

CORPORATE RESOURCES
OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL)
THURSDAY 9 JANUARY 2003 AT 10.30 AM

PRESENT: Councillor Guest (Chairman), Councillors Bain, Mrs Bowman,
Mrs Bradley, Mrs E Mallinson (substitute for Councillor Jefferson) and
Styth.

ALSO PRESENT:

Councillor Stevenson, Finance and Resources Portfolio Holder, was
present at the meeting to answer questions on the Executive's budget
proposals for 2003/04.

Councillors Firth and Ellis were also in attendance at the meeting.

CROS.1/03 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Jefferson, Joscelyne and J Mallinson.

CROS.2/03 DECLARATIONS OF INTEREST

Councillor Mrs E Mallinson declared a personal interest in accordance with the Council's Code of
Conduct in relation to the following items:

Minute CROS.3/03 (General Fund Revenue Budget Considerations 2003/04 to 2005/06) as she
owned property which was let to people in receipt of housing benefits.

Minute CROS.13/03 (Resourcing Benefits Administration 2003/04) as she owned property which
was let to people in receipt of housing benefits.

Minute CROS.5/03 (Capital Programme 2003/04) as she owned property which was let to people in
receipt of housing benefits.

Minute CROS.6/03 (Leisuretime Externalisation) as her husband was a member of the Carlisle
Leisure Limited Board.

CROS.3/03 GENERAL FUND REVENUE BUDGET
CONSIDERATIONS

2003/04 TO 2004/05

Councillor E Mallinson, having declared a personal interest, remained in the meeting room and
asked a question during the debate on this item.

The Head of Finance submitted Report FS.1/02 and Addendum giving details of the General Fund 2002/03 Revised Estimates and core base estimates for 2003/04 together with projections to 2005/06. The report also contained a summary of saving and new bid proposals, the impact in 2003/04 of the "provisional" Revenue Support Grant settlement figures, the implied spending constraints, the scope for increased spending, the impact on the Council Tax and also reviewed a range of issues which had a material bearing on the budget process.

She indicated that the Government's Provisional Finance Settlement the Council gave a 7.48% increase in grant. This was subject to a consultation period ending on 14 January 2003 following which the Government would issue the final settlement figures.

The Head of Finance answered Members' questions with regard to the Government's assumptions on the formula spending share for the Council and the effect of reduced population figures on future Government Grant allocations.

RESOLVED – That the information contained in Report FS.1/02 and Addendum be noted.

CROS.4/03 HOUSING REVENUE ACCOUNT (HRA) REVISED

ESTIMATES 2002/03

The Head of Finance submitted Report FS.3/02 containing details of the HRA Revised Revenue Estimates for 2002/03 to 8 December 2002 i.e. the final date of the City Council ownership of the housing stock. A report on the HRA final outturn was to be submitted to the Executive as part of the closure of accounts process.

Since a report to the Executive on 28 October 2002, the estimated closing balance had been revised downwards from the original figure of £3.163m to £3.027m. The reason for this had been reported to the City Council on 3 December 2002 and related to a revenue contribution to capital of £136,000. The Pension Fund contribution of £200,000, which had also been approved at Council, would not be required as part of the transfer settlement.

ODPM rules stated that an Authority's HRA must remain open for a full financial year following transfer. This would enable any outstanding subsidy issues or other post transfer adjustments to be dealt with in 2003/04. The formal closure of the HRA and the transfers of any outstanding balance to the General Fund could not, therefore, take place before 31 March 2004.

A Member referred to the fact that, in previous years, HRA balances had been consistent at between £1.5m and £1.7m. She was concerned that this had now increased to £3m and would be transferred to the General Fund, as this was tenant's money and should be used for housing purposes, not to improve the General Fund balances.

RESOLVED – That the information contained in Report FS.3/02 be noted

CROS.5/03 ESTIMATED CAPITAL RESOURCES AND CAPITAL

BIDS 2003/04 TO 2005/06

Councillor E Mallinson, having declared a personal interest, remained in the meeting room and spoke during the debate on this item.

The Head of Finance submitted Report FS.4/02 estimating available Capital Resources in 2003/04 to 2005/06, together with a summary of Capital Bids against those resources. The report also contained details of the Revised Capital Programme for 2002/03.

Members referred to Government proposals announced in the recent Government Speech to include a new framework for capital investment by Local Authorities which would allow a new and more flexible approach to the provision and maintenance of capital assets. It was noted that the Head of Finance was to submit further detailed reports to the Executive on this issue when more information was available, and that there was likely to be implications for the future funding of the City Council's Capital Programme.

Members asked that the further reports be also submitted to this Committee so that discussions could take place on the implications of the new framework on the Capital Programme of the Authority.

RESOLVED – (1) That the information contained in Report FS.4/02 be noted.

(2) That the Head of Finance be requested to arrange for the future reports on the new capital investment framework to be submitted to this Committee for consideration.

CROS.6/03 INTEGRATING STRATEGIC PLANNING WITH THREE

YEAR BUDGETING

The Town Clerk and Chief Executive and Head of Finance submitted a joint report (CE.1/02 – FS.5/02) which sought to establish a process and timetable to achieve improvement in the delivery of the Council's objectives and priorities. This could be achieved through the development and integration of the financial framework with the corporate planning and budgeting process.

The Council was establishing medium term planning through the Corporate Plan and the framework of a three year financial budget, although more remained to be done. Features required in the future were:

- (a) A comprehensive strategic planning mechanism that generated clear short to medium term objectives and targets which were relevant at both corporate and service delivery level.
- (b) A process timetable and series of milestones to achieve the above.
- (c) The above to be informed by a budgeting mechanism that delivers as firm as possible an indication of the levels of funding available in the three year period ahead.

A Member questioned whether Overview and Scrutiny had a meaningful part to play in the Council's decision making process, as she could not see any real change as a result of Overview and Scrutiny input. References from Overview and Scrutiny to the Executive were noted and not actioned. She asked how the views of Overview and Scrutiny would be better taken on board by the Executive under this new framework.

The Town Clerk and Chief Executive considered that the role of Overview and Scrutiny within the Authority had to be strengthened and that there was a huge role for Overview and Scrutiny to play in examining and advising on Council priorities before they were forwarded to Executive and Council for adoption. He intended to identify a mechanism by which this could be achieved. He also felt that the process should be more Member driven with clear priorities being set by Members. The manner in which references were referred from Overview and Scrutiny to the Executive at present often did not provide the necessary clarity to take issues forward.

Members expressed the view that they were not satisfied with the manner in which the budget timetable had operated this year and wished to see a clear role for Overview and Scrutiny in the budget setting process identified and agreed for future years.

Councillor Stevenson, Finance and Resources Portfolio Holder, acknowledged that there had been difficulties with the Budget timetable this year. He agreed that there would be merit in improving the timetable for the consideration of budget bids and other budget items in future years.

He considered that the Finance and Resources Portfolio Holder, the Chairman of this Committee and relevant Officers should meet at the beginning of the next Municipal Year to identify how the Budget process could be driven through the Executive and Overview and Scrutiny in a more efficient manner.

In considering other aspects of this Report, Members considered :

- (a) Overview and Scrutiny Committees should have a role in examining Service Level Agreements throughout the Local Authority to monitor performance.
- (b) Improvements should be made to the presentation of Performance Indicator Reports to Overview and Scrutiny Committees to make them easier to understand.
- (c) Detailed base estimates should no longer be submitted to this Committee.

RESOLVED – (1) That the following recommendations contained in report CE.01/02-FS.05/02 be agreed:

- (a) To recommend to the Council the revised and integrated planning cycle set out in paragraph 5.
 - (b) To agree the planning principles set out in paragraph 4 to be used to underpin the three year strategic planning.
 - (c) To agree the proposals for improved business planning and Service Level Agreements.
 - (d) To support the improvements being made to financial management and performance reporting.
- (2) That the Executive be recommended to agree that Overview and Scrutiny Committees should have a role in examining Service Level Agreements throughout the Local Authority to monitor performance.
- (3) That the Performance Officer be requested to effect improvements to the presentation of Performance Indicator Reports to Overview and Scrutiny Committees to make them easier to understand.
- (4) That it be agreed that detailed base estimates should no longer be submitted to this Committee.
- (5) That issues relating to the role of Overview and Scrutiny within the democratic framework be referred to the Member Workshop arranged for 28 January 2003.

CROS.7/03 LEISURETIME EXTERNALISATION

Councillor E Mallinson, having declared a personal interest, spoke during the debate on this item.

The Head of Finance submitted Report FS.2/02 indicating that predicted savings of £48,000 in 2002/03 following the transfer of Leisuretime Services to Carlisle Leisure Limited had now been

revised to a budgetary requirement of £50,000.

She indicated that the estimated budgetary needs in relation to Leisuretime Services had been fine tuned to reflect the estimated date of transfer, the agreed payments to Carlisle Leisure Limited for the four month period 1 December 2002 to 31 March 2003 and the reduced business rate requirement. This analysis showed a net anticipated overspend of £50,000 in 2002/03. This would need to be managed within the total budget available for Leisure and Community Services as had been the practice in previous years.

A Member considered that the report identified shortcomings in the preparation of the Leisuretime budgets which should have been foreseen by Officers.

The City Treasurer pointed out that, in the past, virements had been allowed under the overall Leisure Services budget heads and that overspends had been managed within the overall Leisure Services budget.

A Member asked that details of which of the Leisure Services budgets the £100,000 funding shortfall had been vired from should be made available for this Committee in order that any impact on those services from reduced expenditure could be assessed.

RESOLVED – (1) That the report be accepted and concern be expressed that the Leisuretime budgets had not managed to deliver the savings identified and that this had led to virements being required from other Leisure Budget heads.

(2) That the Head of Finance be requested to submit a report to this Committee during the next cycle identifying which Leisure Services budgets the £100,000 shortfall had been vired in order that the impact upon those services can be assessed.

CROS.8/03 SHEEPMOUNT DEVELOPMENT INITIATIVE

The Town Clerk and Chief Executive submitted report SB02/02 providing an update on the bid to Sport England and the Football Foundation for funding to undertake developments at the Sheepmount.

A further report was to be submitted to the Executive with specific details of the bid in due course.

RESOLVED – (1) That the information contained in report SB02/02 be noted.

(2) That the Town Clerk and Chief Executive's further report on the detailed bid be submitted to this Committee in due course.

(3) That it be a recommendation to the Executive that the relevant Portfolio Holder work with a small Working Party of back bench Councillors to progress the Sheepmount Development initiative.

CROS.9/03 PETTERIL BANK COMMUNITY SITE PROJECT

Councillor Mrs E Mallinson declared a personal interest in this item as she was the County Councillor for the area. Councillor E Mallinson did not speak but remained in the meeting room during the debate on this item.

The Head of Economic and Community Development submitted report LCD.34/02 detailing progress to date on the proposal to develop Petteril Bank School as a Community Campus.

The proposals were to retain the school and use spare capacity with the following partners:-

(a) An annex to the Upperby Community Development Centre.

(b) Sure Start (Carlisle South) for their administrative base and full day care nursery provision.

(c) The Petteril Bank Community Centre.

Carlisle City Council currently funded the existing Community Centre at Petteril Bank in the sum of £20,000 per annum, including building maintenance. The Carlisle Housing Association were also a key player as they were committed to assisting with the general regeneration of the area and had access to funding sources.

The report provided details of costs to develop the site for the uses detailed above and the need for the City Council, if it wished to go ahead with the proposals for the Community Centre transfer, to allocate capital finance estimated at £120,000 towards the scheme costs. Additional funding would be required to demolish the redundant Community Centre.

RESOLVED – That the information contained in report LCD.34/02 be noted, the Committee having no further comments.

CROS.10/03 PROPOSED TERMINATION OF UNITED UTILITIES

SEWERAGE MANAGEMENT CONTRACT

A report from the Head of Commercial and Technical Services (CTS.1/02) was submitted providing an update on the current position following a number of meetings in respect of the TUPE transfer of staff.

The Executive had agreed that the Head of Commercial and Technical Services and the Infrastructure Environment and Transport Portfolio Holder should be authorised to continue negotiations with United Utilities with a view to terminating the existing sewerage management contract on 31 March 2003. There would be an additional cost to the Authority of carrying out statutory work in 2003/04 which had been assessed at £17,000. The current contract with United Utilities also absorbed £19,290 of central overheads. These additional costs would need to be considered as part of the budget process.

RESOLVED – That the recommendations in the report be supported.

CROS.11/03 WASTE MANAGEMENT

A report from the Head of Environmental Protection Services (EP.2/02) indicating that the current pilot "Green Box" Scheme operated in partnership with Eden District Council and funded through a landfill tax grant reached the end of its trial period in March 2003.

Discussions had been held with Eden over the continuation of the Green Box Pilot Scheme for a further 12 months pending a decision on the future operation of refuse collection and recycling across both Authorities. For budget planning, it had been estimated that the cost to Carlisle City Council would be in the order of £90,000 revenue and £150,000 capital in financial year 2003/04. Eden District Council were considering their position on continuing the scheme and a further detailed report was being prepared for the Executive on 6 February 2003.

A Member indicated that detailed discussions on waste management issues had been undertaken by the Infrastructure Overview and Scrutiny Committee. That Committee had been concerned over the failure of a bid to the Government for additional funding to extend the scheme. The Government had apparently awarded funding for recycling to poor performing Councils, in contrast to many other Government funding initiatives for local Councils which rewarded good performance.

Members asked for an itemised breakdown of the £90,000 revenue and £150,000 capital costs and also a breakdown of the individual funding provided by Carlisle City and Eden District Councils. A Member considered that this Authority should be satisfied it was achieving value for money from the scheme given a huge divergence of costs per household as detailed in the Annual Report of the operation of the scheme.

RESOLVED – (1) That the further report to be submitted to the Executive on 6 February 2003 be also submitted to this Committee.

(2) That the Head of Environmental Protection Services be requested to provide this Committee with details of itemised funding for the £90,000 revenue and £150,000 capital costs in 2003/04, together with the respective funding from Carlisle City and Eden District Councils.

CROS.12/03 CREMATORIUM RENOVATION

A report from the Head of Environmental Protection Services (EP3/02) was submitted seeking approval to continue with the programme of improvements at the Crematorium. Initial costings indicated that the proposed scheme could be funded from within the existing budget in the Repairs, Renewals and Development Fund. More detailed costings would, however, be obtained and consultations take place with the users of the building prior to approval of a final scheme being sought.

Members referred to the fact that this was a holding report and indicated that the practice of Officers providing holding reports was unhelpful.

RESOLVED – (1) That the further report with the final proposals for the Crematorium renovation be submitted to a future meeting of this Committee.

(2) That the principle of producing holding reports be referred for discussion at the Members Workshop to be held on 28 January 2003.

CROS.13/03 OVERVIEW AND SCRUTINY – COMMENTS ON BUDGET

REPORTS

A report from the Overview and Scrutiny Manager (ME.2/02) detailing the Committee's observations on Budget reports, together with a copy of Minute CROS.162/02 detailing comments of the Community Overview and Scrutiny Committee on Tullie House savings proposals, both of which had been submitted to the Executive on 19 December 2002 were submitted.

A copy of Minute EX.395/02 of the Executive of 19 December 2002 in which the Executive indicated that the views of the Corporate Resources and Community Overview and Scrutiny Committees would be considered as part of the budget process was submitted.

Members indicated that they were disappointed with the lack of a detailed response from the Executive and that this highlighted problems of communication between Overview and Scrutiny and the Executive.

There was also an issue relating to the budget timetable as not all budget reports had been considered by this Committee prior to the Executive formulating their budget recommendations.

Councillor Stevenson acknowledged that a lot of the budget reports had been considered late this year and that there was a need to sharpen the timetable and have a cut off point for budget bids.

The Head of Finance indicated that the potential for special budget meetings for the Executive and this Overview and Scrutiny Committee was an option being explored.

With regard to the views of the Community Overview and Scrutiny Committee wishing to stress the Executive the need for caution as regards the approach to operational savings at Tullie House, Members indicated that they supported this recommendation.

Discussion arose on the manner in which references were presented from Overview and Scrutiny Committees to the Executive including the current manner in which Overview and Scrutiny minutes were written.

RESOLVED – That the possibility of identifying ways to improve communication between Overview and Scrutiny and the Executive be referred to the Overview and Scrutiny Management Committee for consideration.

CROS.14/03 RESOURCING BENEFITS ADMINISTRATION

Councillor E Mallinson, having declared a personal interest, did not speak but remained in the meeting room during the debate on this item.

The Head of Revenues and Benefits submitted report RB.5/02 indicating that the Government had targeted additional administrative and specific grant from 2003/04 onwards to meet legislative changes and facilitating improved performance as set out in the Benefits Performance Management framework.

As a result of the increase in grant an opportunity existed for additional staff to be employed and details of proposals for additional staff were contained in the report.

The Head of Revenues and Benefits Services indicated that a further detailed report was to be submitted to the Executive in due course.

RESOLVED – (1) That this Committee supports the recommendations contained in report RB.5/02.

(2) That the difficulties being experienced in staff retention for Benefits staff be noted.

(3) That the Head of Revenues and Benefits Services be requested to submit his further report to this Committee.

CROS.15/03 CCTV REVENUE COSTS

A report from the Head of Commercial and Technical Services (CTS.3/02) was submitted indicating that the Council had been contacted by the Home Office and advised that £125,000 of capital grant was available to fund five CCTV cameras to be located in neighbourhood shopping parades.

The capital costs would be fully met by the Home Office with subsequent revenue costs falling to be substantially met by the City Council. Details of those costs were submitted.

RESOLVED – That the recommendation to underwrite the associated revenue costs be supported so far as this Committee is concerned.

CROS.16/03 EXECUTIVE'S RESPONSE ON THE 2003/04 BUDGET

Councillor Stevenson presented his budget statement which had been submitted to the Executive on 19 December 2002, together with the Executive's draft Budget Resolution upon which he was seeking to consult the Corporate Resources Overview and Scrutiny Committee.

Members raised the following:

(a) Best Value Reviews – The sum of £65,000 had been recommended by the Executive as a budget saving on Best Value Reviews, this had previously been estimated at £55,000.

Councillor Stevenson indicated that further consideration had suggested that it would be possible to save £65,000 in 2003/04 on Best Value Reviews and a further £87,000 in 2004/05 and 2005/06. He indicated that the City Council was to be the subject of a Comprehensive Performance Assessment in 2003.

(b) Tullie House – Savings of £40,000 for 2003/04 were being proposed by the Executive. A breakdown of how these savings would be met was requested.

Councillor Stevenson indicated that the £40,000 target had been set and it was being left to the discretion of Tullie House management as to how the savings could be achieved. He understood that one possibility was through increased income.

(c) New spending bids were recommended for the Mayoral Budget of £5,000 and Parishes Support of £2,500. No reports had been made available justifying these bids.

Councillor Stevenson indicated that the Mayoral Budget increase was being recommended following cross party indications to investigate the provision of a Mayoral Suite within the Civic Centre when the Accommodation Review was implemented.

With regard to Parish Support, this was a late bid and would enable the City Council to support the Parish Democracy Programme.

(d) No reports had been submitted on the proposal to include £50,000 as a spending bid in 2003/04 for feasibility studies.

Councillor Stevenson indicated that these were political initiatives to look at the use of the rivers for economic, social and leisure activities and also the possibility of developing a new sports complex which would be looking to encompass a new pool, sports hall and ice rink. A budget of £50,000 had been created to enable feasibility studies to be carried out although precise budget projections were not known at this stage for these two studies.

(e) Council Tax Options – Would savings be required should the final option of a 2.5% increase be agreed?

Councillor Stevenson indicated that the Executive's recommended budget had been based upon a 2.5% increase and if the 5% or 7.5% was chosen then this would provide a surplus for new initiatives or could be used to increase balances.

(f) Sports Development - The sum of £85,000 for the Sports Development Initiative had not been included in the budget proposed by the Executive.

Councillor Stevenson indicated that this had erroneously been included as a capital bid and would be reconsidered when the final proposals were being put forward.

(g) In the draft Capital Programme the sum of £200,000 had been included for 2003/04 for the Asset Investment Fund. This had previously been suggested at £250,000, as agreed in the 2002/03 Budget Resolution.

Councillor Stevenson indicated that following further investigations, the sum of £200,000 was considered to be sufficient for this Fund.

(h) The sum of £900,000 had been included in the draft Capital Programme for the Sheepmount Development although an estimate of £1,030,000 had been previously suggested.

Councillor Stevenson stressed that the Sheepmount allocation was a rough estimate at this stage pending the outcome of outside funding bids.

RESOLVED – That the Executive's budget proposals be noted.

(The meeting ended at 12.42 pm)