on the budgetary position and performance aspects of the capital programme for the period April to September 2018.
2. Noted adjustments to the 2018/19 capital programme as detailed in paragraph 2.1 of Report RD.26/18.
3. Made recommendations to Council to approve reprofiling of £380,000 as detailed in paragraph 3.5 and Appendix A from 2018/19 to 2019/20.
4. Approved the removal of two schemes detailed in paragraph 3.5 from the capital programme in 2018/19 and future years."

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

- The Disabled Facility Grants (DFGs) budget showed an underspend, was the Council promoting the Grants enough?

The Finance, Governance and Resources Portfolio responded that there had been some delays due to the previously strict criteria and some bottlenecks with occupational therapists. The DFGs were promoted but the new additional criteria may need to be better publicised.

The Corporate Director of Governance and Regulatory Services confirmed that the Grants were promoted through all available channels. He explained that some of the finances had funded extra occupational therapist resources to relieve some of the issues. The DFG budget had been re-profiled to allow for the money to be distributed to those that really needed it. It would not all be used in this financial year but it would all be used.

- Why was the quarter 1 capital commitment for Occupational Therapist support and Care Act contributions lower than the £650,000 quoted in the report?

The Corporate Director of Finance and Resources agreed to circulate full details of the capital commitment to the Panel from the service manager.

RESOLVED – 1) That the Panel:
(i) scrutinised and had commented on the budgetary position and performance aspects of the capital programme for the period April to September 2018.
(ii) scrutinised adjustments to the 2018/19 capital programme as detailed in paragraph 2.1 of Report RD.26/18.
(iii) scrutinised the reprofiling of £380,000 as detailed in paragraph 3.5 and Appendix A from 2018/19 to 2019/20.
(iv) scrutinised the removal of two schemes detailed in paragraph 3.5 from the capital programme in 2018/19 and future years.

2) That the Corporate Director of Finance and Resources provide the Panel with the following written responses:
 - How the Disabled Facilities Grants were promoted
 - Why the quarter 1 capital commitment for Occupational Therapist support and Care Act contributions was lower than the £650,000 quoted in the report.

BTSP.87/18 QUARTER 2 PERFORMANCE REPORT 2018/19

The Policy and Performance Officer presented the quarter 2 2018/19 performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. (PC.22/18)

The report included a dashboard of the Key Performance Indicators (KPIs) for the Panel along with a summary of exceptions. The KPIs included last year's data for comparison purposes, as requested by the Panel. Section 3 of the report gave an update against the actions in the Carlisle Plan for actions within the remit of the Panel.

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

- Was there any indication why there had been an increase in the sickness absence?

The Policy and Performance Officer reported that there had been a significant increase in stress and mental health absence which equated to a third of all absence. In addition 83% of the stress and mental health absences were long term. This was being proactively managed by the Council and the work undertaken through the Workforce Development Plan.

A Member commented that the performance figure of 5.2 working days lost was quite low and felt a more pressing issue was the reduction in the completion of the Return to Work Interviews.

The Policy and Performance Officer clarified that the figures within the report were for the first two quarters of the year, sickness would rise in the winter months due to flu and colds. With regard to the Return to work Interviews, he stated that the target was similar to the previous year and SMT did follow up on the Interviews. He added that there could be delays due to shift working or members of staff going off sick again before the Interview was carried out.

The Panel stressed the importance of Return to Work Interviews not only for the Council but for the wellbeing of all staff.

- The Tennis Facilities in Bitts Park would not be progressing, how much had been spent on the project, what were the plans for the future and did the Council have to pay back funding to the Lawn Tennis Association?

The Policy and Performance Officer agreed to provide a written answer to the Panel.

- There had been an increase in the number of benefits claimants in the first two quarters, was the reason for this known?

The Policy and Performance Officer agreed to provide a written answer to the Panel.

RESOLVED – 1) That the Panel had scrutinised the quarter 2 performance of the City Council with a view to seeking continuous improvements in how the Council delivered its priorities (PC.23/18).

2) That the Policy and Performance Officer provide the Panel with written responses to the following;
- how much had been spent on the tennis facilities project, what were the plans for the future and did the Council have to pay back funding to the Lawn Tennis Association;

- the reason for the increase in the number of benefits claimants in the first two quarters.

BTSP.88/18 STANDING ORDERS

During consideration of the above item of business, it was noted that the meeting had been in progress for 3 hours.

It was moved that Council Procedure Rule 9, in relation to the duration of meetings be suspended in order that the meeting could continue to enable the remaining items of business to be transacted.

AGREED that the meeting should continue beyond three hours in duration to enable the remaining items of business to be transacted.

BTSP.89/18 WORKFORCE DEVELOPMENT PLAN

The Workforce Development Manager presented the Workforce Development Plan 2018-2023 (RD.28/18).

The Workforce Development Manager reported that an internal audit review of workforce planning and development identified several issues including the lack of a formal written workforce strategy. Although not written nor formalised, workforce strategies were evident within the Council; however, the auditor recommended that SMT make a formal decision on whether a workforce strategy was required. In 2017 SMT made the decision to develop a workforce development plan for the organisation.

The Pan was completed by the Workforce Development Manager within the remit of the Transformation Board. The Transformation Board would review progress against the key actions on a regular basis. The Plan reflected the Carlisle Plan and key priorities of the Council; organisational culture, wellbeing, leadership, skills and engagement.

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

- What work was being carried out to plan for the future and who would undertake the work?

The Workforce Development Manager responded that the work was being carried out by Senior Management Team and Services Managers through their Service Plans.

- What other consultation had taken place with Councillors?

The Workforce Development Manager clarified that the consultation in the report referred to the Employment Panel and the Portfolio Holder.

- Were apprentices considered at every opportunity or was there a cap on the number that could be appointed?

The Workforce Development Manager confirmed that there was no cap for the recruitment of apprentices and managers were encouraged to consider apprentices at every opportunity. There was also a ring fenced budget to support apprentices which had helped to increase the numbers and internal staff have also taken up the opportunity to become apprentices.

In response to a further question the Workforce Development Manager reported that one member of staff had become an apprentice and over twenty members of staff had been recruited to the Everyday Leaders Programme.

- How were appropriate skills being brought into the authority if the Council focussed on internal growth and an at risk register?

The Workforce Development Manager confirmed that there was an at risk register that usually included staff that were at risk of redundancy or health and wellbeing risks. As positions became available the staff on the at risk register were offered positions first dependent on their skills. The benefit of recruiting internally is the retention of existing skills and knowledge, the issue that actually needed addressed was the number of positions that were advertised where no internal applicants were received.

- How were the impacts of the physical demands on older staff and Councillors managed?

The Workforce Development Manager responded that older, mature employees were a benefit to the authority with their skills and knowledge and the ability to carry out succession training. The physical demands were identified through service managers and issues would be addresses on an individual case basis. The apprenticeship programme would also help to attract a more diverse workforce.

- The Panel asked that information regarding the aging workforce and sickness absence be included in the Sickness Absence report in February.

- Could the Council afford all of the employee benefits that were listed in the report?

The Workforce Development Manager explained that the City Council often offered less financial benefits than the private sector and often did not compare well on salary, so the employee benefits contributed to the offer from the Council to retain and recruit staff. The budget was kept under constant review and the benefits would be revised if and when necessary.

The Finance, Governance and Resources Portfolio Holder added that the employee benefits linked to the priorities going forward. The Council had a small excellent Organisational Development Team which aimed to help the workforce, reduce sickness and retain staff. The action plan attached to the report was well planned out and the Development Plan was excellent work.

RESOLVED – 1) That the Workforce Development Plan 2018-2023 be received (RD.28/18).

2) That the Workforce Development Manager and the Organisational Development Team be thanked for their work in producing the Plan.

3) That the Panel would like succession planning included in future Workforce Development Plans.

4) That the Sickness Absence report, due to be scrutinised by the Panel in February 2019, includes information regarding the aging workforce and sickness absence

BTSP.90/18 PUBLIC AND PRESS

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

BTSP.91/18 ASSET DISPOSAL PLAN
(Public and Press excluded by virtue of Paragraph 3)

The Corporate Director of Governance and Regulatory Services submitted report GD.90/18 which details the proposals to refresh the Asset Disposal Plan.

The Corporate Director of Governance and Regulatory Services reminded the Panel of the review of the property portfolio which organised assets into three categories. A number of assets were identified as surplus to requirements and a disposal programme was implemented. To date 38 properties had been sold generating in excess of £10.1m gross receipts.
The review started with the current asset register, each asset was reviewed to assess whether the asset was still required for operational needs, income generation or economic development purposes and the rationale for retaining or disposing of the asset was included in appendix 1. A review was also undertaken of the remaining disposal programme. As part of the process a number of assets were also identified as suitable for community asset transfer and they would be reviewed further and brought to Members in due course.

The Corporate Director of Governance and Regulatory Services explained that the review identified assets suitable for disposal and they were detailed in appendix 2 of the report. He gave an overview of the timescale and the resource requirements along with the budgetary implications of the proposal.

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

- The Panel asked for the definition of 'Investment Asset' and 'Economic Development Asset'.

The Property Services Manager responded that an Investment Asset would help generate income and an Economic Development Asset would be retained to grow the City.

- A Member commended officers on the success of the improvements to Durranhill Industrial Estate.

The Property Services Manager commented that the investment had improved the infrastructure and landscaping and had encouraged regeneration.

- There was some concern that the Council was considering selling investment and economic development sites to invest in a scheme which had neither.

The Property Services Manager responded that the sale of assets was required to generate income and to reinvest. The Corporate Director of Finance and Resources added that selling assets reduced the borrowing costs and made some assets more valuable to the Council. The sale of assets made good financial sense and met the priorities set by the Council.

The Corporate Director of Governance and Regulatory Services reminded the Panel that each asset disposal would go through the usual process of approval which included a report to the Executive which Scrutiny could call in if they felt it was appropriate.

The Chairman highlighted to Panel Members the importance of reading the Executive decisions within the call in period to ensure the opportunity for call in was not missed if it was required.

- How did the Council's Community Asset Transfer (CAT) Policy fit in with the Asset Disposal Plan?

The Property Services Manager explained that the CAT Policy would be used in conjunction with the Disposal Plan; a number of assets had been identified as potential CAT assets and would be progressed out with the Disposal Plan.

- Why did the proposed income from some of the assets not show in the budget for three or four years?

The Property Services Manager explained that a lot of work was required in advance of any sales and as a result the receipt came later in the process.

- A Member asked for reassurance that the Market Hall had not been sold.

The Property Services Manager assured the Panel that the Council had not sold its interest in the Market Hall building and had not received notification that anyone else had.

The Panel discussed the proposals for the sale of some individual assets and their value as listed in the report and the Corporate Director of Governance and Regulatory Services and the Property Services Manager responded to Members questions.

RESOLVED – That the Panel scrutinised the proposals in the Asset Disposal Plan for consideration by the Executive (GD.90/18).

(The meeting ended at 1.35pm)