

**THURSDAY 26 JULY 2018 AT 10.00AM**

**PRESENT:** Councillor Mrs Bowman (Vice Chairman), Councillors Alcroft, Allison, Mrs Mallinson, Mallinson J (as substitute for Councillor Ellis), McNulty and Mrs Warwick (as substitute for Councillor Mrs Birks)

**ALSO PRESENT:** Councillor Dr Tickner – Deputy Leader, and Finance, Governance and Resources Portfolio Holder

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

**BTSP.47/18 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillor Mrs Birks, Councillor Ellis and Councillor McDonald.

**BTSP.48/18 DECLARATIONS OF INTEREST**

No declarations of interest were submitted.

**BTSP.49/18 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.50/18 MINUTES OF PREVIOUS MEETINGS**

**RESOLVED** – To note that Council, on 17 July 2018, received and adopted the minutes of the meeting held on 31 May 2018. The minutes were signed by the Chairman.

**BTSP.51/18 CALL - IN OF DECISIONS**

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

**BTSP.52/18 OVERVIEW REPORT AND WORK PROGRAMME**

The Policy and Communications Manager presented report OS.19/18 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 22 June 2018. The following items fell within the remit of the Panel:

*Included in the Work Programme for this meeting –*

KD.10/18 – Asset Management Plan 2018-2023

KD.12/18 – The Medium term Financial Plan (including the Corporate Charging Policy) and the Capital Strategy 2019/20 to 2023/24

*Not included in the Work Programme –*

KD.11/18 – Review of the Statement of Gambling Policy

KD.13/18 – Land and Property Transaction – Acquisition of a residential property in Carlisle (Private report)

The table of progress on resolutions from previous meetings had been included in section 3 of the report. Since the publication of the report the Town Clerk and Chief Executive had circulated the programme for the roll out of Office 365 to Members.

Members asked for updates on the following resolutions:

*BTSP.16/18 (2)* – The Town Clerk and Chief Executive had not been aware of any reason why the action had not been completed.

*BTSP.41/18 (a)* – The Chief Finance Officer responded that the Pools had required rewiring to pass the annual inspection to enable it to remain open. With regard to the Recycling & Waste Management revenue outturn position she explained that there had been a one off underspend. The Rethinking Waste Scheme had redesigned the service to make revenue contributions to fund vehicle purchases, therefore there should not be any underspend moving forward.

*BTSP.40/18* – The Corporate Director of Governance and Regulatory Services explained that no work was being undertaken with regard to the committee structure of the City Council following the Boundary Commission review. The Boundary Commission's position had been that the Council could operate with its current structure despite the reduction to 39 Members. It was open to Members to review this position should they wish.

*BTSP.42/18* – An explanation of the Key Performance Indicators within Customer Services was provided in the Performance Report later on in the agenda.

The Policy and Communications Manager drew the Panel's attention to section 4 of the report which detailed an update on the Draft Community Asset Transfer Policy. The Policy would be considered by the Executive at the next appropriate meeting.

The Panel's 2018/19 work programme had been attached as appendix 1 to the report for the Panel's consideration. The Policy and Communications Manager reported that the Corporate Plan and the Workforce Plan would be submitted to the September Panel meeting.

The Town Clerk and Chief Executive reminded the Panel that the Flood Recovery Lessons Learnt report would focus on the Council's asset recovery and would include an analysis of the closure of John Street Hostel. In response to a Member's question the Town Clerk and Chief Executive added that one area that had caused issues during the flood had been the logistics of dealing with the donations. As a result work had been undertaken and an external organisation now looked after the donations quickly and appropriately. He confirmed that there had been issues with contractors, however, not all of the delays had been as a result of contractors and details would be included in the report.

A Member commented that the delays to the ground floor should also be included in the report along with the risks to the Council in terms of further flooding. The Town Clerk and Chief Executive agreed that there had been some frustration regarding the time taken to move forward with the ground floor but it had been appropriate to have full negotiations with the insurers and to ensure the designs went through the proper committee process.

A Member asked if the allocated budget for the ground floor would be sufficient to complete the plans and the Town Clerk and Chief Executive confirmed that there was sufficient funding and, in addition, a funding stream would be created.

**RESOLVED** – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.19/18) be noted.

2) That the Panel look forward to receiving the lessons learnt report on the recovery of the Council's assets.

The Corporate Director of Governance and Regulatory Services presented report GD.56/18 which set out the revisions to the Asset Management Plan which had been updated to reflect key issues and changes affecting the management and use of the City's portfolio resource. The Plan also reported on the current position and performance of the portfolio, and the Asset Disposal Programme.

Members' attention was drawn to the portfolio and the current performance as at 31 March 2018.

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

- A Member asked for an explanation of the term 'Ratio Planned: Reactive Maintenance' which was included in the Outstanding Maintenance table.

The Property Services Manager clarified that it was good practice to have 76% of maintenance as planned maintenance rather than reactive maintenance.

- A Member highlighted the Condition Category table which showed a decline in the A (Excellent) categories and asked for the reason for the change.

The Property Services Manager explained that the condition survey was only partially completed and a full picture would be available once the survey programme was completed. The assets in the A category had been new assets and as they had aged the maintenance required had increased, therefore they moved from A to B (Good). Overall there was an increase from 87% in A & B to 89.5% and a reduction in C (Mediocre) and D (Poor) from 13% to 10.05%. To have 89.5% of the City Council's portfolio classed as either excellent or good was testimony to the proactive management regime that was in place.

- What energy efficiency targets were in place and how were they monitored?

The Property Services Manager reported that energy efficiency measures were installed in all Council assets where possible including light sensors, meters and smart meters. It would be possible to set targets for the Civic Centre when it had a full complement of smart meters to analysis consumption. He added that there had been issues previously in monitoring the electricity consumed as the provider had to submit estimated bills. When all the smart meters had been installed there would be accurate bills and a consumption indicator would be appropriate.

A Member highlighted some concerns with regard to smart meters and reports that they had not been accurate and asked who provided the smart meters and if officers were confident that they would be accurate.

The Corporate Director of Governance and Regulatory Services responded that the smart meters would be supplied by the energy provider and he had been aware of issues with first generation meters but technology had progressed and it was hoped that the new meters would be accurate.

- What was income received from the feed in tariff from the solar photovoltaic arrays at the Sands Centre and Civic Centre?

The Chief Finance Officer agreed to circulate a written response.

- How did the Council seek views from customers, staff and the public in formulating the Plan?

The Property Services Manager responded that the team liaised with tenants before any work was carried out, this information was not included in the Plan but it would be considered for inclusion in future Plans.

- Was the capital expenditure annual or was some it one off non recurring?

The Property Services Manager explained that the repairs programme was reviewed annually and the current review would be completed in 2019. The outcome of that review would be reflected in the three year plan. The Chief Finance Officer added that the total revenue budget and the capital scheme had been detailed in the report, the three year plan would detail how that amount would be itemised and spent.

- The disposal programme included potential for a site at Greymoorhill which could have a significant capital receipt. Had consideration been given to other options apart from its sale, for example the Council being involved in the development of the site?

The Corporate Director of Governance and Regulatory Services reminded the Panel of the work being carried out at Junction 44 which involved the Council in the development for a greater return; he confirmed that all options were being considered to increase the level of revenue for the authority.

The Property Services Manager added that any valuations for the capital receipt would be based on the prevailing market rate at the time.

- The Chancerygate Project showed a yield of 14%, a Member commented that he felt that the potential yield should take account of the value of the land.

The Town Clerk and Chief Executive clarified that the proposal was to have the value of the land reflected in the return for the Council. The Property Services Manager agreed to include figures in the report which would be submitted to Council and commented that it would still be a very good return.

- How were the future sales of assets progressing?

The Portfolio Holder responded that the report had comprehensively covered the combination of disposal and acquisition, in addition Chancerygate were employed to ensure that the Council was achieving returns at Kingstown Industrial Estate.

- The Plan stated that the Council used property well to meet its aims and was planning future investment and development to allow it to continue, how was this monitored?

The Corporate Director of Governance and Regulatory Services informed Members that the occupancy rates showed that the property was being well used.

- A Member questioned the need for £200,000, which had been ring fenced for work at Kingstown Industrial Estate, when Chancerygate had been appointed to manage Kingstown Industrial Estate.

The Corporate Director of Governance and Regulatory Services agreed to provide the Panel with a detailed written response to the question. He reminded the Panel that Chancerygate had been appointed to manage Kingstown Industrial on behalf of the Council; the Council was still responsible for financing work in the Industrial Estate. In response to a further question the Corporate Director clarified that the report which would be submitted to Council would look at the financing of the development proposals only.

- Were the assets to be disposed of still advertised on the Council's website? What kind of interest did they receive and how were those who had registered interest kept involved?

The Property Services Manager confirmed that the City Council website was used as a marketing tool for the disposal of assets. When interest was registered in a particular asset the

interest was acknowledged and the details were retained in the asset's file. When the asset was to be disposed of those who had registered interest were then contacted.

The Finance, Governance and Resources Portfolio Holder took the opportunity to thank the Property Services Team for achieving increased returns on assets in a difficult time. In addition the rental income of £4.2 million per annum was vital to the Council's operations.

A Member agreed with the Portfolio Holder adding that the City would look very different without the rental income. He stated that it was important that the Council thought about the asset disposal and used the assets to not only increase income but to shape Carlisle for the future.

The Corporate Director reminded the Panel that some assets were not being sold and were being used by the Economic Development Directorate to grow the City.

RESOLVED –1) That the Draft Asset Management Plan 2018 to 2023 (GD.56/18) be welcomed;

2) That the Chief Finance Officer provided the Panel with a written response regarding the income received from the feed in tariff from the solar photovoltaic arrays at the Sands Centre and Civic Centre.

3) That the comments and observations of the Panel, as detailed above, be submitted to the Executive.

#### **BTSP.54/18      DRAFT MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2023/24**

The Chief Finance Officer reported (RD.13/18) on the draft Medium Term Financial Plan (MTFP) 2019/20 to 2023/24 which set out the current framework for planning and managing the Council's financial resources, developing its annual budget strategy and updating its current five year financial plan. The Plan linked the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives.

In terms of the key messages, the Chief Finance Officer explained that the MTFP showed the starting position for budget considerations for the next five years and gave an indication of the likely factors that would have an impact in the budget setting process.

Key to those considerations would be:

- Achievement of transformation savings;
- Further reductions in government grant, e.g. New Homes Bonus, Housing Benefit Administration Grant;
- Further consideration of the future funding and Business Rate Retention and the added responsibilities that may be passed on to the Council as well as future resets of Business Rate Retention Scheme. Further guidance from the MHCLG was anticipated on the Business Rate Retention Scheme to inform the budget process.

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

In considering the report, Members were reminded that the MTFP has been prepared at a time of great uncertainty in respect of the economy, especially in terms of the on-going Brexit debate, and also in terms of the Government's approach to Public Sector Funding in general and particularly for Local Government Funding. No details had been received in terms of funding beyond 2019/20; therefore it is very difficult to predict future potential funding for the Council in

relation to the Fair Funding Review, Business Rates Retention and the New Homes Bonus Scheme.

In considering the Draft Medium Term Financial Plan 2019/20 to 2023/24 Members raised the following comments and questions:

- Members asked for clarity regarding the proposed increase to the General Fund Reserves and asked how it compared to other authorities.

The Chief Finance Officer clarified that the proposal was to increase the General Fund Reserves to £3.3m, however, consideration would have to be given to the shortfall from the proposed Rethinking Waste savings. She added that there was no guidance on the level of Reserve the Council should have, it was the decision of the Section 151 Officer on a local level.

- How was the New Homes Bonus being used?

The Chief Finance Officer responded that the Bonus was a general grant based on the number of new homes or houses being brought back into use. The funding was used to fund Council services as an increase in homes increased the demand on services. She added that the money was not ring fenced.

The Finance, Governance and Resources Portfolio Holder added that the Government encouraged local authorities to build new homes to meet the housing shortage; in addition they were removing the Revenue Support Grant. This meant Local Authorities had to increase business growth and build new homes.

- Were officers confident that the 2017/18 savings could be achieved?

The Chief Finance Officer responded that there had been a shortfall in 2017/18 due to the changes to the Rethinking Waste Scheme which had resulted in £400,000 of recurring savings not being achieved.

- A Member raised concerns with regard to the borrowing rates and wanted to ensure any new borrowing would not be repaid as interest only.

The Chief Finance Officer explained that the refinancing of the £15m stock option had been built into the budget from 2020/21 along with other borrowing requirements at a reduced rate of interest and as a full repayment loan. Her recommendation had been to have a repayment loan only.

The Portfolio Holder added that the stock refinance would result in lower payments and would be paid off. The finance team continued to watch the market and had the delegated authority to act on opportunities as they arose to ensure the Council got the best deal available.

A Member sought assurance that financing for the Leisure Redevelopment would not occur until after the Development had been agreed.

The Portfolio Holder clarified that the finance team had delegated authority with regard to the best options for refinancing the stock option. With regard to other projects, there were many options available and financing would occur through a variety of financial options at the appropriate time.

- The Council had achieved growth over and above the budgeted level with regard to the Business Rates Baseline, how much control did the Council have with Business Rates?

The Chief Finance Officer responded that the Business Rates were in the hands of businesses and economic growth in the area. The Council was part of the Cumbria Business Rates Pool which enabled the Council to retain more of the growth. The baseline had not yet been set for

2020/21 but in-year monitoring would be reported to the Panel as part of their quarterly monitoring reports.

- A Member asked if the impact from shop closures on Business Rates had been included in a risk register.

The Chief Finance Officer responded that the impact on Business Rates was monitored and reported quarterly. There was a potential impact from the Business Rates Appeals process which had changed and meant there would be a long period for when the appeal was heard and if it should be backdated; however, a provision for this had been built into the budget.

- Was the increase in the income from the Lanes realistic?

The Chief Finance Officer agreed to supply a written response to the Panel.

- Was the Building Control income subsumed in Development Control figures?

The Chief Finance Officer clarified that Building Control was a separate function with a separate reserve.

- Would the recently announced pay increase to some public sectors affect the Council?

The Chief Finance Officer confirmed that the recent changes announced for Public Sector pay increases would not affect the authority. The pay increase of 2% had been agreed for 2018/19 and 2019/20 and included in the budget.

- The Council signed up to a four year settlement in exchange for a commitment to prepare an Efficiency Plan. The report showed the Plan had been for three years not four and Members asked for clarity on the matter.

The Chief Finance Officer responded that the 4 year finance settlement had been based upon the approval of the Efficiency Plan by the (then) DCLG. 4.3 of the report set out how the budget had been achieved and that further efficiencies were not required to achieve a balanced budget after 2018/19. This did not mean that further efficiencies would not be found and the Council would continue to strive to be as efficient as it could be.

The Panel discussed holding an enquiry day to discuss issues around efficiency and the Efficiency Plan. The Panel agreed to the enquiry day and would prepare a list of their requirements for the day and what they hoped to achieve.

**RESOLVED - 1) That the Draft Medium Term Financial Plan 2019/20 to 2023/24 be welcomed (RD.13/18);**

**2) That the Chief Finance Officer supply a written response to the Panel regarding the increase to the income from the Lanes.**

**3) That the Panel hold an Enquiry Day to discuss issues regarding efficiencies and efficiency planning.**

**4) That the comments and observations of the Panel, as detailed above, be submitted to the Executive.**

## **BTSP.55/18      DRAFT CAPITAL INVESTMENT STRATEGY 2019/20 TO 2023/24**

The Chief Finance Officer reported (RD.14/18) on the Draft Capital Investment Strategy 2019/20 to 2023/24, which directed the Council's Capital Programme and the allocation of resources for the five year period 2019/20 to 2023/24. The guidance in the strategy complimented and supplemented the Medium Term Financial Plan.

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

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

- To what extent did the authority use advisors with regard to borrowing?

The Chief Finance Officer responded that Chancerygate provided advice with regard to Kingstown Industrial Estate, Property Services and Economic Development gave advice and the Council also had Treasury Management advisors.

- Why had there been an increase in the Tennis Facilities budget for 2018/19?

The Chief Finance Officer responded that she would provide the Panel with a written response.

- It was important that the Borderlands initiative, the Garden Village and the Citadel Station all be included in the consideration of the key principles which were applied to the Capital Investment Strategy.

The Chief Finance Officer acknowledged they would impact the Strategy and explained that should any contribution be required from the Council then a further report would be prepared.

RESOLVED – 1) That the Draft Capital Strategy 2019/20 TO 2023/24 (RD.14/18) be welcomed;

2) That the Chief Finance Officer provide a written response to the Panel with regard to the increase in the Tennis Facilities 2018/19 budget.

3) That the comments and observations of the Panel, as detailed above, be submitted to the Executive.

## **BTSP.56/18            QUARTER 1 PERFORMANCE REPORT 2018/19**

The Policy and Performance Officer submitted the quarter 1 performance against current Services Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'Plan on a Page'. Performance against the panel's 2018/19 Key Performance Indicators were also included. (PC.12/18)

The Policy and Performance Officer detailed the proposed changes to the KPIs as set out in section 2 of the report.

In considering the Performance Report Members raised the following comments and questions:

- There had been a large increase in demand on the service in SS04 compared to the previous year, how was this increase in work load being dealt with?

The Town Clerk and Chief Executive responded that the number of processors had not increased and that they worked hard to try and meet the target. The Policy and Performance Officer added that, in addition to the increase, the target had also been stretched and had dropped from 22 working days to 19.

In response to a further question the Town Clerk and Chief Executive confirmed that targets were self-imposed and it was good for the authority to set challenging targets.

- Under Carlisle Plan Key Action 12, report highlighted that pre-construction surveys had revealed that the large Victorian built sewer running underneath the tennis courts was in poor condition. How would this effect any future redevelopment of the Rickergate area?

The Finance, Governance and Resources Portfolio Holder explained that there were a number of Victorian sewers throughout the City; any issues would change the design of the foundations of potential developments. The condition of the sewers would be built into the development and it was good to carry out the work early. The Policy and Performance Officer agreed to provide the Panel with more details with regard the sewers.

- It would be useful to include performance indicators on commercial tenants and rent reviews.

The Town Clerk and Chief Executive agreed that the information could be included in the Asset Management report.

RESOLVED – That the Quarter 1 Performance Report 2018/19 (PC.12/18) be noted.

2) That the Policy and Performance Officer circulate further information on the Pre-construction survey and the condition of the Victoria built public sewer which runs under the tennis courts.

(The meeting ended at 12.00pm )

## **BUSINESS AND TRANSFORMATION SCRUTINY PANEL**

**THURSDAY 6 SEPTEMBER 2018 AT 10.00AM**

**PRESENT:** Councillor Mrs Bowman (Vice Chairman), Councillors Alcroft, Allison, Ellis, Mrs Mallinson, McDonald and McNulty.

**ALSO PRESENT:** Councillor Dr Tickner – Deputy Leader, and Finance, Governance and Resources Portfolio Holder

**OFFICERS:** Deputy Chief Executive  
Chief Finance Officer  
Policy Performance Officer x2  
Overview and Scrutiny Officer

### **BTSP.57/18 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillor Mrs Birks and the Town Clerk and Chief Executive.

### **BTSP.58/18 DECLARATIONS OF INTEREST**

No declarations of interest were submitted.

### **BTSP.59/18 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.60/18 MINUTES OF PREVIOUS MEETINGS**

**RESOLVED** – That the minutes of the meeting held on 26 July 2018 be agreed.

### **BTSP.61/18 AGENDA**

**RESOLVED** – That agenda items A.5 (Revenue Budget Overview and Monitoring Report) and A.6 (Capital Budget Overview and monitoring report) be considered after agenda item A.2 (Overview Report and Work Programme).

### **BTSP.62/18 CALL - IN OF DECISIONS**

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

### **BTSP.63/18 OVERVIEW REPORT AND WORK PROGRAMME**

The Overview and Scrutiny Officer presented report OS.19/18 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 17 August 2018. There were no items included which fell within the Panel's remit.

The table of progress on resolutions from previous meetings had been included in section 3 of the report. The Overview and Scrutiny Officer reported that written responses from the Chief Finance Officer with regard to Minute References BTSP.53/18, BTSP.54/18 and BTSP.55/18 had been circulated to Members on 6 August 2018.

The Panel's work programme had been include in the report and the Overview and Scrutiny Officer highlighted a number of material items which had not yet been scheduled in for a particular meeting. The Panel agreed that the Overview and Scrutiny Officer should liaise with relevant officers to schedule the matters over the coming months.

The Overview and Scrutiny Officer reported that the Scrutiny Chairs Group had met on 16 August and had discussed the future structure of the Scrutiny function. It was resolved that the best way forward would be to establish a Cross Party Working Group to determine an appropriate and efficient future structure. Subsequent advice from the Corporate Director of Governance and Regulatory Services was to the effect that, if Members wished to have such a task and finish group then it should come under the ambit of the Business and Transformation Scrutiny Panel as the Chairs' Group did not have a remit for this type of action. The Director reiterated the Chief Executive's advice at the Chairs' Group that the Local Government Boundary Commission for England's decision (based on submission received) was that the Council could properly deliver its current structure with 39 Members. The Panel was asked to consider: -

- Whether the scope of any review should be around Scrutiny, or a more broadly based review of Governance structures
- Whether a separate Task and Finish Group should be established to take this matter forward
- In the event that the Panel agreed to limit any review to the Scrutiny function, to agree what additional information from the Overview and Scrutiny Officer was needed to allow a decision to be made.

The Panel discussed the matter and agreed that a Task and Finish Group should be established to look at the wider remit of the governance of the Council. The Task and Finish Group would include the Chairman, Vice Chairman, Councillor Ellis, Councillor Alcroft and Councillor Allison. Other relevant Members and Officers would be invited to take part in the Task Group. The Panel wanted the first meeting to take place as soon as possible to agree the Terms of Reference and to move the work forward.

A Member reminded the Panel that it was important that 'back bench' Members were engaged and highlighted the good work taking place at Kirklees Council.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.19/18) be noted.

2) That the Overview & Scrutiny Officer liaise with the relevant officers to schedule the outstanding items within the work programme for future meetings;

3) That a Task and Finish Group be established to scrutinise the governance arrangements for the Council. The Task and Finish Group would include the Chairman and Vice Chairman of the Business and Transformation Scrutiny Panel, Councillor Ellis, Councillor Alcroft and Councillor Allison. Relevant Members and Officers would also be invited to take part in the Task Group work.

#### **BTSP.64/18      REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2018**

The Chief Finance Officer presented report RD.18/18 which provided an overview of the Council's overall budgetary position for the period April to June 2018 for revenue schemes only.

The Chief Finance Officer outlined the background information set out at Section 1. The budgetary position as at June 2018 showed an updated Budget 2018/19 totalling £13,340,500;

and the main income and expenditure variances were as summarised at paragraph 2.4 of the report.

Section 3 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 activities); 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 Council's financial position would continue to be closely monitored and the likely year end position would be reported more fully in a future monitoring 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.

The Executive had considered the matter at their meeting on 20 August 2018 (EX.77/18 refers) and decided:

“That the Executive:

1. Noted the budgetary performance position of the Council to June 2018;
2. Noted the action by the Chief Finance Officer to write-off bad debts as detailed in paragraph 6 of Report RD.18/18;
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.”

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

- The recommendation in the report asked the Panel to note the variances, Members asked that the recommendation in future reports covered the expected input from Scrutiny which better reflected the role of Scrutiny.

The Chief Finance Officer responded that the recommendations would be amended in future but added that the report reflected the current financial position and there was no formal decision for Scrutiny or the Executive to take on the report.

- The summarised revenue budgetary position set out in the table at page 53 showed a target of £1.2m from Transformation but did not show any savings made for this year. Would the £1.2m target be met in this financial year?

The Chief Finance Officer drew the Panel's attention to the table on page 55 of the report which set out the Transformation savings of £772,700 which had been achieved to date. The Council's financial position would continue to be closely monitored and work would continue to achieve the further £706,300 savings which were required. Information would be provided to the Panel in their quarterly monitoring reports.

- One of the main variances to the budget was an overspend to Chancerygate, how would this be dealt with?

The Deputy Chief Executive responded that the overspend reflected the upfront costs required to start the work with Chancerygate; those costs would be recovered when the rent reviews and other works made a return. The risks associated with the overspend and further details were included in the published Executive report. The Chief Finance agreed to provide a written response to the Panel.

- The Panel asked for clarity regarding the original General Fund Reserves contribution of £582,800 and the net spend to date contribution from reserves of £918,571.

The Chief Finance agreed to provide a written response to the Panel.

- The Panel asked for more narrative to be added to the report to aid scrutiny, in particular with regard to the variances.
- How would the overspend at the Business Interaction Centre (BIC) be funded?

The Chief Finance Office explained that the Corporate Director of Economic Development was looking at the BIC and the options available to the Council. Further information was included in the Capital Budget Overview and Monitoring Report.

- The Panel asked for reassurance that every step was taken to recover bad debts before they were written off, the Panel also asked how the monies were put back into the income stream

The Chief Finance Officer assured the Panel that the Council had a thorough process in place for collecting debts which ended in the use of bailiffs if necessary. An estimate of the Bad Debt Write Offs was calculated annually and a provision was made in the account, the debts were then written off against that provision.

- Were there any predictions for the impact of the introduction of the Universal Credit?

The Chief Finance Officer reported that there had been no significant impact to date since the introduction of Universal Credit in July. The main issues would be the recovery of overpayments of Housing Benefits and Council Tax arrears.

- A Member asked for confirmation that the sale of assets was a capital receipt.

The Chief Finance Officer confirmed that the sale of assets over £10,000 was a capital receipt.

RESOLVED – 1) That the Revenue Budget Overview and Monitoring Report: April to June 21018 (RD.18/18) be welcomed;

2) That the recommendations in future reports covered the expected input from Scrutiny which better reflected the role of Scrutiny;

3) That future reports include more narrative to aid Scrutiny, in particular with regard to the variances;

4) That the Chief Finance Officer provide the Panel with a written response to the following:  
 - How would the overspend with regard to Chancerygate be dealt with?  
 - An explanation regarding the original General Fund Reserves contribution of £582,800 and the net spend to date contribution from reserves of £918,571

## **BTSP.65/18            CAPITAL BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2018**

The Chief Finance Officer presented report RD.19/18 which provided an overview of the budgetary position of the City Council's capital programme for the period April to June 2018. She summarised the background position set out at Section 1 of the report.

The position statement recorded that, as at the end of June, expenditure of £1,549,842 had been incurred on the Council's core capital programme. When considered against the profiled budget of £1,446,956 that equated to an overspend of £102,886. The unspent balance remaining of the revised annual budget of £7,894,600 was £6,344,758. That would be closely monitored over the following months to identify accurate project profiles and any potential slippage into future years.

A number of schemes were included in the capital programme for 2018/19 that 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 Executive had considered the matter at their meeting on 20 August 2018 (EX.78/18 refers) and decided:

“That the Executive:

- (i) Noted and had commented upon the budgetary position and performance aspects of the capital programme for the period April to June 2018;
- (ii) Noted adjustments to the 2018/19 capital programme as detailed in paragraph 2.1 of Report RD.19/18;
- (iii) (iii) Approved an increase to the capital programme for the additional Disabled Facilities Grant received in 2018/19 (£293,200).”

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

- There was concern regarding the amount of carry forwards from 2017/18.

The Chief Finance Officer reminded the Panel that the carry forwards had been approved at Council in July and the accompanying report to the decision had the full explanation. She added that many capital programme schemes took longer than a financial year to complete and there was often additional slippage which resulted in the carry forward.

- Were the Council's assets revalued every year?

The Chief Finance Officer explained that the assets were revalued every five years; however, a desktop exercise was carried out annually for balance sheet purposes.

- Had other monies been spent on the Central Plaza other than the amount the Council had agreed?

The Chief Finance Officer was not aware of any further spending on the Central Plaza other than the amount already approved. She added that the Economic Development Team were dealing with the Central Plaza and were continuing to look at available options.

- A number of the schemes in the capital programme had been there for some time, who would make the decision to remove schemes that were not going ahead?

The Chief Finance Officer responded that the schemes would be considered as part of the budget process and removed if necessary.

A Member highlighted the Botchergate/London Road Scheme which had not been successful in securing funding. The Chief Finance Officer said this scheme would be removed if funding was not available and this would be reflected in the next quarterly monitoring report.

- The Panel felt that the narrative under the risks section of the report was insufficient and asked for more detailed narrative to be included in future reports.

The Deputy Chief Executive reminded the Panel that each of the capital schemes would include a detailed risk assessment as they were brought forward. The risks in the monitoring report reflected the overall risk to the Council and he agreed that this would be made clearer in future reports. The Chief Finance Officer added that a full risk assessment on the capital strategy was available and could be adapted and added to the future reports.

RESOLVED – 1) That the Capital Budget Overview and Monitoring Report: April to June 2018 be welcomed (RD.19/18);

2) That the recommendations in future reports covered the expected input from Scrutiny which better reflected the role of Scrutiny;

3) That more detail be added to the narrative in the risks section of the report and the capital strategy risk assessment be adapted and added to future reports.

#### **BTSP.66/18          DRAFT ITINERARY FOR EFFICIENCY RELATED INQUIRY DAY**

The Overview and Scrutiny Officer submitted report OS.23/18 which provided an outline itinerary for the inquiry day relating to efficiency and efficiency planning.

The Overview and Scrutiny Officer reminded the Panel that they had requested an inquiry day at their meeting on 26 July. The draft itinerary suggested some possible lines of inquiry within four main areas.

The Panel discussed the inquiry day and agreed that it should be split into two half days, the first half for training and the second half for the inquiry day. The training would be carried out by Council Officers and would be for Panel Members and Substitutes.

The Panel also requested that comparison information be provided and some consideration also be given to how income could be generated.

RESOLVED – 1) That the draft itinerary for the inquiry day relating to efficiency and efficiency planning (OS.23/18) be noted.

2) That the Overview and Scrutiny Officer to make the necessary arrangements for two half day sessions for the efficiency related inquiry day.

#### **BTSP.67/18          COMMUNITY ASSET TRANSFER POLICY**

The Policy and Performance Officer presented a Community Asset Transfer Policy (PC.16/18).

The Policy and Performance Officer reminded the Panel of the background to the Policy which had been developed through a Business and Transformation Scrutiny Panel Task and Finish Group.

The Panel was asked to comment on the amended draft Policy and recommend to the Executive the adoption of the Policy and Procedure.

The Panel asked that the Policy be promoted through a press release as well as being advertised on the website. They also asked that the Policy be emailed to any groups who registered an interest in a community asset.

RESOLVED – 1) The Panel recommend to the Executive that they adopt the Community Asset Transfer Policy (PC.16/18).

2) That the Policy and documents be emailed to any parties who expressed an interest in a community asset;

3) That a press release regarding the new Policy be prepared from the Panel through the Communications Team;

4) That the Panel thank the Policy and Performance Officer for her support and work in preparing the Community Asset Transfer Policy.

The Policy and Performance Officer presented an overview of the development of a Corporate Plan (PC.17/18).

The Policy and Performance Officer reported that a Corporate Plan set out clearly an organisation's aspirations for the future. It was a useful way to link the key strategic documents that drive the business planning within the organisation. The Corporate Plan 2018-21 brought together the key documents and plans, and set out how services would be improved and key projects delivered.

The Plan would be separate, but related to the Carlisle Plan, primarily through resourcing and delivering the 'big three' projects:

Borderlands Inclusive Growth Deal  
St Cuthbert's Garden Village  
Sands Centre Redevelopment

In addition, a new key area 'Low Carbon energy options and reducing environmental impact' would be developed in the revision of the Carlisle Plan.

Progress against the Plan would be measured through the Performance Framework and would be reported in the End of Year Performance Report. A set of Key Performance Indicators were being developed to measure the Plan, drawn from the core documents. The baselines for the new measures would be reported later in 2018/19.

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

- The Panel asked for some clarity or additional narrative with regard to Key Performance Indicator (KPI) CP06.

The Policy and Performance Officer responded that the documents behind CP06 were very technical with a detailed explanation of the definition of the indicator and how it was measured. He agreed to circulate the full definition to Members.

- The Panel felt that the document was very light on narrative and the Panel had expected a mission statement and more detail regarding the purposed of the Plan.

The Finance, Governance and Resources Portfolio Holder explained that the Corporate Plan was an overarching document which brought together key documents and plans.

The Policy and Performance Officer added that the Carlisle Plan set out the vision and mission for the Council as a whole and the Corporate Plan was an internal document. Each of the strategies and policies within the Corporate Plan had their own vision and missions.

- The Plan identified the 'big three' projects, Members felt that the Kingstown Industrial Estate Retail Project should be included.

The Finance, Governance and Resources Portfolio Holder responded that the three projects were accepted as the biggest for the Council using a criteria, he agreed that the criteria may need to be investigated further.

- The Panel questioned the age of the Plan and if it was the most up to date document for scrutiny.

The Finance, Governance and Resources Portfolio Holder clarified that the Corporate Plan was for 2018-2021.

RESOLVED – 1) That the Corporate Plan (PC.17/18) be welcomed;

2) That future reports contain more narrative giving an explanation of the Key Performance Indicators;

3) That the Policy and Performance Officer circulate the definition of Key Performance Indicator CP06 to all Members of the Panel;

4) That the Finance, Governance and Resources Portfolio Holder circulate the criteria which was used to determine the 'big three' projects to all Members of the Panel

## **BTSP.69/18      EMPLOYEE OPINION SURVEY**

The Policy and Performance Officer presented the Employee Opinion Survey 2018 (PC.18/18).

The Policy and Performance Officer reported that Employee Opinion Surveys took place within the authority every two years for the last ten years. The last Survey was carried out in February 2018 and had a response rate of 58% which was an increase since 2016. The report set out the response rate by Directorate and the changes since the Survey in 2016. A copy of the survey questions had been attached to the report. The survey tool which had been used had a word cloud tool which had been used to create a scaled font for the literal answers to questions 2, 15, 16 and 17. The images had been embedded in the relevant sections of the report and helped to summarise and count the literal answers.

In considering the Survey results Members raised the following comments and questions:

- A Member felt that the response rate was low and asked if it was possible to find out why staff were not completing the survey.

The Policy and Performance Officer reminded the Panel that the response rate had increased but it was difficult to find out why staff did not want to response to the survey as it was a voluntary survey. The survey was promoted by the Town Clerk and Chief Executive and the Organisational Development Team and hard copies were distributed to those who could not access the online version.

- The Panel were pleased that the survey had qualitative sections but questioned the meaningfulness of the 'word clouds' as they did not give any detail or indication if the comments made had been negative or positive.

The Policy and Performance Officer explained that the font size of the word reflected how frequently the word was used by respondents and agreed to look at a different way of presenting the qualitative information in future.

- Were the survey responses benchmarked against other authorities?

The Policy and Performance Officer responded that the surveys were predominantly used as an internal comparison tool. It was difficult to benchmark the survey as the questions were tailored to best suit the Council at that time. Work had been undertaken by BMG Research which compared staff satisfaction of 50 organisations including some Councils. Some of the City Council questions could be aligned to their questions and the Council had come out quite well in comparison. The Policy and Performance Officer agreed to investigate possible benchmarking opportunities further.

- The Panel asked that future surveys include a question asking staff what they did not like about the Council.

RESOLVED – 1) That the Employee Opinion Survey 2018 be welcomed (PC.18/18)

2) That future reports:

- present the responses of qualitative questions in a different and more meaningful way;
- better target the thoughts and feelings of staff through different questions;
- include the question 'What do you not like about the Council?'

3) That potential means for benchmarking the Council Employee Opinion Survey against other authorities be investigated further.

(The meeting ended at 11.56am)