



Business & Transformation Scrutiny Panel

Date: Thursday, 26 August 2021 **Time:** 16:04

Venue: Council Chamber

Chair: Councillor James Bainbridge

Present: Councillors Allison, Bainbridge, Mrs Bowman, Ms Ellis-Williams, Mrs Mitchell, Mitchelson, Sunter and Dr Tickner

Apologies for Absence: Councillor Alcroft

Also Present: Councillor Ellis, Finance, Governance and Resources Portfolio Holder
Corporate Director of Governance and Regulatory Services
Corporate Director of Finance and Resources
Health and Wellbeing Manager
Arts Development Officer
HR Manager
Policy and Communications Manager
Overview and Scrutiny Officer

BTSP.56/21 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Alcroft (substituted by Councillor Ms Ellis-Williams), the Town Clerk and Chief Executive and the Deputy Chief Executive.

BTSP.57/21 DECLARATIONS OF INTEREST

No declarations of interest were submitted.

BTSP.58/21 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.59/21 MINUTES OF PREVIOUS MEETINGS

RESOLVED – 1) It was noted that Council, at its meeting on 20 July 2021, received and adopted the minutes of the meetings held on 1 April and 2 June 2021. The Chair signed the minutes.

2) That the minutes of the meeting held on 15 July 2021 be agreed as a correct record.

BTSP.60/21 AGENDA

RESOLVED – That agenda item B.1 be considered as the first item on the agenda.

BTSP.61/21 PUBLIC AND PRESS

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

BTSP.62/21 CALL IN OF DECISION

(Public and Press excluded by virtue of Paragraph 3)

Councillors Dr Tickner, Sunter and Ms Ellis-Williams Called-in for Scrutiny Executive Decision EX.78/21 – Outcome of Old Fire Station Tender. The reasons given for the Call-in were:

The decision, which was made by the Executive on 2nd August 2021 report number CS.28/21, was to select Greystone Developments Ltd as the preferred supplier and to proceed to agree terms for and enter into, a lease for the premises. The lease would include a Service Agreement requiring the operator to run the Old Fire Station (OFS) for the purpose and in the manner required by the City Council.

The purpose of calling in the decision was to enable Overview and Scrutiny to scrutinise the decision and then, if concerned, refer it back to Executive or on to Council.

The grounds for calling in the decision was because there was concern around the business case and the belief that the decision would not lead to an efficient use of public resources and assets.

Councillor Dr Tickner was nominated as Lead Call-in Member, he began by thanking officers for providing the additional information that he had requested and taking the time to answer his questions. Despite seeking further information he had remained unsatisfied with the outcome of the tender.

He stated that the business plan had been the predominant reason for the call-in. The business plan had not contained any costing against activities and the costings were not supported by experience or detail. He had also been very concerned regarding the low tender scoring.

He felt that the proposed review period for the lease of 3 and 6 year was too long to wait should the business fail. He supported the appointment of a local provider but did not believe that Greystone Development Ltd understood Carlisle and the local need. The business had experience in sales and property development but not in operating a diverse hospitality venue such as the OFS.

Councillor Dr Tickner summed up by commenting that he believed more due diligence was required especially with the business plan.

Councillor Ms Ellis-Williams supported Councillor Dr Tickner's comments that the business plan was vague, and she felt it did not offer a unique selling point. She had concerns that some of the proposed events clashed with similar events already being offered in the town centre, she also felt that the events did not give an identity to the OFS or what Greystone Developments Ltd hoped the venue would be.

She was not opposed to the venue being externally operated, however, she was very concerned with the low scoring criteria and questioned how robust the business plan and the figures contained in it were. She did not have confidence that Greystone Developments Ltd could run and manage the venue.

Councillor Ms Ellis-Williams wanted more details to prove that the company was the right fit for the venue, if they were not she suggested that City Council officers maintained the venue until an appropriate proposal came forward to run the OFS as an arts and culture venue.

The Finance Governance and Resources Portfolio Holder responded to the call-in. He commented that he had made similar points when the Council initially began the OFS project.

He had felt the Council had no business plan, the budget had been indicative, and it had increased significantly. The Portfolio Holder at the time had said the Old Fire Station would be cost neutral but this had not happened.

It had taken approximately 3 years to get to reach this point and previous tender processes had been unsuccessful, he agreed the tender should not be rushed but consideration also had to be given to the scheduled events and reputational damage to the Council should they be cancelled because the City Council did not have the staff to operate the venue. The Executive were confident that Greystone Developments Ltd would be able to run the OFS with the vision to get people back into the venue and get the OFS operational and successful.

The Health and Wellbeing Manager responded to some issue raised by the call-in Members:

- officers had initially felt that some of details in the plan had been overambitious, as a result the Heads of Terms had determined that the income to the Council would not be predicated on the income of the venue;
- there were clauses within the legal agreement which allowed the City Council to terminate the contract should Greystone Developments Ltd not deliver on the requirements of the service level agreement or fail with their business, the Council did not have to wait until the 3 year review;
- Greystone Developments Ltd had been working with promoters to secure a full calendar of events from October.

The Arts Development Officer commented that initially he had not been confident in the tender, however, on meeting the individuals he had been impressed with their passion for the business and was pleased to learn they had already held discussions with promoters to secure 68 events taking the schedule up to 2023. He felt the company was ready to run the OFS and that Carlisle needed a local venue. He added that the company wanted the venue for the community and to be inclusive, he summed up by stating that the Council could not make the venue a success in the same way Greystone Developments Ltd could.

The Corporate Director of Finance and Resources outlined the net cost of running the OFS and detailed the proposed saving should the contract be awarded. The contract was not a profit share contract, the Council would be a leaseholder and as a result the business plan was not analysed fully by finance. She stated that the main issue was to ensure that there were sufficient funds in the company to deliver financial liability to the Council which were the lease payments.

In considering the Call-in, Members raised the following comments and questions:

- A Member had been concerned by the company finances and the impact on the subsidy that the Council provided to the venue. He felt he could not support the appointment of the contract to Greystone Developments Ltd.
- What had been the tender scoring of the previous tender for the venue?

The Health and Wellbeing Manager responded that each tender was considered individually based on the requirements set by the Council for the tender at that time.

A Member then asked what score the City Council would have received when it began the project and the Arts Development Officer responded that the score would have been very low as the project had been a very steep learning curve for all involved.

- Were there any incidences where the Council had considered a business plan as part of a lease agreement?

The Corporate Director of Finance and Resources confirmed that there had been one previous project, that she could recall, where the business case had been considered due to the financial support the Council provided to operate the service. She added that usually business plans were not considered when it is a lease, referring to the OFS she clarified that the business plan was asked for as part of the tender process to provide clarity on the activities which would be undertaken at the venue.

- Had the Council received any profit as a result of the previous profit share arrangements?

The Health and Wellbeing Manager gave an overview of the previous arrangements and confirmed that there had not been any profits delivered.

A Member reminded the Panel that the subject of the call-in had been the current tender and did not feel it was appropriate to discuss previous tenders.

- A Member asked for clarification regarding the other businesses that tendered.

The Health and Wellbeing Manager gave an overview of the process and the reasons the other tenders had not moved forward.

- A Member asked for clarification with regard to the income the City Council would receive.

The Health and Wellbeing Manager confirmed that the income would come from the lease only.

- What would be the impact of the tender not being awarded?

The Arts Development Officer highlighted the will in the City for the venue to reopen, if the tender did not go ahead the venue would remain closed and would leave a gap in the market.

The Health and Wellbeing Manager added that, should the tender not be awarded, the Council would work to try and meet the obligations of the events scheduled in September / October, however, there was no staff to operate the venue and it would be costly to the Council to run the events.

- Was the move to online ticket sales important to the future of the venue?

The Arts Development Officer confirmed that most venues had an online based ticket service. The OFS had an online presence and sold physical tickets previously, however the majority of ticket sales were online. There would still be an opportunity to buy tickets at the door through the online portal, it was a much more efficient modern way to sell tickets.

The Corporate Director of Governance and Regulatory Services clarified the risk to the Council stating that legally the relationship was landlord / tenant. The financial risk was loss of rent, however, there was a reputational risk which needed to be considered if the venue did not open or if the business failed.

Councillor Ms Ellis-Williams reiterated the reason for the call-in. She acknowledged what had been said about the enthusiasm of the proposed operator noting that the 68 acts had not been confirmed. She also felt that an online only booking system could cause some people to be disadvantaged as it was not practical for everyone. She felt that the tender had been rushed and questioned what would happen if the tender did not go forward.

- How would the clause to end the lease agreement be activated?

The Health and Wellbeing Manager outlined the provisions in the Service Level Agreement which would allow the Council to end the contract.

The Property Services Manager informed the Panel that he had also had reservations with regard to the proposals, but he had since been reassured that the contract protected the Council and its asset. The Council did not have the staff or resources to operate the venue, if the tender did not move forward the venue would remain closed.

- A Member suggested a short trial period to allow Greystone developments Ltd time to demonstrate its ability to make the OFS a successful business.

The Health and Wellbeing Manager responded that the Service Level Agreement included performance management arrangements to deal with any issues that may arise.

The Finance, Governance and Resources Portfolio Holder understood the concern regarding the risk of success and suggested that some of the savings were placed into a reserve for the OFS.

- What would the Council lose if the tender was referred back to the Executive?

The Arts Development Officer explained that should the venue not open, events would have to be cancelled and this would risk the Council's reputation with promoters as they may not come back to the venue.

The Finance, Governance and Resources Portfolio Holder highlighted the appetite for live events in the area. There was a demand for the venue to reopen; the Council had mitigated the risk where possible and he asked the Scrutiny Panel to consider the risk to the authority of doing nothing.

The Lead Call-in Member summed up the Call-in by highlighting the proposed operator's business background and finances. He felt that the business plan relied on the support of City Council officers and did not have evidence to support the figures stated. He felt that the proposed operators were not experienced enough to successfully run the venue.

A Member proposed, and it was seconded, that the matter not be referred back to the Executive, in which case the decision would take effect from the date of this meeting.

A Member proposed, and it was seconded, that the matter be referred to Full Council.

Following voting it was

RESOLVED – That the Business and Transformation Scrutiny Panel not refer the decision back to the Executive, the decision shall take effect from the date of this meeting.

The Panel adjourned at 17.28 and reconvened at 17.35.

BTSP.63/21 DRAFT MEDIUM TERM FINANCIAL PLAN 2022/23 to 2026/27

The Corporate Director of Finance and Resources presented the Medium Term Financial Plan (RD.28/21) which set out the current framework for planning and managing the Council's financial resources, to develop its annual budget strategy and update 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 MTFP would inform the budget

process and would be updated for changes when known.

The Corporate Director of Finance and Resources reported that the Council had been notified of the outcome of the proposed Local Government Reorganisation (LGR) in Cumbria. The draft MTFP and Capital Investment Strategy had both been prepared based on the Council in its existing form and structure as a going concern for the next five years. However, the decision announced that, subject to Parliamentary approval, two new unitary authorities would replace the current local government structure in Cumbria from 1 April 2023. The Council needed to approve a revenue budget, council tax requirement and a capital investment programme for 2022/23. Therefore, the financial plans beyond that date were for illustrative purposes only and would fall under the responsibility of the new Authority.

The Executive had considered the matter at their meeting on 2 August 2021 (EX.65/21 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Medium Term Financial Plan (MTFP) 2022/23 to 2026/27 Members raised the following comments and questions:

- Was the reduction in overall funding from Business Rates of £1,800,000 for 2022/23 secure?

The Corporate Director of Finance and Resources clarified that the reduction detailed within the report was an assumption pending notification and implications of revised retentions scheme, pooling arrangements and baseline reset.

- What work was being undertaken with the other authorities to co-ordinate financial policy in preparation for the LGR?

The Corporate Director of Finance and Resources explained that the Cumbria Finance Officers were meeting weekly, and a detailed data collection exercise was underway as a basis for the work needed for the LGR.

- When would the Tullie House Levelling Up application outcome be announced?

The Corporate Director of Finance and Resources responded that the announcement was expected in the autumn.

- There was some concern that the Council Tax Reduction Scheme (CTRS) would be significantly impacted due to Covid-19, would this Scheme continue?

The Corporate Director of Finance and Resources reminded the Panel that the Scheme was considered and agreed annually as part of the Council budget process.

RESOLVED – That the Panel had considered and commented upon the draft Medium Term Financial Plan 2022/23 TO 2026/27 (RD.28/21).

BTSP.64/21 DRAFT CAPITAL INVESTMENT STRATEGY 2022/23 – 2026/27

The Corporate Director of Finance and Resources submitted the Council's draft Capital Investment Strategy which was intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2022/23 to 2026/27 (RD.29/21). The guidance in the strategy complements and supplements the Medium-Term Financial Plan.

The Corporate Director of Finance and Resources highlighted the key messages as detailed in

section 2 of the report, which included the announcement on the Local Government Reorganisation.

The Executive had considered the Draft Capital Investment Strategy 2022/23 - 2026/27 at their meeting on 2 August 2021 (Minute Excerpt EX.66/21 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Capital Investment Strategy Members raised the following comments and questions:

- The current asset portfolio supported operational and non-operational activities; how confident could the Council be that the income could be relied on given the current downturn in retail.

The Corporate Director of Finance and Resources responded that the projections had been reduced previously and work would be undertaken with Property Services to determine how realistic the projections were now and what budget pressures there could be as a result of the current economic situation.

The Finance, Governance and Resources Portfolio Holder reminded the Panel that although high street retail was struggling the Industrial Estates were performing well and were more robust. The Property Services Manager agreed that the large Industrial Estate portfolio, which included Gateway 44, were performing well as out of town retail continued to be successful.

RESOLVED – That the Panel had considered and commented upon the draft Capital Investment Strategy 2022/23 - 2026/27 (RD.29/21).

BTSP.65/21 DRAFT ASSET MANAGEMENT PLAN 2022 TO 2027

The Property Services Manager presented the draft Asset Management Plan 2022 to 2027 which was being updated to reflect the key issues and changes affecting the management and use of the City's property resources (GD.54/21). The Plan also reported on the current position and performance of the Portfolio, and the Asset Disposal Programme.

The Property Services Manager was delighted to report that the Gateway 44 project had been completed on time, under budget and was fully let out. Given the circumstances of the last 18 months this had been an excellent achievement for the Property Services Team.

The Executive had considered the Draft Asset Management Plan 2022 to 2027 at their meeting on 2 August 2021 (Minute Excerpt EX.67/21 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:

- Chancerygate had successfully carried out many rent reviews, would their contract be renewed?

The Property Services Manager acknowledged the work that Chancerygate had carried out in securing evidence for the rent reviews and added that the five-year contract with Chancerygate would end in October. Discussions were taking place to determine the best options moving forward.

- The Pools had been removed from the outstanding maintenance programme due to the impending closure, did this include the Victorian pools and health suite?

The Property Services Manager confirmed that all of the pools and health suite were excluded from the programme at this time. However, the Borderlands project included work to identify what repairs were necessary to the buildings, when the work was finished the Victorian pools and health suite would be incorporated back into the maintenance programme.

- Who was leading on the work to understand the energy consumption across the Council's portfolio and the assessment of the carbon footprint and when would the baseline be ready?

The Property Services Manager explained that a team of people with a variety of knowledge and skills were working to establish a baseline as well as trying to secure funding to support the work. It was hoped that the baseline would be established by the end of the financial year.

- A Member sought confirmation that removal of the older, poorly functioning assets such as the Pools was with regard to just the 1970s pool.

The Property Services Manager confirmed that the removal was the actual swimming pool element which would be transferred to the Sands Centre as a modern facility.

- When would the feasibility study which had been undertaken on the health suite be available so Members could understand the implications of the recommendations?

The Chair informed the Panel that the Economic Growth Scrutiny Panel were scheduled to scrutinise the report at their meeting on 21 October 2021.

- Were the rent reviews up to date?

The Property services Manager explained that the rent reviews would be an ongoing project each year. Evidence had to be gathered to support any reviews, Chancerygate had been very good at providing open market evidence to support reviews but the process took some time.

RESOLVED - That the Panel had considered and commented upon the draft Asset Management Plan 2022 to 2027 (GD.54/21).

BTSP.66/21 EXTERNAL AUDIT REPORT ACTION PLAN AND RECOMMENDATIONS FOLLOW UP

The Corporate Director of Finance and Resources reported that the Audit Committee had considered the External Audit Report for Carlisle City Council at its meeting on 20 May 2021 (AUC.17/21 refers). The Audit Committee referred the matter to the Panel for information and ongoing monitoring.

RESOLVED – That the Panel noted the progress on implementation of the recommendations in the External Findings Report for 2019/20 (RD.35/21)

BTSP.67/21 SICKNESS ABSENCE REPORT QUARTER 1 2021/22

The HR Manager presented the authority's sickness absence levels for the period April 2021/22 and other sickness absence information (RD.30/21).

The HR Manager 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 so far in 2021/22 there had been an increase in overall days lost per employee compared to the

same period in the previous year. The report set out comparison data, trends, sickness absence reasons and an update on return to work interviews. The HR Manager gave an overview of the key activities which the City Council undertook to support attendance management.

The HR Manager reported that the direct impact of the Covid-19 pandemic on absenteeism had been monitored since the first national restrictions were announced in 2020. The majority of staff had been able to work from home or had been redeployed into other roles. For clarity, in the few cases when staff had been unable to work for non-sickness related reasons, the days had not been included in the totals. The table at section 4.3 of the report showed how the reasons for sickness absences had changed since pre-pandemic along with a detailed explanation of the changes.

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

- How would it be recorded if a member of staff was advised to self-isolate by NHS Track and Trace?

The HR Manager responded that it would not be classified as a sickness absence unless the individual became ill. If an individual was absent whilst waiting on test results, they also would only be recorded as an absence if they became ill. The HR Manager confirmed that short term COVID related absence was not generally included when considering triggers for sickness absence reviews for employees.

- When would the work of the Task and Finish Group be implemented?

The HR Manager reported that the Attendance Management Policy would be submitted to the Employment Panel on 14 September for their approval.

- One directorate had a very high absence level under 'stress, depression, mental health, fatigue symptoms', how was this being addressed?

The HR Manager acknowledged the issue and outlined the work being carried out to address the issue. A culture review was being carried out alongside more proactive absence management. She added that the Council had a duty of care as an employer to support those on long term sick to return to work and a proactive and supportive approach is being taken. An Action Plan had been established for each employee currently on long term absence with a view to support them in a sustained return to work at the earliest opportunity and it was anticipated that this approach would reduce the overall figures by the end of quarter 3.

RESOLVED – That the Panel had scrutinised the information on sickness absence provided in report RD.30/21.

BTSP.68/21 QUARTER 1 PERFORMANCE REPORT 2021/22

The Policy and Communications Manager submitted the Quarter 1 2021/22 performance against the current Service Standards and a summary of the Carlisle Plan 2021-23 actions as defined in the draft Plan. Performance against the Panel's 2021/22 Key Performance Indicators (KPIs) were also included. (PC.33/21)

The Policy and Communications Manager highlighted the changes to the report as a result of the Performance Reporting Task and Finish Group and drew the Panel's attention to the summary of exceptions and the explanation for each missed target.

In considering the performance a Member noted that some of the targets had not been changed

for some time and asked if work was carried out to assess the performance related to the targets. The Policy and Communications Manager reminded the Panel that some of the targets had been stretched in recent years and teams did meet to discuss targets and working practices. He suggested that the Panel may find it useful to identify some of the information in the individual targets.

RESOLVED -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.33/21).

BTSP.69/21 OVERVIEW REPORT

The Overview and Scrutiny Officer presented report OS.21/21 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

The Overview and Scrutiny Officer reported that the Health and Wellbeing Scrutiny Panel had met on 22 July and discussed the Future Scrutiny Arrangements Task and Finish Group. The Panel resolved "That the Future Scrutiny Arrangements Task and Finish Group should not progress. That no changes be made to the scrutiny arrangements for the final year as the City Council".

The Panel discussed the matter, some Members agreed that the Task and Finish Group should not go ahead, and some felt that the work would not take long and should be progressed.

The Overview and Scrutiny Officer suggested that the Scrutiny Chairs Group meet to discuss how to progress the matter.

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.21/21).

2) That the Scrutiny Chairs Group meet at the earliest convenience to discuss how the Future Arrangements Task and Finish Group should be progressed.

The Meeting ended at: 18.54