

## **RESOURCES OVERVIEW AND SCRUTINY PANEL**

**THURSDAY 5 JANUARY 2012 AT 10.05AM**

**PRESENT:** Councillor Layden (Chairman), Councillors Allison, Bowditch, Bowman S, Hendry, Watson and Whalen.

**ALSO PRESENT** Councillor J Mallinson, Governance and Resources Portfolio Holder

### **ROSP.01/12 APOLOGIES FOR ABSENCE**

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

### **ROSP.02/12 DECLARATIONS OF INTEREST**

Councillor Hendry declared a personal interest in accordance with the Council's Code of Conduct in respect of Agenda Item A.5 Corporate Risk Register. The interest related to the fact that he was the City Council's representative on the Riverside Carlisle Board.

Councillor Layden declared a personal interest in accordance with the Council's Code of Conduct in respect of Agenda Item A.5 Corporate Risk Register. The interest related to the fact that he was the City Council's representative on the Riverside Carlisle Board.

Councillor Watson declared a personal interest in accordance with the Council's Code of Conduct in respect of Agenda Item A.3 Budget 2011/12. The interest related to the fact that he was a Member of Cumbria County Council.

### **ROSP.03/12 MINUTES OF PREVIOUS MEETINGS**

**RESOLVED** – That the minutes of the meeting held on 13 October 2011 be agreed as a correct record of the meeting and signed by the Chairman.

### **ROSP.04/12 CALL-IN OF DECISIONS**

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

### **ROSP.05/12 OVERVIEW REPORT AND WORK PROGRAMME**

The Overview and Scrutiny Officer (Mrs Edwards) presented report OS.01/12 which provided an overview of matters related to the Resources Overview and Scrutiny Panel's work.

Mrs Edwards reported:

- That the Forward Plan of Executive key decisions, covering the period 1 January to 30 April 2012 had been published on 16 December 2011 and was included in the Overview Report. There was one item in the Plan relevant to this Panel and it had been included on this agenda:

KD.024/11 – Budget Process 2012-13

- The Executive's response to the first round of Budget Scrutiny, Minute Excerpt EX.165/11, from the Executive held on 12 December 2011 had been circulated to Members and would be considered as Agenda Item A.3.
- Councillors Allison, Bainbridge and Bowditch from this Panel had been appointed to the Shared Services Task and Finish Group and Councillor Mrs Prest from Community Overview and Scrutiny Panel had also volunteered to be included.

A Member reminded the Panel that the Asset Review Business Plan had been discussed at a previous meeting and the Panel had been informed that they would be given the opportunity to consider and input into the investment strategy at the appropriate time.

The Town Clerk and Chief Executive (Dr Gooding) confirmed that Scrutiny would consider any proposals that Members made with regard to investment. Officers had recommended that the initial capital receipt of £15m be invested to protect revenue as part of the budget. He added that the Council had committed to a programme of disposal through the Asset Review Business Plan in order to generate £30m in capital receipts' which the Council could use to invest as it so wished. There were several suggestions in the Plan for investment but details were yet to be determined and when options were available Members would be consulted in the usual manner.

The Chairman reminded Members that an updated on the Asset Management Plan was already scheduled in the Panels Work Programme for February.

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

## **ROSP.06/12      BUDGET 2012/13**

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

There was submitted Minute Excerpt EX.165/11 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, namely:

“That the Overview and Scrutiny Panels be thanked for their consideration of the draft Budget reports and their comments, as detailed within the Minutes submitted, taken into account as part of the Executive's deliberations on the 2012/13 budget.”

In considering the Executive's response Members raised the following comments and questions:

- At their meeting in December 2011, Scrutiny members did not object to the proposals to freeze the Council tax for 2012/13 but there was some concern with regard to the shortfall that would be the result of the Council tax freeze.

The Assistant Director (Resources) responded that the Budget proposal and the Medium Term Financial Plan took account of the shortfall from the Council Tax freeze and there would be more savings to find in 2013/14. He added that the Council had identified the savings needed and would find the savings to deliver a balanced budget.

The Governance and Resources Portfolio Holder commented that Central Government had offered 2.5% in council tax relief at no cost to the Council Tax payer as a result the Executive felt that the support could not be rejected.

- The Panel thanked the Executive for their positive response to the recommendation from Resources Overview and Scrutiny Panel to retain the Small Scale Community Projects Budget which they felt was a valuable asset for Councillors in the local community.

Members asked for an historical report in early 2012/13 on how the Small Scale Community Projects Budget had been spent the previous year and any Wards which had not spent the allocation. The Panel felt that it was important to monitor that the grants were being used for the benefit of the community.

The Governance and Resources Portfolio Holder responded that a report could be produced or the information could be circulated to each of the Group Leaders and Mr Mason agreed to action this immediately.

- A Member was disappointed that there was little scope for an increase in charges for dog fouling. He felt that greater enforcement was the answer to reducing the dog fouling and education should include information on the consequences of dog fouling including enforcement action.

The Governance Resources Portfolio Holder agreed that greater enforcement was required but education also had to be part of the answer.

A Member commented that the issue was a high priority in local wards and the Council had to demonstrate that the issue was being dealt with by carrying out the necessary enforcement.

RESOLVED – 1) That the decision of the Executive be received.

2) That consideration be given to report on how the Small Scale Community Projects Budget had been used in 2011/12 be submitted to a future meeting of the Resources Overview and Scrutiny Panel in 2012/13.

## (2) Executive Draft Budget Proposals 2012/13

There was submitted the Executive draft Budget proposals 2012/13 which had been issued for consultation purposes.

The draft Budget proposals comprised –

<b>Section</b>	<b>Detail</b>
<b>A</b>	<b>Background and Executive Summary</b>
<b>B</b>	<b>Revenue Budget 2011/12 to 2016/17</b> <ul style="list-style-type: none"><li>• Schedule 1 - Existing Net Budgets</li><li>• Schedule 2 - Proposed Budget Reductions</li><li>• Schedule 3 - Recurring Budget Increases</li><li>• Schedule 4 - Non-Recurring Budget Increases</li><li>• Schedule 5 - Summary Net Budget Requirement</li><li>• Schedule 6 - Total Funding and Provisional Council Tax</li></ul>
<b>C</b>	<b>Capital Programme 2011/12 to 2016/17</b> <ul style="list-style-type: none"><li>• Schedule 7 - Estimated Capital Resources</li><li>• Schedule 8 - Proposed Capital Programme</li><li>• Schedule 9 - Summary Capital Resource Statement</li></ul>
<b>D</b>	<b>Council Reserves Projections to 2016/17</b> <ul style="list-style-type: none"><li>• Schedule 10 - Usable Reserves Projections</li></ul>
<b>E</b>	<b>Budget Discipline and Saving Strategy</b>
<b>F</b>	<b>Statutory Report of the Assistant Director (Resources)</b>
<b>G</b>	<b>Glossary of Terms</b>

The draft Budget proposals were based on detailed proposals that had been considered by the Executive over the course of the last few months. In particular, reports of the Assistant Director (Resources) considered at the Executive meeting of 19 December 2011.

In considering the draft proposals, Members made the following comments and observations:

- A Member asked for clarification with regard to the tipping charges.

Mr Mason explained that the £50,000 in tipping charges was a result of the City Council no longer collecting commercial waste.

- What were the savings that had been identified prior to the Transformation Programme which had not been achieved?

Mr Mason explained that a number of savings had been identified 4 years ago which had not achieved the proposed savings. The savings had now been incorporated into the budget proposal.

- The Panel had concerns that the Budget Consultation document would be difficult for members of the public to understand and urged officers to investigate how the document could be made more transparent and encourage more consultation in future years.

Mr Mason commented that a leaflet was sent out to all households with their Council tax bill explaining the budget and how comments could be submitted to the Council.

- A Member highlighted a paragraph in the summary which stated that comments received on the budget prior to the closing date of 16 January 2012 would be considered by this Panel in January. This meeting was the Panel's only January meeting and was before the consultation closing date.

Mr Mason noted the incorrect wording and agreed to circulate any consultation responses to all Members of the Panel.

- A Member asked for more information on the Highways Claimed Rights and On Street Parking Enforcement as they had a big impact on the budget.

The Governance and Resources Portfolio Holder reminded the Panel of the Council's involvement in Highways Claimed Rights and explained that there had been some issues with regard to the difference between revenue and capital spending. The City Council provided a maintenance service over and above the requirements of the County Council and as a result the City Council had to find additional money to supplement the grant provided by the County Council. He explained that if the County Council took back the Claimed Rights the service would be provided to their standard and not to the higher standard that the City operated at. He assured the Panel that there were no current plans to change the Highways Claimed Rights.

With regard to on street parking enforcement in Carlisle the Portfolio Holder explained that the City Council currently undertook enforcement for Carlisle and Eden on behalf of the County Council. The County Council were looking at alternative ways of providing enforcement across the County and the outcomes of those considerations were not yet available.

Mr Mason informed the Panel that Highways Claimed Rights cost the authority £275,000 per year for insurance and for the provision of the additional maintenance. The on street parking currently broke even.

RESOLVED – 1) That the observations of the Panel, as detailed above, be conveyed to the Executive

2) That future budget consultation documents be more transparent, easier to understand and encourage more public consultation.

### **(3) Background Information reports**

#### **(a) Revenue Estimates: Summary of Overall Budgetary Position 2012/13 to 2016/17**

Report RD.70/11 – providing a draft summary of the Council’s revised revenue base estimates for 2011/12, together with base estimates for 2012/13 and updated projections to 2016/17. Also included were details of 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 decision of the Executive on 19 December 2011 (EX.170/11) was:

“That the Executive noted the updated budget projections for 2011/12 to 2016/17, and made recommendations in the light of the budget pressures and savings submitted to date, together with the potential use of balances and reserves, in order to issue a draft Budget for consultation purposes.”

RESOLVED – That the report and decision of the Executive be noted.

#### **(b) Provisional Capital Programme 2012/13 to 2016/17**

Report RD.71/11 – providing revised details of the revised capital programme for 2011/12 together with the proposed method of financing as set out in Appendices A and B. Also summarised was the proposed programme for 2011/13 to 2016/17 in light of the capital bids submitted to date for consideration. It summarised the estimated and much reduced capital resources available to fund the programme.

The Executive had on 19 December 2011 (EX.171/11) decided:

“That the Executive:

1. Noted the revised Capital Programme and relevant financing for 2011/12 as set out in Appendices A and B of Report RD.71/11.
2. Recommended that Council approve slippage of £4,257,000 from 2011/12 into 2012/13.
3. Made recommendations on the Provisional Capital Programme for 2012/13 to 2016/17 in the light of the capital bids submitted to date, together with the estimated available capital resources for budget consultation purposes.
4. Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

RESOLVED – That the report and decision of the Executive be noted.

### **(c) Draft Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2012/13**

Report RD.72/11 – setting out the Council's Treasury Management Strategy Statement for 2012/13 in accordance with the CIPFA Code of Practice on Treasury Management. The Investment Strategy and Minimum Revenue Provision (MRP) Strategy for 2012/13 were incorporated as part of the Statement, as were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

The Executive had on 19 December 2011 (EX.172/11) approved the draft Treasury Management Strategy Statement for 2012/12 incorporating the draft Investment Strategy and the draft Minimum Revenue Provision Strategy, together with the Prudential Indicators for 2012/13 for draft budget consultation purposes as set out in Appendix A to Report RD.72/11.

RESOLVED – That the report and decision of the Executive be noted.

### **ROSP.07/12 PROJECT ASSURANCE GROUP**

The Town Clerk and Chief Executive (Dr Gooding) submitted report CE.01/12 which gave a summary of significant projects that were being undertaken.

Dr Gooding reminded the Panel that it had been reported to the Resources Overview and Scrutiny Panel at its meeting on 18 March 2011 that the Project Assurance Group would continue its advisory and monitoring role to all significant projects, including those emerging from the Transformation process.

It had, however, become apparent that the number of Transformation projects required to deliver the necessary efficiency savings formed a significant programme for work. Due to the scale and complexity of the work, all those projects, including significant projects, would fall under the remit of the newly set up Transformation Board. A report on the terms of reference and work of the Transformation Board would be drafted for the next meeting of the Panel.

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

- Members were disappointed that the work at Kingstown Industrial Estate had not been completed and that the County Council had changed the requirement for the road from a 10 year life to 40 year life.

Mr Mason agreed to circulate a written response to the reason for the increase from 10 years to 40 years.

In response to a further question the Governance and Resources Portfolio Holder explained that Kingmoor Park had been subject to a Section 106 agreement when the area had been developed and would not make a contribution to the Kingstown Industrial Estate road.

- Members asked for clarification with regard to the £50,000 works to John Street Hostel.

Dr Gooding responded that the £50,000 included unforeseen work that was required to the John Street Hostel building to comply with Health and Safety Regulations. Another element of the overspend had been related to the design and cost of the building. He added that lessons would be learned from this project to help avoid overspends on future projects.

- What happened to the Foyer project?

Dr Gooding informed the Panel that the Foyer project was the Community Resource Centre and the accommodation would be a dispersed service.

A Member commented that Children's Services had great difficulty in placing young people in suitable accommodation and the Community Resource Centre services would provide good support.

Dr Gooding added that he had held discussions with the County Council with regard to homeless young people and suitable accommodation and hoped that the City and County council could work together in a common approach as it was an issue for both authorities.

Mrs Edwards informed the Panel that the Community Overview and Scrutiny Panel's Homelessness Task and Finish Group had involved Children's Services in their work and their final report would be presented in March 2012.

- The Dalton Avenue, Raffles project had not received any bids from Social Housing Landlords how would this prejudice the outcome of the project?

Mr Mason explained that the project would not go ahead without a Housing Association.

RESOLVED – 1) That report CE.01/12 be noted.

2) That the Assistant Director (Resources) provide a written response to the Panels question regarding the 40 year life requirement for roads at Kingstown Industrial Estate.

## **ROSP.08/12      CORPORATE RISK MANAGEMENT**

The Town Clerk and Chief Executive (Dr Gooding) presented Report SD.01/12 which updated the Panel on risk management arrangements and the Corporate Risk Register.

Dr Gooding reported that the risks associated with delivering the Corporate Plan had been reviewed by the Senior Management Team and the Corporate Risk Management Group and were detailed within the report.

He explained that the risk of insufficient redundancy payment provision had been added to the Corporate Risk Register. Trend analysis suggested that the potential cost of delivering further service efficiencies of £2 - £2.5m could be in the region of £1-1.25m in redundancy and pension strain payments. The figure did not include past service management restructures. He then outlined the mitigation actions being considered.

Dr Gooding added that the risk of significant sickness absence had been reinstated and predications estimated that over 13 days per full time equivalent would have been lost to sickness absence by the year end. The target day for the year was 9 days. Control strategies were being developed to minimise the risk including a lean system review on sickness monitoring procedures.

Dr Gooding informed the Panel that 'Community Involvement in decision making' had been removed from the Corporate Risk Register as the risk had reached its target risk score. It would, however, remain a risk at operational level and work would continue to provide further engagement with community organisations.

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

- A Member commented that it was understood that the better the return to work interview the better the authority was at decreasing the sickness rates. He felt that it was important for the authority to investigate the effect of return to work interviews within the organisation and devise a procedure that allows them to be monitored.

Dr Gooding agreed that there was a clear connection between successful return to work interviews and the reduction in absence and he confirmed that there would be further detailed work on the sickness procedure and return to work interviews.

- What would be the total funding for Disabled Facilities Grants in 2012/13?

Mr Mason responded that negotiations were still ongoing with Riverside Carlisle but there was £667,000 in grant from the Government, £150,000 from public health and £200,000 from the City Council. There was also a procurement initiative being carried out that would reduce the purchase cost of equipment. It was hoped that there would be £1.5m in total which would be enough for next year.

- Who would undertake the new study into the economic potential for Carlisle?

Dr Gooding agreed to provide the Panel with a written response.

- Could the Council capitalise the redundancy costs?

Mr Mason explained that the authority would not be able to capitalise its redundancy costs as it was too small but he was preparing a letter to Central Government setting out an argument for changing the process. He added that there were still a number of options open to the authority that would be pursued.

RESOLVED –1) That the update on the corporate risk management be welcomed.

2) That a report on sickness absence within the authority be considered at the February meeting of the Panel.

3) That the Town Clerk and Chief Executive provide written information on who would undertake the new study into the economic potential for Carlisle.

(The meeting ended at 12.20pm)