

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 3 SEPTEMBER 2020 AT 4.00PM

PRESENT: Councillor Bainbridge (Chair), Councillors Alcroft, Allison, Mrs Birks, Bomford (as substitute for Councillor Paton), Mrs Bowman, Dr Tickner and Mitchelson.

ALSO PRESENT: Councillor Ellis, Finance, Governance and Resources Portfolio Holder

OFFICERS: Town Clerk and Chief Executive
Deputy Chief Executive
Corporate Director of Finance and Resources
HR Manager
Policy and Performance Officer
Overview and Scrutiny Officer

BTSP.42/20 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Paton.

BTSP.43/20 DECLARATIONS OF INTEREST

Councillor Allison declared an interest in accordance with the Council's Code of Conduct in relation to agenda item A.5 Corporate Risk Register. The interest related to the fact that his son in law worked for Story Construction.

BTSP.44/20 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.45/20 MINUTES OF PREVIOUS MEETINGS

RESOLVED – The minutes of the meeting held on 23 July 2020 were agreed.

BTSP.46/20 CALL – IN OF DECISIONS

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

BTSP.47/20 REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO JUNE 2020

The Corporate Director of Finance and Resources submitted report RD.20/20 (amended) which provided an overview of the Council's overall budgetary position for the period April to June 2020 for revenue schemes only, together with details of the impact of COVID-19 on the revenue budget. The budgetary position as at June 2020 showed an updated annual Budget totalling £17,427,800 with an underspend of £535,478 at the end of June. The report also included details of balance sheet management issues, bad debts written off in the period and progress against budget savings.

The Executive had considered the report at their meeting on 17 August 2020 (EX.96/20 refers) and decided:

“That the Executive:

1. Noted the budgetary performance position of the Council to June 2020;
2. Noted the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6 of Report RD.20/20;
3. Noted the release of reserves as set out in the table at paragraph 2.2, and noted the virements approved as detailed in Appendix A.
4. Make recommendations to Council to approve virements of £640,000 as detailed in paragraph 2.4 to fund the Leisure Contract variation.”

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

- The Panel expressed their gratitude towards the Corporate Director of Finance and Resources and the finance team for their continued work on the Council budget during a particularly difficult and busy time.
- A Member asked for clarity regarding the co-payment mechanism for irrecoverable Sales, Fees and Charges income.

The Corporate Director of Finance and Resources explained that the City Council had submitted a monthly return to MHCLG which showed the Council’s additional expense incurred and shortfalls in income. The Government would cover 75% of losses over 5% with the Council covering the remaining 25%. Work had started to consider the variance to the set budget and budget managers had been asked to confirm the shortfall to income and the reasons for any shortfalls.

- There was concern that the impact on business rate collection would not be fully known until the furlough scheme ended and therefore the impact on the budget would not be known until 2021/22. Had there been any indication that the Government would continue to recompense the Council into the next financial year?

The Corporate Director of Finance and Resources reminded the Panel that government had announced that any deficit on the Collection Fund (i.e Council tax and Business Rates) could be recovered over a three year period and would be considered as part of the 2021/22 budget process. As previously reported the Council had undertaken a ‘soft reminder’ process, the impact of that on collection rates was not yet known and detailed guidance had not yet been received from government. She added that it was key that the situation was closely monitored and reported to MHCLG each month.

- Did the Sales, Fees and Charges Government scheme support a deficit in Council Tax and Business Rate income?

The Corporate Director of Finance and Resources clarified that the scheme did not cover Council Tax, Business Rates or commercial rent shortfall. The main risk of the shortfall was the impact on the Council’s cash flow, she reminded the Panel that part of the Council Tax and Business Rate income went to Cumbria County Council and the Police and Crime Commissioner. Usual practice saw year end deficit recovered from the main preceptors in the following year, however, government had given the Council three years to recover the debt. She added that a separate exercise to look at commercial income would be undertaken but it was hoped any shortfall could be met from the £1.3m received from government.

- A Member asked for an update on the impact of Covid 19 to GLLs finances and the support the Council could provide.

The Corporate Director of Finance and Resources assured the Panel that the Council had ongoing discussions with GLL regarding their financial position. The Council could not receive

any direct emergency funding to support GLL because it was an outsourced service, however, the Council had followed government guidance and adopted an 'open book' approach to support GLL financially due to the impact of Covid-19.

- A Member asked for clarity with regard to the uninsured and reinstatement costs overspend.

The Corporate Director of Finance and Resources responded that the Council had a full and comprehensive insurance policy, however, some areas such as bare land was deemed uninsurable.

- How was the Council preparing to meet the £1m savings target and had work on the commercialisation strategy moved forward?

The Corporate Director of Finance and Resources explained that work on the savings strategy had begun and the commercialisation strategy would feed into it. Work would be carried out with the LGA to investigate the options open to the Council to become more commercial and to define the meaning of becoming more commercial.

- It was suggested that the Panel establish a Task and Finish Group to support the production of a commercialisation strategy.
- The report showed a shortfall in income for homeless accommodation as a direct result of Covid-19, why was there a shortfall when government funds had been released to support homelessness and rough sleepers?

The Corporate Director of Finance and Resources clarified that the income shortfall was the impact on the Council's revenue budget, the funding from the Government had not yet been amalgamated in the budget. She agreed to ask the Homeless Prevention and Accommodation Manager for more information for the Panel.

- How would the inflation savings be met?

The Corporate Director of Finance and Resources reported that, in the long term, the inflation savings would be considered as part of the £1m savings, however, there was scope in the revenue budget for a virement to bridge the shortfall in 2020/21.

- How did the Government's Hardship Scheme fit into the Council's budget?

The Corporate Director of Finance and Resources reported that the Council had received £989,736 from the £500m Hardship Fund. The Government had asked Councils to provide £150 to working age recipients of the Council Tax Reduction Scheme (CTRS), however, the City Council's scheme provided £300 to reduce council tax liability as close to 0 as possible. The remainder of the Fund would be used for the Council's own Local Hardship Scheme which would provide support to households which were not eligible for CTRS but were experiencing hardship, and this support would be provided on a case by case basis.

- Were there any areas of income shortfall that the Government would not support or provide funding for?

The Corporate Director of Finance and Resources reiterated that the main risk to the budget was Council Tax and NNDR receipts, the only support given for those areas had been the extension to the debt recovery period. One area that the Council really needed to be mindful of was the impact on commercial income and shortfalls on the budget.

RESOLVED – 1) That the Panel had scrutinised the overall budgetary position for the period April to June 2020 as set out in the Revenue Budget Overview and Monitoring report (RD.20/20 (amended)).

2) That the Homeless Prevention and Accommodation Manager provide the Panel with a written response giving further details on the income shortfall for homeless accommodation due to Covid-19.

3) That a Task and Finish Group be established to support the development of the Commercialisation Strategy and the invitation to join the Task Group be circulated to all Members.

BTSP.48/20 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2020

The Corporate Director of Finance and Resources presented report RD.21/20 providing an overview of the budgetary position of the City Council's capital programme for the period April to June 2020.

The Corporate Director of Finance and Resources reported that the position statement recorded that, as at the end of June 2020, expenditure of £2,834,243 had been incurred on the Council's core capital programme. When considered against the profiled budget of £3,305,574 that equated to an underspend of £471,331.

The unspent balance remaining of the revised annual budget of £29,607,700 was £26,773,457. A review of the 2020/21 capital programme would be undertaken to identify accurate project profiles for the remainder of the financial year and any potential slippage into future years. A number of schemes were included in the capital programme for 2020/21 that required reports to be presented to the Executive for the release of funding before the project could go ahead.

The Executive had considered the report at their meeting on 17 August 2020 (EX.97/20 refers) and decided:

“That the Executive:

1. Noted and had commented upon the budgetary position and performance aspects of the capital programme for the period April to June 2020.
2. Noted adjustments to the 2020/21 capital programme as detailed in paragraph 2.1 of Report RD.21/20.”

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

- At the request of the Panel the Corporate Director of Finance and Resources agreed to circulate a breakdown of the asset review sales and general sales receipts.
- The Panel was concerned that there was a backlog in the provision of essential adaptations through the Disabled Facilities Grants and questioned how the Council would address the backlog and if any monies would be lost or rolled into the next financial year.

The Corporate Director of Finance and Resources confirmed that, should it be required, funds could roll into the next financial year. She agreed that it was important that those who needed the adaptations received them as soon as possible and agreed to circulate timescales and methods which the Council would use to deal with the Disabled Facilities Grants backlog as a result of Covid-19. She also agreed to include an update in the next quarter report.

- The Central Plaza Scheme showed some costs for emergency works still required, the Corporate Director of Finance and Resources agreed to seek clarification on the matter and report back to the Panel.

- A Member asked for an update on the appointment of the new Head of Digital and Technology.

The Deputy Chief Executive informed the Panel that the new Head of Digital and Technology had been appointed and would begin work at the Council in November, until then the management of ICT would remain under the Town Clerk and Chief Executive.

RESOLVED – 1) That the Panel had scrutinised the overall budgetary position for the period April to June 2020 as set out in the Capital Budget Overview and Monitoring report (RD.21/20).

2) That the Corporate Director of Finance and Resources provides the Panel with written responses with regard to the following:

- a breakdown of the asset review sales and general sales receipts
- an update on the emergency works that were outstanding on the Central Plaza Scheme.

3) That the Panel receive information on the timescales and methods which the Council will use to deal with the Disabled Facilities Grants backlog as a result of Covid-19.

BTSP.49/20 SICKNESS ABSENCE REPORT 2019/20 AND Q1 2020/21

The Corporate Director of Finance and Resources presented the authority's sickness absence levels for the period April 2019 to June 2020 and other sickness absence information (RD.24/20).

The Corporate Director of Finance and Resources highlighted the current sickness statistics as detailed in section 2 of the report along with the absence levels split by directorates with comparison years. She reported that 2019/20 saw a 16% increase in overall days lost per employee compared to 2018/19 along with an increase in long term absences. The report set out comparison data, trends, sickness absence reasons and an update on return to work interviews. The Corporate Director of Finance and Resources gave an overview of the key activities which the City Council undertook to support attendance management.

The HR Manager reminded the Panel that a Task and Finish Group had been established to review the Attendance Management Policy which would enable Managers to more effectively manage absence. The Task and Finish Group had contributed to the development of new trigger points and a flow chart which would be circulated to Trade Unions for their feedback. The focus on whole review was to make the Attendance Management Policy clearer, have better detailed trigger points to manage sickness in a proactive way and have more clarity for staff and managers.

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

- There had been a significant rise in sickness absence under 'Stress, depression, mental health , fatigue syndromes' between April and June, was there anything additional that the Council could do support staff during this time?

The HR Manager explained that the absence was a mixture of Covid-19 related anxiety and long term sickness where the individual had to remain out of work for a variety of reasons. The Council had changed its occupational health provider and work was being carried out to work closely with staff who had been referred to them to assess their situation and how to move forward.

- The Panel understood that working from home could be very stressful for some people and asked how staff could be encouraged to return to work safely.

The HR Manager reported that the Civic Centre reopened to those staff that wanted to return to the building on 17 August. The Health and Safety Team had made the building Covid-19 secure and each floor was treated as a bubble. The option was there for staff to return and equally there was no pressure on staff to return if they wished to remain working from home.

- Prior to Covid-19 there had been a consistent increase in working days lost due to stress, was this work related stress?

The HR Manager responded that there had been a mixture of work related stress along with other categories. Unfortunately there had been a number of people off with very serious long term illnesses, often as treatment progressed the absence changed to stress related. The updated Attendance Management Policy would allow clearer categories and triggers to be reported in future.

- Was there a mechanism which enabled staff to raise anxiety or stress issues so that matters could be addressed before the individual became ill?

The HR Manager confirmed that managers held one to ones and appraisals where issues could be raised. Additionally individuals could contact HR for formal or informal support and equally the Council had good relationships with Trade Unions who could also offer support..

- It was very important that managers led the way with attendance management, had they been consulted on the new Policy?

The HR Manager confirmed that managers were aware that the Policy was being reviewed. The Trade Unions had been consulted as the trigger points were a significant change. Other work was being undertaken to make the process simpler included more use of the payroll and HR system iTrent. When the new Attendance Management Policy was finalised a training programme for managers would be rolled out.

- How had staff felt about being referred to occupational health?

The HR Manager clarified that the 70 referrals to Occupational Health had all been related to those absent from work due to Covid-19. The majority of staff had seen the referral as positive as they had wanted to return to work.

- A Member had concerns that absences due to back, neck and musculo-skeletal problems may increase because those working from home may not have the correct equipment and facilities to do so.

The HR Manager agreed that work needed to be undertaken to ensure those working from home had the correct equipment, she agreed to raise the matter at the next safety meeting.

A Member commented that it was expected that all staff would have completed a self assessment regarding their work space at home and she sought reassurance that this matter would be taken forward.

The Deputy Chief Executive reassured the Panel that the Council were serious about staff wellbeing. Self assessments were carried out at the start of the lockdown but what was deemed satisfactory at the time may not be for longer term use. Longer term assessments needed to be undertaken and timescales needed to be formalised.

- How did the Council ensure that the wellbeing message was being received by staff?

The Corporate Director of Finance and Resources explained that Learning and Development sent out fortnightly newsletters to all staff including those not on email. In addition training continued to be provided by virtual means.

RESOLVED – That the Panel had scrutinised the information on sickness absence provided in report RD.24/20.

BTSP.50/20 CORPORATE RISK REGISTER

The Deputy Chief Executive presented an update on the management of the Council's Corporate Risk register (CS.21/20).

The Deputy Chief Executive reported that the Corporate Risk Register had been reviewed by the Corporate Risk Management Group at its meeting on 3 August 2020, following the meeting the control strategy narrative, the assessment dates and target risk scores had been updated and were attached to the report as appendix one.

Members were asked to note two additional corporate risks. The first related to the potential financial implications on the Council's revenue and capital budgets due to the impact of the Covid-19. The threat the virus continued to present warranted escalating to the Corporate Risk Register. The second risk related to the Carlisle Southern Link Road. In July 2020 the City Council and Cumbria County Council signed a grants Agreement with Homes England for £134m funding for the Southern relief Road. In addition, the City Council entered into a Collaboration Agreement with Cumbria County Council, as a result the City Council were obliged to achieve certain milestones which were set out in appendix one of the report.

The Deputy Chief Executive summed up by informing the Panel that none of the corporate risks had been escalated in their RAG rating since the last report to the Panel.

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

- What were the implications for the Carlisle Southern Relief should the proposed change to local government structures in Cumbria go ahead?

The Deputy Chief Executive responded that any change to local government structure was a very detailed piece of work and part of the work would be to prioritise projects. It was difficult to predict what the outcome would be but the nature, size and importance of the project to Carlisle would influence any decisions.

- A Member requested an update on the Civic Centre ground floor reinstatement works.

The Deputy Chief Executive explained that Story Construction had prepared a secure entrance and exit to the building for staff, secured the site and made some fire safety improvement works. The main 60 week contract work would begin as soon as the final contract was agreed.

- The Panel sought assurance that the IT risks were being addressed as a priority.

The Deputy Chief Executive assured the Panel that progress was being monitored closely. Covid-19 had tested the authority and the City Council had been lucky that IT had had the foresight to roll out the full microsoft package which had enabled the Council to move quickly with Teams and continue service. The risks in the register related to legacy systems which were at risk of no longer being supported.

The Panel thanked the IT section for their quick response in issuing laptops, equipment, support and advice during the pandemic. They also noted their ongoing work in ensuring the Council's IT systems were safe and protected from phishing and scam emails.

- Where in the risk register did the Council include the risk of funding not coming forward to progress with the projects or schemes?

The Deputy Chief Executive explained that the projects and schemes had to be ready so that they were eligible to be supported by government. The risks did not address what happens if the funding did not come forward, he agreed to undertake some work to improve the control strategy in the next report.

RESOLVED - That the Panel had scrutinised current Corporate Risk Register, as set out in appendix one of report CS.21/20.

BTSP.51/20 QUARTER 1 PERFORMANCE REPORT 2020/21

The Policy and Performance Officer submitted the Quarter 1 2020/21 performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. Performance against the Panel's 2020/21 Key Performance Indicators (KPIs) were also included.

The Policy and Performance Officer drew the panel's attention to the summary of exceptions which included measures CSe14 Actual car parking revenue as a percentage of car parking expenditure and SS05 Proportion of corporate complaints dealt with on time, both of which had been due to the impact of Covid-19. The report included the results of the Customer Services Satisfaction survey.

In considering the report the Panel sought clarity on the recharges for Measure CSe14 car parking revenue and hoped that the reduction in car parking at Castle car park was not considered negatively due to the test centre, which was important to the community.

The Corporate Director of Finance and Resources explained that the recharges included building costs, support services, staffing costs and internal recharges.

The Panel had concerns that the performance targets were not aiming for the highest quartiles or were being stretched enough and asked that more comparison data be included in future reports.

The Town Clerk and Chief Executive commented that officers needed to improve the Member engagement in setting targets and needed to be clearer about what kind of targets were being set and the reason for the targets.

RESOLVED -1) That the Panel had scrutinised the performance of the City Council with a view to seeking continuous improvement in how the Council delivers its priorities (PC.21/20).

2) That the Panel be involved in setting the future performance indicators and targets that would be reported to the Panel.

BTSP.52/20 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.18/20 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

The Overview and Scrutiny Officer reminded the Panel that a special meeting had been scheduled for 17 September 2020 to consider a report on the Sands Centre redevelopment project. She set out the items in the work programme for 15 October 2020 and reported that the Civic Centre reinstatement and development report had been moved from October to December or January.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel be noted (OS.18/20).

2) That the following items be submitted to the Panel on 15 October 2020:

- Review of Attendance Management Policy – Task and Finish Group Report
- Corporate Peer Review
- Allocation of Section 106 funds
- Planning for no deal Brexit

3) That the following item be moved in the Panel's work programme from 15 October to December 2020 or January 2021:

- Civic Centre reinstatement and development

(The meeting ended at 6.20pm)