

BUSINESS AND TRANSFORMATION SCRUTINY PANEL**THURSDAY 4 JANUARY 2018 AT 10.05AM**

PRESENT: Councillor Mrs Riddle (Chairman), Councillors Allison (until 11.58am), Mrs Bowman, Mrs Glendinning, Mallinson J, McDonald (as substitute for Councillor Mrs Birks) and Watson (until 11.55am).

ALSO PRESENT: Councillor Dr Tickner – Deputy Leader, and Finance, Governance and Resources Portfolio Holder
Councillor Burns – Vice-Chairman of the Health and Wellbeing Scrutiny Panel

OFFICERS: Town Clerk and Chief Executive
Chief Finance Officer
Deputy Chief Finance Officer
Customer Services Manager
Service Support Manager
Policy and Communications Manager

BTSP.01/18 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Birks and Councillor Robson.

BTSP.02/18 DECLARATIONS OF INTEREST

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

BTSP.03/18 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.04/18 MINUTES OF PREVIOUS MEETINGS

A Member highlighted the resolution for BTSP.42/17(d) and commented that the last recommendation had been a resolution of the Portfolio Holder and not the Panel.

The Chief Finance Officer confirmed that the amendment had been made and could be viewed on page 86 of the Agenda Document Pack.

RESOLVED – 1) That the minutes of the meeting held on 5 December 2017 be approved with the following amendment to resolution BTSP.42/17(d):

4) That the Panel support the recommendation by the Finance, Governance and Resources Portfolio Holder that the following line be removed from Section 6.2 of the revised capital programme 2017/18 and Provisional Capital Programme 2018/19 to 2022/23:

No major one-off schemes unless fully funded from grants of external funding

2) That the Chief Finance Officer provide Panel Members with information on the use of additional contributions to the Public Realm Scheme

BTSP.05/18 CALL - IN OF DECISIONS

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

BTSP.06/18 OVERVIEW REPORT AND WORK PROGRAMME

The Policy and Communications Manager presented report OS.01/18 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 18 December 2017. The following items included in the Notice fell within the Panel's remit:

Items which had been included in the Panel's Work Programme:

KD.23/17 – Budget Process 2018/19

KD.33/17 – Sands Centre Redevelopment (Special meeting)

KD.35/17 – Action Plan – Disabled Facilities Grant 2017 to 2019. This matter would be considered by the Health and Wellbeing Scrutiny Panel in February 2018.

Items which had not been included in the Panel's Work Programme:

KD.34/17 – Civic Centre – Ground Floor Reinstatement. This matter was likely to be considered by the Panel in February 2018.

The report included a table of the progress on resolutions from previous meetings. Since the publication of the report the following matters had been completed:

- Sexual Assault Referral Service
- Harraby Cycle Track Project
- Community Infrastructure Levy
- Adriano's
- Bitts Park Lodge

The Sands Centre Redevelopment would be considered by a special joint meeting of the Business and Transformation and Health and Wellbeing Scrutiny Panels on 29 January 2018.

The Panel's Work Programme had been attached as appendix 1 to the report for the Panel's consideration.

The Chairman reported that the Community Asset Transfer Task and Finish Group had a volunteer from each of the Economic Growth and Health and Wellbeing Scrutiny Panels and would the first meeting of the Group had been arranged.

RESOLVED – That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.01/18) be noted.

BTSP.07/18 BUDGET 2018/19

The Chairman welcomed the Vice Chairman of the Health and Wellbeing Scrutiny Panel to the meeting.

(1) Executive's response to the first round of Budget Scrutiny

Minutes of the meeting of the Executive held on 11 December 2017 were submitted detailing the response of the Executive to the comments made by the Scrutiny Panels in response to the first round of Budget scrutiny.

At the request of the Panel the Chief Finance Officer outlined the changes which had been made to the proposed budget since the Panel's last meeting in December 2017. The following key changes had been built into the budget –

- Removal of the proposed reduction to the Civic Centre Car Park charge for 4 - 9.5 hour period
- Removal of the proposed reduction to specific charges at the Old Fire Station
- Addition of a grant to Carlisle Food Bank
- Implications of the Sands Centre Redevelopment.

The Chief Finance Officer agreed to prepare a summary of the key changes to the budget in future and reminded the Panel that the RSG information had not been known at the time of publication and as a result there would be some amendments to the final budget.

The Finance, Governance and Resources Portfolio Holder added that the consultation period for the budget would end on 15 January and therefore the budget may change in response to any response received.

RESOLVED – That the decisions of the Executive on 11 December 2017 be received.

(2) Executive Draft Budget Proposals

There was submitted the Executive draft Budget proposals 2018/19 which had been issued for consultation purposes.

The budget proposals were based on detailed proposals that had been considered by the Executive over the course of the last few months. In particular the reports of the Chief Finance Officer were considered at the Executive meeting of 18 December 2017.

The Chief Finance Officer drew the Panel's attention to Schedules 2 to 6 in the budget proposals and reported that the draft RSG figures of an additional £166,000 for 2018/19 and £149,000 for 2019/20 had been announced. The final figures would be confirmed at the end of January 2018. The budget assumed an £5 increase per Band D in Council Tax for the City Council. The Government had increased the general council tax referendum limit from 1.99% to 2.99%. If the Council had been minded to increase the council tax by 2.99% it would achieve a further £35,000 per annum.

In considering the Draft Budget Proposals Members raised the following comments and questions:

- Would the Executive be considering an increase in the Council Tax to the full 2.99%?

The Finance, Governance and Resources Portfolio Holder responded that discussions would take place on the council tax increase and the Executive would then make their recommendation to Council.

- The Budget proposed a reduction of £300,000 to Tullie House funding, a Member was concerned that the service may come back in house.

The Town Clerk and Chief Executive reminded that Panel that the productivity report, jointly commissioned with Tullie House, identified that up to £300,000 per annum could be saved from the subsidy provided to the Trust effective from 2020/21. There was no evidence to suggest that the Trust would not continue to run Tullie House.

- A Member commented that he would not like to see the sale of capital assets used to fund the Leisure Development as he felt it counteracted the original idea of the Asset Management Plan.

The Chief Executive clarified that the detailed discussions on the Leisure Development had not yet happened; however, he felt the option of disposing of low yield capital assets in a transparent way to fund the proposed development and improve the leisure offer within the City would be appropriate. Members would be asked to make the decision for the Leisure Development with all of the information and public consultation responses available to them.

- The change from a subsidy to a surplus with the Leisure Contract was excellent and a Member suggested that the surplus be used to support the Leisure Development.

The Chief Executive confirmed that the changes to the Leisure Contract meant that investment in the facilities would increase income and reduce the requirement for a subsidy. The income that would then come from the leisure contract and the savings in the subsidy would then pay the loan.

- A Member was uncomfortable with the possibility that the Council could be borrowing £30m.

The Chief Executive responded that there was risk associated with the finances of the Leisure Development and they had to be considered alongside the benefit to the people of Carlisle. No decisions would be taken without Members knowledge and full understanding. He understood that Members would seek to fully understand the risks and how they would be managed.

A Member reminded the Panel that the project met the aspirations of the Carlisle Plan.

A Member commented that he was not concerned about the possibility of a £30m loan as long as it was entered into as a repayment loan and felt the terms of borrowing were more suitable now.

A Member added that it was important to remember that the decision making process had to take into account the social needs of the community as well as the financial responsibilities of the Council.

- The proposals reported that the phasing in of 100% retention of business rates was one of the main risks to the robustness of the estimates, how would this risk be dealt with?

The Chief Finance Officer responded that it was not known what the burden of Business Rate Retention would be. The budget therefore only assumed a small inflationary increase in the business rate base line for 2020/21 onwards. The Council had submitted a bid for the Business Rate pilot for 100% retention in 2018/19 but had not been successful and as result the continuing pooling arrangements with other Cumbrian Councils was being discussed.

- A Member asked that scrutiny have the opportunity to scrutinise the business cases for the proposed capital programme schemes as detailed in schedule 8.

The Chief Finance Officer responded that the projects marked with an 'A' in schedule 8 would be subject to further reports to the Executive, including a full business case, prior to the release of any reserves or any expenditure incurred.

The Town Clerk and Chief Executive added that some of the business cases would be for minor schemes; however, Scrutiny had the opportunity to call in any businesses cases if they were not happy with the decision made.

A Member agreed that the call in process was available to the Panel but felt it could be confrontational and suggested that the Panels made the decision to ask for the business cases they wanted to scrutinise.

- Why did the budget still have a GLL reserve?

The Chief Finance Officer explained that the reserve had been reduced but it had been retained to enable the Council to replace equipment at the end of the leisure contract if necessary.

- Was there any contingency built into the budget with regard to the Leisure Development?

The Chief Finance Officer clarified that there was no centrally held contingency for the revenue budget as the individual budgets included provision for inflation however there would be contingency built into the Leisure Development capital budget.

RESOLVED – 1) That the comments and concerns of the Panel as set out above regarding the Executive draft Budget Proposal be forwarded to the Executive for their consideration.;

2) That the Scrutiny Panels add specific capital programme schemes to their future Work Programme as they required.

(3) Background Information Reports

(a) Budget Update – Revenue Estimates 2017/18 to 2021/22

The Chief Finance Officer submitted report RD.35/17 providing a draft summary of the Council's revised revenue estimates for 2017/18, together with base estimates for 2018/19 and updated projections to 2022/23. The report included the impact of the new savings and new spending pressures currently under consideration and the potential impact on the Council's overall revenue reserves.

The Executive had considered the matter on 18 December 2017 (EX.133/17 refers) and decided:

“That the Executive:

- (i) Noted the revised base estimates for 2017/18 and base estimates for 2018/19.
- (ii) Noted that the estimates in Report RD.35/17 were draft and would be subject to the confirmation of Local Government Finance Settlement in December 2017.
- (iii) Noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues become clearer and decisions were taken.
- (iv) Noted the budget pressures/savings needing to be taken into account as part of the 2018/19 budget process.
- (v) Noted the Statutory Report of the Chief Finance Officer outlining the risks associated with the draft budget figures and that minimum reserves may need to be increased in the future depending upon the outcome of the Local Government Finance review.”

RESOLVED –That the Budget Update – Revenue Estimates 2018/19 to 2022/23 (RD.35/17) be noted.

(b) Revised Capital Programme 2017/18 and Provisional Capital Programme 2018/19 to 2022/23

The Chief Finance Officer submitted report RD.36/17 which provided a draft summary of the Council's revised capital estimates for 2017/18 together with base estimates for 2018/19 and updated projections to 2022/23.

The Executive had considered the matter on 18 December 2017 (EX.134/17 refers) and decided:

“That the Executive:

- (i) Noted the revised capital programme and relevant financing for 2017/18 as set out in Appendices A and B to Report RD.36/17.
- (ii) Had given consideration and views on the proposed capital spending for 2018/19 to 2022/23 given in the report in the light of the estimated available resources.
- (iii) Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

RESOLVED –That the Revised Capital Programme 2017/18 and Provisional Capital Programme 2018/19 to 2022/23 (RD.36/17) be noted.

(c) Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2018/19

The Deputy Chief Finance Officer presented report RD.37/17 setting out the Council's draft Treasury Management Strategy Statement (TMSS) for 2018/19 in accordance with the CIPFA Code of Practice on Treasury Management.

He informed Members that the draft Investment Strategy and the draft Minimum Revenue Provision Strategy for 2018/19 were incorporated as part of the Statement, as were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

CIPFA was currently conducting a review of the Treasury Management Code of Practice and the Prudential Code focussing, in particular, on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance those purchases, or the use of existing cash balances. Both actions would affect treasury management. As finalised revised codes were not expected until December at the earliest, it may be necessary to review the TMSS once the final guidelines were issued and any implications on the Council's position was known.

The Executive had considered the matter on 18 December 2017 (EX.135/17 refers) and noted the Draft Treasury Management Strategy Statement for 2018/19, which incorporated the Draft Investment Strategy and the Draft Minimum Revenue Provision (MRP) Strategy, together with the Prudential Indicators for 2018/19 for draft budget consultation purposes as set out in Appendix A and the Treasury Management Policy Statement as set out at Appendix D to Report RD.37/17.

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

- Was there a cost for the services provided by Link Asset Services and was it value for money.

The Deputy Chief Finance Officer responded that Link Asset Services had been appointed for four years following a retender exercise in 2017. The service cost £11,000 per annum and provided free training, quarterly meetings with the Relationship Manager, monthly investment analysis and daily reports on interest rates and market forecasts.

- Could the Council secure a credit rating from a bond credit rating business?

The Deputy Chief Finance Officer responded that the Council did not need a credit rating as a local authority. He added that the credit rating did not affect the ability to borrow; any borrowing the Council took out would come from a Public Work Loan Board which was a loan from Central Government. The Council was assuming a 25 year principal repayment loan, however, it was likely that the Council would take a mix and match approach using different products to enable some flexibility for the future and minimise the overall cost of borrowing as far as possible.

- Members found the document difficult to understand and asked if a training or briefing session could be arranged.

The Deputy Chief Finance Officer confirmed that a full briefing on Treasury Management and the implications on the Leisure Development would be carried out.

RESOLVED –1) That the Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2018/19 (RD.37/17) be noted.

2) That the Panel receive appropriate training on the Treasury Management Statement.

BTSP.08/18 FINAL FLOOD UPDATE REPORT

The Town Clerk and Chief Executive presented the final update report (CS.09/18) on flood recovery activities and any future programmed work.

The Chief Executive stated that the report set out a final update of the work associated with recovery from the 2015 floods and emerging plans to deal with any such future events. During the last two years an extensive range of recovery activities had been undertaken, the work areas had been outlined in the report. The Chief Executive outlined the City Council asset recovery programme and detailed the flood grants and household payments which had been made.

He informed the Panel that the Council continued to work in partnership with the Environment Agency, County Council and other partners on resilience and resistant measures to address specific issues which arose from the floods in December 2015 and manage flood risk in the future. A further round of public engagement would take place in the new year on a shortlist of interventions, this would be followed by tenders for design and build, business case development followed by implementation. A special Economic Growth Scrutiny Panel had been arranged for 8 February 2018 to consider the future of flood risk management in Carlisle.

The Carlisle Emergency Plan had been reviewed and signed off by Senior Management Team. Additional locations for Reception centres had been identified and a risk assessment for each location had been carried out. Once an agreement had been reached with the centres owners

and operators they would be added to the Carlisle Emergency Plan and Cumbria Resilience Forum Welfare Plan.

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

- What was the date for settlement with the Loss Adjuster for the Shaddongate Resource Centre?

The Chief Executive agreed to provide Members with a written response.

- Some of the Council assets had some outstanding 'snagging'. Some of the issues that were outstanding were not minor issues and should not be reported as 'snagging'.

The Chief Executive commented that the experience of Members, Officers and users of the services had been frustrating and he would be preparing a report on the lessons learned from the flood and the document would be shared widely.

- A Member asked if the Town Clerk and Chief Executive had been satisfied that everything that could have been done had been done with regards to the flood in 2015.

The Chief Executive responded that it would have been beneficial if there had been more resources available. The Environment Agency was carrying out an inclusive consultation process on their data analysis of all the options and ideas. He added that there needed to be some understanding that the flood scheme which was in place performed to the specifications it had been designed for, the water had gone over the top of the flood defences rather than the defences failing.

The Policy and Communications Manager reminded the Panel that the Special Economic Growth Scrutiny Panel on 8 February 2018 would give consideration to the future flood risk management in Carlisle.

- Would the cost of the works to the ground floor of the Civic Centre be covered by the insurance?

The Finance, Governance and Resources Portfolio Holder confirmed that the ground floor works would be covered by the insurance and the plans also had the potential to create income.

- Were there any resilience grants available for properties which had recently been flooded?

The Chief Executive explained that the Flood Resilience Grants had been a Government Scheme administered by the Council. There were no grants available for properties recently flooded. He added that he had raised the matter with the Environment Agency and felt strongly that support should be made available to properties in flood risk areas before they flood to enable them to build in resilience.

A Member added that there had been problems for tenants in flats that were managed by a company as they were not eligible to apply for the grant. There was concern that those tenants could face similar issues in the future and the Panel asked if the issue had been resolved.

The Panel felt strongly that support should be made available to flood risk properties and asked the Chief Executive to write to the Environment Agency to raise the issues detailed above.

- The report detailed the recovery of Bitts Park and the Bitts Park Lodge, the Panel had previously raised an issue regarding out of hours access to the toilets and this matter had not been addressed in the report. The Panel asked that careful consideration be given to out of hours access to the toilets and the security of the toilets. The Panel suggested that

the opening hours could be different in winter and summer and that remote locking be used to keep the toilets secure.

RESOLVED – 1) That the Final Flood Update Report (CS.09/18) be noted;

2) That the settlement date for the Shaddongate Resource Centre be circulated to the Panel.

3) That the Town and Clerk and Chief Executive's 'Lessons Learned' report on the Flood 2015 be added to the Panel's future Work Programme.

4) That the Town Clerk and Chief Executive write to the Environment Agency asking them to provide support to flood risk properties as a preventative measure, that flood resilience grants are made available as a matter of course for flooded properties and to ask them if the issue regarding flood resilience grants to tenants in flats with management companies had been addressed.

BTSP.09/18 CUSTOMER SERVICES UPDATE

The Service Support Manager presented an update on the work within customer services and in the main the Smarter Service Delivery (SSD) Project.

The Service Support Manager reminded the Panel of the background of customer services and then outlined the progress made with the Carlisle City Council website, the success of the 'My Account' project and the Salesforce platform as detailed within the report. He highlighted the issues with the temporary portacabin that was being used as the Customer Services Centre and stated that Customer Services had been involved in the proposed reinstatement of the Civic centre ground floor.

He drew attention to the introduction of Risk Based Verification which significantly reduced the administration of Housing Benefits claims. He detailed how the system would work adding that the use of the online applications allowed staff to prepare for the upcoming Universal Credit Full Service which was due to go live in July 2018.

The Service Support Manager detailed the partnership working within Customer Services and reported that work was being undertaken with the Department of Works and Pensions Fraud Section, Cumbria Constabulary and Her Majesty's Passport Office.

The Service Support Manager informed the Panel that the Smarter Service Delivery (SSD) project had been shortlisted for an inetwork award for the category of Innovative Access for Public Services. An award ceremony would be held on 30 January 2018 and the winner would be announced on the evening.

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

- The Panel congratulated the Customer Services Team for their continued success with the website, SSD project and for maintaining an excellent service whilst in temporary accommodation.
- A Member commented that the only complaint he had received was regarding the telephone response times, had this been addressed?

The Customer Services Manager responded that the issue had been addressed where possible. It was difficult to always predict busy periods, however, known peaks times did have additional resources allocated to deal with the calls.

The Service Support Manager added that it was important to control customer expectations and emails from Customer Services were sent out with a clear expected response time.

- Some Members had not been aware that customer contact centre staff carried out a passport service and they asked how this had been advertised.

The Customer Services Manager responded that staff carried out a passport interview service for first time adult passports with remote links to the Glasgow office. The Glasgow office made the appointments and advertised the service.

- Members supported the promotion of the 'My Account' on the Council's website but understood that some people would not be able to set up an account or want to have an electronic account at all.

The Customer Services Manager agreed that the system was daunting to some people and explained that members of the public were welcome to come to Customer Contact Centre and staff would set up the account for them. As more people signed up to the electronic account it freed up staff to provide support to those who did not want to have on line accounts. Likewise staff were available to support vulnerable people in the community either face to face or on the telephone. She added that the online sign up for 'My Account' was the highest sign up in the North West.

RESOLVED – 1) That the Customer Services Update be welcomed (CE.01/18)

2) That Customer Contact staff be congratulated on their continuing improvements to service, their partnership working and for maintaining an excellent service in a temporary environment. In addition the Panel congratulated the Smarter Service Delivery Team for being shortlisted for an inetwork award.

3) That a further update on the Customer Contact Centre be added to the Panel's future Work Programme.

(The meeting ended at 12.01pm)

**JOINT MEETING OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL
AND THE HEALTH AND WELLBEING SCRUTINY PANEL**

MONDAY 29 JANUARY 2018 AT 10.00AM

PRESENT: Councillor Mrs Riddle (Chairman), Councillors Allison, Birks, Bloxham (as substitute for Councillor Layden), Mrs Bowman, Burns, Ellis, Mrs Glendinning (until 1:21pm), Mallinson E, Mallinson J, McDonald, McNulty, Paton (until 1:23pm), S Sidgwick, Shepherd (as substitute for Councillor Robson) and Watson.

ALSO PRESENT: Councillor Quilter – Culture, Leisure and Heritage Portfolio Holder
Councillor Bradley – Economy, Enterprise and Housing Portfolio Holder
Mr Paul Denson – Pick Everard
Mr Mark Dando – Pick Everard
Simon Dunstan – GT3 Architects
Paul Reed – GT3 Architects
John Finlayson – Buro Happold
Duncan Ker-Reid – Buro Happold
Tom Rice – Greenwich Leisure Limited
Councillor Bainbridge – (Observer)
Councillor Finlayson – (Observer)

OFFICERS: Deputy Chief Executive
Deputy Chief Finance Officer
Contracts and Community Services Manager
Policy and Communications Manager

SJSP.01/18 APPOINTMENT OF CHAIRMAN

RESOLVED - That Councillor Mrs Riddle be appointed Chairman for the meeting.

SJSP.02/18 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Layden and Councillor Robson.

SJSP.03/18 DECLARATIONS OF INTEREST

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

SJSP.04/18 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.

SJSP.05/18 SANDS CENTRE REDEVELOPMENT

The Chairman welcomed Messrs Denson, Dando, Dunstan, Reed, Finlayson, Ker-Reid, and Rice to the meeting.

The Chairman advised that as the Special Meeting comprised two Panels, in order to retain sovereignty over the scrutiny of those aspects of the Sands Centre Re-development project

relevant to the remits of the individual Panel, each Chairman would put forward recommendations on behalf of their respective Panel.

OVERVIEW OF THE PROPOSED DEVELOPMENT

The Contracts and Community Services Manager presented report CS.10/18 Sands Centre Redevelopment, and he outlined the history of plans to redevelop the Sands Centre, noting that the aging of The Pools facilities on James Street had been a significant factor in the Council retaining the ambition to provide new sporting facilities in the city. In 2013 the Council had adopted the Sports Facilities Strategy 2013 – 2025 which had been based on an indoor and outdoor facilities needs assessment and set out the authority's vision for sports facility development in the district. The Strategy recommended that a replacement swimming pool, additional sports hall and improved health and fitness facilities be developed at the Sands Centre to maximise the benefits of the site's strategic location, and the generation of operational efficiencies and cross subsidisation as a result of the co-location of sports and cultural facilities in one venue.

Following the adoption of the Strategy, the Council had continued to explore redevelopment options in tandem with its re-tendering of the Leisure Contract. The Contracts and Community Services Manager provided an overview of the re-tendering process and noted the importance of the new contract in enabling the Council to fund a proportion of the Sands Centre redevelopment. The new Leisure Contract had been approved by the Executive in November 2017 and made provision for an annual subsidy to Greenwich Leisure Limited (Principal Leisure Operator) to operate the Council's Leisure Facilities in their current format. Following the completion of the Sands Centre Redevelopment the Council would receive payment from Greenwich Leisure Limited that, over the life of the contract would result in a significant net payment to the Council.

In the summer of 2017, the Council had commissioned a design team to work up a Royal Institute of British Architect's (RIBA) Stage 2 Outline Design for the Sands Centre, incorporating full cost estimate and anticipated programme of works. Pick Everard and GT3 had been selected by means of competitive tender to realise the project management and design roles.

In response to questions from Members the Contracts and Community Services Manager advised:

- An outline Business Plan for the Sands Centre Redevelopment had been considered by the Executive in May 2017 when the Leisure Contract Re-tender exercise had been ongoing. The Plan concluded that relocating the swimming pools only would cost the operator, and ultimately the Council circa £400,000 more than building a full sports and leisure facilities mix on one site. Consequently, the new Leisure Contract incorporated the delivery of a full facilities provision on a single site thereby providing contractual certainty for both the Council and Greenwich Leisure Limited as Principal Leisure Operator. The Contracts and Community Services Manager further noted that the work undertaken on plans for the redevelopment of the Sands Centre, as detailed in the report, were provided to assist Members in understanding the project and aiding the Council's consideration as to whether to proceed with the scheme.
- Responding to concerns raised by a number of Members regarding the possibility of future flooding of the Sands Centre facility, the Contracts and Community Services Manager explained that in 2005 the facility had not flooded and in 2015 only minor damage had occurred at the site. He acknowledged the new facility would comprise a greater amount of equipment and systems, but noted that mitigation measures would be incorporated into the design with a view to decreasing the likelihood of a flood event occurring at the site.

- The identification of the ownership of the land in the Risk Register contained within the report was a standard matter raised in project management procedures for schemes of this nature. The Contracts and Community Services Manager undertook to provide written confirmation to Members that the Sands Centre site was owned by the Council.

THE SANDS LEISURE CENTRE STAGE 2 REPORT PRESENTATION

Mr Dunstan and Mr Reed (GT3 Architects) delivered a presentation to the Panel covering: the RIBA plan process and stages; site analysis including location, movement framework, micro-climate, area character, existing structures at the site, conservation and Listed Structure in the area, zoning and routing, site constraints and opportunities, local colour palette of urban and rural landmarks; the history of the site; the design brief and concept design including the relationship between sport and events space within the proposed new facility, and proposed floor and section plans.

Mr Dunstan explained that as architects of the design stage, GT3 had sought to create a scheme with a broad range of facilities to meet the needs of the communities in the district. The proposed scheme was a unique mixture of sporting and cultural facilities closely located to the urban centre. In terms of addressing flood mitigation measures, he noted that the Buro Happold Engineers had been considering those matters in their work on the scheme.

The following observations and comments were raised in discussion:

- Would the number of car parking spaces provided at the site be reduced?

Mr Reed advised that a number of car parking spaces would be removed from the site to accommodate the new, extended building, although a full transport study would be required to ascertain the exact number of spaces.

Concerns were expressed by a number of Members that the site was not directly accessible by public transport and that residents from the rural areas and the suburban edge of the city necessarily needed to use motor vehicles to access the site and that reducing the number of car parking spaces would negatively impact them. It was noted that the new facility was likely to increase footfall to the site and assurance was sought that the level of car parking provision would be sufficient to meet demand.

The Deputy Chief Executive noted that there were a number of other Council owned and operated car parks in the vicinity of the site and consideration would be given as to how these may be utilised by users of the new Centre, as the project progressed, were Council to approve it.

Mr Dunstan stated that a Travel Plan for the scheme would consider the matter of public transport to the site which was currently difficult for buses to access. Furthermore, it was intended that the design of the car park would be altered to make it more pedestrian and cyclist friendly, giving greater priority to those users than was afforded in the current layout.

A Member asked whether consideration would be given to removing the provision of permitted parking for Council staff at the Swifts Bank car park in order to provide more spaces for Sands Centre users.

The Deputy Chief Executive responded that such matters would be addressed in the next stages of the scheme, were it to secure Council approval. He noted that it was likely that the peak demand times for Sands Centre users would be evening and weekends, when the Swifts Bank car park was not used by Council staff. He was confident that the Council was able to make sufficient car parking provision for those using the Sands Centre.

- Would the multi-purpose use of the concert hall for both cultural events as well as sports be retained in the new facility?

The Contracts and Community Services Manager advised that the multi-purpose nature of the concert hall would be retained so that there was overall flexibility of use within the spaces at the site. The concert hall's primary function would be the delivery of cultural events as it was anticipated that sports provision would be adequately provided for within the remainder of the scheme.

- Had archaeological investigations been carried out at the site?

Mr Dunstan noted that the Sands Centre site had previously been developed during the construction of the existing building. The project had not advanced to the stage where the Validation requirements of the Local Planning Authority had been identified, however, given the location of the site and the knowledge that archaeological artefacts had been discovered in the development of another site in the immediate area of the Sands Centre, those involved with the project would keep a watching brief on the issue going forward.

The Member further commented that she would have like to have seen the disability, equality and environmental impact assessments for the scheme, however, she recognised that the project was in the early stages of development.

Responding to a further question from a Member, Mr Dunstan advised that the void in the first floor over the sports hall area was necessary due to the hall requiring a double height ceiling space.

- A Member requested further detail on the inclusion of a space for National Health Service (NHS) use in the proposed scheme.

The Deputy Chief Executive advised that Officers had been in dialogue with the hospital regarding the provision of a space from which NHS services such as physiotherapy could be delivered. Officers felt that the inclusion of such provision within the scheme was helpful in alleviating pressures on services and the hospital and beneficial in providing health and wellbeing services to Sands Centre users. He advised that no formal decision had been taken and that discussions with the NHS on the matter were ongoing.

The Member responded that should the hospital wish to utilise space within the new centre to deliver services, the Council needed to secure a Letter of Intent from the NHS at the earliest opportunity in order that the relevant design specifications were able to be included in the scheme.

- Would the redeveloped site be accessible to mobility scooter users?

Mr Reed explained that site accessibility was a key consideration in the design phase of the project and it was planned that the whole facility would have level access to enable wheelchair and mobility scooter users to enter and use the site.

- Had the Council in commissioning the design brief requested that proposals for other sites in the city be developed?

Mr Dunstan responded that the Council had only indicated the existing Sands Centre site for the new facility. In developing the brief designers had sought to create a facility that would meet the needs of all users.

- Had the Greenwich Leisure Limited been involved in the design stage of the proposed scheme?

The Contracts and Community Services Manager confirmed that Greenwich Leisure Limited, following its appointment as the Council's Principal Leisure Contractor had been closely involved in the design stage.

- What opportunity would the Council's Scrutiny Panels have to contribute to the project going forward?

The Deputy Chief Executive outlined the next steps for the project in the Council's democratic decision making process. He drew Members' attention to the RIBA Design Plan stages detailed in the presentation and suggested that Members may wish to receive further reports at the end of each stage.

The Chairman invited the Chairman of the Health and Wellbeing Scrutiny Panel to summarise the points and recommendations made by the Members of that Panel.

The Chairman of the Health and Wellbeing Scrutiny Panel noted that Members had overall expressed support for the scheme, with their central concerns relating to car parking, disability access, the presence of archaeological artefacts at the site, and the securing of a Letter of Intent from the NHS to occupy a suite within the Centre.

The Chairman (in her capacity as Chairman of the Business and Transformation Scrutiny Panel) noted that Members had considered the development of a full Transport Strategy and Travel Plan for the site to be exceedingly important, and that any agreement with the hospital regarding the provision of NHS services at the redeveloped Centre needed to be concluded at the earliest opportunity.

EMPLOYER'S AGENT PRESENTATION

Mr Denson and Mr Dando (Pick Everard) delivered a presentation covering the following: the Employer's Agent Team members, roles and Leads; the principles of the RIBA Plan of Work; cost estimates for the project; summary of the programme; key project risks including Consequential Improvement costs, flood zoning, programme slippage and project affordability; the procurement process for the Principal Contractor; the benefits and risks associated with both the Official Journal of the European Union (OJEU) tender process and alternative OJEU compliant National Frameworks procurement models.

Mr Denson stated that publicly funded projects costing in excess of £4.2M had to use the OJEU process to ensure an open tender for the Principal Contractor, were Council to approve the scheme in March 2018, the project would move into Stage 3 of the RIBA Plan of Works. Stage 4 would formally invite contractors to tender for the Principal Contractor role, and those who chose to bid would need experience of swimming pool construction as such works required particular expertise to carry out. He noted most firms which secured Principal Contractor appointments did so through a National Frameworks method and that would provide the Council with confidence in the construction of the centre through the use of an experienced contractor.

The RIBA Plan of Works afforded a four week time period from the deadline for the receipt of tenders to be considered prior to the Council selecting its preferred Principal Contractor. Mr Denson noted that it would be advantageous to the delivery of the project for the Principal Contractor to be selected as early in the process as possible in order that they may begin to undertake ground work investigations with a view to mitigating against delays in the project programme as a result of, for example, finding archaeological artefacts.

At the current stage of the project it was expected that the redeveloped Sands Centre would open to the public in the summer of 2020, following which the Principal Contractor had a 1 year liability for defective works, and an 11 year period of liability for latent defects. Any defects identified in those periods would be addressed by the Principal Contractor at their cost. In conclusion, Mr Denson recommended that the Council give approval to Pick Everard to explore a National Frameworks approach to the procurement of the Principal Contractor, rather than the OJEU method.

In discussion the following observations and comments were made:

- A Member understood that the OJEU process for appointing a Principal Contractor may take a year to complete, she expressed concern that such a time frame had not been factored into the Plan of Works, and that were the OJEU method to be used, the process may lead to the project falling behind time.

In response Mr Denson acknowledged that the OJEU method was a risk to the project meeting its delivery timetable, he reiterated that the National Frameworks outlined in his presentation were OJEU compliant and he hoped that the Principal Contractor may be selected in tandem with the detailed design phase of the project through a Pre-Construction Services Agreement.

- What was the range of the financial value of projects covered by the Frameworks referred to in the presentation?

Mr Denson advised that the total value of the project was £19,466,765 excluding £655,000 allowed by the Council and Greenwich Leisure Limited for temporary facilities and VAT. The North West Construction Hub Framework covered projects costing up to £10M, and the Scape Group National Construction Frameworks comprised contractors delivering projects of the following ranges: £2M - £20M and £10M - £50M

A Member sought assurance that the Principal Contractor would appoint sub-contractors using the locally approved CHEST Framework.

Mr Denson explained that an OJEU compliant contractor was required to demonstrate a specified percentage of expenditure locally relating to the use of sub-contractors, and that Pick Everard as Employer's Agent would explore the matter with the Principal Contractor, however, the CHEST Framework may not be the method by which the sub-contractors were appointed.

The Member responded that she wished for any sub-contractors used in the construction of the scheme to be compliant with the CHEST Framework, and that apprentice training be provided by those companies.

Mr Denson stated that the Principal Contractor would be keen to only use reliable contractors as they would be financially liable for all works carried out at the site.

The Contracts and Community Services Manager explained that it was important for Members to clearly distinguish between works and defects issues, he asserted that the Council would appoint sub-contractors via the CHEST were financial thresholds to be exceeded.

- Would the requirement for the Principal Contractor to have experience of constructing swimming pool and leisure facilities make the tender process open to legal challenge by firms interested in the work who did not have such experience?

Mr Denson explained that the construction of leisure facilities and swimming pools in particular required specialist experience, and whilst he acknowledged that such a criteria may prevent smaller local firms for tendering for the role of Principal Contractor, it was anticipated that local firms would be contracted to construct particular areas of the scheme in line with the design brief and as specified by the Principal Contractor.

- Had a list of approved sub-contractors been identified?

The Contracts and Community Services Manager stated sub-contractors would be identified, once the Principal Contractor was confirmed.

- With reference to the risks and cost of the project as detailed in the report, a Member sought clarification as to the total cost of the project.

Mr Denson explained that the £19.46M figure quoted in the report was the total outturn figure for the scheme excluding V.A.T and the provision of temporary facilities during the construction phase of the project.

The Contracts and Community Services Manager added that the £19.46M anticipated cost of the project included £1.3M for Consequential Improvements required by Building Control, professional fees and a contingency fund allocation.

A Member asked whether the contingency made allowance for a delay to the project in the event of archaeological materials being found at the site.

Mr Denson responded that the project was in the very early stages and he undertook to ensure that the finding of archaeological materials be included in the project's Risk Register and that discussions would take place with the project designers and the Local Planning Authority in order that all matters relating to the issue were adequately addressed.

- Were there plans to include renewable energy sources in the scheme?

Mr Finlayson (Buro Happold) advised that renewable and low carbon technologies would be a key factor in the construction of the redeveloped Centre and consideration would be given to systems that would provide opportunities for payback for the Council. The Consequential Improvements required by Building Control indicated, as a guide, that 10% of the total build cost be used in making improvements to meet current standards, therefore combining the old and new parts of the Centre afforded the Council the scope to provide a building with improved energy performance.

- What governance arrangements were in place to manage and monitor the project?

The Deputy Chief Executive explained that, were the project to be approved by Council governance arrangements, including Officers and Members would then be developed and agreed by the Executive. Reportage to the Council's Scrutiny function would be managed through the relevant Panel's Work Programmes.

The Member responded that she felt Councillor involvement in the project was particularly important given the scale and cost of the project, and that the Scrutiny Panels should receive regular updates on the progress of the project in order that Members be kept abreast of developments.

- What arrangements were in place for those wishing to use the Sands Centre during the construction phase?

The Contracts and Community Services Manager advised that in essence the area to the left of the Hall in the current building was to be demolished which included the gym and bar and that a new, extended facility would be constructed in its place. The hall had a previously agreed programme of events occurring during the construction phase and would therefore remain open during the entire redevelopment works. It was intended that temporary, replacement facilities of those areas of the existing site would be provided for the duration of the construction phase of the project.

- How had the central area at the entrance been included in the design and had it added £5M to the project costs?

Mr Dunston noted that the central area known as “The Street” had been incorporated into the design for two main reasons: it provided an attractive entrance and congregational space for users of the facilities, and it acted as a foyer for the theatre. He noted that some cultural events in the Hall may attract up to 2,000 visitors and in order to manage their exiting of the building safely a large area was needed.

In terms of increased budgetary costs for the project, Mr Dunston asserted that was as a result of the proposed scheme being larger than previous proposals, however, he considered the budget for the project to be realistic.

- A Member commented that effective management of similar large scale construction projects in the private sector was attributed to the carrying out of robust meetings with the contractors delivering the projects, she sought assurance that the Council would look to employ a similar approach in the Sands Centre Redevelopment.

Mr Dando assured Members that, as Employer’s Agent he and his colleagues would ensure that the project was managed and delivered in the manner that the Council had set out in its requirements.

- What payment liabilities to Greenwich Leisure Limited would the Council incur were the project to fall behind schedule?

The Contracts and Community Services Manager acknowledged the Member’s concerns and confirmed that the risk of over-run was a significant risk to the project. Furthermore, he considered that risk gave strength to the rationale of identifying a suitable Principal Contractor at the earliest opportunity.

Mr Denson advised that regular programme review meetings would be held during the project to manage and mitigate against any issues which may cause slippage in the timetable. Pick Everard would take all necessary action to ensure that the project was completed within the agreed timetable.

The Chairman invited the Chairman of the Health and Wellbeing Scrutiny Panel to summarise the points and recommendations made by the Members of that Panel during their consideration of the presentation.

The Chairman of the Health and Wellbeing Scrutiny Panel noted that key issues for the Panel were: the use of apprentices in the delivery of the project; the securing of a Letter of Intent from the NHS Suite at the earliest opportunity and: that an OJEU compliant framework be employed in the tendering process for the appointment of Principal Contractor for the project

The Chairman (in her capacity as the Chairman of the Business and Transformation Scrutiny Panel summarised the key issues raised by that Panel was the need for the Council to ensure that the project remained within budget; in order to aid this the Panel felt that the plans for the redevelopment must be finalised prior to the commencement of works, and that Members be provided with regular reports being submitted to the relevant Scrutiny Panel(s) for consideration.

Members held a discussion on the purpose and effectiveness of operating a joint Panel meeting, and considered it important that the resolutions of the individual Panels be appropriately recorded to aid Members ongoing scrutiny of the project.

The Policy and Communications Manager explained that the joint meeting had been convened in order to allow for efficient feedback to the Executive for it to consider the issues raised by Members, as part of its decisions making process. He assured Members that individual resolutions would be appropriately attributed to the individual Panels.

The meeting adjourned at 12:55pm and reconvened at 1:05pm

SJSP.06/18 STANDING ORDERS

It was noted that the meeting had been in progress for 3 hours and it was moved, seconded and RESOLVED that Council Procedure Rule 9, in relation to the duration of meetings be suspended in order that the meeting could continue over the time limit of 3 hours.

SJSP.07/18 SANDS CENTRE REDEVELOPMENT

FINANCIAL IMPLICATIONS

The Deputy Chief Finance Officer provided an overview of the financial implications of the project, noting that a level of borrowing would be required by the Council and that a number of illustrative examples of how that could be achieved were set out in paragraph 2.8 of the report.

The starting point for the Council's consideration of potential methods of funding the project had been the re-tendered Leisure Contract which, following the completion of the redeveloped site would move the Council to a zero subsidy position in relation to its Principal Leisure Operator. Over the lifetime of the new Leisure Contract the Council would realise budget savings through receipt of payments from Greenwich Leisure Limited.

The Council had an asset portfolio worth £158M and an existing debt of £15M, with an interest rate of 8.5% as a result of a previous stock issue, which equated to a gearing of 9.4%. The calculated level of borrowing to fund the scheme was £17.5M with an anticipated interest rate of 2.5% over a 25 year period; it was anticipated that the additional monies would be raised through external grant funding. Given that the stock issue was due to be re-financed, an option was to combine the borrowing for the scheme and the stock issue, the Deputy Chief Finance Officer noted that such a strategy may achieve a lower level of interest payment for the Council by reducing the level of interest payable on the stock issue. He emphasised that the exact level of interest accorded to the loan was dependent upon the time at which the loan was taken out.

The loan would be secured from the Public Works Loan Board who provided three types of loan repayment options: interest only, annuity, and equal instalment payment, the Deputy Chief Finance Officer noted that the scenarios for loan repayments detailed in the report were based on an equal instalment payment option; he cautioned Members that the examples therein were for illustrative purposes only. The Budget considerations to be submitted to Council for consideration and approval in February 2018 incorporated a borrowing for the project of £17.5M at an interest rate of 3.25% and with a Minimum Revenue Provision (MRP) of 3%.

The Deputy Chief Finance Officer advised that consideration needed to be given as to the best policy for Council to adopt with regard to the regulation of its MRP and whether a separate MRP strategy was needed for the project. The factors for Members to consider in relation to the Council undertaking borrowing to fund the project were set out on pages 23 and 24 of the report.

In discussion the following observations and comments were made:

- A number of Members sought further detail on the Council's plans for the existing James Street Pool site and Turkish Bath suite following the relocation of the swimming pool facilities.

The Deputy Chief Executive explained that the Council had undertaken work with Montagu Evans to identify whether there was any external interest in the site. No proposal for the premises had been worked up but in due course options would be developed and submitted to the Executive for consideration.

A Member responded that the matter of the Turkish Baths and James Street Pool site needed to be included on the Council's Risk Register and, when plans for their use had been worked up, should be submitted to Scrutiny for its consideration.

- Were there any caveats in the Leisure Contract which would allow the Principal Leisure Contractor to reduce their payments to the Council following the completion of the redeveloped site?

The Contracts and Community Services Manager advised that the payments between the Council and Greenwich Leisure Limited were enshrined in the Leisure Contract signed between the two bodies, he noted that caveats were included which would allow for lower receipts to the Council in the event of a smaller facility being constructed.

- Was it necessary for the Council to secure the finance prior to the redevelopment scheme being "locked -in"?

The Deputy Chief Finance Officer advised that locking in for the scheme prior to any approvals being given to proceed would not be prudent, however, once approvals were given the best time to lock-in borrowing would be considered.

Responding to a further question from a Member, the Deputy Chief Finance Officer explained that tranching the borrowing requirements for the project would allow for a degree of flexibility in terms of the Council's profiling of cash flows by borrowing amounts to deliver specific aspects of the project as and when they were required and would also give flexibility for repayment profiles.

Regarding its asset to debt gearing ratio, the Council was, in relation to peer authorities, typically above average with respect to its portfolio of assets and a low level of debt. The Deputy Chief Finance Officer advised that financing the project would not preclude any further capital developments progressing.

Members discussed the financing options and felt that the equal instalment payment route for financing the project was the prudent option for the Council to take, and that the Executive should pursue such a method of financing. A number of Members, whilst agreeing with that approach, considered making such a recommendation was premature, given the current stage of project development, and that to do so would fetter the Executive.

- Had the Council any plans to dispose of any of its assets to help fund the project?

The Deputy Chief Finance Officer responded that the sale of assets was managed through the on-going asset disposal programme and that items would be brought forward as part of the Capital Programme.

- Had funding for the project been secured from Sport England?

The Contracts and Community Services Manager advised that as Council had not yet approved the scheme, the funding was not able to be applied for. He further explained that Sport England

had a ring-fenced pot of money for projects in the Carlisle District of £2.5M, whilst a bid was required to access the funds, the Contracts and Community Services Manager was confident that the Council would receive an allocation.

- What was the anticipated lifespan of the NHS suite?

The Deputy Chief Executive advised that a time frame had not been identified as the hospital had not confirmed whether it intended to occupy the suite. He noted that a decision on the matter was needed soon, as were the Council to approve the project, designers would need to know how the space was to be utilised in order for the project to be taken forward. In the event that the hospital did wish to occupy the suite he undertook to secure Letter of Intent or similar document as surety to aid the Council's determination of the scheme.

In response to a further question from a Member, the Deputy Chief Executive advised that the inclusion of an NHS suite would not affect Greenwich Leisure Limited payments to the Council.

The Chairman requested that details of how the Council planned to use the suite, in the event that the NHS did not take it up be circulated to Members.

In summarising the discussion, the Chairman noted that Members were satisfied with the Council's position in relation to the financing of the project as set out in the report and that details regarding the options for the NHS Suite and the James Street site be circulated to Members in due course.

The Chairman thanked the Officers and Messrs Denson, Dando, Dunstan, Reed, Finlayson, Ker-Reid, and Rice for their presentation and contributions to the meeting.

RESOLVED – 1) That the Health and Wellbeing Scrutiny Panel recommend to the Executive:

- i) That an OJEU compliant Framework method be used in the process for the tendering of the Principal Contractor role;
- ii) That the Council seek to secure a Letter of Intent from the NHS regarding the provision of services from the redeveloped Sands Centre;
- iii) That details of alternative options for the proposed NHS Suite be circulated to the Panel, in the event that the hospital did not wish to proceed with the agreement.

2) That the Business and Transformation Scrutiny Panel recommend to the Executive:

- i) That a Transport Strategy and Travel Plan be secured as soon as possible;
- ii) That the use of apprentices be encouraged in the delivery of the project;
- iii) That plans for the James Street site and Turkish Bath complex be circulated to the Panel for its consideration when they became available;
- iv) That the Panel be provided with regular updates on the progress of the project.

3) That the Contracts and Community Services Manager circulate to Members of both Scrutiny Panel's confirmation of the Council's ownership of the land at the Sands Centre site.

4) That both Panels note report (CS.10/18) and submit the comments as detailed above to the Executive for their consideration.

(The meeting ended at 1.47pm)

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 15 FEBRUARY 2018 AT 2.00PM

PRESENT: Councillor Mrs Riddle (Chairman), Councillors Allison (from 2.45pm), Birks, Mrs Bowman, Mallinson J, McNulty (as substitute for Councillor Mrs Glendinning), Mrs Mckerrell (as substitute for Councillor Robson).

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

OFFICERS: Chief Finance Officer
Corporate Director of Governance and Regulatory Services
Strategic Asset Investment Services Manager
Policy and Performance Officer

BTSP.10/18 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Mrs Glendinning, Robson and Watson and the Town Clerk and Chief Executive.

BTSP.11/18 DECLARATIONS OF INTEREST

Councillor Mrs Birks declared an interest in respect of agenda item A.5 – Capital Budget Overview and Monitoring report. The interest related to the fact that she had been employed by Riverside.

BTSP.12/18 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.13/18 MINUTES OF PREVIOUS MEETINGS

RESOLVED – 1) To note that Council, on 9 January 2018, received and adopted the minutes of the meetings held on 26 October 2017 and 4 December 2017. The Minutes were signed by the Chairman (Minute Book Volume 44(4)).

2) That the minutes of the meeting held on 4 January 2018 and the minutes of the Joint Business and Transformation Scrutiny Panel and Health and Wellbeing Scrutiny Panel held on 29 January 2018 be agreed.

BTSP.14/18 CALL - IN OF DECISIONS

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

BTSP.15/18 OVERVIEW REPORT AND WORK PROGRAMME

The Chairman presented report OS.04/18 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 12 January 2018. KD.34/17 – Civic Centre Ground Floor Reinstatement fell within the remit of the Panel and would be considered at the March meeting.

The report included a table of the progress on resolutions from previous meetings, many of the actions had been completed and this would be reflected in the next report.

The Panel's Work Programme had been attached as appendix 1 to the report for the Panel's consideration.

The Chairman reported that the Community Asset Transfer Task and Finish Group had met on 13 February 2018. The proposed Policy was being consulted on before being reported back to the Executive for approval. The Strategic Asset Investment Services Manager was preparing a list of assets which may be suitable for disposal and a case would be tested.

The Chairman referred to the minutes of the Joint Business and Transformation and Health and Wellbeing Scrutiny Panel which had been considered by the Executive on 12 February. The Executive had provided a response to each of the resolutions and the Chairman thanked the Executive for their prompt responses.

RESOLVED – That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.04/18) be noted.

BTSP.16/18 QUARTER 3 PERFORMANCE REPORT

The Finance, Governance and Resources Portfolio Holder presented the third quarter performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. The new Service Standards and Key Performance Indicators (KPIs) were also included (PC.01/18).

Details of the standards were set out in section 1 and section 2 of the report contained the Council's delivery of the Carlisle Plan within the Panel's remit. The Portfolio Holder drew the Panel's attention to the summary of exceptions which showed that the KPI for sickness absence was below the target, this had been as a result of the recent outbreak of flu. He added that the quarterly sickness absence report which was submitted to the Panel would include more details of the changes.

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

- Had any consideration been given to stretching the targets of the service standards that the Council consistently met?

The Portfolio Holder responded that the Council always tried to make improvements where possible and he clarified that the service standard targets were national targets. In response to a further question he agreed to circulate comparison data on service standard 10 – Average number of working days to process benefit claimants' changes of personal details.

- Did the target for the number of corporate complaints dealt with within 15 days include the whole process for a corporate complaint including any holding letter

The Portfolio Holder confirmed that the 15 days target was for the resolution of a corporate complaint.

A Member informed the Panel that an Appeals Panel had recently, as part of a complaint, considered the corporate complaints procedure and had asked that the process included transparent holding letters to ensure that the complainant was fully aware of what was happening with their complaint.

- The Panel asked that the discussion paper which had been presented to SMT in November 2017 regarding city centre redevelopment projects be circulated to them.

RESOLVED – 1) That the Quarter 3 Performance Report 2017/18 (PC.01/18) be welcomed.

2) That the Finance Governance and Resources Portfolio Holder circulate the following information to Panel Members:

- comparison data for previous years on service standard 10 – Average number of working days to process benefit claimants' changes of personal details.
- Discussion paper on the city centre redevelopment which had been presented to SMT in November 2017.

BTSP.17/18 REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO DECEMBER 2017

The Chief Finance Officer submitted the Revenue Budget Overview and Monitoring Report for the period April to December 2017 (RD.43/17). She outlined the overall budgetary position and the monitoring and control of expenditure against budget allocations, together with the exercise of virement.

Details of the main variances in the Directorates' budgets; together with a subjective analysis of the summarised budgetary position as at December 2017 were provided at tables 3.1 and 3.4 to the report.

In terms of the forecast outturn position 2017/18, the report recorded that the Council's financial position was affected by a number of external factors including the general effect of local economic activity on the Council's income streams; 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.

Also set out within the report was an explanation of balance sheet management issues and action taken to write off bad debts.

The Executive had considered the matter at their meeting on 12 February 2018 (EX.14/18 refers) and resolved:

“That Executive:

1. Noted the budgetary performance position of the Council to December 2017;
2. Noted the potential year end commitments as detailed in paragraph 4;
3. Noted the action by the Chief Finance Officer to write-off bad debts as detailed in paragraph 6;
4. Noted the virements and release of reserves as set out in paragraph 2.1 and Appendix A.

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

- The Panel understood the ICT Strategy and the need for an up to date system but wanted more information on the finances for the project, they had concerns regarding the amount of overspend on the project.

The Chief Finance Officer responded that the next agenda item showed an underspend on the ICT project and there was a need for further work on the profiling of the project. She agreed to circulate more details regarding the financing of the project to Members.

- What would the revenue contribution to the Tennis Canopy Project be used for?

The Chief Finance Officer reported that the virement had been an officer decision taken by the Deputy Chief Executive and she agreed to circulate further details to the Panel.

- The Panel discussed the terms used for the virements and felt that permanent and temporary were not appropriate.

The Chief Finance Officer explained that the terms were accounting terms for non recurring and recurring virements, she agreed to change the term in future reports.

- Members asked for clarification with regard to the proposed use of the GLL Reserve.

The Chief Finance Officer reminded the Panel that the GLL Reserve had been established with the original leisure contract in case the service came back in house. The reserve would allow for the replacement of any equipment required in order to continue to run the service. She added that any use of the reserve would require approval from Council to release the monies.

The report showed an overspend against the Leisure Contract and Members asked for an explanation for the overspend and if it would be funded from the reserves.

The Panel discussed whether the reserve needed to be retained under the new Leisure Contract arrangements and whether it was necessary for it to be of the same value.

The Finance, Governance and Resources Portfolio Holder agreed to circulate a written response to the Panel.

- Were the bad debts due to Housing Benefit Overpayment paid back? Were they paid back to the Government or to the Council?

The Chief Finance Officer explained that the recovery of overpayments was dependent on the reason for the over payment, some overpayments may be reclaimed. She added that the City Council received a housing benefit admin grant which contributed towards the running of the section.

RESOLVED – 1) That the overall budgetary position for the period April to December 2017, as set out in the Revenue Overview and Monitoring Report (RD.43/17) be noted.

2) That the Chief Finance Officer circulate to the Panel Members further information on the following:

- ICT project finances including the overspend
- Details of the revenue contribution to the Tennis Canopy Project

3) That the Chief Finance Officer change the term 'Permanent / Temporary' to 'Recurring / Non recurring' with regard to virements.

4) That Finance, Governance and Resources Portfolio Holder provide a written response to the Panel regarding the overspend in the new Leisure Contract, if the GLL Reserve would be used to cover the overspend and whether the GLL Reserve would be required in the same amount going forward.

BTSP.18/18 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO DECEMBER 2017

The Chief Finance Officer submitted report RD.44/17 providing an overview of the budgetary position of the City Council's capital programme for the period April to December 2017. She outlined for Members the overall budget position of the various Directorates and the financing of the 2017/18 Capital Programme, details of which were set out in the report.

Paragraph 3.3 recorded that an initial review of the 2017/18 capital programme had been undertaken and the Executive had been asked to recommend to Council the re-profiling of £1,100,000 from 2017/18 to 2018/19, further details of which were set out at Appendix A. The unspent balance remaining of the revised annual budget of £7,400,000 was £3,077,036 as at December 2017.

The Executive had considered the matter at their meeting on 12 February 2018 (EX.15/18 refers) and resolved:

“That the Executive:

1. Noted and had commented on the budgetary position and performance aspects of the capital programme for the period April to December 2017;
2. Noted adjustments to the 2017/18 capital programme as detailed in paragraph 2.1
3. Made recommendations to Council to approve reprofiling of £1,100,000 as detailed in paragraph 3.3 and Appendix A from 2017/18 into 2018/19.”

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

- A Member asked for further details regarding the expenditure against Waste Minimisation.

The Chief Finance Officer responded that the expenditure had been for new bins and recycling boxes. She explained that the expenditure was recorded as an asset at the time of purchase and not when it was used. She agreed to investigate the matter further and circulate details to the Panel.

- When entering into Section 106 agreements in regard to cycle paths, did the Council secure future maintenance funding?

The Chief Finance Officer responded that maintenance costs were subject to the agreement; however, the Council did strive to secure maintenance support in agreements.

- Did the emergency measures which had been carried out at the old Central Plaza Hotel building include the road closure?

The Corporate Director of Governance and Regulatory Services reminded the Panel that the building was not owned by the City Council. The Council had an obligation to secure the building and make it safe; the road closure was not part of the Council's obligations.

RESOLVED – 1) That the overall budgetary position for the period April to December 2017, as set out in the Capital Budget Overview and Monitoring report (RD.44/17), be noted.

2) That the Chief Finance Officer circulate further information on the waste minimisation expenditure.

BTSP.19/18 PUBLIC AND PRESS

RESOLVED – That in accordance with Section 100A(4) of the Local Government Act 1972 the Public and Press were excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the paragraph number (as indicated in brackets against the minute) of Part 3 of Schedule 12A of the 1972 Local Government Act.

BTSP.20/18

**ASSET MANAGEMENT OF KINGSTOWN INDUSTRIAL ESTATE AND
PARKHOUSE BUSINESS PARK – UPDATE ON PROGRESS**

(Not for publication private by virtue of paragraph 3)

The Strategic Asset Investment Services Manager presented an update on progress with implementation of the business plan for Kingstown Industrial Estate and Parkhouse Business Park.

The Strategic Asset Investment Services Manager reminded the Panel that Chancerygate had been appointed in October 2016 to manage Kingstown Industrial Estate and Parkhouse Business Park. One of their first tasks was to prepare a business plan to deliver the Council's objectives for the Estate as detailed in section 1 of the report.

Chancerygate prepared an annual Key Performance Indicator report which detailed progress in achieving the indicators and the first annual report had been attached as appendix 1 to the report. The Strategic Asset Investment Services Manager gave an overview of the key achievements and other Estate Management Issues as detailed within the report.

In response to a question the Strategic Asset Investment Services Manager detailed the process for third party determination of the rent reviews and the potential outcome.

The Panel discussed the proposals for the old HSBC site and how the development may affect the litter issues that Kingstown Industrial Estate had with existing fast food outlets. The Strategic Asset Investment Services Manager explained that Chancerygate were proactive in engaging with other occupiers around Kingstown Industrial Estate and it was hoped that they could discuss potential issues with the occupier.

RESOLVED – That the update on progress of the implementation of the business plan for Kingstown Industrial Estate and Parkhouse Business Park be noted (GD.12/18).

(The meeting ended at 3.12pm)