

# Economy and Business Improvement Overview and Scrutiny Committee

Monday, 29th November, 2010  
6.00 - 7.50 pm

Attendees	
<b>Councillors:</b>	Malcolm Stennett (Chairman), Garth Barnes, Nigel Britter (In place of Pat Thornton), Tim Cooper, Peter Jeffries, Paul Massey, Paul McLain, Lloyd Surgenor and Andrew Wall
<b>Co-optees:</b>	
<b>Also in attendance:</b>	Councillor Colin Hay, Councillor Steve Jordan and Councillor John Webster

## Minutes

### 1. APOLOGIES

Apologies were received from Councillor Pat Thornton and the committee wished her well following her recent operation.

### 2. DECLARATIONS OF INTEREST

None received.

### 3. MINUTES OF THE LAST MEETING

The minutes of the meeting of 20 September 2010 were agreed as a correct record.

### 4. PUBLIC QUESTIONS AND PETITIONS

None received.

### 5. MATTERS REFERRED TO COMMITTEE

No matters were referred to Committee.

### 6. BRIEFING FROM CABINET MEMBERS

Leader

Regarding Local Enterprise Partnerships, he advised that the status of the Gloucestershire/Swindon/Wiltshire bid was currently amber. He understood that the county council had received some government advice on how the bid could be improved. Consequently the bid was still ongoing.

He informed members that the Inward Investment Group had been working with Kraft but the company now had processes in place for supporting its staff so no further work from the group was needed. The group were focusing on the barriers to inward investment, some of which could be accidental barriers such as restrictions imposed by conservation regulations. A meeting had been

arranged for January between officers and businesses to discuss this matter. The group was also looking at marketing. In order to make best use of limited resources the strategy was to target potential businesses who may be interested in investing in Cheltenham using existing contacts. Although Gloucestershire First would continue to support the Inward Investment Group, it was originally set up as a temporary group and therefore a meeting had been arranged in January to review its future role.

In response to a comment from the chair at the last meeting regarding the involvement of manufacturing industries, he advised that Spirax had been invited to join the Business Partnership but he was informed at the meeting that they had declined.

In response to a question from a member, he advised that the Inward Investment Group were not in a position to offer any financial incentives to businesses but they relied on emphasising the attractions of the town. There may be funding which could be accessed at a county level and any bids would be co-ordinated by Gloucestershire First or the local enterprise partnership once it was set up.

The Leader shared the concern of a member that companies could be deterred by planning regulations and more flexibility might be needed. However decisions must be the remit of Planning and the Planning Committee.

Cabinet Member Corporate Services

Regarding Strategic Commissioning, he advised that a key issue was agreeing how members wished to be engaged in the project going forward. The section 4 report would be going to Council in December and if the new arrangements were supported there would be a need for subsequent decisions to be scrutinised.

## **7. CHELTENHAM FESTIVALS SCRUTINY WORKING GROUP**

The chair welcomed Councillor Duncan Smith to the meeting, and invited him to introduce the report as chairman of the working group.

Councillor Smith explained that the Cheltenham Festivals Joint Working Group (CFJWG) had been formed 18 months prior and members had included Councillors Smith and Hay (previously Rawson) from Social and Community and Councillors Barnes and Surgenor (previously Hutton) from Economy and Business Improvement, Overview and Scrutiny Committees.

He stressed the importance of Cheltenham Festivals to the town and that they are a valuable partner for the Council. The Festivals aim was to become a sustainable independent organisation which was less reliant on public funding.

The initial meetings of the group had focussed on the tender exercise for a new Box Office system at the Town Hall. Despite considerable efforts from everybody involved, the Festivals had decided to purchase their own box office system with a potential financial loss to the council of £70,000 largely due to lost commission on ticket sales. The Festivals had opted for a system which would provide a platform for their expansion in future years but was too expensive and offered far more facilities than the council needed.

Members had examined the three year business plan for the festivals and challenged various assumptions. They had concluded that the issues raised were answered satisfactorily and the plan was sustainable. Cheltenham Festivals were confident that their projections were realistic.

A number of key issues were identified that needed to be resolved urgently in order to allow progress (item 3.7 of the report).

The Chairman referred members to the six recommendations of the CFJWG, noting that recommendation 5 was put forward as a request from Cheltenham Festivals rather than a recommendation of the Working Group. In response to a question about the likely impact on the business plan if the council funding was reduced earlier, he advised that the business plan was structured on the assumption that the Festivals would be in a position to access Arts Council funding and funding from other agencies in 2012. For this to be achieved the Festivals would need to demonstrate a credible balance sheet and this is why the Festivals considered that the renewal of the council funding was critical at this stage.

Several members raised concerns that it was not acceptable to bind Cabinet to agreeing the funding outside of the budget debate. In response the chairman of the working group advised that section 5.6 of the report circulated had since been amended to give clarity to this matter and would now read as follows:

“Consequently the Review Group ask that Cabinet consider delaying any reduction to the grant until 2012 as part of the budget setting process, following a request by Cheltenham Festivals.”

A member asked for clarification on the legal status of Cheltenham Festivals. He also questioned why the Festivals were requesting an extension of their grant if the business plan was sustainable. Regarding the risk assessment he questioned why there was any risk for the council if the Festivals were an independent organisation.

In response the chairman of the working group advised that Cheltenham Festivals was a company limited by guarantee with charitable status. It had no legal connection with the council but the council had a Service Level Agreement in respect of the funding provided.

With regards to the risk assessment, the chairman of the working group suggested that the public may view Cheltenham Festivals as part of the council and certainly if the festivals failed then there would be public demand for the council to step in. The working group had felt it was important to minimise the risk to the council but not to underestimate them. The working group were satisfied that the business plan was sustainable and aimed for a break even point in 2011. Continuation of the council funding was important to the Festivals in 2011 as this would be a critical year. They had also been assured by the Festivals that any part of the Festival programme which was not sustainable would cease.

A member raised the issue of the use of Imperial Gardens and Montpelier Gardens and asked for an explanation of the working groups thinking behind this recommendation. Other members raised concerns on behalf of local residents and visitors coming to the towns to use the parks. Cheltenham in Bloom also needed clarification on future plans.

In response, the chairman of the working group, said that some festival events were selling out in hours and there was potential for some events to attract more than 3000 people if a suitable venue was available. The Festivals had tried the racecourse and considered Pittville Park but were now looking for a marquee in Montpelier Gardens to hold these larger events. There was a risk that the Festivals would look outside Cheltenham for alternative bigger venues with a consequent impact on the economy of Cheltenham. Officers were currently in discussions with local residents and friends groups to develop a strategy on the use of the gardens.

In response to a question about the scrutiny of the Service Level Agreement, Councillor Walklett advised that he had been a member of the small working group responsible for this. They had talked with Cheltenham Festivals and examined the paperwork in some detail and were satisfied that the Festivals had fulfilled their objectives and indeed commended them for the progress they had made. They did have some reservations about some of their future plans and these were noted.

The Chairman moved to consider the recommendations. He suggested that although the committee were happy to endorse the recommendations, there was the opportunity to ask Cabinet to take note of the comments from this meeting particularly with regard to the need for sensitivity and public consultation regarding the future use of the Gardens.

**RESOLVED THAT the recommendations of the Joint Overview and Scrutiny Festivals Working Group as set out in the report be endorsed and they be recommended to Cabinet (subject to the amendment of paragraph 5.6 in the report) and that Cabinet note the comments made at this meeting when considering the recommendations.**

## **8. PERFORMANCE MONITORING**

The policy and performance manager introduced his report which had been circulated with the agenda. The report had come to this committee to enable them to review the corporate performance of the organisation at the end of Quarter 2 – April to September 2010 and to make any comments and observations in order that Cabinet can agree the report at its meeting on 7 December.

Members raised various questions on the presentation of the information in the report. For example some outcomes were reported as green even though some of the milestones and indicators were not on target and members wanted to know what criteria were used for making this judgement. It was also important that they could trust that the overall status was correct. They also commented that there was too much information and at previous meetings they had requested an exception report.

The Assistant Chief Executive explained that the Senior Leadership Team played an important role in challenging the information in this report and agreed to take back the points raised.

**RESOLVED THAT:**

- 1. The Q2 performance be noted**

**Future reports be presented in a exception format with sufficient information to enable members to challenge where targets were not being met.**

**9. CORPORATE RISK REGISTER**

The Assistant Chief Executive introduced the report which had been circulated with the agenda. The council had acknowledged that members need to be aware of the corporate risks which may impact on the council and the decisions it takes. The risk register had been updated by the Senior Leadership Team in November and set out progress against mitigating actions. Members were asked to consider the document before it went to Cabinet on 7 December 2010 and identify any additional risks or actions to be brought to Cabinet's attention.

A member commented that the risk register as presented did not highlight the exceptions. This committee should be focusing on the risks where the mitigating actions are below target and asking why this was the case.

The Assistant Chief Executive agreed to take this on board and in future would provide an exception report showing movements and attach the full corporate risk register as an appendix.

**RESOLVED THAT:**

- 1. The Corporate Risk Register be noted.**
- 2. Future reports be presented on an exception basis with the corporate risk register as an appendix.**

**10. BUDGET CONSULTATION**

The Chairman welcomed the Cabinet Member Finance and Community Development and the Group Accountant Martyn Scull, Group Accountant to the meeting.

The Cabinet Member introduced the report which had been circulated with the agenda. The report explained that during summer 2010 additional budget consultation was undertaken. This consisted of 21 road shows in various venues across the town. Residents were asked to use sticky dots to identify services they thought should be 'protected', 'reduced' and 'stopped' and during this process over 21,000 sticky dots were used. Residents found it easier to mark services to protect and reduce but much more difficult to mark those to stop. Officers and Members had been able to answer most of the questions raised by residents. "Back office" costs had been included in all of the costs shown as it was impossible to run services without them.

This was not a scientific exercise but did engage the public. The two appendices showed the results from this consultation, ranked in order, one in chart form and one in a table with figures.

The budget gap was £2.6million and he was now seeking the views of this committee on how the council should save money.

A member asked the Cabinet Member for his assessment of the current operational efficiency level of the council. In his view, this is where any

commercial business would be looking to make savings. The Cabinet Member considered that the council was very efficient and in the order of 85%. By drilling down into individual departments and using approaches such as systems thinking, there was the potential to drive further efficiency savings and this must be a matter for ongoing review. However he stressed that the current budget would be 'close to the bone' and therefore there would be less scope for cuts in the future.

Members raised some concerns about the importance that the Cabinet would give to the results of the public consultation. With very little narrative given to the public, the views expressed were subjective and the nature of the consultation meant that they were self selecting.

In response the Cabinet Member acknowledged that the council would get better at consultation. He stressed that the public had welcomed the opportunity to be consulted and the value of the consultation had been to highlight areas which needed to be looked at in more detail. The Council could then consider these with their additional awareness of priorities.

A member highlighted that changes in legislation regarding strategic planning and building control could enable the council to charge more for its services.

In response to a question from a member about the reliance on Strategic Commissioning to bridge the budget gap, the Cabinet Member confirmed that the medium-term financial strategy relied on the commissioning approach to drive down costs in finding new and appropriate ways to deliver services.

The chair concluded that the committee had mixed feelings about the value of the consultation but overall he thought it was a useful marketing exercise. He pointed out that the areas highlighted in the budget consultation for stopping or reducing services would only make a small contribution to the budget gap and therefore the council must be looking to reduce staffing costs and improve efficiency. At this stage the committee had no information on this to comment any further.

A member suggested that more effective scrutiny of the budget could be carried out if they received a quarterly update report. This was already produced for Cabinet.

**RESOLVED THAT the committee receive a quarterly budget monitoring report in the future**

## **11. DATE OF NEXT MEETING AND FUTURE AGENDA ITEMS**

The date of the next meeting was 24 January 2011 and the scrutiny workplan was noted.

Malcolm Stennett  
**Chairman**