

RESOURCES OVERVIEW AND SCRUTINY PANEL

THURSDAY 5 JANUARY 2017 AT 10.00AM

- PRESENT:** Councillor Watson (Chairman), Councillors Allison, Bowditch, Mrs Bowman, Mallinson J, McDonald, Mrs Riddle and Robson.
- ALSO PRESENT:** Councillor Dr Tickner – Finance, Governance and Resources Portfolio Holder
Councillor Nedved – Chairman of Environment and Economy Overview and Scrutiny Panel
Councillor Burns – Chairman of Community Overview and Scrutiny Panel
- OFFICERS:** Town Clerk and Chief Executive
Corporate Director of Governance and Regulatory Services
Chief Finance Officer
Chief Accountant
Overview and Scrutiny Officer

ROSP.01/17 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Patrick, Chairman of the Audit Committee.

ROSP.02/17 DECLARATIONS OF INTEREST

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

ROSP.03/17 PUBLIC AND PRESS

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

ROSP.04/17 MINUTES OF PREVIOUS MEETING

In response to a Member's question the Town Clerk and Chief Executive agreed to circulate the date of the next Carlisle Ambassadors meeting to Members along with their newsletter. He added that he would submit a report on Carlisle Ambassadors to the April meeting of the Panel.

RESOLVED – That the minutes of the meetings held on 20 October 2016 and 6 December 2016 be agreed as a correct record of the meeting and signed by the Chairman.

ROSP.05/17 CALL - IN OF DECISIONS

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

ROSP.06/17 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.01/17 and provided an overview of matters that related to the work of the Resources Overview and Scrutiny Panel.

The Panel's Work Programme for the current year had been circulated and the following items were scheduled:

Performance Report Options
Budget Monitoring 2016-17
Performance Monitoring
Sickness Absence (tentative)
Carlisle Ambassadors Group
Flood Update Report
Digital Vision and Technology 5 Year Strategy
Smarter Service Delivery Project

Due to the large number of items scheduled for the next Panel meeting it was agreed that the Chairman, Vice Chairman and Overview and Scrutiny Officer would look at the scheduled items and programme them in over the next two meetings of the Panel.

RESOLVED – 1) That the Overview Report incorporating the Work programme and Key Decision items relevant to this Panel (OS.01/17) be noted.

2) That the following items be included on the agendas for the Panel's meetings on 23 February 2017 or 13 April 2017:

- Performance Report Options
- Budget Monitoring 2016-17
- Performance Monitoring
- Sickness Absence (tentative)
- Carlisle Ambassadors Group
- Flood Update Report
- Digital Vision and Technology 5 Year Strategy
- Smarter Service Delivery Project

ROSP.07/17 BUDGET 2017/18

The Chairman welcomed the Chairs of the Environment and Economy and Community Overview and Scrutiny Panels to the meeting.

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

There was submitted Minutes of the meeting of the Executive held on 12 December 2016 detailing the response of the Executive to the comments made by the Overview and Scrutiny Panels in response to the first round of Budget scrutiny.

RESOLVED – That the decisions of the Executive on 12 December 2016 be received.

(2) Executive Draft Budget Proposals

There was submitted the Executive draft Budget proposals 2017/18 which had been issued for consultation purposes.

The draft Budget proposals comprised:

Section	Detail
A	Background and Executive Summary
B	Revenue Budget 2016/17 to 2021/22 <ul style="list-style-type: none"> • Schedule 1 - Existing Net Budgets • Schedule 2 - Proposed Budget Reductions • Schedule 3 - Recurring Budget Increases • Schedule 4 - Non-Recurring Budget Increases • Schedule 5 - Summary Net Budget Requirement • Schedule 6 - Total Funding and Provisional Council Tax
C	Capital Programme 2016/17 to 2021/22 <ul style="list-style-type: none"> • Schedule 7 - Estimated Capital Resources • Schedule 8 - Proposed Capital Programme • Schedule 9 - Summary Capital Resource Statement
D	Council Reserves Projections to 2021/22 <ul style="list-style-type: none"> • Schedule 10 - Usable Reserves Projections
E	Budget Discipline and Saving Strategy
F	Statutory Report of the Chief Finance Officer
G	Glossary of Terms

These budget proposals were based on detailed proposals that have 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 19th December 2016.

The Finance, Governance and Resources Portfolio Holder reported that the Budget assumed a £5 (2.54%) increase in Council Tax for a Band D property, which equated to less than 10 pence per week. The Executive was aware of the financial difficulties faced by many families. It was not therefore their intention to revise the Council Tax Discount Scheme which would continue at the statutory levels thus protecting vulnerable groups.

Referencing Schedule 2, he highlighted proposed Budget reductions in respect of

- Inflation – an annual budget reduction of £104,000 was predicted
- A Review of base budgets had been undertaken to identify areas where budgets had been underspent historically and where savings could be made by reducing to a realistic and achievable level - £403,000
- The Council had undertaken a review of its Minimum Revenue Provision (MRP) Policy and the amounts charged as MRP since 2003/04. It had been identified that an MRP holiday could be taken due to over provision in previous years and also a reduced MRP charge in future years by charging MRP at 3% straight line, rather than 4% reducing balance - £363,000
- New Homes Bonus allocations had been adjusted for the Local Government Finance Settlement announced in December 2016

He outlined in some detail the key Budget pressures which included:

- Treasury Management as a result of reduced interest rate forecasts
- Income shortfalls due to tenants vacating the Civic Centre, although it should be noted that the Council was actively marketing the building
- Recurring budgets included for Homelife and Clean Up Carlisle in line with corporate priorities
- Income shortfalls on car parks in order to limit fee increases to 10 pence per charging band

Nevertheless, the Executive had been able to produce a balanced budget over the lifetime of the Medium Term Financial Plan.

Public Service budgets had been subject to ongoing reductions. Since 2010/11 it had been necessary to find some £7 million in savings, with a further £1.201 million to be found in 2016/17 and £2.274 million more by 2020. That affected the authority's ability to deliver and maintain services. Ratepayers continued to pay the same amount of Council tax however the central government cuts effectively reduced every £1 paid to around 60p; a 40% reduction.

With regard to the Civic Centre rental offer the Portfolio Holder explained that there was a large amount of office accommodation currently available within the City and as a result the budget had assumed a pressure of £158,000 which reflected the loss of income from the County Council and other tenants vacating the Civic Centre.

The Chief Finance Officer commented that the draft Revenue Support Grant figures recently announced by the DLCCG were very much in line with the MTFP's figures. Although reserve balances dip below the recommended £2million target, plans were in place to maintain reserves at a prudent level during the lifetime of the MTFP. She further reported that there were some draft figures included in the consultation document some of which cannot be calculated under statute until mid-January. Draft figures included the council taxbase and surplus, final confirmation of the RSG settlement and the Pension Fund Valuation. Therefore those figures may be subject to change prior to the Council budget meeting in February.

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

- A Member was pleased that the over 60 discount for allotments would be retained and asked for the justification for the overall increase to allotment fees.

The Portfolio Holder explained that an increase to the allotment fees was necessary and it was felt that smaller increases each year would be more palatable.

- There had been concern that the proposed increase to bulky waste collection charges would lead to an increase in fly tipping, had this matter been reconsidered?

The Portfolio Holder responded that the increase had been carefully considered and was due to an increase in the cost of staff, fuel and tipping charges; areas which were out of the Council's control.

- When would car parking charges be considered again by Overview and Scrutiny?

The Portfolio Holder reminded the Panel that all charges were reviewed annually. The car parking charges were monitored carefully throughout the year and any proposed changes would be reported as necessary.

- Members understood that there were some difficulties in letting out space within the Civic Centre. Was there a timescale for the proposals for the ground floor of the Civic Centre to be considered by Overview and Scrutiny?

The Portfolio Holder reported that proposals for the ground floor were being considered as part of the ongoing negotiations with the insurance company and proposals would be submitted for scrutiny when the options had been agreed. With regard to letting out space within the Civic Centre the Portfolio Holder explained that the building as an asset required some work to make it a more marketable space. He added that he would provide further information on the timescales for the ground floor.

- The Panel asked for information to be brought back to the Panel to a future meeting which detailed the external funding which the new Funding Officer had accessed.

The Portfolio Holder agreed to look at the monitoring process for the Funding Officer and report back to a future meeting.

- How many consultation responses had been received from members of the public?

The Portfolio Holder reported that the number of responses varied but there was not as many as the Council would hope for despite the promotion that was carried out.

A Member suggested that consideration be given to the budget consultation documents which members of the public were asked to comment on. The current budget consultation document was lengthy and difficult to understand; if it was possible to make it easier to understand it may encourage more consultation responses.

The Chief Finance Officer agreed to take members comments on board and give consideration to the consultation documents for future budgets.

- What evidence was there that the £140,000 non-recurring budget pressure for the Lanes would not recur after 2017/18?

The Portfolio Holder explained that the pressure reflected expected levels of income from the Lanes for 2017/18 only. Estimates were that from 2018/19 the levels of income should return to the current budget projections. He added that the shops within the Lanes were performing well and this was reflected in the commitment existing businesses had made. The City Council could not influence the market trends but could ensure that the right offer was available for businesses and the public. The non-recurring pressure showed confidence in the City.

A Member agreed that the authority was doing the best it could but asked if, under the current climate, it was time to revisit the masterplan for Rickergate.

The Town Clerk and Chief Executive added that the non-recurring pressure was based on a combination of evidence and pragmatism, the Executive had reason to believe that the revenue position would improve in the future and was optimistic about the future of the City Centre. The alternative was a less optimistic assessment which would result having to make in more savings within the authority. He reminded Members that the masterplan was part of the Local Plan and was a long term aspiration which had been through Scrutiny, Executive and Council for approval. The evidence gathered for the masterplan strongly suggested that there was demand to retain retail in the City Centre.

A Member felt that the non-recurring pressure showed confidence in the City Centre and believed that there was a future for a smaller, vibrant city centre which catered to niche markets. He added that the Council's role was to facilitate and help the market process.

- Where was the rental space in the Civic Centre advertised or promoted?

The Town Clerk and Chief Executive clarified that the accommodation was not yet being advertised. There needed to be some consideration of the space available and some consolidation of empty floors to make the space more marketable. The Portfolio Holder added that previously there had been some promotion of parts of floors but this was not suitable for the market. The priority at this time was the ground floor and the Customer Contact Centre.

- Members commented that they were very pleased that the expression of interest for the Garden City had been successful.
- A Member congratulated officers and the Executive for a positive 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 Finance, Governance and Resources Portfolio Holder provide the Panel with information regarding the timescales for the reinstatement of the ground floor of the Civic Centre;

3) That consideration be given to the future format of budget consultation documents to enable members of the public to engage in the process;

4) That the monitoring arrangements for the external funding accessed by the Funding Officer be reported to a future meeting of the Panel.

(3) Background Information Reports

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

The Chief Finance Officer submitted report RD.40/16 providing a draft summary of the Council's revised revenue estimates for 2016/17, together with base estimates for 2017/18 and updated projections to 2021/22. 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 19 December 2016 (EX.125/16 refers) and decided:

“That the Executive:

- (i) noted the revised base estimates for 2016/17 and base estimates for 2017/18;
- (ii) noted that the RSG figures had now been incorporated into the Executive Budget Proposals 2017/18 for consultation purposes;
- (iii) noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken;
- (iv) noted the budget pressures/savings needing to be taken into account as part of the 2017/18 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 2017/18 to 2021/22 (RD.40/16) be noted.

(b) Revised Capital Programme 2016/17 and Provisional Capital Programme 2017/18 to 2021/22

The Chief Finance Officer submitted report RD.41/16 which provided a draft summary of the Council's revised capital estimates for 2016/17 together with base estimates for 2017/18 and updated projections to 2021/22.

The Executive had considered the matter on 19 December 2016 (EX.126/16 refers) and decided:

“That the Executive:

- (i) Noted the revised capital programme and relevant financing for 2016/17 as set out in Appendices A and B to Report RD.41/16;
- (ii) Had given consideration and views on the proposed capital spending for 2017/18 to 2021/22 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, has been approved.”

RESOLVED – That the Revised Capital Programme 2016/17 and Provisional Capital Programme 2017/18 to 2021/22 (RD.41/16) be noted.

(c) Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2017/18

The Chief Finance Officer submitted report RD.42/16 which set out the Council's Treasury Management Strategy Statement for 2017/18, In accordance with the CIPFA Code of Practice on Treasury Management. The Investment Strategy and the Minimum Revenue Provision (MRP) Strategy for 2017/18 are also incorporated as part of the Statement along with the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

The Executive had considered the matter on 19 December 2016 (EX.127/16 refers) and noted the Draft Treasury Management Strategy Statement for 2017/18, which incorporated the Draft Investment Strategy and the Draft Minimum Revenue Provision (MRP) Strategy, together with the Prudential Indicators for 2017/18 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.42/16.

A Member asked for an explanation for the term ‘over-borrowed’ which had been used in the report.

The Chief Accountant responded that the term referred to the £15m borrowing and reflected the fact that cash back reserves and working capital added up to less than the balance of investments, with the remaining investment amount being made up of ‘over borrowing’. The Capital Financing Requirement currently indicated that the Council may only need to borrow £13m in the future to finance the Council's assets. Therefore the Council currently had more borrowing than was needed to finance capital assets and the extra borrowing was in investment balances. He further advised that being over borrowed was nothing to be concerned about. It merely had the benefit of providing additional cash for investment purposes but was very much dependent upon the balance on the Capital Financing Requirement (CFR) at particular point in time.

Members asked for a full written explanation.

RESOLVED – 1) That the Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2017/18 (RD42/16) be noted

2) That the Chief Accountant provide a written explanation regarding the term ‘over-borrowed’.

ROSP.08/17 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 1 of Schedule 12A of the 1972 Local Government Act.

ROSP.09/17 FUTURE OF INTERNAL AUDIT

(Public and Press excluded by virtue of Paragraph 3)

The Chief Finance Officer reported (RD.31/16) that, since 1 April 2010, the Council's Internal Audit Service had operated as part of a shared service arrangement between Cumbria County Council, Carlisle City Council, Copeland Borough Council and the Police Authority.

The current Internal Audit Shared Service would terminate on 31 March 2017 and the report summarised the options available to the Council and made recommendations, giving reasons therefor.

Issues and recommendations raised previously by the Audit Committee were discussed further within the report.

The Chief Finance Officer reminded the meeting that, prior to 2010, the Internal Audit function had been provided in-house. .

The Executive had considered the matter on 24 October 2016 (EX.97/16 refers) and decided:

“That the Executive:

1. Confirmed that the Council would not continue with the Internal Audit Shared Service arrangement with the County Council post March 2017.
2. Agreed, in principle, to bring the service back in-house subject to an appropriate financial appraisal and business case being considered and approved at a future meeting of the Executive.”

The Audit Committee had considered the matter on 22 December 2016 (AUC.80/16 refers) and decided:

“That the Audit Committee had given detailed consideration to Report RD.46/16 and the draft business case, the submission of which was welcomed, and made the undernoted comments and observations for transmission to the Executive:

- (a) The Audit Committee supported the ‘in principle’ decision to bring the Internal Audit service back in-house.
- (b) Consideration needed to be given to TUPE arrangements and the implementation of good governance arrangements for the operation of the Internal Audit function.

- (c) That the Audit Committee recommended that a desk top exercise be undertaken which detailed the advantages / disadvantages of an external procurement process to be submitted to the Executive to inform decision making.
- (d) The Audit Committee expects that a full external review of the Internal Audit function be undertaken within 2 years of the service coming back in-house (in line with CIPFA practice) in order that the Committee may receive the required level of assurance that the service was working effectively.”

In response to a question the Corporate Director of Governance and Regulatory Services explained the legality of a shared service and detailed how the Audit Shared Service arrangement with the County Council had evolved over time and moved away from being a shared service in law.

A Member raised concerns that the service was growing when all other departments were being reduced and the Portfolio Holder reminded the Panel that not all services were being reduced and, in fact, some services were expanding to deliver the authority’s priorities. He added that the proposed changes to the internal audit service would increase the number of audit days and remain within the same budget.

There were some concerns about how the service could remain independent and the Corporate Director explained that the changes would enable an independent assessment as required by an internal audit function but it was also hoped that the improved service would assist the Council in improving service delivery. The internal auditors would understand how the Council wanted to work and help deliver the services to achieve priorities.

RESOLVED – That the Future of Internal Audit report (RD.46/16) be welcomed.

(The meeting ended at 11.20am)

RESOURCES OVERVIEW AND SCRUTINY PANEL

THURSDAY 23 FEBRUARY 2017 AT 10.00AM

PRESENT: Councillor Watson (Chairman), Councillors Allison, Bowditch, Mrs Bowman, Mallinson J, McDonald, Mrs Riddle and Robson.

ALSO PRESENT: Councillor Dr Tickner – Finance, Governance and Resources Portfolio Holder
Charlie Paterson – Work Experience Student

OFFICERS: Town Clerk and Chief Executive
Chief Finance Officer
Head of Digital and Information Services
Principal Accountant
Policy and Performance Officer
Overview and Scrutiny Officer

ROSP.10/17 APOLOGIES FOR ABSENCE

There were no apologies for absence submitted.

ROSP.11/17 DECLARATIONS OF INTEREST

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

ROSP.12/17 PUBLIC AND PRESS

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

ROSP.13/17 MINUTES OF PREVIOUS MEETING

Referring to Minute reference ROSP.07/17 (2) a Member thanked the Finance, Governance and Resources Portfolio Holder for his written response to the Panel's request for information on the future of the ground floor of the Civic Centre. She felt, however, that the information did not provide all of the required details and asked for details of the actual options / plans for the ground floor.

The Finance, Governance and Resources Portfolio Holder informed the Panel that the Council was taking part in detailed negotiations with the insurance loss adjusters. When the negotiations were finalised then detailed plans and options would be drawn up. There were a number of options available for the ground floor, the insurance would pay for the reinstatement of the ground floor as it was but this was not an option for the Executive. The negotiations were to determine what the insurance would pay then options based on the resources available would be drawn. He assured Members that the Executive would send the options out for scrutiny consultation before any decision was taken.

The Chief Finance Officer added that there had been two issues which had delayed the negotiations; the first was the scope of the reinstatement and the second was the rate for the work. Meetings had taken place with the loss adjusters and an outcome was expected before the end of February.

RESOLVED – That the minutes of the meeting held on 5 January 2017 be noted.

ROSP.14/17 CALL - IN OF DECISIONS

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

ROSP.15/17 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.05/17 and provided an overview of matters that related to the work of the Resources Overview and Scrutiny Panel.

The Notice of Executive Key Decisions had been published on 10 February 2017 and there were no items within the remit of the Panel.

The Panel's Work Programme for the current year had been circulated and the following items were scheduled for the next meeting on 13 April 2017:

Carlisle Ambassadors Group
Smarter Service Delivery Project
Flood Update Report
Corporate Risk Register
Procurement Strategy
Scrutiny Annual Report

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to this Panel (OS.05/17) be noted.

2) That the following items be included on the agenda for the Panel's meeting on 13 April 2017:

- Carlisle Ambassadors Group
- Smarter Service Delivery Project
- Flood Update Report
- Corporate Risk Register
- Procurement Strategy

ROSP.16/17 TECHNOLOGY STRATEGY PROGRESS

The Head of Digital and Information Services gave a presentation updating the Panel on the Implementation of the Digital (ICT) Strategy.

The Head of Digital and Information Services reported that all 6 of the Internal Audit recommendations, including the Communications Plan, had been implemented within the agreed timescales. The email protection and archiving service, which blocked 65,000 emails a day, had been implemented in August 2016 and ICT had received positive feedback from Members and staff. Work had also begun on the move to a Cloud based system and authentication and ID services were in place.

The Head of Digital and Information Services explained that the first Salesforce services went live in August 2016 and more services were coming on stream. The Salesforce based IT Help Desk went live in November and the closedown of the previous CRM applications in April would make a saving of £65,000. A review of the Salesforce roadmap would take place in June.

The next six months would see Phases 3 and 4 of the Salesforce Development Roadmap and the rollout of Office 365. The implementation of a cloud based computer room had begun and a reduction of 25% in hardware had already been achieved.

A formal review of the Strategy would begin in July 2017 and would consider:

- Alignment with strategic direction of the Council;
- Technological advancements;
- Legislative and Regulatory review;
- Resources;
- Finance

The Head of Digital and Information Services summed up by informing the Panel that the development of the Salesforce platform and the migration to the cloud were proceeding on schedule, the budget for implementation of the Strategy had been agreed as part of the budget process and planning had begun for the next 6 to 18 months along with a review of the Strategy.

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

- 4 of the 6 services previously reported on had been moved to Salesforce, when would the remaining services be moved?

The Head of Digital and Information Services responded that all applications that could be hosted in the Cloud would be moved over by April 2018.

- Had there been any problems during the implementation of the Strategy?

The Head of Digital and Information Services confirmed that there had been some issues but they had been of a technical nature, fortunately the Council had good technical staff and they could call on expertise when required.

- Why had the Strategy expenditure been £111,712 over budget?

The Finance, Governance and Resources Portfolio Holder explained that the budget had been allocated for the Strategy but due to the flood, there had been a delay in releasing the funds. The funds had now been released.

- A Member asked that future updates on the ICT Strategy be presented in report format rather than a presentation to allow Members to read the information and prepare for the meeting.

RESOLVED – 1) That the presentation on the Technology Strategy Progress be welcomed;

2) That future updates on the Technology Strategy be presented in report format.

ROSP.17/17 REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO DECEMBER 2016

The Chief Finance Officer submitted the Revenue Budget Overview and Monitoring Report for the period April to December 2016 (RD.54/16). 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 2016 excluding flood related items were provided at tables 3.1 and 3.4 to the report.

In terms of the forecast outturn position 2016/17, 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 were 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 13 February 2017 (EX.17/17 refers) and resolved:

“That the Executive:

- (i) Noted the budgetary performance position of the Council to December 2016;
- (ii) Noted the potential forecast year end commitments as detailed in paragraph 4 of Report RD.54/16;
- (iii) Noted the action by the Chief Finance Officer to write-off bad debts as detailed in paragraph 6.
- (iv) Made recommendations to Council to approve re-profiling of £97,000 as detailed in paragraph 4 from 2016/17 into 2017/18.”

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

- A Member asked for an explanation for the shortfall on income from the Lanes of £515,200.

The Chief Finance Officer reported that £269,700 related to a head rent adjustment for 2015/16 after completion of the detailed reconciliation of Head Rent calculation for 2015/16. The information had been received too late to be included within the outturn position for 2015/16. Revised Head rent Projections for 2016/17 had been estimated at a further shortfall of £245,500.

- Would there be an adjustment to the Tourist Information Centre budget as a result of the income shortfall of £50,300?

The Chief Finance Officer responded that income targets were reviewed annually and the service manager would be monitoring the Tourist Information Centre income.

A Member added that the Tourist Information Centre had a shortfall in income each year and asked the Executive if they thought that they had the right strategy to deal with income from the Centre.

- Were the Executive confident in the budget?

The Finance, Governance and Resources Portfolio Holder confirmed that the Executive was confident in the budget and had confidence in the expertise and skills of the finance staff.

- Members were disappointed that Councillors' small scale community schemes budget was underspent and urged all Councillors to use the money allocated for their Wards.
- Why had the report not included any bad debt provision for NNDR?

The Chief Finance Officer explained that the information had not been received in time to be included in the report before publication.

RESOLVED – That the Revenue Budget Overview and Monitoring Report: April to December 2016 (RD.54/16) be noted.

ROSP.18/17 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT – APRIL TO DECEMBER 2016

The Chief Finance Officer submitted report RD.55/16 providing an overview of the budgetary position of the City Council's capital programme for the period April to December 2016. She outlined for Members the overall budget position of the various Directorates and the financing of the 2016/17 Capital Programme, details of which were set out in the report.

Paragraph 3.3 recorded that an initial review of the 2016/17 capital programme had been undertaken and the Executive had been asked to recommend to Council the re-profiling of £1,164,300 from 2016/17 to 2017/18, further details of which were set out at Appendix A.

The unspent balance remaining of the revised annual budget of £10,803,600 was £6,339,496 as at December 2016.

The Executive had considered the matter at their meeting on 13 February 2017 (EX.18/17 refers) and resolved:

“That the Executive:

- (i) Noted and had commented on the budgetary position and performance aspects of the capital programme for the period April to December 2016;
- (ii) Approved the release of the balance of £72,672.13 from the Conservation Reserve to fund emergency work in relation to the Central Plaza as per OD.144/16;
- (iii) Approved a virement of £47,300 to fund emergency work at the Central Plaza, thus fulfilling the Council's legal obligations, with the funding being provided from underspends within the 2016/17 Capital Programme;
- (iv) Made recommendations to Council to approve re-profiling of £1,164,300 as detailed in paragraph 3.3 and Appendix A from 2016/17 into 2017/18.”

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

- A Member commented that he understood the issues regarding the Central Plaza but asked if there was something more positive that could be done.

The Finance, Governance and Resources Portfolio Holder explained that a lot of work was being undertaken behind the scenes by the Economic Development team to try and reach a satisfactory outcome for the future of the Central Plaza.

- Why was the Disabled Facilities Grant (DFG) budget underspent?

The Chief Finance Officer responded that there was a number of reasons for the underspend including an increase in funding and challenges in respect of Occupational Therapist referrals. The funding mechanism had changed and was now distributed through the Better Care Fund.

The Town Clerk and Chief Executive explained that there had been some early stage discussions between District Councils and Cumbria County Council on how the money could be best used across the whole of Cumbria. Part of the discussions would be to determine how Homelife resources could be used in a better proactive way. At its meeting in January 2017 full Council had agreed the Scheme of Housing Assistance which detailed the move to discretionary DFGs and the relevant categories.

In response to a Members' question the Chief Finance Officer clarified where the additional DFG funding had come from and the Town Clerk and Chief Executive agreed to provide a written response to Members on the contribution to Durranshill Industrial Estate.

RESOLVED – 1) That the Capital Budget Overview and Monitoring Report: April to December 2016 (RD.55/16) be noted.

2) That the Town Clerk and Chief Executive provide a written response regarding the additional contributions to the Durranhill Industrial Estate project.

ROSP.19/17 2016/17 SICKNESS ABSENCE QUARTER 3

The Town Clerk and Chief Executive submitted the Authority's sickness absence levels for the period April 2016 to December 2016 and other sickness absence information (Report CE.02/17).

The Town Clerk and Chief Executive reported that the 2015/16 sickness absence levels had decreased by approximately 30% to 8.6 days lost per Full Time Equivalent (FTE) employee compared to the previous year. The percentage of sickness which was long term also decreased as managers ensured the support for their staff was available and accessible.

The 2016/17 performance was detailed in the report and the table at appendix 1 provided absence levels split by the new Directorates. The information showed that compared to the first three quarters of the previous year, 2016/17 levels had decreased by nearly 13% to 5.4 days lost per FTE employee, there had also been a decrease in long term absences. The new Council structure took effect from 1 October 2016 so it had not been possible to carry out any directorate level analysis.

The Town Clerk and Chief Executive drew Members attention to Section 3 of the report which detailed new information on the time taken to complete Return to Work Interviews and the proportion completed within five working days. This ensured that Interviews were taking place in a timely and meaningful fashion.

Members congratulated the Town Clerk and Chief Executive and officers for the continued improvement in the sickness absence figures.

A Member asked if there was any correlation between sickness absence and the training provided by the authority for staff. The Town Clerk and Chief Executive confirmed that training was provided based on the sickness patterns where applicable.

The Finance, Governance and Resources Portfolio Holder reminded the Panel that some absences were due to personal issues and it was difficult to then provide the necessary training, however, those members of staff were provided with excellent support from the authority.

Members asked for comparative data with other Councils and national performance data to be included in the next report.

RESOLVED – 1) That the 2016/17 Sickness Absence Quarter 3 report (CE.02/17) be welcomed;

2) That future sickness absence update reports include comparative data with other Councils and national performance data.

ROSP.20/17 3RD QUARTER PERFORMANCE REPORT 2016/17

The Policy and Performance Officer presented report PC.03/17 which updated the Panel on the Council's service standards relevant to the Panel and included updates on key actions contained within the new Carlisle Plan.

The Policy and Performance Officer reported that the table at Section 1 of the report illustrated the cumulative year to date figure, a month by month breakdown of performance and, where possible, an actual service standard baseline that had been established either locally or nationally. Only the service standard relevant to the Panel had been included in the Report.

The updates against the actions in the Carlisle Plan followed on from service standard information in Section 2. The actions had been aligned to the Carlisle Plan on a Page (attached as an appendix) and it was proposed that only the actions relevant to the Panel would be reported.

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

- Members asked when the Kingstown and Parkhouse Industrial Estates Business Plans would be available for scrutiny by the Panel.

The Town Clerk and Chief Executive agreed to make arrangements for a report to be included in the Panel's Work Programme.

- Was there any concern that the Kingmoor Park Enterprise Zone would impact on the Kingstown Industrial Estate?

The Town Clerk and Chief Executive responded that the advantages for the Enterprise Zone were designed to reward new businesses to Carlisle rather than the migration of businesses. The overriding consideration was that the advantages of the Enterprise Zone outweighed the disadvantages.

- A Member reminded officers that the Panel had requested a report on the Carlisle Ambassadors and the Town Clerk and Chief Executive confirmed that a report had been scheduled in the Panel's Work Programme.

RESOLVED – That the 3rd Quarter Performance Report 2016/17 (PC.03/17) be welcomed.

ROSP.21/17 PERFORMANCE MONITORING OPTIONS

The Policy and Performance Officer submitted report PC.01/17 which set out the options for the future presentation of performance information to the Panel.

The Policy and Performance Officer reported that the Carlisle Plan actions had been completed and a suggested mapping of the 43 key actions and projects to the Panels.

He explained that work had been progressing on a new approach to management information. The success of the Smarter Service Delivery 2 Board (SSD2) meant that customer data was automatically linked through the Microsoft PowerBI tool. In addition the data for the five service standards had migrated across to PowerBI. This enabled an exception approach to performance reporting based on agreed thresholds and triggers. This approach would grow with the shift of services into the Salesforce Customer Relationship Management System; additional data connectors and data migration and would build a bigger, more complete picture of demand and fulfilment across all the Council's services. It would also remove the two tier

system of service standards and management information by introducing a consistent set of measures to assess a wider range of customer calls for service.

Best practice in Overview and Scrutiny (Centre for Public Scrutiny) advocated the following:

- Prioritisation in what comes to Scrutiny (quality rather than quantity)
- Greater involvement in the Council's biggest challenges and priorities
- Greater scrutiny of critical issues
- Be more outcome focussed

Each Panel would be asked to consider a workshop, open to all Scrutiny Members, to look at the detail in the proposals presented below.

It was proposed that a simpler, clearer approach was taken based on the following principles:

1. A clear programme of work was presented to the Panels for consideration so that they could select some items for the Panels' work programmes, to include:
 - a. Carlisle Plan actions
 - b. A schedule of policies and strategies to be introduced or reviewed
 - c. Budgetary Framework
2. Overview & Scrutiny focuses on strategy and policy. Any operational issues were dealt with outside of the meeting by contacting service managers or directors directly.
3. Overview & Scrutiny consider service standards only by exception.

This approach would reduce the quantity of reports being scrutinised and shift the overview to the performance of policies and strategies. There would still be an overview role to fulfil in service standard indicators but only through exception. An exception report would include the interventions made to bring the performance back into line with the accepted standard.

It was also proposed that to improve performance content of reports presented to Overview and Scrutiny, report authors would be sent a series of performance questions and key lines of enquiry as soon as the item was added to the work programme. The performance questions would be drafted by Policy and Performance Officers and reviewed by the Scrutiny Officer and relevant Chairman. The questions would be sent to the Portfolio Holder, Senior Manager and lead officer. The proposed approach would ensure that each report contained a clear section on how the item under scrutiny was performing, the context for the performance and the role the Council played in generating the outputs and outcomes.

Members discussed the options in some detail. They felt that a workshop for Members and Substitute Members of the Resources Overview and Scrutiny Panel only would be most beneficial for the Panel. The Panel wanted to use the opportunity to focus on their work programme for the year and to identify the necessary performance requirements.

RESOLVED – 1) That the Performance Monitoring Options report (PC.07/17) be welcomed;

2) That a workshop, open to all Members and Substitute Members of the Resources Overview and Scrutiny Panel, be arranged to define the information and performance needs of the annual work programme.

(The meeting ended at 11.40am)