

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 23 JULY 2020 AT 4.00PM

PRESENT: Councillor Bainbridge (Chair), Councillors Alcroft, Allison, Mrs Birks, Mrs Bowman, Dr Tickner and Mitchelson

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

OFFICERS: Town Clerk and Chief Executive
Corporate Director of Governance and Regulatory Services
Corporate Director of Finance and Resources
Property Services Manager
Policy and Performance Officer
Policy and Communications Manager

BTSP.28/20 APOLOGIES FOR ABSENCE

No apologies for absence were submitted.

BTSP.29/20 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

BTSP.30/20 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.31/20 MINUTES OF PREVIOUS MEETINGS

RESOLVED – It was noted that Council, at its meeting on 14 July 2020, received and adopted the minutes of the meetings held on 13 February 2020 and 28 May 2020. The Chair will sign the minutes at the first practicable opportunity.

BTSP.32/20 CALL – IN OF DECISIONS

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

BTSP.33/20 DRAFT MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2025/26

The Corporate Director of Finance and Resources submitted the Council's draft Medium Term Financial Plan (RD.09/20) for the period 2021/22 to 2025/26 which set out the framework for planning and managing the Council's financial resources, developing its annual budget strategy and updating its current five year financial plan. The Plan linked the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives.

The Executive had considered the Draft Medium Term Financial Plan 2021/22 to 2025/26 at their meeting on 20 July 2020 (Minute Excerpt EX.69/19 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Medium Term Financial Plan (MTFP) 2021/22 to 2025/26 Members raised the following comments and questions:

- What were the opportunities for additional commercial and investment income; had the Council gathered comparative information from other local authorities on their approach to commercialisation?

The Corporate Director of Finance and Resources reminded the Panel of the recommendations in the Peer Challenge Review, one of which had been to develop a commercial strategy for Carlisle. Before this could happen there was a requirement to better understand what was meant by commercialisation, what the Council's appetite for risk was and what scope there was for commercial activities in Carlisle. The Council had significant assets on its balance sheets, commercial opportunities would come from making those assets work better for the Council. However, there was severe pressure on commercial income due to the Covid 19 pandemic and the Council had to be mindful of the current situation before it developed any strategy on commercialisation.

- Had the improved visuals in the 'Have your say' document increased public responses to the budget consultation process?

The Corporate Director of Finance and Resources responded that the new document had been well received, however, there would be continuous improvements made to the consultation documents to increase the engagement on the budget process with residents of Carlisle.

- The MTFP was an important document, however, it contained many areas of uncertainty, would the document be reviewed as matters developed?

The Corporate Director of Finance and Resources agreed there was great uncertainty in the document; it would be reviewed and updated as the situation changed, and further reports would be considered by the Panel as the budget process progressed.

- The climate emergency was a priority for the Council; however, it had not been included in the MTFP.

The Corporate Director of Finance and Resources explained that the Capital Strategy and Capital Programme included information on small climate change related projects. She added that she was awaiting further information from the Climate Change Group before any adjustments could be made to the MTFP.

A Member welcomed the inclusion in the Capital Strategy but felt that the climate emergency should also be referenced in the MTFP.

- Was there any indication how the lost income from business rates would be replaced until Government moved forward with the business rate review?

The Corporate Director of Finance and Resources clarified that the assumption had been made that the Council would not be in the Business Rate Pool in 2021/22, however, as the Business Rate Review had been deferred the impact on the pool arrangements were unknown. She assured the Panel that the situation was being closely monitored and the City Council had regular discussions with Cumbria County Council, the Police and the other Cumbria District Councils. She informed the Panel that government had announced a new comprehensive funding package to support local authorities with income shortfalls and deficits from collection fund recovery due to Covid 19.

- Would the Business Rate Appeals require all the provision in the MTFP?

The Corporate Director of Finance and Resources confirmed that significant provision had been made for Business Rate Appeals, work was being carried out with the Valuation Office to estimate the likely appeals and how successful they would be.

- Did the savings, as detailed in section 4.3.2 of the report, include additional requirements that may be a result of the exceptional circumstances?
- Did the yield from property rentals reflect the current situation?

The Corporate Director of Finance and Resources clarified that all assumptions and savings detailed in the MTFP were based on the situation at this point in time. She explained that work was being carried out using government guidance to look at income shortfalls, the figures did not include pressures which could arise as a result of Covid 19.

- Given the exceptional circumstances would the Council consider engaging someone with proven commercial and industrial experience to support the qualified, professional team in the Council?

The Finance, Governance and Resources Portfolio Holder reminded the Panel that the Council brought in specialist skills when required; the Council was already quite commercial in utilising income from its assets. He added that it was important to bring in income to ensure the continuing delivery of discretionary services.

- Would it be possible to close down the redundant bequests and release the funds to other projects?

The Corporate Director of Finance and Resources confirmed that the bequests could be closed, the money could be released to community groups or charities that met the conditions of the bequest.

- The Council annually earmarked reserves for the cremator, would it be possible in future to build this reserve from income from the cremator rather than allocations from the Council?

The Corporate Director of Finance and Resources clarified that the reserve was built up from contributions from the income generated by Bereavement Services..

- How would the Council mitigate the loss of the New Homes Bonus?

The Corporate Director of Finance and Resources explained that the New Homes Bonus had not been included in the budget, should any payments be received they would be additional income.

- What had been the reduction in housing benefit claims following the launch of Universal Credits, did it give the Council an indication of when its responsibility ended? In addition, Covid 19 had caused an increase nationally in Universal Credit applications, had this impacted on the reduction in housing benefit claims?

The Corporate Director of Finance and Resources responded that Universal Credit claims had not yet had a significant increase due to Covid 19 however the position would continue to be monitored.

- A Member urged the Executive to retain the Council Tax Reduction Scheme to continue to support the poorest and most vulnerable residents in Carlisle during this difficult time.

The Finance, Governance and Resources Portfolio reassured the Panel that the Executive had no intention of changing the Council Tax Reduction Scheme (CTRS). The CTRS had been included in the MTFP because there was a requirement to consider the Scheme annually. The City Council CTRS was considered one of the most generous and complete schemes in the Country, when government provided additional resources to enhance the scheme the Council increased the amount of support available. The Government recognised that many people were not eligible for the CTRS and a new hardship fund was being launched by the Council which supported those people in dealing with arrears.

The Corporate Director of Finance and Resources informed the Panel that the Council had stopped all debt recovery during the pandemic as it was mindful of the pressure on people in such uncertain times. Work was beginning on a soft reminder process, which many other authorities had undertaken, reminders would be sent out encouraging people to contact the Council if they were having issues in making payments so they could be supported with instalment options or through the CTRS process. This soft recovery approach would also be taken with sundry debtors where commercial income comes in.

REOLVED – 1) That the Panel had considered and commented upon the draft Medium Term Financial Plan 2021/22 to 2025/26 (RD.09/20);

2) That the Panel thanked the Corporate Director of Finance and Resources and her team for the production of the Medium Term Financial Plan during such uncertain and difficult times;

3) That the Panel request that reference is made to environmental policies in the Medium Term Financial Plan in the future;

4) That the Panel are included in the development of a commercial strategy;

5) That the Corporate Director of Finance and Resources undertake to consider the conditions of the redundant bequests and reallocate the funds to suitable community groups or charities;

6) That the Finance, Governance and Resources Portfolio Holder circulate a copy of the Council's Hardship Scheme to all Members.

BTSP.34/20 DRAFT CAPITAL INVESTMENT STRATEGY 2021/22 – 2025/26

The Corporate Director of Finance and Resources reported (RD.08/20) on the draft Capital Investment Strategy 2021/22 – 2025/26, which directed the Council's Capital Programme and the allocation of resources for the five year period 2021/22 to 2025/26. The guidance in the strategy complimented and supplemented the Medium Term Financial Plan.

The Executive had considered the Draft Capital Investment Strategy 2021/22 to 2025/26 at their meeting on 20 July 2020 (Minute Excerpt EX.70/20 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Medium Term Financial Plan 2021/22 to 2025/26 Members raised the following comments and questions:

- The Council had £4m in rental income from investment property, was there a potential that tenants could default on payments due to Covid 19 and result in a reduction in the income?

The Corporate Director of Finance and Resources confirmed that there was a risk to income due to Covid 19; the situation was being closely monitored and the debtors' team were working closely with property services to support tenants and provide them with payment options.

- A Member asked that consideration be given to the best options for plant and vehicle replacement to meet the climate strategy obligations.

The Corporate Director of Finance and Resources clarified that the assumption in the budget was for like for like replacement, however, each asset was considered individually at the time of replacement, and alternative options were considered including electric vehicles and lease options.

- A Member felt that the key considerations for shaping the budget were appropriate under the current circumstances and sought reassurance the impact of Covid 19 was part of the consideration given to the deliverability of the current capital programme.

The Finance, Governance and Resources Portfolio Holder assured the Panel that the capital programme was reviewed annually, the current programme of works would not be affected by the impact of Covid 19 however this would continue to be monitored.

- A Member commented that the Covid 19 pandemic had highlighted the need for the Council to invest in its ICT and asked for confirmation that this would be a priority for the Executive and Senior Management Team.

The Corporate Director of Finance and Resources reported that the Council was in the process of appointing a new Head of Digital and Technology whose role would be to update and refresh the Council's ICT Strategy. The Strategy would come through the democratic process and would be scrutinised by the Panel.

RESOLVED – That the Panel had considered and commented upon the draft Capital Investment Strategy 2021/22 – 2025/26 (RD.08/20).

BTSP.35/20 DRAFT ASSET MANAGEMENT PLAN 2021 TO 2026

The Corporate Director of Governance and Regulatory Services presented report GD.32/20 which set out the revisions to the Asset Management Plan which had been updated to reflect key issues and changes affecting the management and use of the City's property resources. The Plan also reported on the current position and performance of the portfolio, and the Asset Disposal Programme.

The Executive had considered the Draft Asset Management Plan 2021 to 2026 at their meeting on 20 July 2020 (Minute Excerpt EX.71/20 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Asset Management Plan Members raised the following comments and questions:

- Green spaces supported the City Council's priorities for health and wellbeing and climate change; were they included in the Asset Management Plan?

The Property Services Manager agreed that green spaces were important and clarified that they were a key part of the Council's portfolio and were considered operational to provide services.

- How was the performance of Council property monitored?

The Property Services Manager reminded the Panel that Chancerygate managed Kingstown Industrial Estate and property assets; they produced annual Key Performance Indicators for their performance.

- What were the plans for the Newman School site when the Sands Centre redevelopment was complete?

The Property Services Manager reported that originally portacabins were going to be used to provide leisure services for GLL, an opportunity had presented itself to utilise the Newman School building. This resulted in a cost saving, the refurbishment of a building that was flood damaged and a legacy project. The Council had the lease for the building which would return to the Diocese with the aspiration that it remained in the education sector. Plans for its future use would not be finalised until the Sands Centre was nearly complete and the building was no longer required by the Council.

- Had work been undertaken to seize any opportunities that may come forward from Brexit?

The Property Services Manager that the situation was being closely monitored for opportunities for the Council.

- The last property survey had taken place in 2018, would depreciation have affected the value of the properties?

The Property Services Manager explained that the condition surveys were undertaken every five years, this was a reasonable timescale to allow the Council to plan and budget for required maintenance work as well as give flexibility for reactive repairs.

- Had Covid 19 impacted the programme of repairs to assets?

The Property Services Manager confirmed that the programme had been delayed primarily due to issues within the supply chain for materials, contracts and in-house staff being unavailable, this was expected to continue for some time.

- What were the options for the development of the Morton District Centre?

The Property Services Manager responded that the site had been allocated as a local district centre and employment site. Development work on the future of the site would not progress until the route for the Southern Relief Road had been finalised due to the impact it would have on the site.

- A Member sought clarification with and an update on the assets which had been identified for disposal with significant issues.

The Corporate Director of Governance and Regulatory Services explained that the assets were varied and been acquired over a number of years, the issues were not necessarily regarding the condition of a property but were legal issues that needed addressed prior to disposal.

The Property Services Manager added that the lull in the market allowed the Council to progress with the due diligence work in order that when the market conditions improved the Council could proceed with disposals immediately.

- Considering the need to become more commercial would it be beneficial to refresh the Asset Review Business Plan to maximise the use of the assets to support a commercialisation policy moving forward.

The Corporate Director of Governance and Regulatory Service responded that the 2011 Asset Review Business Plan set the parameters which the Council would work within and the three categories that assets would be considered: investment, economic development and operational. However, it was continuously being reviewed alongside the Asset Disposal Programme and any opportunities which presented themselves to the Council.

- A Member asked for an update on the rent reviews.

The Property Services Manager assured the Panel that the rent reviews were moving forward as planned. He set out the issues that the Council faced when carrying out rent reviews and the reason for delays.

RESOLVED - That the Panel had considered and commented upon the draft Asset Management Plan 2021 to 2026 (GD.33/20).

BTSP.36/20 EMPLOYEE OPINION SURVEY 2020

The Corporate Director of Finance and Resources presented the results of the Employee Opinion Survey which had received 264 responses in February 2020(RD.16/20).

A pulse survey had also been undertaken in May to gather employee opinion on working from home, anxiety, equipment and support from the Council. The results had been positive and

there had been good comments regarding IT equipment and the ability to work from home and deliver services for the Council.

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

- A Member noted the increase in popularity of the Chief Executive's briefings and asked if this could be further developed.

The Town Clerk and Chief Executive commented that there needed to be more briefings, more recently the last round of briefings had been held via Teams and had been successful.

- Referring to the question 'what do you like about working for Carlisle City Council?', there was some concern that the flexi time scheme and colleagues/friendliness had significantly reduced since 2018.

The Corporate Director of Finance and Resources agreed that the flexitime system had historically been a benefit to staff and more work would be required to understand the change in its importance to staff.

The Town Clerk and Chief Executive noted that the same question had an increase in social aspects and therefore the question could be clarified in future surveys. He was very pleased to see that the culture of the Council had become important to staff and he thanked managers and supervisors for helping to promote a positive culture. He also highlighted that 90.7% of the responses rated the Council as good employer, this was a tremendous achievement given all the difficulties faced by local government.

- The Panel asked that the information be drilled down into Directorates to get a better understanding of where the responses were coming from and what some of the barriers may be for Directorates not responding.

The Corporate Director of Finance and Resources assured the Panel that paper copies were available and that the responses were confidential. The Council had tried to send the Covid 19 Pulse survey out via text, it had been unsuccessful, however, this would be an area that would be further explored for the 2022 survey.

- Only 81.3% of responses stated that they had the tools and resources needed to do their job, was there any further information on which Directorate may not have the required resources and tools and what was missing. It was essential that the Council led the way as an employer and ensured that all staff had everything they needed to do their job properly.

The Policy and Performance Officer agreed to drill down into the information and comments submitted and provide the Panel with a written response.

The Town Clerk and Chief Executive commented that the Council had taken swift action at the start of lockdown to provide all staff with the appropriate equipment. Primarily this had been laptops to work from home, unfortunately, many employers and organisations were doing the same and there was a delay in procuring some equipment. He felt most people interpreted the question as budget related; staff wanted to see more resources in public services and internally those resources available had to be directed to the Council's priorities, this could leave some services feeling as though they did not have the required resources.

RESOLVED – 1) That the Panel had scrutinised the results of the Employee Opinion Survey 2020.(RD.16/20)

2) That the Policy and Performance Officer provide the Panel with further information on the Directorates, tools and resources which were lacking and reasons why staff felt they did not have the tools and resources needed to do their job.

The Policy and Performance Officer submitted the end of year 2019/20 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 2019/20 Key Performance Indicators and a summary of exceptions were also included.

In considering the report a Member noted that the Peer Challenge Review had stated that some of the reports being scrutinised were not of value as they did not drive change in the Council, he asked how relevant the performance report was in changing a policy in an area that might be falling behind.

The Town Clerk and Chief Executive acknowledged the recommendations in the Peer Challenge Review Challenge and confirmed that the performance report was one area that needed to be addressed. An action plan, based on the Peer Challenge recommendations, was being prepared and would be brought to the Panel in due course.

RESOLVED – That the End of Year Performance Report 2019/20, PC.11/20, be noted.

The Town Clerk and Chief Executive presented an update of corporate projects being undertaken in the Council, along with a summary of the standalone IT projects and the internal audit report of Project Management (CE.03/20).

In considering the update report a Member asked for further information with regard to the request to close the Discover England Fund year two and the project activity that had been delivered. The Town Clerk and Chief Executive agreed to supply the Panel with a written response.

The Panel raised concerns that there had not been any projects team meetings in ICT since 2019 and that there was a lack of corporate buy in for ICT solutions.

The Town Clerk and Chief Executive clarified that he held team meetings fortnightly with IT Services and this may not have been included in the audit report. The Council was in the process of recruiting a new Head of Digital and Technology whose role would be to drive and manage business change in conjunction with the relevant service managers to deliver more corporate ICT solutions.

RESOLVED – 1) That the Corporate Project Status Report, CE.03/20, be noted.

2) That the Town Clerk and Chief Executive provide the Panel with further information with regard to the request to close the Discover England Fund year two and the project activity that had been delivered.

The Policy and Communications Manager presented report OS.13/20 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

RESOLVED – That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel be noted (OS.13/20).

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 numbers (as indicated in brackets against the minutes) of Part 1 of Schedule 12A of the 1972 Local Government Act.

**BTSP.41/20 ASSET MANAGEMENT OF KINGSTOWN INDUSTRIAL ESTATE AND
PARKHOUSE BUSINESS PARK**
(Public and Press excluded by virtue of Paragraph 3)

The Property Services Manager submitted an update on progress with the implementation of the business plan for Kingstown Industrial Estate and Parkhouse Business Park (GD.34/20).

In scrutinising the report, the Panel discussed the investment with Chancerygate including their fee, key performance indicators as set out in the report and the use of their expertise in other projects and developments. The also Panel considered future opportunities in the area and the potential impact of the southern relief road to Kingstown Industrial Estate as well as discussing the tenants and progress for the Gateway 44 project.

RESOLVED – That the update on the Asset Management of Kingstown Industrial Estate and Parkhouse Business Park be noted (GD.34/20).

(The meeting ended at 6.14pm)