

RESOURCES OVERVIEW AND SCRUTINY PANEL

WEDNESDAY 3 NOVEMBER 2010 AT 2.00PM

PRESENT: Councillor Allison (Chairman), Councillors Bainbridge (until 5.00pm), Bowditch (until 5.00pm), Craig, Hendry (from 3.00pm), Layden and Watson (until 5.10pm)

ALSO

PRESENT: Councillor J Mallinson – Governance and Resources Portfolio Holder

ROSP.85/10 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Boaden and Councillor Mrs Luckley.

ROSP.86/10 DECLARATIONS OF INTEREST

The following Councillors declared a personal interest in accordance with the Council's Code of Conduct in respect of agenda item B2 – Discretionary Rate Relief Policy. They indicated that their interest was in respect of their appointment as Members of the undernoted Community Centre Management Committees and Associations –

Councillor Bowditch – Yewdale Community Centre
Councillor Layden – Brampton Community Association
Councillor Hendry – Yewdale Community Centre

Councillor Bainbridge declared a personal interest in accordance with the Council's Code of Conduct in respect of agenda item B2 – Discretionary Rate Relief Policy. He indicated that his interest was because he was connected to someone on the list.

Councillor Layden declared a personal interest in accordance with the Council's Code of Conduct in respect of agenda item B2 – Discretionary Rate Relief Policy. He indicated that his interest was in respect of his appointment to the Carlisle Leisure Limited Board.

Councillor Watson declared a personal interest in accordance with the Council's Code of Conduct in respect of agenda item B2 – Discretionary Rate Relief Policy. He indicated that his interest was in respect of the fact that he was the County Council representative on the Greystone Community Centre Management Board.

ROSP.87/10 MINUTES OF PREVIOUS MEETINGS

RESOLVED – That the minutes of the meetings held on 29 July 2010 and 2 September 2010 be approved and signed.

ROSP.88/10 CALL-IN OF DECISIONS

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

ROSP.89/10 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer (Mrs Edwards) presented report OS.26/10 providing an overview of matters related to the Resources Overview and Scrutiny Panel's work. Also included was the latest version of the work programme and details of Forward Plan items relevant to this Panel.

Mrs Edwards reported that:

- The Forward Plan of Executive key decisions, covering the period 1 November 2010 to 28 February 2011 had been published on 18 October 2010
- The report included the following Minute Excerpts from the Executive and Audit Committee:
 - EX.132/10 – Draft Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2011/12 to 2015/16
 - EX.133/10 – Draft Capital Strategy 2011/12 to 2015/16
 - EX.134/10 – Asset Management Plan 2010-2015
 - EX.142/10 – Use of Consultants
 - AUC.59/10 – Audit Services Progress Report
- The Executive had formally responded to the recommendations of the Use of Consultants Task and Finish Group at their meeting on 11 October 2010. The minute excerpt had been circulated to the Panel and Members were asked if they wished to monitor the implementation of the recommendations.
- The Community Overview and Scrutiny Panel had considered the Annual Equality report at their meeting on 7 October 2010. The Panel noted that there had been 18 corporate complaints received by the Authority and wished to refer the matter to Resources Overview and Scrutiny for further consideration.

Members discussed the referral and asked the Assistant Director (Resources) to reinstate the submission of an annual report to the Panel on the complaints received by the Customer Contact Centre.

- The Community Overview and Scrutiny Panel agreed to convene a time-limited Task and Finish Group to scrutinise the Shared Service Delivery Business Case and asked for representative(s) from the Resources Panel to sit on the Task group. Following an email request

for volunteers, Members of the Task Group were confirmed as Councillors Bowman, Layden and Watson.

- A meeting of the Scrutiny Chairs Group has been scheduled for on 8 November 2010.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Forward Plan items relevant to this Panel be noted.

2) That the following Minute Excerpts be noted:

EX.132/10 – Draft Medium Term Financial Plan (incorporating the Corporate

Charging Policy) 2011/12 to 2015/16

EX.133/10 – Draft Capital Strategy 2011/12 to 2015/16

EX.134/10 – Asset Management Plan 2010-2015

EX.142/10 – Use of Consultants

AUC.59/10 – Audit Services Progress Report

3) That Councillors Bowman, Layden and Watson be appointed as Members on the Shared Customer Service Delivery Business Case Task and Finish Group.

4) That an update on the Capital Programme Task and Finish Group be submitted at the next meeting of the Panel.

5) That the Assistant Director (Resources) reinstate the submission of a Complaints Annual Report to the Resources Overview and Scrutiny Panel.

6) That consideration of the Executive's response to the Use of Consultants Task Group report be deferred to the next meeting of the Panel.

ROSP.90/10 PUBLIC SPENDING REVIEW

The Assistant Director (Resources) (Mr Mason) gave a brief presentation on the implications of the Government's Comprehensive Spending Review.

Mr Mason informed the Panel of the information coming forward from the Government's Comprehensive Spending Review (CSR) that would impact the City Council, he highlighted the following:

- Overall reduction to Revenue Support Grant of 26% over four years from 2011/12 to 2014/15 which would be front loaded
- Ring fencing of revenue grants would end next year, except for schools and public health (reductions from 90 to 10)
- Major projects stopped, included 50% cut to social housing grant which would impact the City Council
- Household benefits would be capped as no modelling had yet been undertaken on the impact on Carlisle claimants, it was his view that it may not effect Carlisle residents

- Increase in age threshold for shared room rate in housing benefit from 25 to 35. Estimated additional 150 claimants would be paid benefit on shared room rate in the Carlisle area
- Reduction on Council Tax Benefits by 10% which would nationally save £490m a year from 2013. The City Council would have to create its own Council Tax Benefit Scheme to save the 10%. This would impact on the City Council as there was 8,500 households on council tax benefit in Carlisle. There had not been any further information or guidelines for the Scheme.
- A voluntary freeze on Council Tax in 2011/12, this would impact on the City Council as a further 1% in savings would need to be found.
- Abolition of Train to Gain funding, the funding was used to take operational staff through NVQs and equates to £90,000 in lost funding
- 45% reduction in capital funding to local authorities, there will be an impact on the Council's Housing Strategy but no information had been released other than Disabled Facilities Grants had been protected.

Mr Mason showed the Panel a chart which outlined what the Council had planned for and the actual outcome of the CSR. The Council had planned for a 25% reduction averaging at £0.65M per year but the actual proposal was 26% front loaded at:

Year 1 £1.2M

Year 2 £0.75M

Year 3 £0.1M

Year 4 £0.65M

£0.5M had been built into the Medium Term Financial Plan so £2.2m was the target reduction. The Council would need to find approximately £500,000 in additional savings for 2011/12 due to the front loading.

Mr Mason explained that the Council would incorporate savings due to grant reduction into a successful Transformation Programme and in the short term discretionary services would have to be looked at in more detail. The Council would need to deliver services differently and in the long term generate additional income from the Asset Review and other income streams.

He added that the implications of the CSR were being factored in the 2011/12 budget and would be considered by the Executive on 22 November followed by Overview and Scrutiny. There would also be detailed consultation with residents and businesses on the City Council's proposals for reductions to discretionary services.

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

- *What were community pilots and how would budgets be pooled?*

Mr Mason responded that he had no details regarding the community pilots but would pass any information he received onto the Member who raised the query.

- *How would the consultation with the public go ahead?*

The Strategic Director and Deputy Chief Executive (Governance and Resources) (Dr Gooding) explained that the consultation would not be about the Spending Review but would be about how this was reflected in the Council's budget. The consultation would be the consultation that the Executive conducted every year for the budget. There would be consultation for individual services if appropriate or necessary.

- *A Member commented that the cuts were supposed to be fair, but it seemed that working people were being hit.*
- *The Train to Gain funding was only part of the City Council's training budget, would the whole budget have to be reviewed now the Train to Gain funding had stopped?*

The Chief Executive (Ms Mooney) responded that the Train to Gain funding had not been included in the Council's budget as it had been funded from the Government. She added that she hoped that Members would look at what the Council would need in the future and how staff could be supported. There could be a short term saving from the training budget but it would prevent the Council from developing their own staff.

The Governance and Resources Portfolio Holder added that when the Council addressed the removal of any grants the Council would have to ask whether that function could be discontinued. When considering the training of staff then the answer would be no, this would be one of the issues that would be considered very carefully.

- *How would the Council ensure that assessments were carried out on the impact of the Review on Council services? Members needed to know the effect of each one to look at the impact as a whole.*

Dr Gooding stressed that it was important to balance the need for well informed decisions and the pace required to make the savings. It was difficult to fully assess the impact in the short time frame that the savings had to be made. He appreciated that there was a need to assess the impact. He reminded the Panel that officers had to deal with the changes and a reduction in workforce but agreed that there would be as much assessment as realistically could be carried out.

Mr Mason added that the impact of the Review on the Council's budget would become apparent in the coming weeks when the Council's budget papers were made available.

- *The Review stated that there would be an additional £2bn for Social Care by 2014/15. Would this affect the capping of benefits to homes?*

Ms Mooney responded that the money was about investment and half would be to the NHS and half to authorities that dealt with Social Care i.e the County Council so would not effect the capping of benefits.

RESOLVED – That the Assistant Director (Resources) be thanked for his informative presentation on the Comprehensive Spending Review.

ROSP.91/10 PROJECT ASSURANCE GROUP

The Strategic Director and Deputy Chief Executive (Dr Gooding) presented report CE.31/10 which set out the most recent summary of significant projects monitored by the Council's Project Assurance Group. He reminded the Panel that the nature of the exception report meant that it focused on the problems and issues with projects and little was said if a project was progressing in line with agreed plans. He added that the report included financial performance information which showed the profiled budget and the expenditure for each report.

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

- *The report had not included revenue implications or timescales for all of the projects and Member would like to see this information included in future reports.*
- *The project at Kingstown Industrial Estate had a budget completion date of September 2010. Had this ended?*

Dr Gooding explained that the money was in the Capital Programme and if it was not spent the Council had the option to carry forward the finance into next year. The project had been delayed due to issues with the County Engineer. He added that the slippage in the Capital Programme was a lost opportunity in deploying the capital elsewhere but there was an increase in revenue by not spending it. He added that the Council had the opportunity to not carry the money forward but officer advice would be to carry it forward and deliver the project to protect the land in the future.

In response to further questions he stated that there had been some work on re-profiling the Capital Programme and a Task and Finish Group were looking at the issue.

- *The Carlisle Roman Gateway Project stated that £1.91m had to be sourced externally, where would this come from? Had the scheme been reduced?*

Dr Gooding responded that the £1.91m had come from two grants from the North West Development Agency (NWDA) before it put a freeze on grants. However, the grant had been reduced. The scheme had been changed slightly in terms of the public realm. It had been out to tender and there was negotiations with the preferred supplier to match the budget with the project. There had been a slippage with the project due to the difficulty in getting the project agreed but now the NWDA would not re-profile any grants that had compressed the timescales and made procurement difficult. The slippage would now rest more with the suppliers which meant more money being spent

on risk than on the product. He added that the staff that had dealt with the Roman Gateway Project had been outstanding.

- *The funding for the Historic Quarter project had a £31,000 overspend up to September but only 60% of the work had been completed, this could result in a significant overspend.*

Mr Mason responded that more money had been spent during the first half of the project but it would not be overspent by the time the project was completed.

- *Would the Customer Contact Centre Shared Service go ahead as planned?*

Dr Gooding explained that he understood that Allerdale were determining how involved they would be but the major partner would be the County Council who were fully behind the scheme. He hoped that the City Council would also support the scheme fully when they considered the project.

- *What was the outcome of the meeting with the University of Cumbria on 25 October with regard to the Sands Centre Development?*

Dr Gooding informed the Panel that the meeting had been rescheduled for week beginning 8 November. He added that it would be interesting to discuss the recent announcements with the University. He reminded the Panel that the development had gained planning approval but there was still a lot of work to be carried out in terms of financing.

Had there been or would there be any public consultation on the development?

The Governance and Resources Portfolio Holder informed the Panel that a petition would be considered by the Executive on 22 November regarding the development. The public would be consulted in time but at present the business case did not stack up and it may be difficult to deliver the project in such a stressed time. The Council, Overview and Scrutiny and the public would have an opportunity to consider the development but it may be a development that the Council aspired to achieve.

A Member added that there was concern regarding the finance and the impression the public had from the newspaper articles.

The Portfolio Holder stated that it was a £15m project of which £5m depended on the wishes of the University and their ability to support the project. The Council would need the money or firm proposals from the University as the expenditure would be a risk to the Authority. The Council did not have £10m, it would rely on the release of cash assets but in using assets the Council must be sure that the assets would not affect the long term viability of the Council. He added that the Council could not risk the expenditure if it did not benefit the people of Carlisle.

Were consultants still being employed to work on the development proposals?

Dr Gooding explained that in accordance with the Council resolution the Council secured planning permission for both the illuminated area on the building and the development as a whole. The planning applications had needed external consultant support and the illuminated area would also need external support but there would be nothing else significant.

The Portfolio Holder added that planning permission had been secured for seven years so the development may not be an immediate project but could be looked at again in better times.

RESOLVED – 1) That Report CE.31/10 be noted

2) That the Panel welcomed the clarification regarding the Sands Centre Development.

3) That future reports included project timescales and revenue implications.

ROSP.92/10 CORPORATE RISK MANAGEMENT

The Strategic Director and Deputy Chief Executive (Dr Gooding) provided an update on risk management arrangements (report CE.30/10).

Dr Gooding reported that the corporate risks associated with delivering the Corporate Plan had been reviewed by the Senior Management Team and the Corporate Risk Management Group. As requested at the meeting of the Resources Overview and Scrutiny Panel explanations of the risk ratings had been provided.

The risk register showed both the current and previous risk matrices. It was noted that initiatives to reduce risk were incremental and changes to the risk scores over the short term were unlikely. The Corporate Risk Register identified a target risk; a certain level of risk would need to be tolerated in order to deliver the Council's key objectives and promote change.

He added that 'Delivering key objectives' had been deleted from the Register. It was considered a summary risk and the risks associated with delivering key objectives were already covered in the Register.

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

- *What did workforce planning mean and what were workforce tools?*

Dr Gooding responded that there was going to be considerable organisational change over the coming 5 years and the Council needed to ensure that the workforce had the right skills. The Organisational Development Manager was in post and responsible for workforce planning. Questionnaires had been given to managers within the Council to find out what skills would be needed in the future and then a five year plan would be produced.

- *Members congratulated the Project Support Officer on the clear report.*

RESOLVED – That Report CE.30/10 be noted.

ROSP.93/10 LOCAL ENTERPRISE PARTNERSHIPS, THE REGIONAL GROWTH FUND AND SUPPORT FOR THE NORTH WEST REGION

The Chief Executive (Ms Mooney) submitted report CE.25/10 updating Executive Members on the development of the Local Enterprise Partnerships (LEPs), explaining the purpose of the Regional Growth Fund and the need for the City Council to respond to the Government's consultation thereon, and updating Members on work undertaken to date by the North West Local Authorities.

Ms Mooney informed the Panel that Cumbria had been successful in achieving LEP status, 24 out of 62 Counties had been successful, Lancashire had not been successful. LEP would replace the Regional Development Agencies which were being abolished by the Government with an end date of April 2012. The Coalition Government was committed to putting local businesses on an equal footing with local authorities and it was expected that a business leader would take the role of the LEP Chair. The Government had said a lot about LEPs working across areas and Lancashire had been Cumbria's natural partner.

The Government expected LEPs to provide strategic leadership in their areas, to set out local economic priorities and to provide the best environment for business growth in those areas. A White Paper scheduled for publication in the Autumn should contain greater clarity on the role and functions of LEPs and detail the Government's approach to sub-regional growth. The Regional Growth Fund (RGF) had been set at £1.4b and the Fund would be open until 2014..

The first round of bidding had begun with a deadline of 21 January 2011, the Fund was managed by challenge funding which was a competitive bidding process, all successful bids had to show sustainable increase in business and economic growth. The work of the LEPS was to stimulate the environment, sustain the environment and support areas dependent on public sector jobs.

A steering group had been formed between the public and private sectors and their role was to create an LEP Board as soon as possible, there may also be a need for a shadow board. The steering group would meet for the first time on 4 November 2010 and would be there to support the shadow board and help prioritise and develop bids for the RGF. The public sector part of the steering group would report to the Cumbria Leadership Board and the private sector would need to communicate with all of the private sectors in Cumbria. This was being led by the Chief Executive of Cumbria Chamber of Commerce.

Both the NWDA and Government Office for the North West would be abolished by 12 April 2012 and had a number of roles and functions which

would have to be picked up either nationally, regionally or by the LEP. Any functions would have to be picked up quickly as there was a vacuum in terms of skills and experience. She added that the LEP could have responsibility for regeneration and housing. She explained that there was a lot happening and information was still coming through.

Ms Mooney advised that there was no local delivery board in Carlisle as the City Council was undergoing the transformation of the Economic Development Directorate. And as Members were aware the Carlisle Renaissance Board had been abolished in June 2010.

She also informed Members that the Carlisle Delivery Board had to mirror the Cumbria LEP and be private sector led. Projects needed to be ready and robust so that when the RGF bids were needed they would be ready with clear priorities. She added that it was necessary to promote income and investment to encourage jobs in Carlisle, the heart of all the work would be, in her opinion, the need to grow Carlisle.

In considering Ms Mooney's presentation Members raised the following comments and questions:

- *A Member asked that serious consideration be given to some political representation on the LEP Boards to ensure Members were kept involved.*
- *A Member stressed that it was vital to the future of Carlisle to encourage more jobs into Carlisle. He had some concern that Carlisle would not benefit from any monies available and added that the Council would need a clear plan of what it wanted and how it would be achieved.*

The Governance and Resources Portfolio Holder agreed that Carlisle's interests would have to be a consideration but the LEP was a positive move that would benefit the whole of Cumbria. He added that jobs created outside of Carlisle would still be available to people from Carlisle.

- *Members congratulated everyone who had been involved in the process and were pleased that Cumbria had been included from the beginning.*
- *Members were concerned that the £1.4bn was a small amount when spread over the large number of LEPs and questioned what would happen if Cumbria was not successful in the challenge tendering process?*

Ms Mooney agreed that the budget was approximately a third of the Regional Development Agency budget. She reminded the Panel that the LEPs were not purely about funding, the LEPs helped culture change and would also help with match funding. Any bids made through the LEPs would have to be seen as package and would ultimately lift Cumbria up. She also confirmed that there would be political representation on the Cumbria LEP Board.

RESOLVED – 1) That officers be congratulated for securing Cumbria as an Local Enterprise Partnership

2) The Panel had some concerns that there was no democratic representation on the Local Enterprise Partnership Boards

ROSP.94/10 REVIEW OF ESSENTIAL CAR USER ALLOWANCES

The Assistant Director (Resources) (Mr Mason) presented report RD.51/10 which gave information on the background and current recipients of the Council's Essential Car User Allowance Scheme. The report advised Members of how the review of the scheme would be conducted and consulted on.

Mr Mason explained the background to the Essential Car User Allowances (ECUA) and outlined how the payments were made to qualifying officers.

Mr Mason added that an annual allowance was paid on a monthly basis to those employees whose duties were such that it was essential to have a car at their disposal whenever required and without which they would be unable to work effectively. They also received any qualifying mileage incurred and different rates applied depending on the size of the vehicle. The Authority paid ECUAs in respect of *91 employees which, it was estimated, would cost the Authority approximately £121,416pa.

Historically, if an "old" Principal Officer (PO) graded post incurred regular business mileage, then the option of a leased car or an ECUA was normally provided. There was evidence of the arrangement in the current establishment and some officers, whose leased cars would cease under the decision to withdraw the PO leased car scheme, may qualify to switch to an ECUA. It was considered that of the 14 officers currently with leased cars under the PO scheme, 12 of the officers may qualify for an ECUA in the longer term. It was estimated that this would cost the Council an additional £15,000pa in ECUA payments in addition to the 91 which were currently paid.

Mr Mason explained that a "desk-top" review of ECUAs had been carried out and it was apparent that to provide an accurate analysis with robust conclusions, annual business mileage levels for each post was not sufficient. The number of journeys made (each month) and where journeys were made to must be factored into the analysis. Unfortunately whilst that level of data was available it was not held in an easy accessible format. To aid the initial review, an examination of annual mileage levels for 2009/10 and 2010/11 (6 months to September 2010) incurred by each of the 91 posts was undertaken. Also an initial (2 month) check to determine the number and types of journeys made.

Initial conclusions determined from the "desk-top" analysis were as follows:

The number of ECUAs had not reduced despite the size of the establishment reducing over the last couple of years. In fact, numbers may increase further when those officers who had existing leased cars switch to ECUAs.

There was considered to be a number of posts which have ECUEAs attached which needed investigating - those were claiming less than 1000 miles pa and 3 of those claimed no miles in both 2009/10 and 2010/11(to September).

Mr Mason added that a more detailed review of ECUEAs would be undertaken and followed up with recommendations on revised ECUEA criteria, there would be consultation and then a report would be submitted to the Employment Panel.

In response to a Member's question Mr Mason explained that the detailed review could be carried out within four months as staff were currently working on the budget.

Dr Gooding added that the abolition of the principal officer scheme took into account the morale of staff. When the Employment Panel considered the report they adjourned the meeting to allow for more options. The Essential Users review had not been high priority as the staff that would conduct the review had been busy with the Transformation Programme, Job Evaluation and the impact of the Comprehensive Spending Review.

RESOLVED – That the Panel welcomed the commitment to take the review of Essential Car Use Allowances forward and looked forward to a report from the Assistant Director (Resources) at their meeting in March 2011.

ROSP.95/10 PUBLIC AND PRESS

RESOLVED – That in accordance with Section 100A(4) of the Local Government Act 1972 the Public and Press were excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the paragraph number (as indicated in brackets against the minutes) of Part 1 of Schedule 12A of the 1972 Local Government Act.

ROSP.96/10 PROPERTY PORTFOLIO OPTIONS

(Public and Press excluded by virtue of Paragraph 3)

The Deputy Chief Executive (Dr Gooding) submitted report CE.34/10 including the draft business plan for the management of the City Council's assets.

Dr Gooding introduced Alan Harris from Montagu Evans to the Panel and reminded the Panel that they had requested early sight of the draft business plan but they would be given a further opportunity to fully scrutinise a later draft which would be firstly considered by Executive. The later draft would then be considered along with scrutiny's input before consideration for adoption by Council.

Mr Harris gave a short presentation on the draft business plan which outlined the aims and objectives of the Property Portfolio Options and how it would impact the City Council.

RESOLVED – 1) That the Panel noted the progress with the Asset Review and thanked everyone involved for a very informative report.

ROSP.97/10 SUSPENSION OF THE COUNCIL PROCEDURE RULE

RESOLVED – That during the above item the Council Procedure Rule 9 in relation to the duration of meetings be suspended in order that the meeting could continue over the time of three hours.

ROSP.98/10 DISCRETIONARY RATE RELIEF POLICY

(Public and Press excluded by virtue of Paragraph 3)

The Assistant Director (Resources) (Mr Mason) submitted report RD.35/10 concerning the Discretionary Rate Relief Policy.

He set out the background to the matter, informing Members that there had been a growth in the number of charities and non-profit making organisations qualifying for discretionary rate relief occupying premises in the Carlisle District area, which was a trend that was continuing, and outlined options for consideration to bring the cost of the Discretionary Rate Relief within available budget.

The Executive had considered the matter on 2 September 2010 (EX.151/10) and decided that the Policy be updated (in draft) to reflect the Executive's preferred option before consideration by the Resources Overview and Scrutiny Panel.

A number of Members had left the meeting during consideration of this matter, the Chairman did not consider it appropriate that a formal recommendation be made,

RESOLVED – That Report RD.35/10 and Minute Excerpt EX.151/10 be noted.

(The meeting ended at 5.25pm)