

RESOURCES OVERVIEW AND SCRUTINY PANEL

THURSDAY 3 JANUARY 2013 AT 10.10AM

PRESENT: Councillor Watson (Chairman) Councillors Betton, Bowditch, Bowman C, Craig, Forrester and Layden (as substitute for Councillor Mrs Parsons)

ALSO PRESENT Councillor Dr Tickner – Finance, Governance and Resources Portfolio Holder
Councillor Mrs Luckley – Chairman of the Community Overview and Scrutiny Panel
Councillor Miss Sherriff – Carlisle City Council representative on the Carlisle Leisure Board
Councillor Weber - Carlisle City Council representative on the Carlisle Leisure Board

OFFICERS Town Clerk and Chief Executive
Director of Resources
Development and Support Manager
Scrutiny Officer

ROSP.01/13 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Mrs Parsons.

ROSP.02/13 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

ROSP.03/13 MINUTES OF PREVIOUS MEETINGS

RESOLVED – 1) That the minutes of the meeting held on 18 October 2012 be agreed as a correct record of the meeting and signed by the Chairman

2) That the minutes of the meeting held on 4 December 2012 be noted.

ROSP.04/13 CALL-IN OF DECISIONS

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

ROSP.05/13 OVERVIEW REPORT AND WORK PROGRAMME

The Scrutiny Officer presented report OS.01/13 which provided an overview of matters that related to the work of the Resources Overview and Scrutiny Panel's work.

The Scrutiny Officer reported:

- The Notice of Key Executive Decisions had been published on 14 December 2012 and the following issues fell within the remit of the Panel:

KD.033/12 – Budget Process 2012/13 was on the agenda for consideration at this meeting.

KD.037/12 - Carlisle Plan would be considered at the next Resources Overview and Scrutiny Panel.

KD.044/12 – Asset Review Disposal Programme Land at Morton would be considered by the Executive at their meeting on 11 February 2013. An update on the whole review was due to be considered by the Panel at their meeting on 21 February 2012.

The Director of Resources informed the Panel that the Asset Review update may be delayed for a cycle to allow for the new administration to carry out their review of the whole Disposal Programme.

- Minute Excerpt EX.173/12 regarding the recommendations of the Saving Paper Task and Finish Group had been received from the Executive.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to this Panel OS.27/12 be noted.

2) That Key Decision items:

KD.037/12 - Carlisle Plan would be considered at the next Resources Overview and Scrutiny Panel.

KD.044/12 – Asset Review Disposal Programme Land at Morton would be considered by the Executive at their meeting on 11 February 2013.

3) That Minute Excerpt EX.173/12 regarding the recommendations of the Saving Paper Task and Finish Group be noted.

ROSP.06/13 BUDGET 2013/14

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

There was submitted Minute Excerpt EX.157/12 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, would be taken into account as part of the Executive's deliberations on the 2013/14 Budget.”

RESOLVED – That the decision of the Executive (EX.157/12) be received.

(2) Executive Draft Budget Proposals 2013/14

There was submitted the Executive draft Budget proposals 2013/14 which had been issued for consultation purposes.

The draft Budget proposals comprised –

Section	Detail
A	Background and Executive Summary
B	Revenue Budget 2012/13 to 2017/18 <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 2012/13 to 2017/18 <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 2017/18 <ul style="list-style-type: none"> • Schedule 10 - Usable Reserves Projections
E	Budget Discipline and Saving Strategy
F	Statutory Report of the Director of Resources
G	Glossary of Terms

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 Director of Resources considered at the Executive meeting of 17 December 2012.

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

- Was there an estimated cost for the new electoral registration scheme?

The Director of Resources informed the Panel that the estimated cost was not currently known but would be included in the Executive's budget.

- The Panel asked for clarification with regard to the car parking income pressure.

The Director of Resources clarified that the implication of freezing parking charges was a loss of £50,000 in income that would need to be accounted for in 2013/14 budget.

- What was the recurring budget increase for the capital scheme at the Sands Centre?

The Director of Resources responded that £5m had been included in the Proposed Capital Programme as a new spending proposal for the proposed move of the swimming pool. At the current time the Sands Centre was the proposed location but detailed work would be required before any decision was taken.

The Town Clerk and Chief Executive added that the relocation of the swimming pool was an aspiration only and required a detailed business case to be prepared before any further decisions on location and services were taken. If the Sands Centre was the final location

there may be additional revenue savings which could cover the cost of any necessary borrowing. He reiterated that no decisions would be made without a detailed business case.

A Member asked if there was a timescale for the business case and the Town Clerk and Chief Executive responded that the preparation of a business case would be carried out at the request of the Executive to fit in with their calendar of work.

The Panel were very concerned that the Sands Centre and Methodist Hall had been named in the Budget Proposals as locations of the swimming pool and arts centre when business cases had not been prepared for either. They felt that by naming the locations it raised people's expectations and there was a chance that the locations may not be suitable.

The Town Clerk and Chief Executive agreed that the potential locations should not drive the facilities or services on offer. The two premises offered an opportunity that would be explored fully and following very detailed work Members would then make the decision with regard to the locations.

The Finance, Governance and Resources Portfolio Holder informed the Panel that the Joint Management Team had met on 2 January 2013 and agreed that the specific names of the locations would be removed from the Budget, he also confirmed that he would feed back the Panel's concerns to the Executive.

- The Kingstown Industrial Estate project had an underspend of £150,000, could this money have been used to bring the roads up to an adoptable standard?

The Director of Resources explained that the original project had been to bring the roads up to the 10 years standard but the County Council engineer had changed the standard to the 40 years standard. To achieve this standard would have cost considerable more than the funds available. The City Council sent out a tender for the 10 years standard project and as a result the tender came in under budget but all work specified in the original project had been carried out.

The Finance, Governance and Resources Portfolio Holder summed up by saying that the Executive had worked closely with officers and, although the Council was still in a difficult position, the capital scheme had identified opportunities to ensure that the Council met its priorities.

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

(3) Background Information reports

(a) Revenue Estimates: Summary of Overall Budgetary Position 2013/14 to 2017/18

Report RD.58/12 – providing a draft summary of the Council's revised revenue base estimates for 2012/13, together with base estimates for 2013/14 and updated projections to 2017/18. 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 17 December 2012 (EX.158/12) was:

“That the Executive noted the updated budget projections for 2012/13 to 2017/18, 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 report RD.58/12 and decision of the Executive be noted.

(b) Provisional Capital Programme 2013/14 to 2017/18

Report RD.59/12 – providing revised details of the revised capital programme for 2012/13 together with the proposed method of financing as set out in Appendices A and B. Also summarised was the proposed programme for 2013/14 to 2017/18 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 November 2012 (EX.140/12) decided:

“That the Executive :

1. Noted the revised capital programme and relevant financing for 2012/13 as set out in Appendices A and B of Report RD.46/12;
2. Recommended that the City Council approve reprofiling of £3,000,000 and savings of £2,080,300 from 2012/13 identified in the review;
3. Made recommendations to Council to approve virements from underspends from Kingstown Industrial Estate (£150,100) and Families Accommodation Replacement (£100,000) to fund additional expenditure at the Resource Centre;
4. Had given initial consideration to the capital spending requests for 2013/14 to 2017/18 contained in Report RD.46/12 in the light of the estimated available resources; and
5. Noted that any capital scheme for which funding had been approved by the Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

RESOLVED – That report RD.59/12 and decision of the Executive be noted.

(c) Draft Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy 2013/14

Report RD.60/12 – setting out the Council’s Treasury Management Strategy Statement for 2013/14 in accordance with the CIPFA Code of Practice on Treasury Management. The Investment Strategy and Minimum Revenue Provision (MRP) Strategy for 2013/14 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 17 December 2012 (EX.160/12) approved the draft Treasury Management Strategy Statement for 2013/14 incorporating the Investment Strategy and Minimum Revenue Provision Strategy, together with the Prudential Indicators for 2013/14

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.60/12.

RESOLVED – That report RD.60/12 and decision of the Executive be noted.

ROSP.07/13 PROJECT ASSURANCE GROUP

The Town Clerk and Chief Executive submitted report CE.01/13 providing the most recent summary of significant projects being undertaken.

The Town Clerk and Chief Executive reminded the Panel that the Project Assurance Group had an advisory and high level monitoring role in relation to the significant projects delivered by Carlisle City Council. He informed the Panel that the Project Assurance Group would be renamed the Corporate Programme Board and the new Group would ensure that there was effective governance arrangements on all initiatives that supported the corporate programme.

The Town Clerk and Chief Executive outlined the Corporate Programme Board's Terms of Reference and explained that he would chair the Board and it would include members of the Project Assurance Group along with representatives from each Directorate and ICT.

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

- How was the decision reached to sell Dalton Avenue for less than its value?

The Finance, Governance and Resources Portfolio Holder explained that the asset disposal had achieved 18% more than anticipated which allowed the Council to deliver its promise of more affordable housing. The housing market had changed and it was considered that the figure achieved was the maximum for the site and it allowed the scheme to move forward.

The Town Clerk and Chief Executive added that Ward Councillors were informed of disposals in their Wards but were not included in the details of the actual deal. There was a procedure that had to be followed for disposals under their value.

RESOLVED – 1) That the summary of significant projects, as contained within Appendix A of report CE.01/13 be noted;

2) That the change to the Corporate Programme Board be noted.

ROSP.08/12 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 each minute) of Part 1 of Schedule 12A of the 1972 Local Government Act.

ROSP.09/12 REVIEW OF PARTNERSHIPS 2011/12
(Public and Press excluded by virtue of Paragraph 3)

Councillor Mrs Luckley took part in the consideration of the following item as Chairman of the Community Overview and Scrutiny Panel.

The Development and Support Manager submitted report RD.62/12 which provided information which related specifically to the Council Leisure contract undertaken by Carlisle Leisure Limited (CLL) and the governance arrangements related to the Tullie House Trust contract.

The Development and Support Manager reminded the Panel that a report had been submitted to their meeting on 18 October 2012 which identified the outcomes, progress and performance of the Council's partnership arrangements during 2011/12. As a consequence of the information provided the Director of Resources had been requested to provide specific information on both the CLL contract and the Tullie House Museum arrangement.

The Development and Support Manager outlined the background to partnerships and contractual arrangements and gave the background to both the CLL contract and the Tullie House Trust. He also gave details on the monitoring arrangements, quality control and performance monitoring for both. He highlighted the difficulty in providing financial information which related solely to the contract between the City Council and CLL.

The Development and Support Manager informed the Panel that an internal audit had been carried out with regard to the CLL contract and it would be considered by the Council's Audit Committee in February.

The Panel considered the report in two parts:

Carlisle Leisure Limited

- The contract between the Council and CLL was regulated by the Financial Services Authority (FSA) and the rules set by an Industrial Provident Society; had the lack of information from CLL contravened the rules?

The Director of Resources explained that the FSA carried out their own monitoring of CLL and it would not be part of the City Council's monitoring.

- The Council had contributed approximately £7.65m to CLL over the ten year period of the contract but the information from CLL did not explain how that money had been used.
- The Panel had were concerned about the monitoring of the CLL contract over the ten year period.
- The Report showed differences in profit and loss for Carlisle and Allerdale how different was the contract for Carlisle and Allerdale?

The Development and Support Manager responded that the City Council had asked Allerdale for any information they had to answer this question.

- Was the CLL head office owned by the City Council?

The Development and Support Manager clarified that the Head Office was not owned by the City Council and that CLL had a separate contract with a landlord.

- The Panel felt strongly that representatives of CLL should be invited to a future meeting of the Panel to answer the Panels questions.

The Town Clerk and Chief Executive agreed that it would be beneficial to invite representatives of CLL to a meeting. He commented that the responsibility for open communication fell to both the City Council and CLL.

Two Carlisle City Council representatives on the CLL Board were in attendance at the meeting and agreed that CLL representatives should be invited to the Panel.

Tullie House

- The Panel sought reassurance that the contract with Tullie House would be subjected to the same monitoring and scrutiny that the CLL contract would be in the future.

The Town Clerk and Chief Executive assured the Panel that the Deputy Chief Executive had a good relationship with Tullie House and was working to ensure that the Council received all the required information.

- A Member asked for clarification with regard to the monies that the City Council contributed to Tullie House.

The Director of Resources confirmed that the Council contributed £1.2m and a further £200,000 in Human Resources, Payroll and building maintenance. He added that Tullie House had approximately £500,000 in reserve which was prudent for a Museum of that size. Tullie House and also achieved £730,000 from external sources.

- Were officers satisfied that they were receiving the necessary co-operation from Tullie House.

The Development and Support Manager informed the Panel that information was coming slowly from Tullie House but it was the start of the process and it was hoped it would improve.

- It was important that the Council monitored the contract more effectively as the contribution from the Council was Tullie House's largest income.

The Finance, Governance and Resources Portfolio Holder agreed that the Council gave substantial grants to other organisations and it was important in the current economic climate that those organisations justified the money that they received.

- Was it possible to reduce the grants to Tullie House and CLL?

The Director of Resources responded that the contract with Tullie House allowed for the Council to reduce the grant, the contract with CLL allowed for a reduction in grant through negotiation.

RESOLVED – 1) That the Town Clerk and Chief Executive be asked to write Carlisle Leisure Limited to inform them that the Scrutiny Panel is looking closely at the monitoring arrangements for the contract between the City Council and themselves.

2) That the concerns and comments of the Panel be passed to the Audit Committee for their consideration of the Audit report on the Carlisle Leisure Contract.

3) That representatives of Carlisle Leisure Limited be invited to attend a future meeting of the Panel.

4) That the Tullie House contract is monitored on a regular basis to ensure that the City Council is achieving value for money for the contributions made.

(The meeting ended at 12.05pm)