

RESOURCES OVERVIEW AND SCRUTINY PANEL

THURSDAY 20 OCTOBER 2016 AT 10.00AM

- PRESENT:** Councillor Watson (Chairman), Councillors Allison, Bowditch, Mrs Bowman, Mallinson J, McDonald, Mrs Riddle and Robson (until 11.27am).
- ALSO PRESENT:** Councillor Dr Tickner – Finance, Governance and Resources Portfolio Holder (until 11.20am)
Councillor Mrs Bradley – Economy, Enterprise and Housing Portfolio Holder
- OFFICERS:** Town Clerk and Chief Executive
Deputy Chief Executive
Corporate Director of Governance and Regulatory Services
Policy and Communications Manager
Chief Finance Officer
Senior Estates Surveyor
Policy and Performance Officer

ROSP.73/16 APOLOGIES FOR ABSENCE

There were no apologies for submitted.

ROSP.74/16 DECLARATIONS OF INTEREST

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

ROSP.75/16 PUBLIC AND PRESS

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

ROSP.76/16 MINUTES OF PREVIOUS MEETING

The minutes of the meeting of the Resources Overview and Scrutiny Panel held on 8 September 2016 had been circulated and it was noted that the finish time was incorrect, the meeting finished at 11.52am and not 10.52am as stated.

RESOLVED – That the minutes of the meeting held on 8 September 2016 be noted with the above amendment.

ROSP.77/16 CALL - IN OF DECISIONS

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

ROSP.78/16 OVERVIEW REPORT AND WORK PROGRAMME

Report OS.21/16 was submitted and provided an overview of matters that related to the work of the Resources Overview and Scrutiny Panel.

The Notice of Executive Key Decisions which had been published on 23 September 2016 contained the following items which fell within the remit of the Panel:

KD.21/16 – Budget Process 2017/18 – would be considered by the Panel on 6 December 2016.
KD.22/16 – Land and Property Transactions – Disposal of Showman's Site, Willowholme – The Executive would be asked to give consent to dispose of the assets at their meeting on 21 November 2016.

KD.23/16 – Future of Internal Audit – The Executive would be asked to consider the future of Internal Audit at their meeting on 24 October 2016.

A Member requested that KD.22/16 be submitted to the next meeting for consideration by the Panel. The Panel held a detailed discussion regarding the role of Scrutiny in decision making and the reasons for which the matter should be considered by the Panel. The Town Clerk and Chief Executive reminded the Panel that the Policy for the disposal of sites had been agreed by Members and the Executive disposed of sites within the boundaries of the Policy.

Members had some concerns regarding the potential income from the site and social considerations of the disposal of the site. They were reminded that Overview and Scrutiny had the option of calling in the decision if they were not happy with the decision or the information provided which informed the decision.

A Member asked why the Future of Internal Audit would be considered as an exempt Part B item and the Finance, Governance and Resources Portfolio Holder informed the Panel that the matter was of a sensitive nature as it had implications on staff. Members felt that it would be beneficial to include Members in the decision making process and agreed that the matter would be added to the Panel's agenda in January 2017 and all Members could be invited to attend.

The Panel's Work Programme for the current year had been circulated and Members were asked to consider the framework for the meeting on 6 December 2016.

A Member commented that this was the first Overview and Scrutiny Panel meeting without the Overview and Scrutiny Officer and was disappointed that the report had not been presented and key items had not been highlighted.

RESOLVED – 1) That the Overview Report incorporating the Work programme and Key decision items relevant to this Panel (OS.21/16) be noted.

2) That the following items be included on the agenda for next meeting on 6 December 2016:

- Budget Monitoring 2016/17
- Significant Partnerships
- Performance Monitoring
- Sickness Absence
- Corporate Programme Board
- Budget Setting 2017/18 – 21/22

3) That the Future of Internal Audit be added to the 5 January 2017 Panel agenda and all Members be invited to attend should they so wish.

ROSP.79/16 EMPLOYEE OPINION SURVEY 2016

The Policy and Communications Manager presented the results of the 2016 Employee Opinion Survey (PC.21/16).

The Policy and Communications Manager reported that the 2016 Employee Opinion Survey had taken place in June 2016 with 226 responses, a response rate of 51% based on the headcount of 443 staff. This had been an increase in the response rate in 2014 of 39.6%.

The 2016 survey had maintained several of the questions from previous years and new questions regarding visible leadership, bullying and support for personal development. A copy of the survey had been attached to the report.

The Policy and Communications Manager gave a breakdown by Directorates of the responses received and highlighted the key findings as detailed in the report.

In considering the results of the survey Members raised the following comments and questions:

- What was meant by 'agile working'?

The Town Clerk and Chief Executive clarified that agile working did not mean the authority was moving towards 'hot desking'. Agile working meant that technology would be used to enable staff to work where they wanted to work, when they wanted to work depending on the role and included working from home and the use of video conferencing which reduced travelling time. There would be changes to the telephony system which would increase mobile working and allow everyone to keep in contact.

- Was the City Council still able to accommodate flexible working following the significant reduction in staff? What was the administration costs associated with the Flexitime system and was it time to review the system?

The Town Clerk and Chief Executive responded that flexible working was dependant on the role and the system was subordinate to the requirement of the business. Many roles in the authority allowed for flexible working and staff, managers and supervisors ensured that the system was used sensibly.

- It was clear that, although the responses could be uncomfortable, the survey was useful for managers but was there a statutory reason to carry out the survey and how much did it cost?

The Town Clerk and Chief Executive agreed that the responses could be uncomfortable particularly as there had been a reduction in the satisfaction with SMT providing strong and visible leadership. Some of the rationale behind the change had been the Voluntary Reduction/Early Redundancy scheme which, although the right scheme to carry out, was not proactive and did not create a strong proactive leadership environment. There was no statutory requirement to carry out the survey and the cost was negligible against the benefit to the authority of having information about how the organisation was performing. The survey also demonstrated that the authority was interested in how staff felt the authority was performing.

- How would the issue of bullying at work be addressed?

The Town Clerk and Chief Executive reminded the Panel that the survey could not and would not be used to identify staff who felt they were experiencing bullying at work. The information would be used to ensure that all staff knew how to report bullying and felt comfortable in doing so as it was everyone's interest to understand what bullying was.

RESOLVED – That report PC.21/16, Employee Opinion Survey 2016, be welcomed.

ROSP.80/16 CORPORATE RISK MANAGEMENT

The Deputy Chief Executive presented report SD.20/16 which provided an update on the Corporate Risk Register.

The Deputy Chief Executive reported that significant progress had been made in terms of managing the Council's corporate risks and managing the emerging risks. An update of the risks and control strategies were set out in appendix 1 of the report. The Deputy Chief Executive detailed each of the current action statuses as detailed in the appendix and drew Members' attention to the risks which had been identified in the risk workshop which had not been considered corporate risks. The risks and the reasons for not including them as corporate risks were set out in appendix 1.

A recent audit of risk management had been undertaken and the scope for the consideration of the management arrangements had been agreed along with areas of good practice and recommendations details of which were set out in section 2 of the report.

RESOLVED – That the Corporate Risk Management update (SD.20/16) and the results of the recent internal audit as evidence of effective guidance in the area of risk management be noted.

ROSP.81/16 REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2016

The Chief Finance Officer presented report RD.19/16 providing an overview of the Council's overall budgetary position for the period April to June 2016 for revenue schemes only.

She summarised the budgetary position as at June 2016 which showed an updated Budget 2016/17 totalling £13,702,500; and highlighted the main income and expenditure variances as summarised at Section 3.3 of the report.

Section 4 recorded that the Council's financial position was affected by a number of external factors which would have a financial impact during the course of the year and ultimately at the year-end, including the general effect of local economic activity on the Council's income streams (e.g. car parking, tourism and leisure facilities); fuel prices, energy costs and other inflationary issues; and the effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control.

The Chief Finance Officer added that the Council's financial position would continue to be closely monitored and the likely year end position would be reported more fully in the Quarter 3 report. It would be important to maintain a prudent approach so as to ensure a sustainable budget position for future years and to avoid any significant variance at the year end.

Attention was drawn to the overspend of £195,800 on insurance renewals due to the increased premiums as a result of the December 2015 flood. Full Council would be asked to agree a recurring virement of £196,000 from the budget provision earmarked for inflation which was no longer required to fund the increased insurance.

The Executive had considered the matter at their meeting on 30 August 2016 (EX.79/16 refers) and resolved:

“That the Executive:

1. Noted the budgetary performance position of the Council to June 2016.
2. Noted the action by the Director of Resources to write-off bad debts as detailed in paragraph 6 of Report RD.19/16.

3. Agreed the proposed virement of £196,000, as set out in paragraph 3.3, in respect of increased Insurance premiums, for recommendation to Council in November 2016.”

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

- It had been reported that inflation rates were expected to increase would this effect the virement?

The Chief Finance Officer confirmed that there would be no impact on the virement. The Medium Term Financial Plan (MTFP) had assumed a 2% inflationary increase for future years; if actual inflation increased above this amount the MTFP would be amended as part of the budget process.

- How much was the actual increase to the insurance premiums?

The Chief Finance Officer agreed to include the actual figures for the increase to the insurance premium in the report requesting the virement that would be considered by full Council on 8 November.

- Members discussed the issues that residents and businesses had raised with regard insurance companies and premiums and asked if the Flood RE scheme was still operating.

The Finance, Governance and Resources Portfolio Holder confirmed that the Flood RE scheme was still in operation but it did not apply to everyone. Landlords and businesses were not eligible for the scheme and it would require input from Government level to make changes to the scheme. He added that there had been a presentation to Informal Council on the Flood RE and the information made available could be used by Members in their Wards.

- A Member raised a national issue that local authorities were facing with regard to business rates. Businesses were moving into properties, refurbishing them and then leaving before they had to pay businesses rates. Was there anything the City Council could do to avoid this?

The Chief Finance Officer did not have any details with regard to this matter.

- Had a date been set for the demolition of properties that were currently creating an overspend to NNDR payments?

The Finance, Governance and Resources Portfolio Holder responded that a contractor had been appointed and a schedule of works was being prepared. He agreed to circulate the schedule to Members.

- A Member had concerns regarding overspend in relation to the implementation of the DIS Digital Strategy and asked if the overspend was set to continue?

The Chief Finance Officer explained that the Executive had released the funding for the implementation of the Strategy and this had not been reflected in the report, the next report would show the release of funds.

A Member asked what controls were in place to ensure officers did not overspend without authorisation and the Town Clerk and Chief Executive responded that the Financial Procedure Rules set out the delegated authority for officers which prevented them from spending more than they had been approved to.

The Chairman reminded the Panel that the Digital Vision and Technology Strategy would be scrutinised by the Panel in February 2017.

RESOLVED – 1) That the Revenue Budget Overview and Monitoring Report: April to June 2016 (RD.19/16) be noted;

2) That details of the increase to the Council's insurance premium as a result of the December 2015 be included in the virement request to Council in November;

3) That the schedule of demolition work be circulated to Members of the Panel.

ROSP.82/16 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2016

The Chief Finance Officer presented report RD.20/16 providing an overview of the budgetary position of the City Council's capital programme for the period April to June 2016.

Members' attention was drawn to the position statement which recorded that, as at the end of June, expenditure of £1,609,303 had been incurred. When considered against the profiled budget of £1,750,913, that equated to an underspend of £141,610. The unspent balance remaining of the revised annual budget of £7,993,000 was £6,383,697. That would be closely monitored over the following months to identify accurate project profiles and any potential slippage into future years.

The Chief Finance Officer pointed out that a number of schemes were included in the capital programme for 2016/17 that required reports to be presented to the Executive for the release of funding before the project could go ahead.

Attention had been drawn to the Disabled Facilities Grant (DFG) allocation which, at £1.4m, was significantly higher than in previous years.

The Executive had considered the matter at their meeting on 30 August 2016 (EX.80/16 refers) and noted the budgetary position and performance aspects of the capital programme for the period April to June 2016, as set out in Report RD.2016.

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

- Where had the increase in the DFG allocation come from and how would the additional funds be used?

The Chief Finance Officer reminded the Panel that the allocation had changed and came from the County Council through the Better Care Fund.

The Economy, Enterprise and Housing Portfolio Holder added that discussions had begun on a County level with the Cumbria Housing Group to look at the funding and how it could be best used. The Group was attempting to find innovative ways of using the funding to support vulnerable people in the community within the guidelines and legislation. There had been issues in the past where there had been delays in the referrals to DFGs from the Occupational Therapists (OTs). One option for the funding was for the authority to employ their own OTs to speed up the referrals if possible. She assured the Panel that the options were being looked at very carefully as the housing authorities were an integral part of caring for people in their own home.

RESOLVED – That the Capital Budget Overview and Monitoring Report: April to June 2016 (RD.20/16) be noted.

ROSP.83/16 EFFICIENCY PLAN 2017/18 TO 2021/22

The Chief Finance Officer presented the Council's Efficiency Plan for 2017/18 to 2021/22 which had been produced in accordance with the requirements of the Government's four yearly funding settlement. The Plan set out the framework for planning and managing the Council's financial resources and efficiency savings.

The Chief Finance Officer reminded the Panel that the Council received core funding from Government was year made up of Revenue Support Grant (RSG) and the Business Rates baseline. It was announced as part of the 2016/17 Local Government Finance Settlement that RSG would be phased out by 2020 and proposed a four year settlement from 2016/17 to authorities who signed up to an efficiency program.

The City Council had until 14 October 2016 to decide whether to accept the four year RSG settlement and produce an Efficiency Plan. The Medium Term Financial Plan (MTFP) included the four year settlement for the loss of the RSG and set out the Council's agreed Savings Strategy.

The main points for consideration regarding the four year settlement proposals were set in section 2.3 of the report and the Efficiency Plan had been attached as Appendix A.

A Member commented that there had been significant savings identified through VR/ER and asked how realistic they were. The Chief Finance Officer explained that the savings table in the report needed to be updated and would be refreshed as part of the budget process.

A Member asked if the increase in inflation would be a good opportunity for the authority to look at the repayment or re-financing options available for the Stock Issue debt and the Chief Finance Officer confirmed that she had met with the investment advisor recently and the matter was being kept under review.

RESOLVED – That the Efficiency Plan 2017/18 to 2021/22 (RD.30/16) be noted.

ROSP.84/16 MARKET HALL ROOF REPAIR WORKS – CAPITAL CONTRIBUTION AND LEASE EXTENSION

The Corporate Director of Governance and Regulatory Services submitted report GD.51/16 detailing the need for essential repair works to the Market Hall premises, together with proposals to extend the head-lease and under-lease of the premises.

Speaking by way of background, the Corporate Director indicated that the City Council owned the freehold of the Market Hall which was let to BAE Pension Fund on a 99 year head-lease from March 1991 with an option to extend the term by 51 years. The Market Hall had, over the years, fallen into disrepair and BAE had commissioned a survey which highlighted the need for significant essential repairs, primarily to the roof. They had further commissioned that work which was scheduled to start at the beginning of October 2016, with an anticipated completion date of mid-November 2016.

More detailed information on the leasing arrangements and rental income; repair liabilities and cost recovery; and recovery through the service charge was provided at Section 1 of the report.

For the avoidance of doubt, the Corporate Director stated that scaffolding had been erected at the Market Hall due to the need to survey the extent of the damage to the roof. That did not mean that a decision on the repair work had already been taken.

The Corporate Director highlighted, in particular, Section 1.4 which recorded that BAE had put forward a proposal to extend their ground lease by a further 99 years, and the Council had engaged Cushman & Wakefield to advise and negotiate the detail of the lease extension to ensure best value was achieved for the Council. The extension of the head-lease was considered to be beneficial to the Council as it would not only secure an extended revenue stream, but would also secure the ongoing maintenance liability for the Grade II listed building. Negotiations to extend the head-lease would include proposals to consecutively extend the Council's under-lease of the stall holder area and would facilitate the opportunity to update the outdated Market Hall Management Agreement.

In terms of the contribution to the repair works the Executive had agreed that the Council make a one-off capital contribution to fully discharge its costs liability, with the payment being made from the capital sum earmarked as a contribution to the Market Hall repair works (approved by full Council on 2 February 2016).

He added that discussions were taking place via the Market Hall Managing Agent to ensure that the stall holders were kept fully apprised of the works and any potential business disruption those may cause. It was further proposed that the suggested head-lease extension, subject to the agreement of detailed terms, be agreed with the tenant.

The Executive had considered the matter at their meeting on 26 September 2016 (EX.85/16 refers) and resolved:

“That the Executive:

1. Approved the release of capital monies earmarked in the Capital Programme to meet the Council's repair work funding liability.
2. Delegated the agreement to the detailed terms of the proposed head-lease and under-lease extension to the Building and Estates Services Manager and the Asset and Investment Services Manager in consultation with the Director of Governance.”

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

- What was the purpose of renewing the lease?

The Senior Estates Surveyor responded that BAE had put forward a proposal to extend their ground lease by a further 99 years. As part of the discussions the Council wanted to ensure that BAE did not put the repair costs into the service charge which would then impact the tenants.

Members had concerns with regard to the proposal to extend the lease and felt that a further 99 years was unnecessary.

The Corporate Director explained that the Council had a number of options available and any decision taken would be for the benefit of the authority and the City. Although the Market Hall decision would be approached in a commercial manner it would be balanced against the building being a significant asset to the City.

- A Member had spoken to market traders and a number of issues had been raised. There was a high number of empty stalls and the City Council had little control over how traders were treated.

The Economy, Enterprise and Housing Portfolio Holder responded that she had attended the meeting to explain that the report before the Panel dealt with the roof repairs only. The meeting of the Market Management Group was due to take place and she felt it would be far more

productive for the Panel to consider the vacancies and relationship with the traders following the meeting when the most up to date and accurate information would be available.

- The cost of the repairs to the roof was extremely high; should there be a more proactive maintenance schedule in place to prevent the building getting to this stage?

The Corporate Director confirmed that the authority had a proactive maintenance schedule for their assets; however the maintenance of the Market Hall fell to BAE and the City Council made a contribution to the maintenance.

- The Market Hall was not operating the way Members had hoped and members questioned how the Council could influence how the market Hall was operating and if anything could be included in the under lease.

The Corporate Director acknowledged that the sub lease had been signed in 1991 and had not evolved over time. There had been changes to the terms of the lease and the Council had appointed a managing agent to run the Market on behalf of the Council. If the lease was renewed with BAE it may be an opportunity to discuss changes to the under lease and modernise the interaction with the tenants and make the Market more vibrant.

A Member commented that the stallholders were not able to advertise and other small issues had been raised. The Corporate Director explained that the under lease was operated by the Council's managing agent and they discussed issues with the Council through the Market Management Group.

The Senior Estates Surveyor added that the Council did have some control over how the Market was managed through the under lease and the managing agents did bring issues from tenants. One issue for the managing agent had been the lack of a formal process or committee for the stallholders and they were trying to address this.

The Economy, Enterprise and Housing Portfolio Holder explained that there had been issues with the stallholders as they all wanted different things and had been unable to establish any kind of committee or association which had resulted in the managing agents having to consult with each tenant individually. This made it very difficult to negotiate changes.

The Corporate Director informed the Panel that the Market Hall had an advertising budget which was well used but the Market traders as a whole needed to consider what their offer was and how to make the Market more vibrant.

- A Member felt that the recommendations to the Executive should have been worded differently to allow Councillors to be involved in the final decision regarding the extension of the head lease and under lease.

Members discussed the options open to the Panel and

RESOLVED – 1) That the Panel noted the resolution of the Executive on 26 September 2016 (EX.85/16 refers) and requested that the Executive considered the Panels concerns regarding the extension of the head lease and asked that the Executive made the final decision.

2) That a report be submitted to the next Panel meeting detailing the relationship with stallholders and the managing agents and provides up to date information and feedback from the October Market Management Group.

ROSP.85/16 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.

ROSP.85/16 MARKET HALL ROOF REPAIR WORKS – CAPITAL CONTRIBUTION AND LEASE EXTENSION

The Corporate Director of Governance and Regulatory Services submitted private report GD.51/16 concerning essential repair works to the Market Hall premises, together with proposals to extend the head-lease and under-lease of the Market Hall premises.

The Corporate Director summarised for Members the additional financial information provided within the report; and moved that the Executive note the same.

The Executive had considered the matter at their meeting on 26 September 2016 (EX.91/16 refers) and noted the financial information relative to the proposals set out in public report GD.51/16.

RESOLVED- That report GD.56/16 Market Hall Roof Repair Works – Capital Contribution and Lease Extension be noted.

(The meeting ended at 12.20pm)