

# AGENDA

## Executive

**Monday, 11 February 2019 AT 16:00**  
**In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG**

### **Apologies for Absence**

To receive apologies for absence.

### **Declarations of Interest**

Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

### **Public and Press**

To agree that the items of business within Part A of the agenda should be dealt with in public and that the items of business within Part B of the agenda should be dealt with in private.

## **PART A**

### **To be considered when the Public and Press are present**

#### **A.1 ST CUTHBERT'S GARDEN VILLAGE, KEY NEXT STEPS 5 - 20**

(Key Decision - KD.03/19)

The Corporate Director of Economic Development to submit a report updating the Executive on the progress of the planning and delivery of St Cuthbert's Garden Village. The Economic Growth Scrutiny Panel scrutinised the matter on 17 January 2019.

(Copy Report ED.06/19 herewith / Minute Excerpt to follow)

Background Papers - Reports ED.17/17 to the Executive (St Cuthbert's Garden Village) and ED.02/19 to the Economic Growth Scrutiny Panel (St Cuthbert's Garden Village Progress Update) are available on the Council's website - <http://cmis.carlisle.gov.uk/cmis/>

## **A.2 NOTICE OF EXECUTIVE KEY DECISIONS**

**21 - 28**

(Non Key Decision)

The Notice of Executive Key Decisions, published on 11 January 2019, is submitted for information.

- Key Decision (KD.01/19) - Old Fire Station Lease: The Deputy Chief Executive is not in a position to report at this time and the matter is therefore deferred.
- Key Decision (KD.04/19) - North Pennines AONB Management Plan 2019-2024: subsequent to publication of the Notice, it was decided that the Management Plan should be referred directly to the Economic Growth Scrutiny Panel for consideration prior to submission to the Executive

(Copy Notice herewith)

## **A.3 SCHEDULE OF DECISIONS TAKEN BY OFFICERS**

**29 - 30**

(Non Key Decision)

A Schedule detailing decisions taken by Officers under delegated powers is attached for information.

(Copy Schedule herewith)

Background Papers - as detailed within the Schedule

## **A.4 JOINT MANAGEMENT TEAM**

**31 - 32**

(Non Key Decision)

The Minutes of the meeting of the Joint Management Team held on 16 January 2019 are submitted for information.

(Copy Minutes herewith)

**A.5 REVENUE BUDGET OVERVIEW AND MONITORING REPORT - 33 - 54**  
**APRIL TO DECEMBER 2018**

(Non Key Decision)

The Corporate Director of Finance and Resources to submit a report providing an overview of the Council's overall budgetary position for the period April to December 2018 for revenue schemes only.

(Copy Report RD.35/18 herewith)

**A.6 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT - 55 - 70**  
**APRIL TO DECEMBER 2018**

(Non Key Decision)

The Corporate Director of Finance and Resources to submit a report providing an overview of the budgetary position of the City Council's capital programme for the period April to December 2018.

(Copy Report RD.36/18 herewith)

**A.7 TREASURY MANAGEMENT OCTOBER - DECEMBER 2018 71 - 84**

(Non Key Decision)

The Corporate Director of Finance and Resources to submit the regular quarterly report on Treasury Transactions, including the requirements of the Prudential Code.

(Copy Report RD.37/18 herewith)

**PART B**

**To be considered when the Public and Press are excluded from the meeting**

## **B.1 LAND AND PROPERTY TRANSACTION - PARKHOUSE INDUSTRIAL ESTATE**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **Members of the Executive**

Councillor C W Glover (Leader)

Councillor Dr L Tickner (Deputy Leader, and Finance, Governance and Resources Portfolio Holder)

Councillor Ms A Quilter (Culture, Heritage and Leisure Portfolio Holder)

Councillor Miss L B Sherriff (Communities, Health and Wellbeing Portfolio Holder)

Councillor C J Southward (Environment and Transport Portfolio Holder)

Councillor A Glendinning (Economy, Enterprise and Housing Portfolio Holder)

### **Enquiries to:**

Morag Durham - Tel: (01228) 817036 or  
[Morag.Durham@carlisle.gov.uk](mailto:Morag.Durham@carlisle.gov.uk)

### **Notes to Members:**

Decisions made at this meeting, if not subject to call-in, will normally become live on 21 February 2019

## Executive

**Agenda  
Item:**

**A.1**

Meeting Date: 11 February 2019  
Portfolio: Economy, Enterprise and Housing  
Key Decision: Yes (Ref: 03/19)  
Within Policy and Budget Framework No  
Public / Private Public

Title: St Cuthbert's Garden Village, Key Next Steps  
Report of: Corporate Director of Economic Development  
Report Number: ED 06/19

### Purpose / Summary:

To update Executive on the progress of the planning and delivery of St Cuthbert's Garden Village, and to secure agreement to proceed with the key next steps in advancing the project.

### Recommendations:

Executive is asked to:

1. note progress on the project including key achievements across 2018; and
2. approve the proposed next steps and hence indicative work packages for advancing the St Cuthbert's Garden Village project, including proposed indicative funding profile, set out at Section 4, subject to confirmation of the Capacity Funding bid.

### Tracking

Scrutiny:	17 January 2019
Executive:	11 February 2019

## **1. BACKGROUND**

- 1.1** St Cuthbert's Garden Village (SCGV) has its origins in the adopted Carlisle District Local Plan 2015 – 2030, which identifies land to the south of the City (referred to as Carlisle South via Policy SP 3) for growth for a major mixed-use development focussed on housing. The project was accepted into the Government's Garden Villages, Towns and Cities Programme in January 2017. With the potential to develop up to 10,325 new homes, alongside new employment opportunities and a wide range of supporting community infrastructure, SCGV is the most northerly and the largest of the current garden villages nationally.
- 1.2** Project governance was established back in May 2017 (Exec Rpt ED 17/17), at which point four key project strands were identified comprised of Masterplanning; Plan Making; Carlisle Southern Link Road; and Delivery. The Governance arrangements, which include a now well established cross-party Members' Advisory Group, have proved robust and continue to provide a solid foundation for the project moving forward.
- 1.3** Good progress has been made to date in advancing the project, underpinned by robust and ongoing public and stakeholder engagement. Progress has been aided by a series of successful capacity funding bids via the Government's Garden Villages programme, with £548K secured and utilised to date. At the time of writing a decision on capacity funding for 2018/19 is still awaited.
- 1.4** The project including its governance arrangements continues to be consistently highlighted by Homes England as best practice who equally continue to identify it as amongst the highest performing in the garden village programme.

## **2. PROGRESS ACROSS 2018**

- 2.1** Significant progress was made across 2018 with highlights including:
- Formal public facing launch of the project including dedicated website in January;
  - Inaugural public consultation in January through to March with the principle of a Garden Village at St Cuthbert's and the benefits it could bring to Carlisle very positively received;
  - Local Plan Making Regulation 18 consultation fulfilled in January, through which the intention to prepare a St Cuthbert's Local Plan was given including its draft scope;
  - Innovation workshops on healthy environments, low carbon and economy hosted in March;

- £275K capacity funding secured – joint highest in the programme for 2017/18;
- Extensive review of land ownership completed and contact with all landowners made including direct engagement with key landowners;
- Developer and Land Agent Briefing session at Carlisle Racecourse in April;
- Preferred route for the Carlisle Southern Link Road announced by Cumbria County Council in June, following sustained joint working and full alignment between both the CSLR and SCGV projects;
- Scoping and Visioning Consultation Feedback Document published in June;
- Public consultation on Stage 1 Masterplanning Draft Vision and Concept Options across the summer;
  - Feedback document recently published (Jan 2019);
- Bid for 2018/19 Garden Village Capacity Funding submitted in July;
- Housing Infrastructure Funding Bid seeking £102m towards delivery of the Carlisle Southern Link Road submitted in September by Cumbria County Council following joint working on preparation of bid, one of only four to make first submission date;
- Housing Market Demand and Capacity Assessment commissioned and completed, providing evidence on long term housing need and demand, economic projections and potential future delivery rates;
- Heritage appraisal of Brisco completed, culminating with recommendation to designate as a conservation area;
- Landscape Visual Impact Assessment commissioned and completed;
- Receipt in December of final draft report on Stage 1 Masterplanning for review;
- Procurement of Stage 2 Masterplanning commenced November
  - Evaluation of initial bids completed (December) with four consultancies shortlisted and invited for further dialogue prior to submission of full tender;
- Engagement in national garden village forum including visits to Ebbsfleet, Bicester and Bournville to observe best practice first hand; and
- Member visit to Buckshaw Urban Village, Chorley.

**2.2** The project has been positively received by a wide range of stakeholders including the general public. It has attracted a large amount of interest and succeeded in securing a previously unprecedented scale of participation. The work undertaken across 2018 therefore presents a solid foundation from which to move in to the more detailed planning stages across 2019.

### **3. KEY NEXT STEPS**

#### **3.1 Masterplanning**

- 3.2** Stage 1 masterplanning has focussed on concept proposals and a vision for SCGV with receipt of Gillespie's final report now awaited. This first stage of masterplanning has been subject to robust, extensive and innovative engagement efforts, far exceeding the minimum requirements set out in the Council's Statement of Community Involvement. Consultation documents have been prepared which detail the full extent of these efforts and feedback on the key issues raised.
- 3.3** Procurement of Stage 2 Masterplanning has now commenced and remains on track to see consultants appointed by 22<sup>nd</sup> February 2019. Once in place, consultants will work to develop a Masterplan Framework for St Cuthbert's, taking forward the Vision and Concept work already completed and providing the technical detail that will inform and support the preparation of a development plan document for SCGV. This will include the identification and selection of site allocations and land use designations as well as detailed strategic drainage, movement and green infrastructure frameworks. Council officers, with support from the Members' Advisory Group, would in parallel lead on the drafting of associated planning policies needed to support implementation of the masterplan.
- 3.4** Stage 2 Masterplanning will follow a broadly five-stage process, starting at the initial inception and ranging through to the finalisation of the completed Masterplan Framework. The key milestones and hence indicative programme for the work is set out at Appendix 1. The intended key deliverables from the work are set out at Appendix 2.
- 3.5** The timely progression of Stage 2 Masterplanning will be critical to the advancement of the overall project given the large number of interdependences between this and other parallel work streams.
- 3.6 Plan Making**
- 3.7** The Council has always committed to preparing a separate Development Plan Document for SCGV to be known as the St Cuthbert's Garden Village Local Plan. This reflects recognition of the need for a robust planning framework given the scale of development and the ambitions for quality not least given garden village status.
- 3.8** The core of the SCGV Local Plan will be the masterplan and hence there is a clear interdependency between these two project strands. As the outputs of Stage 2 Masterplanning emerge across 2019, this will in turn identify the need for and enable a suite of accompanying policies to be drafted. The aim is to consult on an updated scope of the SCGV Local Plan in Spring of 2019 with consultation on a draft preferred



options version of the Local Plan in late 2019, aligned with consultation on the draft masterplan framework.

- 3.9** It is proposed to update the Council's Local Development Scheme (LDS), a statutory document which must be used to give the public an indication of the timescales across which planning documents are to be prepared, to reflect modest slippage in the currently published programme, which envisaged adoption of the Plan in early 2020. The updated timescales will however be dependent on a number of factors over which certainty is still awaited including a decision on the Carlisle Southern Link Road Housing Infrastructure Bid and 2018/19 Garden Village Capacity Funding.
- 3.10** To ensure a transparent approach to plan making, there is a need to publish a number of recently completed evidence-base studies including the heritage work on Brisco and the Housing Market Demand and Capacity Assessment, which will be added to the SCGV website with the opportunity taken to brief the Members' Advisory Group and Parish Councils in advance. An update of affordable housing need across the District is also in the process of being commissioned, with the outputs of this work directly helping to inform affordable housing policies likely to feature within the SCGV Local Plan.
- 3.11** It will also be necessary to continue to advance Sustainability Appraisal work and that related to a Habitat Regulations Assessment, as part of the plan making process, to ensure that statutory requirements are fulfilled. Additional technical expertise will be required to support this work with a brief currently being prepared in advance of a need to appoint from April.
- 3.12 Carlisle Southern Link Road**
- 3.13** To realise the full scale and ambition of SCGV, and to improve strategic connectivity between east and west Carlisle (and Cumbria), a new link road connecting Junction 42 of the M6 and the A595 is proposed. This route has been given priority within the Cumbria Infrastructure Plan and has received endorsement as part of Transport for the North's Strategic Local Connectivity Workstream. An application was submitted to Government in September 2018, seeking £102m of Housing Infrastructure Fund money, with an announcement around the outcome still awaited.
- 3.14** Should funding be forthcoming, construction of the CSLR would commence in 2021 with completion and opening in 2023. A continuation of seamless joint working between the two projects will be required as the detailed design for the road is finalised, prior to the submission of a planning application for the road in late 2019. This reflects a need to ensure that the detailed design is informed from a placemaking

perspective particularly at a number of critical points where the route directly interfaces with planned garden village development.

- 3.15** In the event the live HIF bid is unsuccessful, planning of SCGV should continue to be progressed with a greater immediate priority on understanding how development could be phased whilst alternative funding for the CSLR is sought. This reflects that the south of the City remains the only viable option for the longer term strategic growth of the City, and that there are clear advantages of such growth being plan led.

### **3.16 Delivery**

- 3.17** As a Garden Village, there is unanimous recognition and national expectation that St Cuthbert's should be a unique and high-quality development, with three high level aims:

- The delivery of high quality homes and jobs needed in the area over the long term to enable the growth ambitions of Carlisle and the Borderlands;
- The comprehensive provision of infrastructure for transport and telecommunications, education, health, community and cultural infrastructure required to create sustainable communities; and
- Ensuring the creation of quality places including the conservation and enhancement of the natural and historic environment, including landscape, together with an effective long-term approach to local stewardship.

- 3.18** It is recognised that to implement these ambitions, in addition to a robust planning framework, there needs to be a dedicated focus on delivery, particularly for strategic infrastructure. There will be a need to review the various delivery options which could range from an entirely private sector led approach to a dedicated public sector led model, across 2019, with a desire to have identified a preferred approach towards the year end.

- 3.19** To support project delivery there is a need to secure additional technical expertise on viability, a brief for which is currently being prepared. The opportunity will be taken to also use this commission to assist the Council in progressing a District wide Community Infrastructure Levy (CIL), needed to help secure developer contributions to infrastructure such as the Carlisle Southern Link Road. This commission will also ensure that the emerging SCGV Local Plan has been viability tested, as required by National Policy, including for example with regards to the level of affordable housing sought.

- 3.20** Further technical expertise will also be required to support the next stages of landowner engagement with an intention to establish a series of landowner forums

and a Memorandum of Understanding as an initial basis on which to move proposals forward. Consultancy support will likely be needed to assist with this, including expert advice on delivery models.

- 3.21** Finally work has recently been commissioned to evaluate the economic and fiscal benefits of SCGV and the phasing of these across the anticipated build out period. This work is intended to aid work on the delivery strategy and to support any future business cases seeking additional funding.

#### **4. INDICATIVE WORK PROGRAMME AND FUNDING PROFILE**

- 4.1** Much of the work to date on the project has been funded utilising capacity funding secured from the national garden villages programme. A bid for £425,000 was submitted in June 2018, with this amount also including a potential contribution to ongoing feasibility work on the Carlisle Southern Link Road. The bidding process is competitive with a decision still awaited although believed to now be imminent. Informal feedback supports that the Council is likely to be in receipt of a similar amount to the 2017/18 award (c. £300K).

- 4.2** Table 1 below sets out key indicative work packages, including an indicative funding profile, for which the approval of Executive is sought.

<b>Work Package Description</b>	<b>Indicative Timescales</b>	<b>Indicative Cost and Funding Source</b>
Stage 2 Masterplanning	Feb 2019 through to Oct 2019	c. £182K (Capacity funding)
Viability Support to support the Community Infrastructure Levy, robustness of Stage 2 Masterplanning outputs and the viability assessment of the St Cuthbert's Garden Village Local Plan.	Mar 2019 through to Mar 2020	c. £80K (£30K existing and available budget commitment, with additional £50K drawing on capacity funding)
Sustainability Appraisal and Habitat Regulation Assessment Technical Expertise / Support to fulfil these statutory	Apr 2019 through to Mar 2020	c. £50K (MTFP 2019/20 Economic Projects Allocation)

obligations as part of the plan making process		
Land Owner Engagement and Delivery Strategy consultancy support	Apr 2019 through to Mar 2020	c. £50K (Capacity funding).
Additional Evidence Base Studies if identified as critical to supporting Stage 2 Masterplanning and ultimately the St Cuthbert's Garden Village Local Plan	Determined on a case by case basis.	Determined on a case by case basis and would draw on any residual capacity funding or be prioritised accordingly within the constraints of the 2019/20 MTFP economic projects allocation.
<b>Indicative Totals</b>		c.£282K Capacity Funding c.£50K draw on already approved 2019/20 MTFP Allocation c.£30K existing available budget.

- 4.3** The Council's Medium Term Financial Plan and budgeting for 2019/20 has identified that the Garden Village project is a key priority for the City with Council funding being allocated to supplement the Capacity Funding bids received and awaited. The above work would be prioritised and programmed accordingly within the constraints of the available budget once external capacity funding is confirmed. No work would be contracted until such time as there is certainty on the available budget.
- 4.4** The progression of the St Cuthbert's Local Plan would be driven by the Council's Local Plan's team and hence the available resources. The project will however continue to necessitate wider resources in the form of support from the Council's legal department and communications team. Resources available to the project will continue to be kept under review and additional resources re-allocated to or bid for if required.
- 4.5** Every endeavour will continue to be made to ensure that best value is achieved across all work packages and hence that the available budget goes as far as is needed.

## **5. CONSULTATION**

- 5.1** Progress to date has been underpinned by robust, extensive and innovative engagement with this having added clear value to the emerging draft and high-level proposals for SCGV. This has included public engagement, dialogue with key stakeholders including infrastructure providers, dialogue and facilitated sessions with the local Parish Councils and with Members including via the dedicated Member Advisory Group. Regular updates have also been provided at Scrutiny Panels with presentations also given to political groups upon request.
- 5.2** The next key stages of the project will continue to be subject to robust and extensive engagement building on the work done to date and evolving to reflect on lessons learnt. The Economic Growth Scrutiny Panel and the Members' Advisory Group are recognised as and continue to be used as valued sounding boards for helping to inform communication and engagement strategies, with input into proposed approaches genuinely aiding robustness. St Cuthbert's Without and Cummersdale Parish Councils will also continue to be engaged and afforded scope to add value to work.
- 5.3** The Economic Growth Scrutiny Panel considered an update report on SCGV at their meeting of 17<sup>th</sup> January 2019. The report set out key achievements to date as well as key next steps and the indicative work packages to progress the project, consistent with those set out in this report. The report was positively received, and the progress made to date welcomed. The Panel stressed the need to ensure wider Members remain informed of progress and engagement opportunities and resolved that an Informal Council meeting dedicated to St Cuthbert's would be beneficial.
- 5.4** The opportunity will be taken to update the SCGV website in early 2019 with recognition that this needs to be done more regularly in the future to more meaningfully inform the public and others of ongoing work as opposed to simply being a repository for completed work.
- 5.5** It was agreed at the last Members' Advisory Group that, owing to the pace of the project and volume of ongoing parallel activities, the introduction of highlight reports would prove helpful to keep Members better informed. It was also agreed that the opportunity should be taken in January to compile a future work programme for the Members' Advisory Group, not least to ensure adequate coverage across the key project strands and to aid the prioritisation of key tasks such as policy drafting and review.

- 5.6** Finally it should be noted that approval of a number of key stages of the Local Plan, within which the outputs of the emerging Stage 2 Masterplanning would be embedded, are reserved to Council, requiring ongoing formal consideration by both Executive and Scrutiny as part of this process.

## **6. RISKS**

- 6.1** A dedicated risk register is kept and regularly reviewed as part of the overall project management approach. The main risk continues to be centred on the continued availability of adequate resourcing (in terms of both staff time and budgetary provision) for undertaking the technical work and further engagement needed to maintain momentum and progress of each of the key project strands. Key to managing this will be the continued availability of Government capacity funding which will continue to be bid for.
- 6.2** The overriding risk is that a failure to plan for the growth of St Cuthbert's will result in growth occurring to the south of the city in a much more fragmented and incremental nature and not in alignment with the vision and principles established through Stage 1 Masterplanning. Such an approach would prejudice the delivery of the necessary infrastructure needed to support new communities; impact on the sustainability and overall quality of place; undermine strategic ambitions; and risk not delivering the mix of development needed nor at the pace required.
- 6.3** Finally, the timely delivery of the project may also be a condition of a successful HIF award for the Carlisle Southern Link Road given that the desired primary outputs of the investment are new homes as opposed to transport benefits.

## **7. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 7.1** Good progress continues to be made with both the planning and delivery aspects of St Cuthbert's Garden Village. With support to undertake Stage 2 Masterplanning being actively procured, a number of parallel key activities are proposed to commence with 2019 being a busy and critical stage in the evolution of the project.
- 7.2** Executive's approval for the indicative work packages and funding profile is required given the values involved and the need for transparency given the proposed expenditure of external grant funding. It also reflects that as a major corporate project that Executive are comfortable with both the progress of the project and the future direction of travel.

## **8. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

**8.1** St Cuthbert's Garden Village will have a significant influence in terms of shaping how Carlisle will grow and function long into the future. Accordingly, it will have a significant, direct and positive impact on a number of Carlisle Plan priorities including:

- *“supporting the growth of more high quality and sustainable business and employment opportunities”* – through identifying new sites for development and opportunities to better balance the local economy;
- *“addressing Carlisle’s current and future housing needs”* – through being the single largest development site and therefore contributor to supply across the latter stages of the current Local Plan period and much of the next one, including affordable and specialist housing;
- *“working more effectively with partners to achieve the City Council’s priorities”* – through recognition that the scale of the project requires the input, commitment and direct support of a wide array of stakeholders and partner agencies.

**Contact Officer:**            **Garry Legg**

**Ext:**    **7160**

**Appendices**                    ***Appendix 1 – Stage 2 Masterplanning: Key Milestones***  
**attached to report:**        ***Appendix 2 – Stage 2 Masterplanning: Intended Final Deliverables***

**Note:** in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **ED 17/17 Report to Executive – St Cuthbert’s Garden Village**
- **ED 02/19 Report to EGSP St Cuthbert’s Garden Village Progress Update**

#### **CORPORATE IMPLICATIONS:**

**LEGAL** – Ultimately, any resultant Development Plan Documents will need to be approved in accordance with Article 4 of the Constitution and the Budget and Policy Framework. Consultants and persons/companies delivering work packages will need to be procured in accordance with the Council’s Contract Procedure Rules and contracts properly documented as appropriate.

**FINANCE** – The Council’s Medium Term Financial Plan and budgeting for 2019/20 has identified that the Garden Village project is a key priority for the City with Council funding being allocated to supplement the Capacity Funding bids received and awaited. Further commitments have also been included in the proposed 2019/20 budget for future allocations towards the Carlisle Southern Link Road. The expenditure profile outlined at Section 4 will be subject to final confirmation of the Capacity Funding bid, the outcome of which is still

awaited. The proposed budget for 2019/20 and beyond includes income from developer contributions as outlined in paragraph 3.19 to support the financing of any future road funding required.

Procurement of contractors and consultants to support the delivery of the project is ongoing and any further procurement required to deliver additional aspects will be developed as and when required.

**EQUALITY** – The St Cuthbert's Garden Village Local Plan will be subject to an Equality Impact Assessment process at key stages of its preparation.

**INFORMATION GOVERNANCE** – No information governance implications.



## Appendix 1 – Stage 2 Masterplanning: Key Milestones

Masterplanning Milestones	Indicative Date	Associated Local Plan Milestone
Draft brief and sifting questions placed on The Chest	12.11.18	
Deadline for sifting question responses	12.12.18	
Shortlisted consultancies informed	21.12.18	
Clarification meeting for shortlisted bidders	07.01.19	
Deadline for full tender submissions	01.02.19	
Tender Interviews	11.02.19	
Intention to award	12.02.19	
Contract award	22.02.19	
Stage 0 – Inception Workshop	25.02.19	
Stage 1 Complete: Baseline Review	29.04.19	
Stage 2: Generating and testing options	20.05.19	
Stage 2a: Public Consultation of Masterplan Options/s	27.05.19 (6wks)	Local Plan Scope / Options Consultation
Stage 3: Produce Draft Masterplan Frameworks	05.08.19	
Stage 3: Public Consultation of Draft Masterplan Frameworks	02.09.19 (6 wks)	Local Plan Pre Submission Consultation
Stage 4: Sign off Final Masterplan Report	28.10.19	

## **Appendix 2 – Stage 2 Masterplanning: Intended Final Deliverables**

The following reporting outputs will be generated through the process:

### **Stage 0 Inception**

- Project Initiation Document

### **Stage 1 Baseline:**

- Desk Top Air Quality Assessment
- Archaeological Statement
- Infrastructure Assessment
- Desk Top Noise/Vibration Assessment
- Extended Phase 1 Ecology Assessment
- Transport Review
- Topographical data
- Phase 1 Geo-Environmental Report
- Outline Drainage and Flood Risk Assessment
- Greenspace Review
- Local Facilities Statement
- Energy and Waste Opportunities Review
- Consultation Strategy
- Baseline Report
- Presentation of Findings

### **Stage 2 Option Development and Testing**

- Options briefing paper
- Initial Options Report
- Post consultation Options Report
- Preferred Option Report
- Presentation of Findings

### **Stage 3 Draft Masterplan Framework**

- Draft Masterplan Framework
- Draft design guidance
- Draft Infrastructure schedule
- Report on Draft Masterplan Framework Consultation
- Draft requirements for planning policies to underpin the spatial decisions of the masterplan
- Presentation of Draft Masterplan Framework

#### **Stage 4 Final Masterplan Framework and Delivery Strategy**

- Final Masterplan Framework
- Final design guidance
- Final Infrastructure schedule
- Final requirements of planning policies and recommendations for CCC in drafting final policies
- Requirements for future planning strategy including any further design work and content of planning applications.





# **NOTICE OF EXECUTIVE KEY DECISIONS**

**11 JANUARY 2019**

## Notice of Key Decisions

This document provides information on the 'key decisions' to be taken by the Executive within the next 28 days. The Notice will be updated on a monthly basis and sets out:

- Details of the key decisions which are to be taken;
- Dates of the Executive meetings at which decisions will be taken;
- Details of who will be consulted and dates for consultation;
- Reports and background papers which will be considered during the decision making process;
- Details of who to contact if further information is required
- Details of where the document can be inspected
- Details of items which the public may be excluded from the meeting under regulation 4(2) and the reason why
- Details of documents relating to the decision which need not, because of regulation 20(3) be disclosed to the public and the reason why.

The dates on which each new Notice will be published are set below:

### Publication Dates

20 July 2018	12 October 2018	11 January 2019
17 August 2018	9 November 2018	8 February 2019
14 September 2018	18 December 2018	15 March 2019

Key decisions are taken by the City Council's Executive and these are usually open to the public. Agendas and reports and any other documents relevant to the decision which may be submitted can be viewed in the Customer Contact Centre at the Civic Centre, Carlisle or on the City Council's website ([www.carlisle.gov.uk](http://www.carlisle.gov.uk)). Agendas and reports are published one week ahead of the meeting.

A Key Decision is an Executive decision which is likely –

- (a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant\* having regard to the local authority's budget for the service or function to which the decision relates;
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.

\*significant expenditure or savings to the authority in excess of £70,000

The City Council's Executive Members are:

Councillor Glover –Leader  
Councillor Dr Tickner – Finance, Governance and Resources Portfolio Holder  
Councillor Ms Quilter – Culture, Heritage and Leisure Portfolio Holder  
Councillor Miss Sherriff – Communities, Health and Wellbeing Portfolio Holder  
Councillor Southward – Environment and Transport Portfolio Holder  
Councillor Glendinning – Economy, Enterprise and Housing Portfolio Holder

Should you wish to make any representations in relation to the items being held in private or If you require further information regarding this notice please contact Democratic Services on 01228 817039 or [committeeservices@carlisle.gov.uk](mailto:committeeservices@carlisle.gov.uk).

### **Index of Active Key Decisions**

		Date Decision to be considered:	Date Decision to be taken:
KD.01/19	Old Fire Station Lease		11 February 2019
KD.02/19	Land and Property Transactions - Parkhouse Industrial Estate		11 February 2019
KD.03/19	Planning of St Cuthbert's Garden Village		11 February 2019
KD.04/19	North Pennines AONB Management Plan 2019 - 2024	11 February 2019	11 March 2019

### **Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.01/19
Type of Decision:	Executive
Decision Title:	Old Fire Station Lease
Decision to be taken:	The Executive will be asked to consider the results of an options approval exercise for the future operation of the Old Fire Station.
Date Decision to be considered:	
Date Decision to be taken:	11 February 2019
Is the Decision Public or Private?:	The decision will be taken in private. The report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as the report contains exempt information relating to the financial or business affairs of any particular person (including the authority holding that information)
Documents submitted for consideration in relation to the Decision:	The report of the Deputy Chief Executive will be available five working days before the meeting
Contact Officer for this Decision:	Deputy Chief Executive, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Culture, Heritage and Leisure (Councillor Ms Quilter)
Relevant or Lead Overview and Scrutiny Panel:	Health and Wellbeing Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk).

Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.



### **Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.02/19
Type of Decision:	Executive
Decision Title:	Land and Property Transactions - Parkhouse Industrial Estate
Decision to be taken:	The Executive will be asked to approve the disposal of property at Parkhouse Industrial Estate.
Date Decision to be considered:	
Date Decision to be taken:	11 February 2019
Is the Decision Public or Private?:	The decision will be taken in private. The report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as the report contains exempt information relating to the financial or business affairs of any particular person (including the authority holding that information)
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director of Governance and Regulatory Services will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Governance and Regulatory Services, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Finance, Governance and Resources (Councillor Dr Tickner)
Relevant or Lead Overview and Scrutiny Panel:	Business and Transformation Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk).

Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.

### **Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.03/19
Type of Decision:	Executive
Decision Title:	Planning of St Cuthbert's Garden Village
Decision to be taken:	The Executive will be asked to approve progress with the next steps of the planning and delivery of St Cuthbert's Garden Village, including indicative funding profile for future activities.
Date Decision to be considered:	
Date Decision to be taken:	11 February 2019
Is the Decision Public or Private?:	The decision will be taken in public
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director of Economic Development will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Economic Development, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Economy, Enterprise and Housing (Councillor Mrs Glendinning)
Relevant or Lead Overview and Scrutiny Panel:	Economic Growth

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk).

Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.

### **Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.04/19
Type of Decision:	Executive
Decision Title:	North Pennines AONB Management Plan 2019 - 2024
Decision to be taken:	The Executive will be asked to consider the North Pennines AONB Management Plan 2019 - 2024 and refer to Council for adoption. This is a statutory duty under the Countryside and Rights of Way Act 2000
Date Decision to be considered:	11 February 2019
Date Decision to be taken:	11 March 2019
Is the Decision Public or Private?:	The decision will be taken in public.
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director of Economic Development will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Economic Development, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Economy, Enterprise and Housing (Councillor Mrs Glendinning)
Relevant or Lead Overview and Scrutiny Panel:	Economic Growth Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk).

Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.

Notice prepared by Councillor Colin Glover,  
Leader of Carlisle City Council

Date: 11 January 2019

## Officer Decisions

A.3

Below is a list of decisions taken by Officers of Carlisle City Council which they have classed as significant, full details and supporting background documents can be viewed on the Council's website: <http://cmis.carlisle.gov.uk/cmis/CouncilDecisions/OfficerDecisions.aspx>

Decision Ref No	Title:	Subject and Decision Taken:	Reports and Background Papers considered:	Date Decision Taken:
<b>Corporate Director of Finance and Resources</b>				
OD.03/19	Elected Member Training	Councillors Brown and Crawford to attend LGA Conference at Warwick Conferences, Coventry on 8-9 February 2019 at a cost of £60	None	20/12/2018
<b>Corporate Director of Finance and Resources</b>				
OD.04/19	Elected Member Training	Councillor Glover to attend LGA Labour Leaders Summit and LGA Labour Conference at Warwick Conferences, Coventry on 8-9 February 2019 at a cost of £30	None	20/12/2018
<b>Neighbourhood Services &amp; Enforcement Manager</b>				
OD.05/19	Management of car park tickets, cashless parking and penalty charge notices.	To proceed with the contract to provide administration services for the processing of Penalty Charge Notices and the cashless parking service.	None	14/01/2019
<b>Corporate Director of Governance and Regulatory Services</b>				
OD.06/19	Chancerygate development work - release of funds	To release the sum of £200,000 capital receipts earmarked for future developments at Kingstown Industrial Estate to help fund development expenditure incurred as part of the Chancerygate development projects.	RD.04/18	22/01/2019

Decision Ref No	Title:	Subject and Decision Taken:	Reports and Background Papers considered:	Date Decision Taken:
Corporate Director of Finance and Resources as S151 Officer of the authority				
OD.07/19	Council Tax Surplus 2019/20	<p>In accordance with section 2 (b) of the Council's Constitution Leader's Scheme of Delegation, the Corporate Director of Finance and Resources is required to estimate any surplus or deficit on the Collection Fund.</p> <p>That, after making the necessary calculations in accordance with Regulations, the estimated Council Tax Surplus for 2019/20 is estimated at £492,293 which will be shared proportionally with the main preceptors on the Collection Fund as follows:</p> <ul style="list-style-type: none"> <li>• Carlisle City Council - £61,921.05</li> <li>• Cumbria County Council - £366,363.58</li> <li>• Cumbria Police &amp; Crime Commissioner - £64,008.36</li> </ul>	Council Tax Surplus calculation spreadsheets 2019/20	17/01/2019
Corporate Director of Finance and Resources				
OD.08/19	Council Tax Base 2019/20	<p>In accordance with section 2 (a) of the Council's Constitution Responsibility for Council Functions, the Corporate Director of Finance and Resources is required to calculate the council tax base on an annual basis.</p> <p>That, after making the necessary calculations in accordance with Regulations, the estimated Council Tax Base for 2019/20 is set at 33,850.60. The proportion of this tax base due to the reduction of second homes discount is 184.17</p>	Council Tax Base calculation spreadsheets 2019/20	17/01/2019

**JOINT MANAGEMENT TEAM****Wednesday 16th January 2019****MINUTES**

<b>Present:</b>	Councillor C Glover (Chair), A Glendinning, C Southward, L Sherriff, L Tickner.  J Gooding, D Crossley, A Taylor, M Lambert, J Meek, S Robinson
<b>Apologies:</b>	A Quilter

<b>JMT – Minutes of Previous Meeting</b>	<b>Action</b>
The minutes of the previous meeting were agreed	
<b>City Centre Vitality &amp; Viability</b>	<b>Action</b>
SR gave a report on the City Centre Masterplan.	<b>SR</b>
<b>Future High Street Fund</b>	
SR gave a report on the opportunities to renew and reshape town centres	<b>JM</b>
<b>JMT Forward Plan</b>	
The forward plan was agreed	
<b>Notice of Executive Key Decisions</b>	
The Notice of Executive Key Decisions were agreed	





# Report to Executive

Agenda  
Item:

**A.5**

Meeting Date: 11 February 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:  
APRIL TO DECEMBER 2018  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 35/18

**Purpose / Summary:** This report provides an overview of the Council's overall budgetary position for the period April to December 2018 for revenue schemes only. The revenue report includes details of balance sheet management issues, bad debts written off in the period and progress against the transformation savings is also provided.

## Recommendations:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2018;
- (ii) Note the potential year end commitments as detailed in paragraph 3;
- (iii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iv) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A.

## Tracking

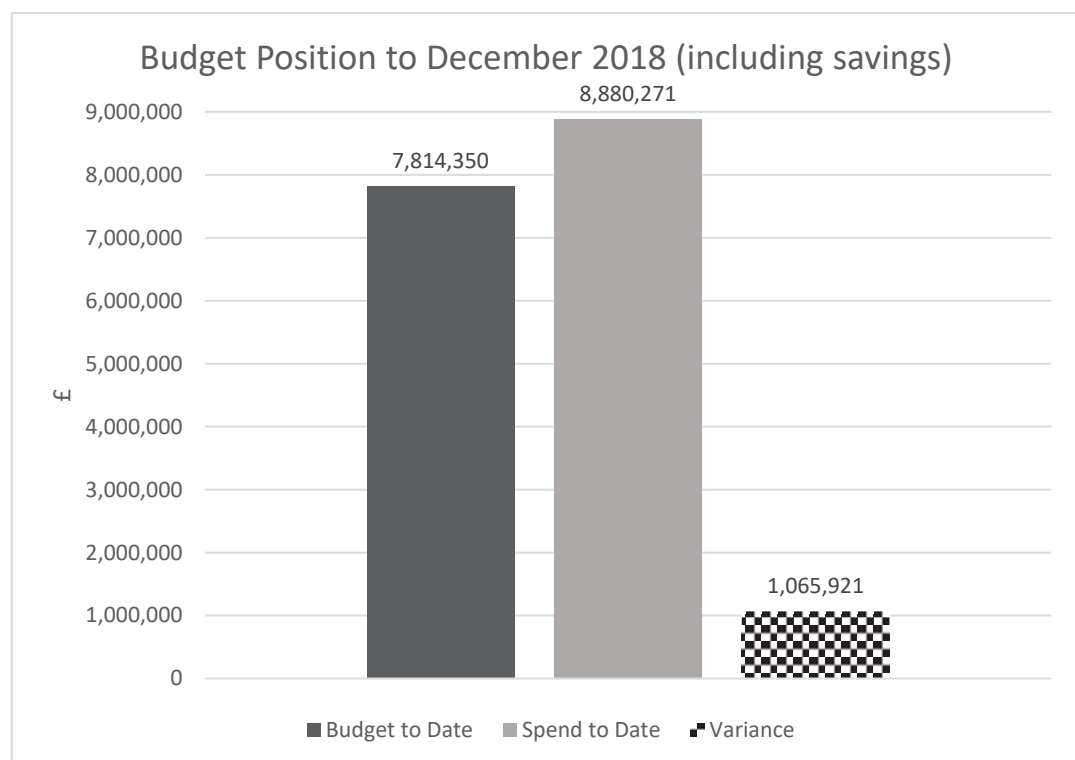
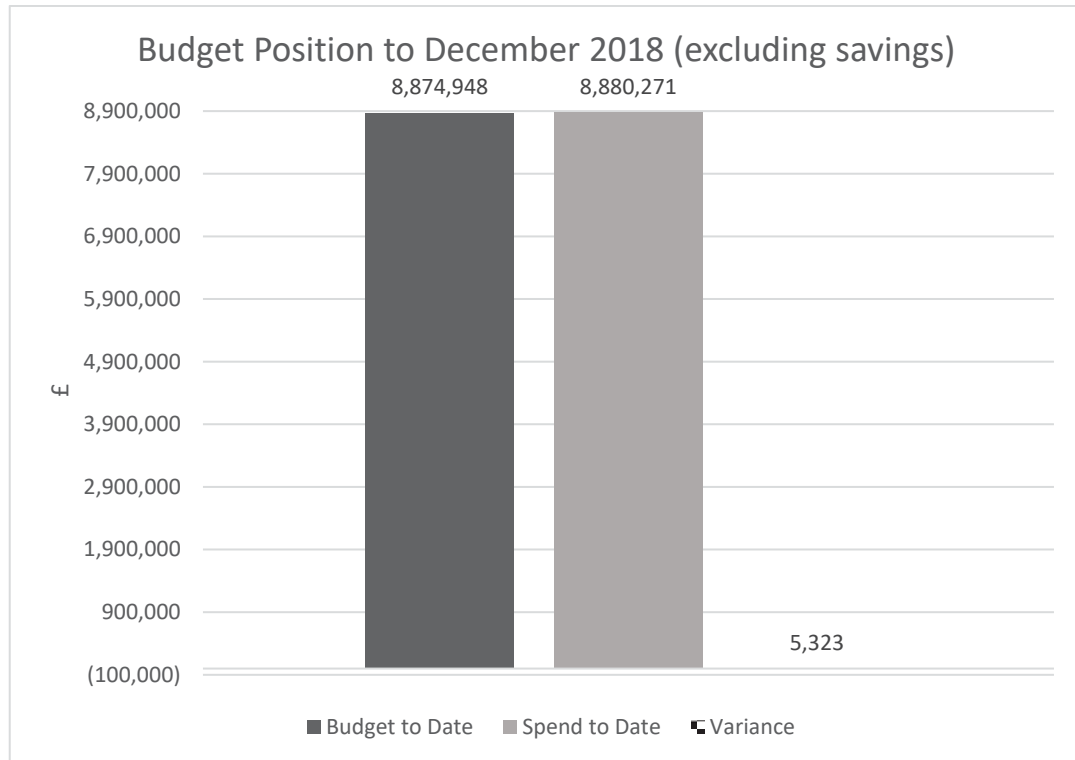
Executive:	<b>11 February 2019</b>
Scrutiny:	<b>14 February 2019</b>
Council:	<b>n/a</b>

## **1. BACKGROUND INFORMATION AND OPTIONS**

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. Further details of virements processed can be found in **Appendix A**. It is the responsibility of individual Chief Officers to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Please note that throughout this report:
- (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received,
  - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income,
  - (iii) the term 'overspend' includes both spending above budget and/or shortfall in income.

## 2. 2018/19 REVENUE BUDGET MONITORING

2.1 The budget position of the Council as at December 2018 is presented below:



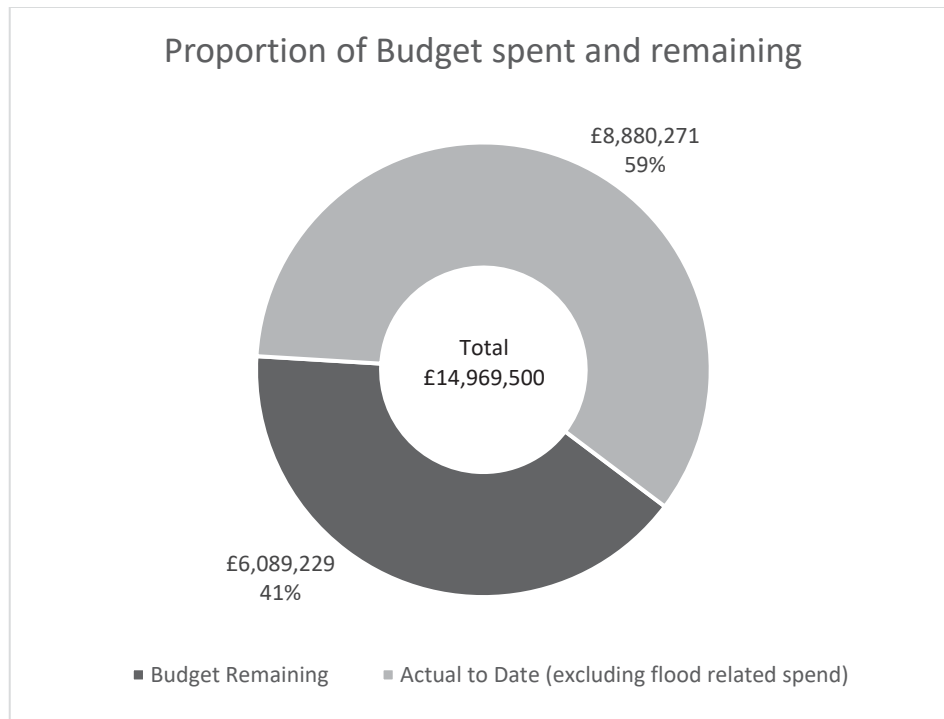
2.2 The summarised revenue budgetary position as at December 2018 is shown below:

		Original Budget £	Updated Budget £	Net Budget to Date £	Net Spend to Date £	Variance £
Community Services	B1	7,603,800	9,581,700	7,648,533	7,880,190	231,657
Corporate Support	B2	5,482,200	1,594,000	1,047,378	1,095,378	48,000
Economic Development	B3	889,100	1,814,400	1,474,587	1,544,918	70,331
Finance and Resources	B4	0	1,126,600	334,910	278,453	(56,457)
Governance & Regulatory Services	B5	254,900	893,400	430,508	356,398	(74,110)
Corporate Management	B6	(1,603,000)	(40,600)	(2,060,968)	(2,275,066)	(214,098)
<b>Service Expenditure</b>		<b>12,627,000</b>	<b>14,969,500</b>	<b>8,874,948</b>	<b>8,880,271</b>	<b>5,323</b>
Transformation & Base Budget Savings - <b>Note (i)</b>		(1,242,000)	(1,237,100)	(1,060,598)	0	1,060,598
<b>Service Expenditure</b>		<b>11,385,000</b>	<b>13,732,400</b>	<b>7,814,350</b>	<b>8,880,271</b>	<b>1,065,921</b>
Parish Precepts		613,100	613,100	613,100	612,818	(282)
<b>Total</b>		<b>11,998,100</b>	<b>14,345,500</b>	<b>8,427,450</b>	<b>9,493,089</b>	<b>1,065,639</b>
<b>Transfers to/(from) Reserves</b>						
Car Park Improvement Reserve		0	(106,600)			
Building Control Reserve		0	(34,900)			
Cremator Replacement Reserve		0	63,500			
Carry Forward Reserve		(235,000)	(328,000)			
Promoting Carlisle Reserve		0	(10,000)			
Revenue Grants Reserve		0	(847,800)			
General Fund Reserve		817,800	(543,000)			
Planning Services Reserve		0	90,300			
Prosecution Fund		0	(15,300)			
City Centre Reserve		0	(32,800)			
<b>Total Transfer to/(from) Reserves</b>		<b>582,800</b>	<b>(1,764,600)</b>	<b>1,012,710</b>	<b>348,658</b>	<b>(664,052)</b>
Financed by:						
Precept from Collection Fund		(7,600,700)	(7,600,700)	(5,700,525)	(5,700,482)	43
Business Rate Retention - <b>Note (i)</b>		(4,531,700)	(4,531,700)	(3,398,775)	(3,800,374)	(401,599)
Revenue Support Grant		(448,500)	(448,500)	(340,860)	(340,891)	(31)
<b>Total Grants</b>		<b>(12,580,900)</b>	<b>(12,580,900)</b>	<b>(9,440,160)</b>	<b>(9,841,747)</b>	<b>(401,587)</b>
<b>Total</b>		<b>(11,998,100)</b>	<b>(14,345,500)</b>	<b>(8,427,450)</b>	<b>(9,493,089)</b>	<b>(1,065,639)</b>

		Original Budget £	Updated Budget £	Net Budget to Date £	Net Spend to Date £	Variance £
Flood Expenditure (net)	B7	0	0	0	97,931	97,931
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>97,931</b>	<b>97,931</b>

Note (i) Please refer to paragraph 2.7

2.3 The amount of the overall budget spent by December is as follows:



2.4 Further details for each directorate can be found in **Appendices B1 – B7**. Each appendix shows a breakdown of the variances for the Directorate, with comments and a note of any performance issues. The main variances are also summarised in the table below with all identified income shortfalls and budget pressures currently funded from within the overall budget position.

Budget Area		Underspend £	Overspend £
Recycling & Waste Management Income	B1	0	99,450
Councillor's Small Scale Community Schemes	B1	(19,042)	0
Arts and Museums Contracts	B1	0	63,293
Green Spaces	B1	(29,546)	0
Garage Services	B1	0	63,774
Leisure contracts	B1	0	23,253
Business Interaction Centre	B3	0	64,032
Development Control Fee Income	B3	0	41,012
Minimum Revenue Provision	B4	(91,400)	0
Investment Interest	B4	0	38,788
Building and Facilities	B5	(79,851)	0
Homeless Accommodation Income	B5	0	121,547
Lanes Rent	B5	0	145,052
Dilapidations Settlement Castle Street	B5	(275,000)	0
Other Rental Properties Income	B5	0	51,159
Salary Turnover Savings	B6	(63,113)	0
General Inflation	B6	(84,000)	0

- 2.5 A subjective analysis of the summarised budgetary position excluding flood related items as at December is shown in **Appendix C**.
- 2.6 The following table shows the position as at December 2018 of savings achieved against the transformation savings targets to date.

Savings Target	Target (£)	Achieved (£)	(Overachieved) /Outstanding (£)
Up to & including 2016/17		(23,000)	23,000
Previous Year Target	795,000	395,000	400,000
Current Year Target	1,479,000	772,700	706,300
<b>Net Recurring Position</b>	<b>2,274,000</b>	<b>1,144,700</b>	<b>1,129,300</b>
Base Budget Review	403,000	295,200	107,800
<b>Net Recurring position 2018/19</b>	<b>2,677,000</b>	<b>1,439,900</b>	<b>1,237,100</b>
Approved from 2019/20 onwards	0	44,000	(44,000)
<b>Net Recurring position</b>	<b>2,677,000</b>	<b>1,483,900</b>	<b>1,193,100</b>

- 2.7 Based upon current projections, and as discussed further in this report at paragraph 4.3, the Council is expecting to benefit from Business Rate growth from being part of the Cumbria Business Rates Pool. The outturn position for 2018/19 is estimated to be £401,599 greater than the budgeted figure and will be used to support the savings target as detailed above. This has been incorporated into the revised budget for 2018/19 and was considered by Council on 5<sup>th</sup> February 2019. Savings of £772,700 have been achieved to date in respect of the target for the current year; from the leisure service grant, income associated with asset sales/rent reviews and from vacancy management.
- 2.8 The balance still to be achieved, including the balance from the base budget review, will continue to be monitored closely during the final quarter of the year. There may be a potential requirement to temporarily utilise reserves to fund any savings shortfalls; however, any overall underspend identified at the year-end will be used to offset the shortfall in savings in the first instance with a restriction placed on potential requests for carry forwards. A zero-base budget exercise, as part of the overall Savings Strategy, will also be required to fundamentally review all base budgets. This is a long process which could take 9-12 months to carry out properly.

### **3. FORECAST OUTTURN POSITION 2018/19**

3.1 The Council's financial position is affected by a number of external factors that have a financial impact during the course of the year and ultimately at the year end.

These include:

- The general effect of local economic activity on the Council's income streams e.g. car parking, tourism and leisure activities.
- Fuel prices, energy costs and other inflationary issues.
- The effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control.

3.2 The Council's financial position will continue to be closely monitored and will be reported fully at outturn. Some of the significant service and income variances estimated for the year end are set out below:

- Projected under achievement in investment income of £50,000.
- Projected underspend on Minimum Revenue Provision of £91,400.
- The annual deficit on the Lanes income is expected to be around £175,000.
- Projected over achievement of salary turnover savings of £80,000.
- Projected savings on inflation of £84,000.
- Projected overspend on payments to Tullie House Trust in relation to ICT Services of £62,200.
- Additional income of £275,000 from a dilapidations settlement at Castle Street.
- Net projected overspend position of around £70,000 at Business Interaction Centre.
- Projected shortfall in income from Recycling and Waste Management of around £150,000.
- Projected shortfall in Homeless Accommodation Income of around £160,000.
- Projected shortfall of around £60,000 from Development control income.
- Projected underspends from Direct Revenue financing due to capital projects not progressing namely Tennis Facilities Development (£94,000) and Business Interaction Centre (£134,300). Budgets may still be required should revised schemes come forward.
- A net overspend position of £124,400 at Market Hall in relation to finalised previous year head rent calculations.

3.3 Members are also asked to note that a full review of the profiling of budgets continue to be undertaken to allow better year end forecasting to be incorporated into the budget monitoring process.

3.4 Carry forward requests will be considered in line with the Council's Constitution as part of the year end process. However, as outlined above any underspends

identified at year end will be used in the first instance to cover the shortfall in the savings target.

#### **4. FUNDING**

- 4.1 The main sources of funding for the Council are Council Tax Income, Revenue Support Grant and Business Rates income. Council Tax income and Revenue Support Grant do not vary across the year from the amounts set at the budget, with any variation in Council Tax income received being adjusted for in the Collection Fund Surplus/Deficit calculation for the following year's budget.
- 4.2 Business Rates Income is largely prescribed by the amounts submitted to MHCLG on the NNDR1 form which estimates Business Rate Income for the year when calculated in January, however, there are two elements of this income that can vary throughout the year, namely, section 31 grants paid by government for business rates reliefs granted, and the levy and pooling calculations to the Cumbria Pool.
- 4.3 The current estimates of Business Rates income for the quarter to the end of December compared to initial estimates submitted in January are shown in **Appendix D**.

The figures show that based on current estimates, the Council may receive an extra £401,599 in business rates income over and above what it has budgeted for. However, this position could change throughout the year depending upon the performance of other authorities in the Cumbria Pool and the amount of reliefs granted during the year that are subject to Section 31 Grant reimbursement.

#### **5. BALANCE SHEET MANAGEMENT**

- 5.1 In line with CIPFA guidance and good practice, information relating to significant items on the Council's balance sheet is shown below. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis.

Balance Sheet item	Balance at 31/03/2018	Balance at Dec 2018	Note
Investments	£11.1m	£27.0m	(i)
Loans	£15.0m	£15.0m	(ii)
Debtors System	£1.05m	£1.31m	(iii)
Creditors System	£0.004m	£0.258m	

- (i) The anticipated annual return on these investments is estimated at £346,400 for 2018/19 with current forecasts anticipated to be below these projections.



Further details on the overall Treasury Management performance can be found elsewhere on the agenda.

- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,319,600 in 2018/19 with costs currently on target.
- (iii) There may be a significant impact on the cash flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax, NNDR, and Housing Benefit overpayments.
- (iv) The Council's VAT partial exemption calculation for the period ending December 2018 has been calculated and, at 3.18%, is well below the 5% limit set by HMRC. However, this will increase as expenditure is incurred on the capital programme especially on VAT exempt activities i.e. Civic Centre reinstatement.

## 6. BAD DEBT WRITE-OFFS

- 6.1 The Corporate Director of Finance and Resources has delegated authority for the write-off of outstanding debts for NNDR, Council Tax and Debtors (including Penalty Charge Notices). In accordance with this, the Executive is asked to note that debts totalling £171,923.01 have been written off during Quarter 3 to the end of December 2018. A summary of bad debts is given in Table 1 in **Appendix E** of this report and these costs will fall against the following:

	£
General Fund	5,817.13
Council Tax (Collection Fund)	14,923.34
NNDR	151,182.54
Total Write-offs	171,923.01

- 6.2 The "write-ons" itemised in Table 2 in **Appendix E**, totalling £2,697.17, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

	£
General Fund	123.37
Council Tax (Collection Fund)	2,530.58
NNDR	43.22
Total Write-ons	2,697.17

6.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts. However VAT, which has been identified separately, will be recouped in future VAT returns. Any write-off/write-on of Council Tax/NNDR will fall against the provisions within the Collection Fund. Any Council Tax court costs written off will be charged against the Bad Debt Provision within the General Fund.

6.4 At this stage of the year, the level of bad debts is broadly in line with expectations and at this level will be within the scope of the current provisions to fund the bad debts. However, this situation is continuously under review and any major deviations will be the subject of future reports.

## **7. RISKS**

7.1 The ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.

## **8. CONSULTATION**

8.1 Consultation to date.

SMT and JMT have considered the issues raised in this report.

8.2 Consultation Proposed

Business and Transformation Scrutiny Panel will consider the report on 14<sup>th</sup> February.

## **9. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

9.1 The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2018;
- (ii) Note the potential year end commitments as detailed in paragraph 3;
- (iii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iv) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A.

## **10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

10.1 The Council's revenue budget is set in accordance with the priorities of the Carlisle Plan and the position for the third quarter of 2018/19 shows the delivery of these priorities within budget.

**Contact Officer:** Emma Gillespie

**Ext:** 7289

**Appendices** A, B1 to B7, C to E.  
**attached to report:**

**Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:**

- **None**

**CORPORATE IMPLICATIONS:**

**LEGAL** – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the budget monitoring is part of this process.

**FINANCE** – Financial implications are contained within the main body of the report.

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

## REVENUE BUDGET MONITORING 2018/19

## VIREMENTS PROCESSED FOR PERIOD OCTOBER TO DECEMBER 2018

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
<b>Requested by Officers (under £35,000 or delegated authority)</b>				
15/10/2018	Release of funding from Revenue Carry Forward Reserve for Festive Lighting	Non-recurring	4,600	Corporate Director of Finance and Resources
15/10/2018	Release of funding from Revenue Carry Forward Reserve for CCTV	Non-recurring	6,300	Corporate Director of Finance and Resources
08/11/2018	Release of funding from Revenue Grant Reserve for Tennis Development	Non-recurring	5,200	Corporate Director of Finance and Resources
08/11/2018; 12/12/2018	Release of funding from Revenue Grant Reserve for Carlisle South Garden Village	Non-recurring	71,300	Corporate Director of Finance and Resources
08/11/2018; 12/12/2018;	Release of funding from Revenue Grant Reserve for Rogue Landlord Officer & Flood Recovery Officer	Non-recurring	13,200	Corporate Director of Finance and Resources
09/01/2019				
16/11/2018; 08/01/2019	Revenue contribution to capital for purchase of Waste Receptacles	Non-recurring	17,100	Neighbourhood Services Manager
21/11/2018	Release of funding from Revenue Grant Reserve for Crindledyke Cycleway	Non-recurring	34,900	Corporate Director of Finance and Resources
21/11/2018	Release of funding from Revenue Grant Reserve for Conservation Area Appraisal	Non-recurring	10,000	Corporate Director of Finance and Resources
12/12/2018	Release of funding from Revenue Grant Reserve for Regeneration Projects	Non-recurring	2,000	Corporate Director of Finance and Resources
12/12/2018	Revenue contribution to capital towards Skate Park Improvements	Non-recurring	12,000	Green Spaces and Bereavement Services Manager
09/01/2019	Release of funding from Revenue Grant Reserve for Domestic Abuse Victim Support	Non-recurring	4,800	Corporate Director of Finance and Resources
23/07/2018	Release of funding from Revenue Carry Forward Reserve for Development Control post	Non-recurring	9,400	Corporate Director of Finance and Resources
09/01/2019	Release of funding from Revenue Carry Forward Reserve for City Lighting	Non-recurring	18,500	Corporate Director of Finance and Resources
<b>Approved by Executive (£35,000 to £70,000 or delegated authority)</b>				
<b>Approved by Council (over £70,000)</b>				

## REVENUE BUDGET MONITORING 2018/19

COMMUNITY SERVICES				
Position as at 28th December 2018	Gross Expenditure £	Gross Income £	Recharges £	Total £
Annual Budget	18,276,400	(5,962,500)	(2,732,200)	9,581,700
Budget to date	14,446,785	(4,744,012)	(2,054,240)	7,648,533
Total Actual	14,453,911	(4,597,440)	(1,976,281)	7,880,190
<b>Variance</b>	<b>7,126</b>	<b>146,572</b>	<b>77,959</b>	<b>231,657</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>7,126</b>	<b>146,572</b>	<b>77,959</b>	<b>231,657</b>

Analysis of Variances		Expenditure Variance £	Income Variance £	Recharges Variance £	Adjusted Variance £
Service	Note				
Arts & Museums Contracts	1	48,662	14,631	0	63,293
Small Scale Community Schemes	2	(19,075)	0	0	(19,075)
Garage Services	3	(23,663)	6,584	80,853	63,774
Green Spaces	4	21,826	(51,421)	49	(29,546)
Leisure Contracts	5	23,849	(596)	0	23,253
Waste Services	6	(34,673)	99,450	71	64,848
Miscellaneous	7	(9,799)	77,924	(3,014)	65,111
<b>Total Variance to date</b>		<b>7,126</b>	<b>146,572</b>	<b>77,959</b>	<b>231,657</b>

Note	Community Services - Comments
1.	Additional contract payments made in respect of IT services.
2.	Underspend on Councilors' small scale community schemes.
3.	Various minor underspends including employee related expenses and contract costs; shortfall in trading income.
4.	Overspends as a result of repair work to Bitts Park Depot and arboriculture work as a result of storm damage; increased income from sales and fees & charges.
5.	Payment made for equipment in relation to the previous Leisure Contract.
6.	Underspend on transport costs; shortfall income from recyclates due to market prices for plastics and card being reduced.
7.	Various minor underspends and shortfalls in income across the service.

## REVENUE BUDGET MONITORING 2018/19

CORPORATE SUPPORT		Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 28th December 2018		£	£	£	£
Annual Budget		6,636,100	(1,500,600)	(3,541,500)	<b>1,594,000</b>
Budget to date		5,036,255	(1,332,398)	(2,656,479)	<b>1,047,378</b>
Total Actual		5,069,919	(1,318,416)	(2,656,125)	<b>1,095,378</b>
<b>Variance</b>		<b>33,664</b>	<b>13,982</b>	<b>354</b>	<b>48,000</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>					<b>0</b>
<b>Adjusted Variance</b>		<b>33,664</b>	<b>13,982</b>	<b>354</b>	<b>48,000</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Revenues and Benefits	1	(24,064)	20,385	47	<b>(3,632)</b>
ICT Services	2	19,988	516	198	<b>20,702</b>
Miscellaneous	3	37,740	(6,919)	109	<b>30,930</b>
<b>Total Variance to date</b>		<b>33,664</b>	<b>13,982</b>	<b>354</b>	<b>48,000</b>

Note	Corporate Support - Comments
1.	Various minor underspends; shortfall on court costs received.
2.	Overspend in relation to consultants fees.
3.	Various minor overspends and increased levels of income across the service.

## REVENUE BUDGET MONITORING 2018/19

ECONOMIC DEVELOPMENT						
Position as at 28th December 2018						
	Gross Expenditure	Gross Income	Recharges	Adjusted Total		
	£	£	£	£		
Annual Budget	4,483,500	(2,193,100)	(476,000)	1,814,400		
Budget to date	3,222,812	(1,391,178)	(357,047)	1,474,587		
Total Actual	3,253,104	(1,351,186)	(357,000)	1,544,918		
Variance	30,292	39,992	47	70,331		
Carry Forwards/Reserves & Provisions				0		
Adjusted Variance	30,292	39,992	47	70,331		
Analysis of Variances						
Service	Note	Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance	
		£	£	£	£	
Business Interaction Centre Development Control	1	49,379	14,653	0	64,032	
	2	16,133	41,012	0	57,145	
	3	(35,220)	(15,673)	47	(50,846)	
Total Variance to date		30,292	39,992	47	70,331	
Note	Economic Development - Comments					
1.	Overspend on monthly running costs which do not have budgets identified; shortfall in income.					
2.	Shortfall in income from fees and charges.					
3.	Various net minor underspends and surplus income across the service.					

## REVENUE BUDGET MONITORING 2018/19

FINANCE AND RESOURCES					
Position as at 28th December 2018					
	Gross Expenditure £	Gross Income £	Recharges £	Adjusted Total £	
Annual Budget	31,508,700	(27,209,200)	(3,172,900)	1,126,600	
Budget to date	23,567,276	(20,667,613)	(2,564,753)	334,910	
Total Actual	23,586,243	(20,727,485)	(2,580,305)	278,453	
<b>Variance</b>	<b>18,967</b>	<b>(59,872)</b>	<b>(15,552)</b>	<b>(56,457)</b>	
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>	
<b>Adjusted Variance</b>	<b>18,967</b>	<b>(59,872)</b>	<b>(15,552)</b>	<b>(56,457)</b>	

Analysis of Variances					
Service	Note	Expenditure Variance £	Income Variance £	Recharges Variance £	Adjusted Variance £
Treasury and Debt Management	1	(91,285)	38,788	0	(52,497)
Miscellaneous	2	110,252	(98,660)	(15,552)	(3,960)
<b>Total Variance to date</b>		<b>18,967</b>	<b>(59,872)</b>	<b>(15,552)</b>	<b>(56,457)</b>

Note	Finance and Resources - Comments
1.	Underspend on Minimum Revenue Provision; under achieved market deposit investment interest.
2.	Various minor overspends offset by increased levels of income.



## REVENUE BUDGET MONITORING 2018/19

GOVERNANCE AND REGULATORY					
Position as at 28th December 2018					
	Gross Expenditure	Gross Income	Recharges	Adjusted Total	
	£	£	£	£	
Annual Budget	9,936,300	(5,854,400)	(3,188,500)	893,400	
Budget to date	7,548,168	(4,725,975)	(2,391,685)	430,508	
Total Actual	7,570,527	(4,846,985)	(2,367,144)	356,398	
<b>Variance</b>	<b>22,359</b>	<b>(121,010)</b>	<b>24,541</b>	<b>(74,110)</b>	
<b>Carry Forwards/Reserves &amp; Provisions</b>					<b>0</b>
<b>Adjusted Variance</b>	<b>22,359</b>	<b>(121,010)</b>	<b>24,541</b>	<b>(74,110)</b>	

Analysis of Variances					
Service	Note	Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
		£	£	£	£
Building and Facilities Services	1	(68,031)	(37,040)	25,221	(79,851)
The Lanes	2	(1)	144,977	0	144,976
Other Rental Properties	3	4,964	(223,766)	0	(218,801)
Homeless Accommodation	4	33,122	121,547	0	154,670
Regulatory Services	5	(16,454)	(62,632)	(804)	(79,890)
Miscellaneous	6	68,759	(64,096)	124	4,786
<b>Total Variance to date</b>		<b>22,359</b>	<b>(121,010)</b>	<b>24,541</b>	<b>(74,110)</b>

Note	Governance & Regulatory Services - Comments
1.	Underspend on premises related costs; additional rental income received.
2.	Shortfall in rent income for 2018/19. Annual deficit expected to be around £175,300.
3.	Minor overspend; Additional income generated mainly from a dilapidations settlement for premises on Castle Street.
4.	Various minor overspend; shortfall in income due to units being out of service during refurbishment.
5.	Various minor underspend; surplus fee income from Licenses and grants.
6.	Various minor overspend and surplus income across the service.

## REVENUE BUDGET MONITORING 2018/19

CORPORATE MANAGEMENT					
Position as at 28th December 2018					
	Gross Expenditure	Gross Income	Recharges	Adjusted Total	
	£	£	£	£	
Annual Budget	1,839,300	(1,879,900)	0	(40,600)	
Budget to date	(699,206)	(1,361,762)	0	(2,060,968)	
Total Actual	(893,816)	(1,381,250)	0	(2,275,066)	
<b>Variance</b>	<b>(194,610)</b>	<b>(19,488)</b>	<b>0</b>	<b>(214,098)</b>	
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>	
<b>Adjusted Variance</b>	<b>(194,610)</b>	<b>(19,488)</b>	<b>0</b>	<b>(214,098)</b>	

Analysis of Variances					
Service	Note	Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
		£	£	£	£
Other Financial Costs	1	(153,079)	(19,488)	0	(172,567)
Miscellaneous	2	(41,531)	0	0	(41,531)
<b>Total Variance to date</b>		<b>(194,610)</b>	<b>(19,488)</b>	<b>0</b>	<b>(214,098)</b>

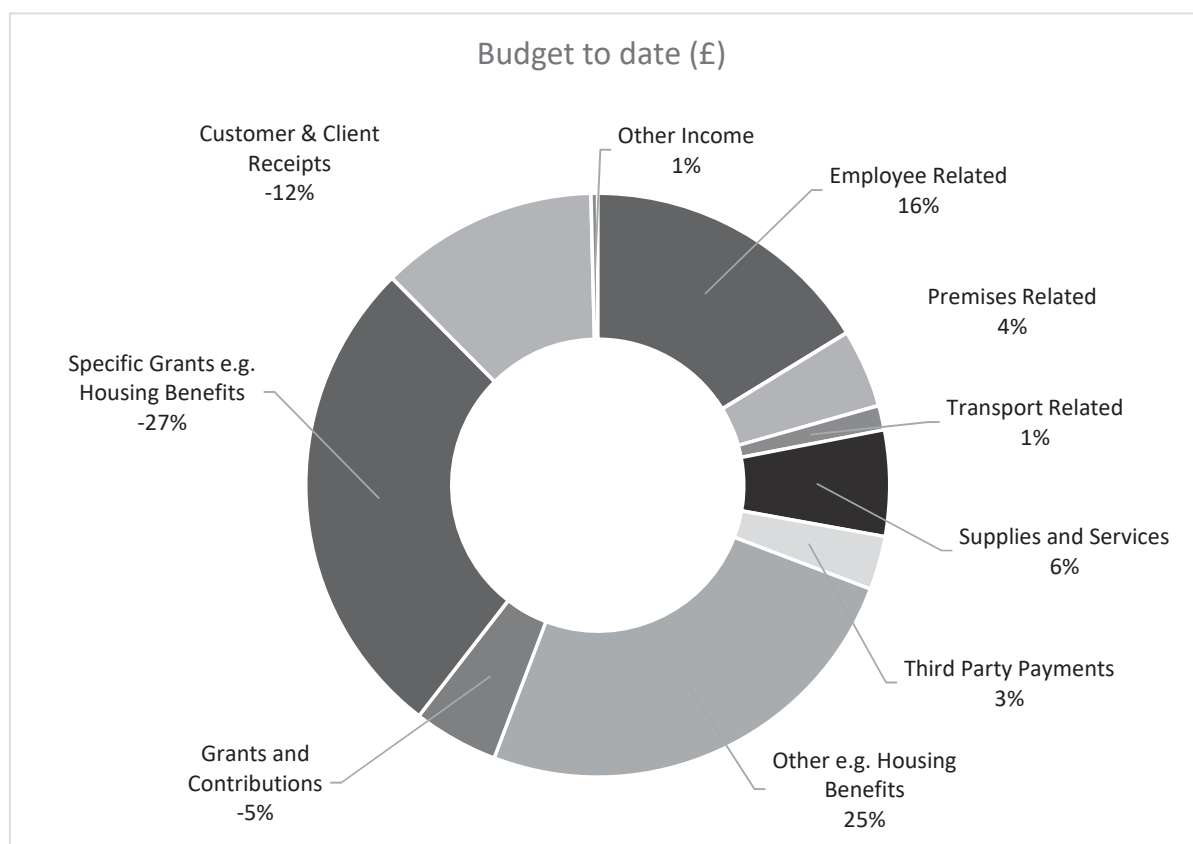
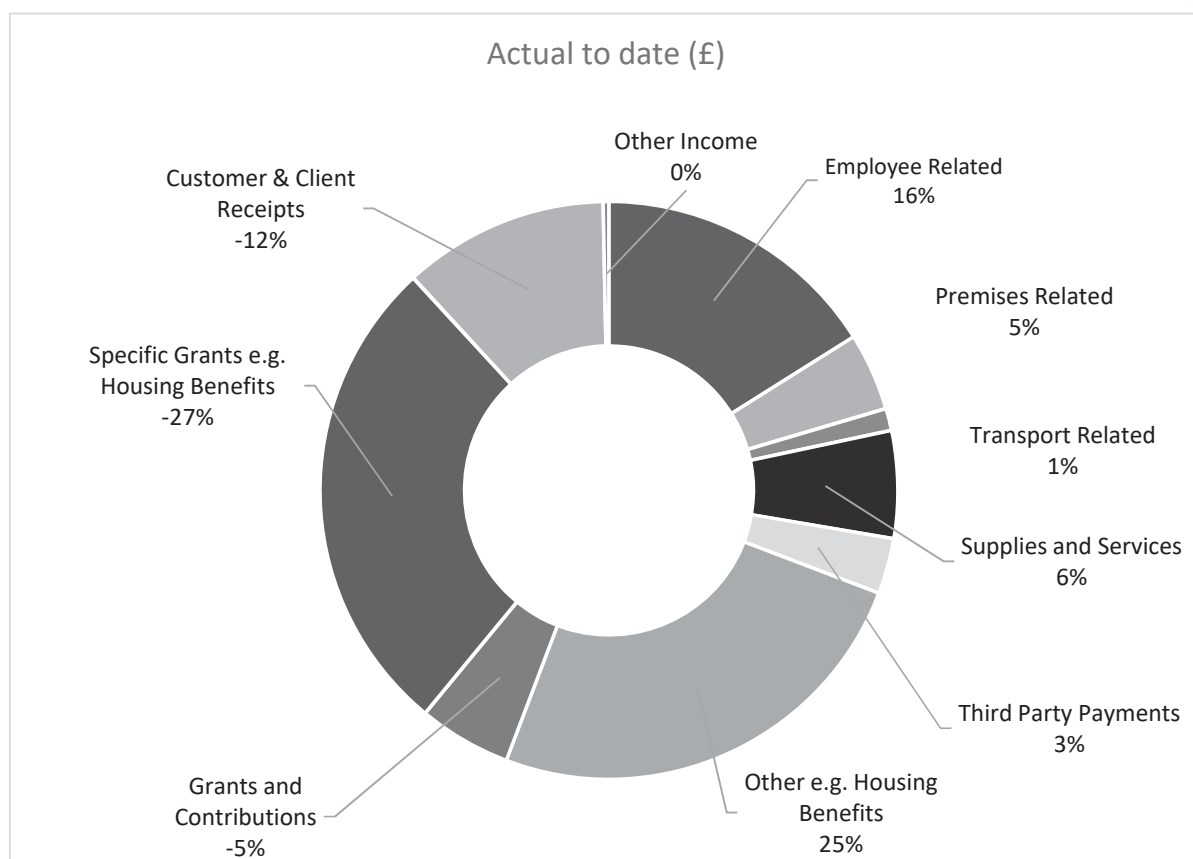
Note	Corporate - Comments
1.	Improvements in savings for Salary Turnover (£63,100) & Inflation savings (£84,000).
2.	Various minor underspends.

## REVENUE BUDGET MONITORING 2018/19

REVENUE FLOOD RECOVERY					
Position as at 28th December 2018					
	Gross Expenditure £	Gross Income £	Recharges £	Adjusted Total £	
Annual Budget	0	0	0	0	
Budget to date	0	0	0	0	
Total Actual	100,781	(2,850)	0	97,931	
<b>Variance</b>	<b>100,781</b>	<b>(2,850)</b>	<b>0</b>	<b>97,931</b>	
<b>Carry Forwards/Reserves &amp; Provisions</b>					<b>0</b>
<b>Adjusted Variance</b>	<b>100,781</b>	<b>(2,850)</b>	<b>0</b>	<b>97,931</b>	

Analysis of Variances					
Service	Note	Expenditure Variance £	Income Variance £	Recharges Variance £	Adjusted Variance £
Flood Damage Recovery	1	100,781	(2,850)	0	97,931
<b>Total Variance to date</b>		<b>100,781</b>	<b>(2,850)</b>	<b>0</b>	<b>97,931</b>

Note	Flood - Comments
1.	Additional costs incurred as a result of the floods. Variance shown is the balance required to be funded from revenue reserves as this is not covered by insurance.

**SUBJECTIVE ANALYSIS**

**BUSINESS RATES INCOME**

	2017/18 Outturn	2018/19 NNDR1	2018/19 Q3
Local Share of Income (Per NNDR1)	(16,483,128)	(16,305,689)	(16,305,689)
Renewables (Per NNDR1)	(83,705)	(264,957)	(264,957)
Renewables Bfwd (NNDR3 Previous Year)	(26,453)	(250,585)	(250,585)
Enterprise Zone (Per NNDR1)	(73,700)	0	0
Tariff (Per Final Settlement)	11,737,641	12,090,274	12,090,274
Section 31 Grants (reimbursement of funded reliefs)	(1,378,516)	(1,612,526)	(1,636,261)
Estimated Collection Fund Deficit per NNDR1	98,985	835,515	835,515
Levy Payable to Pool	1,242,974	1,091,672	1,102,626
Pool Redistribution	(683,934)	(490,000)	(504,222)
<b>Total Income</b>	<b>(5,649,837)</b>	<b>(4,906,296)</b>	<b>(4,933,299)</b>
<b>Budget</b>			
Baseline Funding	(3,114,600)	(3,281,700)	(3,281,700)
Additional Rates Income - Pooling/Growth	(1,200,000)	(1,250,000)	(1,250,000)
<b>Total Budget</b>	<b>(4,314,600)</b>	<b>(4,531,700)</b>	<b>(4,531,700)</b>
<b>Additional Income retained</b>	<b>(1,335,237)</b>	<b>(374,596)</b>	<b>(401,599)</b>

**BAD DEBT PROVISION**

TABLE 1		Write-Offs December 2018		
Type of Debt	No.	£	Comments	
NNDR (General)	16	151,182.54	01/10/18 to 31/12/18	
Council Tax	32	14,923.34	01/10/18 to 31/12/18	
Debtors:				
Private Tenants	0	0.00	01/10/18 to 31/12/18	
Housing Benefit Overpayments	20	5,033.85	01/10/18 to 31/12/18	
General Fund	5	5.00	01/10/18 to 31/12/18	
Penalty Charge Notices:				
On Street	1	77.00	01/10/18 to 31/12/18	
Off Street	9	701.28	01/10/18 to 31/12/18	
TOTAL	83	171,923.01		

TABLE 2		Write-Ons December 2018		
Type of Debt		£	Comments	
NNDR (General)	4	43.22	01/10/18 to 31/12/18	
Council Tax	12	2,530.58	01/10/18 to 31/12/18	
Debtors:				
Private Tenants	0	0.00	01/10/18 to 31/12/18	
Housing Benefit Overpayments	3	123.11	01/10/18 to 31/12/18	
General Fund	1	0.26	01/10/18 to 31/12/18	
TOTAL	20	2,697.17		

# Report to Executive

Agenda  
Item:

**A.6**

Meeting Date: 11 February 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:  
APRIL TO DECEMBER 2018  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 36/18

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to December 2018.

## Recommendations:

The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2018;
- (ii) Note adjustments to the 2018/19 capital programme as detailed in paragraph 2.1;
- (iii) Make recommendations to Council to approve reprofiling of £982,100 as detailed in para 3.3 and Appendix A from 2018/19 to 2019/20.

## Tracking

Executive:	<b>11 February 2019</b>
Scrutiny:	<b>14 February 2019</b>
Council:	<b>5 March 2019</b>

## **1. BACKGROUND**

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. It is the responsibility of individual Chief Officers to control income and expenditure within their areas of responsibility and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 All Managers receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.
- 1.4 It is important to understand the distinction between capital and revenue expenditure.

**The general rule is that all expenditure must be treated as revenue expenditure unless it meets strict criteria allowing it to be treated as capital expenditure.**

Capital expenditure is for fixed assets such as acquisition of land and buildings, construction, conversion or enhancement of existing buildings, or the purchase of new technology, vehicles, plant, machinery or equipment that yields benefits to the Council and the services it provides for more than one year.

Revenue expenditure is for the day to day running costs of providing Council services such as staff costs, premises, transport, and goods and services used in the delivery of services.

## **2. CAPITAL BUDGET OVERVIEW**

- 2.1 The following statement shows the annual capital programme for 2018/19:



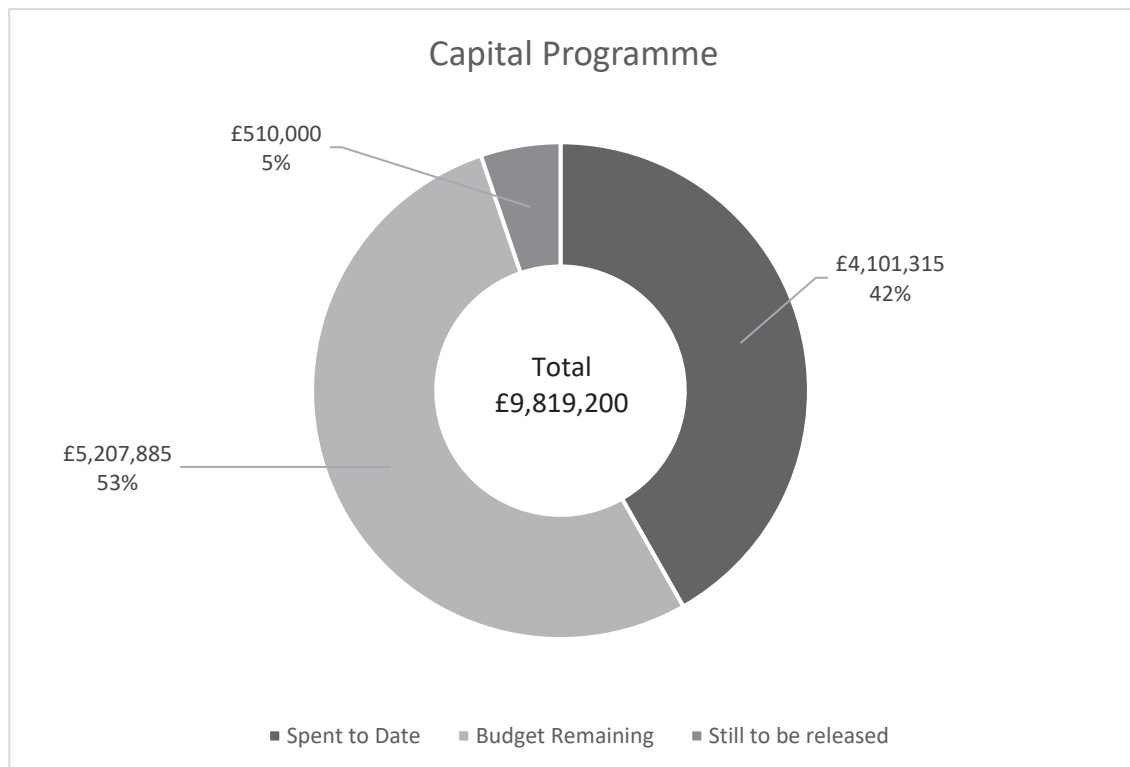
<b>2018/19 Capital Budget</b>	<b>£</b>
<b>2018/19 Capital Programme (RD04/18 Council 17/07/18)</b>	<b>7,388,800</b>
Reprofiling of Sands Centre Redevelopment (CS16/18 Council 06/03/18)	1,769,100
Revenue contribution towards Central Plaza (ED23/18 Council 17/09/18)	650,000
Revenue contribution towards Harraby Cycle Track (CS30/18 Executive 20/08/18)	38,000
Revenue contribution towards Property Acquisition (GD51/18 Executive 23/07/18)	150,000
Additional grant towards Disabled Facilities Grants (RD19/18 Executive 20/08/18)	293,200
Revenue contribution towards Public Realm Improvements	700
S106 contributions towards Affordable Homes (OD.065/18)	41,500
S106 contribution towards Crindledyke Cycleway (OD.068/18)	10,000
S106 contribution towards Open Space Improvements (CS28/18 Executive 25/06/18)	84,500
Revenue contribution towards Council Property Improvements	9,300
External grant and revenue contribution towards Play Areas	54,100
Carry forwards into 2019/20 (RD26/18 Council 08/01/19)	(380,000)
Removal of Projects by Executive (RD26/18 Executive 12/11/18)	(542,000)
Revenue contribution towards purchase of Waste Receptacles	17,100
Revenue contribution towards Crindledyke Cycleway	34,900
Release of earmarked capital receipts for Chancergate (OD.06/19)	200,000
<b>Revised 2018/19 Capital Programme (at Dec 2018)</b>	<b>9,819,200</b>
Less Capital Reserves to be released by Executive (see para 3.7)	(510,000)
<b>Revised 2018/19 Capital Programme (released)</b>	<b>9,309,200</b>
Carry forwards into 2019/20 (subject to Council Approval, see para 3.3)	(982,100)
<b>Revised 2018/19 Capital Programme (released)</b>	<b>8,327,100</b>

2.2 A breakdown of the revised capital programme can be found in **Appendix A**.

### 3. 2018/19 BUDGET MONITORING

3.1 The position statement as at December 2018 can be summarised as follows:

<b>Directorate</b>	<b>Revised Annual Budget £</b>	<b>Budget to Date £</b>	<b>Spend to date £</b>	<b>Variance to date £</b>	<b>Para. Ref.</b>
Community Services	4,062,300	1,309,745	1,312,567	2,822	-
Corporate Support	402,500	243,723	215,886	(27,837)	3.4
Economic Development	909,500	713,099	700,249	(12,850)	3.5
Finance and Resources	0	0	0	0	
Governance & Regulatory Services	3,934,900	2,506,104	1,872,613	(633,491)	3.6
<b>Total</b>	<b>9,309,200</b>	<b>4,772,671</b>	<b>4,101,315</b>	<b>(671,356)</b>	
Reserves to be released	510,000	0	0	0	3.7
<b>Total</b>	<b>9,819,200</b>	<b>4,772,671</b>	<b>4,101,315</b>	<b>(671,356)</b>	



Schemes still to be released by the Executive are outwith the budget monitoring process until the budgets have been released.

A detailed analysis of the schemes within each directorate can be found in **Appendices B to E** with the main issues being summarised in the paragraphs below.

- 3.2 As at the end of December, expenditure of £4,101,315 has been incurred on the Council's core capital programme. When considered against the profiled budget of £4,772,671 this equates to an underspend of £671,356.

The unspent balance remaining of the revised annual budget of £9,309,200 is £5,207,885. This will be closely monitored over the following months to identify accurate project profiles and any potential slippage into future years.

- 3.3 However, an initial review of the 2018/19 capital programme has been undertaken and **the Executive are asked to recommend to Council the reprofiling of £982,100 from 2018/19 to 2019/20** (further details in Appendix A).

Directorate	Annual Budget	Carry Forwards	Revised Annual Budget	Spend to Date	Budget Remaining
	£	£	£	£	£
Community Services	4,062,300	(109,500)	3,952,800	1,312,567	2,640,233
Corporate Support	402,500	0	402,500	215,886	186,614
Finance & Resources	0	0	0	0	0
Economic Development	909,500	0	909,500	700,249	209,251
Governance & Regulatory	3,934,900	(872,600)	3,062,300	1,872,613	1,189,687
<b>Total</b>	<b>9,309,200</b>	<b>(982,100)</b>	<b>8,327,100</b>	<b>4,101,315</b>	<b>4,225,785</b>
Reserves to be released	510,000	0	0	0	0
<b>Total</b>	<b>9,819,200</b>	<b>(982,100)</b>	<b>8,327,100</b>	<b>4,101,315</b>	<b>4,225,785</b>

The unspent balance remaining of the revised annual budget of £8,327,100 is £4,225,785 as at December 2018.

- 3.4 The variance in Corporate Support is attributable to the following:
- (i) An underspend of £30,135 on Revenues and Benefits ICT Upgrades. This is funded by a revenue contribution to capital which could be returned to General Fund Reserves if no longer required.
- 3.5 The variance in Economic Development is attributable to the following:
- (i) An underspend of £14,962 on Durranshill Industrial Estate due to refunds received for expenditure incurred in previous years.
- 3.6 The variance in Governance & Regulatory Services is attributable to the following:
- (i) An underspend of £642,722 on Disabled Facilities Grants. Full Council adopted a revised Housing Renewal Assistance Policy in November, that detailed additional grant contributions which has improved the delivery of DFGs with increased levels of spend committed. A carry forward of £872,600 is proposed which brings the revised budget in line with the anticipated spend within the revised 2018 Action Plan for Disabled Facilities Grants.
  - (ii) An overspend of £37,483 in relation to improvements to Council Properties through work commissioned as a result of condition surveys. This will be funded from the Revenue Carry Forward Reserve (Reactive Repair and Maintenance allocation).
- 3.7 One scheme is included in the capital programme for 2018/19 that requires a report to be presented to the Executive for the release of funding before the project can go ahead.

Scheme	Budget £
Business Interaction Centre	510,000
<b>Total</b>	<b>510,000</b>

#### 4. FINANCING

4.1 The 2018/19 capital programme can be financed as follows:

	Annual Budget £
<b>Total Programme to be financed (para 2.1)</b>	<b>8,327,100</b>
<u>Financed by:</u>	
Capital Receipts / Internal Borrowing	3,618,200
Capital Grants	
• Disabled Facilities Grant	1,760,500
• General	452,200
Direct Revenue Financing	2,191,500
Other Contributions	294,900
Earmarked Reserves	9,800
<b>Total Financing</b>	<b>8,327,100</b>

#### 5. CAPITAL RESOURCES

5.1 The following table shows the position as at December 2018 of the capital resources due to be received during 2018/19:

	2018/19 Annual Budget £	2018/19 Current Budget £	2018/19 Actual £	2018/19 Not yet received £	Note
Capital Receipts					
· General	0	0	(564,037)	(564,037)	1
· Asset Review	(2,754,000)	(2,754,000)	(4,000)	2,750,000	1
· Vehicle Sales	0	0	(1,595)	(1,595)	
Capital Grants					2
· Disabled Facilities Grant	(1,760,500)	(1,760,500)	(1,760,573)	(73)	
· Tennis Facilities	(400,000)	(400,000)	0	400,000	
· Business Interaction Centre	(300,700)	0	0	0	
· General	(29,000)	(29,000)	(15,000)	14,000	
Capital Contributions					3
· Section 106	(379,400)	(294,900)	(248,479)	46,421	
· Disabled Facilities Grants	0	0	(37,066)	(37,066)	
· General	0	0	(1,500)	(1,500)	
<b>Total</b>	<b>(5,623,600)</b>	<b>(5,238,400)</b>	<b>(2,632,250)</b>	<b>2,606,150</b>	

Notes:

1. Receipts for 2018/19 are anticipated to be received from asset review sales (£2,754,000). A review of the disposal programme has been undertaken as part of the 2019/20 budget process and seeks to revise the receipts expected in year to £562,000. This was considered by Council on 5<sup>th</sup> February 2019. Included within general sales is £120,000 for Durranhill Industrial Estate which is required to repay the original grant received for the redevelopment work and which was a condition of the grant award.
2. Capital grants are received once associated capital expenditure has been incurred and the amounts then reclaimed from the sponsoring body.
3. Contributions from Section 106 agreements to Crindledyke Cycleway (£138,700) and Affordable Homes (£156,200). Open Space Improvements (£84,500) is requested to be carried forward into 2019/20.

## **6. BALANCE SHEET MANAGEMENT**

- 6.1 In line with CIPFA guidance and best practice, information relating to significant capital items on the Council's balance sheet is provided in this section. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis and will ensure that the Council is using its resources effectively and that appropriate governance arrangements are in place around the use of Council assets and liabilities.
- 6.2 Fixed assets are revalued annually to ensure that an up to date value is held in the balance sheet. The revaluation programme is the responsibility of Property Services. It should be noted that some expenditure will be incurred during the course of the year which can be correctly classified as capital expenditure, but which will not increase the value of any of the Council's assets. This expenditure is written off to the revaluation reserve or through the Comprehensive Income and Expenditure Account as appropriate.
- 6.3 The value of fixed assets is a significant part of the balance sheet. In the 2017/18 accounts, fixed assets totalled £157million (2016/17 £161million). This represents 93% of the net current assets of the City Council.
- 6.4 Debtors  
This relates to the amount of income due to the Council that has not yet been received. For capital items, this mainly relates to grants and contributions that the Council is able to claim towards funding capital expenditure. Generally capital

debtors arise due to timing differences where a cut off point occurs (e.g. the financial year-end) and/or expenditure has been incurred in advance of making the grant claim. As at December 2018 debtors of £259,935 (£566,593 at 31 March 2018) were outstanding for capital grants, contributions and receipts.

#### 6.5 Creditors

This is the amount of money due to be paid by the Council for goods and services received from its external customers and contractors. For capital schemes this also includes retentions i.e. the amount due to the contractor after a specified period (normally one year) following the completion of a project; this time is used to assess and correct any defects outstanding on the scheme. Amounts earmarked for retention as at December 2018 totalled £127,739 (£857,255 at 31 March 2018).

### 7. **PERFORMANCE**

- 7.1 The 2018/19 programme has been kept to a level that takes account of the Council's ability to deliver schemes with regard to capacity and available resources. Work is ongoing to continue to monitor the profiling of budgets, and these are adjusted to reflect progress in current capital schemes. It is likely that there will still be a requirement for some carry forwards at the year end due to further slippage and delays on projects. Members are reminded that budgets now totalling £510,000 are being held in reserves until approved by Executive for release.
- 7.2 The Senior Management Team will provide strategic overview and monitor the effectiveness of the overall programme of work in delivering the Council's priorities and objectives. Technical project support and quality assurance of business cases and associated project management activities will be managed by a Transformation Sub-Group chaired by the Chief Executive. Decisions to proceed or otherwise with proposed projects will be made in the usual way in accordance with the Council decision making framework.
- 7.3 A review of all capital expenditure incurred is ongoing to ensure that the expenditure has been correctly allocated between revenue and capital schemes. This will facilitate the year end classification of assets.

### 8. **RISKS**

- 8.1 Individual capital schemes have different risks involved. A risk assessment of the overall capital programme is included in **Appendix F**.

### 9. **CONSULTATION**

- 9.1 Consultation to Date

SMT & JMT have considered the issues raised in this report.

9.2 Consultation Proposed

Business & Transformation Scrutiny Panel will consider the report on 14 February 2019.

**10. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

10.1 The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2018;
- (ii) Note adjustments to the 2018/19 capital programme as detailed in paragraph 2.1;
- (iii) Make recommendations to Council to approve reprofiling of £982,100 as detailed in para 3.3 and Appendix A from 2018/19 to 2019/20.

**11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

11.1 The Council's capital programme supports the current priorities in the Carlisle Plan.

**Contact Officer:** Emma Gillespie

**Ext:** 7289

**Appendices** A to F

**attached to report:**

**Note:** in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

**CORPORATE IMPLICATIONS:**

**LEGAL** – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the budget monitoring is part of this process.

**FINANCE** – Financial implications are contained in the main body of the report.

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

Scheme	Original Capital Programme 2018/19 £	Other Adjustments £	Proposed Carry Forwards £	Revised Capital Programme 2018/19 £
<b><u>Current non-recurring commitments</u></b>				
Play Area Green Gyms	25,000	0	(25,000)	0
Fusehill Street Play Area	35,000	6,100	0	41,100
Planning Software	150,000	0	0	150,000
Cemetery Infrastructure	30,000	0	0	30,000
Recycling Containers	45,000	17,100	0	62,100
Tennis Facilities	502,900	0	0	502,900
Cycle Track Development	12,700	38,000	0	50,700
Crindledyke Cycleway	128,700	44,900	0	173,600
Play Area Developments	4,000	48,000	0	52,000
Open Space Improvements	0	84,500	(84,500)	0
Kingstown Industrial Estate	9,800	0	0	9,800
Public Realm Improvements	4,600	700	0	5,300
Revenues & Benefits ICT Upgrades	45,200	0	0	45,200
Car Park Improvements	164,300	0	0	164,300
Affordable Homes (S106)	114,700	41,500	0	156,200
Sand Redevelopment	0	1,769,100	0	1,769,100
Central Plaza	(52,000)	650,000	0	598,000
Chancerygate	0	200,000	0	200,000
Asset Management Plan	0	150,000	0	150,000
	<b>1,219,900</b>	<b>3,049,900</b>	<b>(109,500)</b>	<b>4,160,300</b>
<b><u>Recurring commitments</u></b>				
Planned Enhancements to Council Property	170,000	9,300	0	179,300
Vehicles, Plant & Equipment	1,107,000	0	0	1,107,000
ICT Infrastructure	357,300	0	0	357,300
	<b>1,634,300</b>	<b>9,300</b>	<b>0</b>	<b>1,643,600</b>
<b><u>Disabled Facilities Grants</u></b>				
Private Sector Grants	3,079,400	293,200	(872,600)	2,500,000
Minor Works Grants	23,200	0	0	23,200
	<b>3,102,600</b>	<b>293,200</b>	<b>(872,600)</b>	<b>2,523,200</b>
<b>TOTAL</b>	<b>5,956,800</b>	<b>3,352,400</b>	<b>(982,100)</b>	<b>8,327,100</b>
<b><u>Capital Reserves to be released</u></b>				
Regeneration of Botchergate & London Road	247,000	(247,000)	0	0
Chatsworth/Portland Square Townscape		(295,000)	0	
Heritage Initiative	295,000			0
Business Interaction Centre	510,000	0	0	510,000
Public Realm Improvements	380,000	(380,000)	0	0
	<b>1,432,000</b>	<b>(922,000)</b>	<b>0</b>	<b>510,000</b>
<b>REVISED TOTAL</b>	<b>7,388,800</b>	<b>2,430,400</b>	<b>(982,100)</b>	<b>8,837,100</b>



**DECEMBER 2018 - CAPITAL BUDGET MONITORING**

**APPENDIX B**

**COMMUNITY SERVICES**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Cemetery Infrastructure	30,000	0	30,000	7,500	6,130	(1,370)	Footbridge improvements underway.
Vehicles & Plant	1,107,000	0	1,107,000	187,400	184,772	(2,628)	Replacement of vehicle purchases in 2018/19 on target to date. Slippage into 2019/20 expected.
Play Area Developments	93,100	0	93,100	36,000	35,935	(65)	Individual schemes progressing as planned.
Crindledyke Cycleway (S106)	173,600	0	173,600	173,600	176,511	2,911	Funded by Section 106 monies. Phase 2 complete.
Open Space Improvements	84,500	(84,500)	0	0	0	0	Funded by Section 106 monies. Work now planned for 2019/20.
Green Gyms	25,000	(25,000)	0	0	0	0	Budget released by Executive 30/05/18 (CS27/18). Work now planned for 2019/20.
Tennis Facilities	502,900	0	502,900	8,550	8,869	319	Approved by Council 08/09/15 (SD16/15).
Cycle Track Developments	50,700	0	50,700	50,700	49,728	(972)	Budget carried forward from 2017/18. Project complete.
Sands Centre Redevelopment	1,769,100		1,769,100	783,895	783,896	1	Budget approved by Council 06/03/18 (CS16/18). Progressing as planned.
Car Park Improvements	164,300	0	164,300	0	0	0	Work is now complete on all 3 sites and invoice from contractor is due.
Waste Minimisation	62,100	0	62,100	62,100	66,726	4,626	Purchase of waste receptacles are overspent against the annual budget.
<b>Grand Total</b>	<b>4,062,300</b>	<b>(109,500)</b>	<b>3,952,800</b>	<b>1,309,745</b>	<b>1,312,567</b>	<b>2,822</b>	

DECEMBER 2018 - CAPITAL BUDGET MONITORING

APPENDIX C

CORPORATE SUPPORT

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
ICT Infrastructure	357,300	0	357,300	213,588	215,886	2,298	Part of ICT Strategy Business Case.
Revenues and Benefits ICT Upgrades	45,200	0	45,200	30,135	0	(30,135)	Budget carried forward as part of ICT Strategy.
<b>Grand Total</b>	<b>402,500</b>	<b>0</b>	<b>402,500</b>	<b>243,723</b>	<b>215,886</b>	<b>(27,837)</b>	

**DECEMBER 2018 - CAPITAL BUDGET MONITORING**

**APPENDIX D**

**ECONOMIC DEVELOPMENT**

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
EA Central Plaza	598,000	0	598,000	598,000	599,881	1,881	Implementation of work under the Corporate Director of Economic Development's emergency powers with reference to the Building Act 1984 S78 Dangerous building - emergency measures. Use of General Fund Reserve approved to fund these emergency works.
Public Realm Work	5,300	0	5,300	5,300	5,530	230	Project Plan has been implemented in line with revised timescales.
Durranshill Industrial Estate	0	0	0	0	(14,962)	(14,962)	Refund received for expenditure incurred in previous years.
Planning Software	150,000	0	150,000	0	0	0	Project yet to start.
Affordable Homes	156,200	0	156,200	109,799	109,800	1	Approved by Executive 31/07/17 (ED24/17) and OD.065/18.
<b>Grand Total</b>	<b>909,500</b>	<b>0</b>	<b>909,500</b>	<b>713,099</b>	<b>700,249</b>	<b>(12,850)</b>	

GOVERNANCE & REGULATORY SERVICES

Scheme	Annual Budget £	Proposed Carry Forwards £	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Planned Enhancements to Council Property	179,300	0	179,300	119,134	115,506	(3,628)	Individual projects progressing as planned.
Enhancements to Council Property - From Condition Surveys	0	0	0	0	37,483	37,483	Additional works agreed based on the outcome of condition surveys. Funding is being provided from the Revenue Carry Forward Reserve and will be released to cover costs prior to the year end.
Kingstown Industrial Estate Roads	9,800	0	9,800	7,352	0	(7,352)	Remaining budget required for additional public realm signage on the estate.
Minor Works Grants	23,200	0	23,200	17,404	0	(17,404)	Budget approved by Executive 04/04/16 (ED09/16).
Disabled Facilities Grants	3,372,600	(872,600)	2,500,000	2,217,214	1,574,492	(642,722)	Mandatory & Discretionary Grants being delivered in line with the Disabled Facilities Action Plan. The position is being closely monitored.
Asset Management Plan	150,000	0	150,000	0	224	224	Budget approved by Executive 23/07/18 (GD51/18).
Chancerygate	200,000	0	200,000	145,000	144,908	(92)	Development and Improvement costs associated with the Junction 44 development to be funded from earmarked reserve.
<b>Grand Total</b>	<b>3,934,900</b>	<b>(872,600)</b>	<b>3,062,300</b>	<b>2,506,104</b>	<b>1,872,613</b>	<b>(633,491)</b>	

## Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	Marginal	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.



# Report to Executive

Agenda  
Item:  
  
**A.7**

Meeting Date: 11<sup>th</sup> February 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: TREASURY MANAGEMENT OCTOBER - DECEMBER 2018  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD37/18

## Purpose / Summary:

This report provides the regular quarterly report on Treasury Transactions including the requirements of the Prudential Code.

## Recommendations:

That this report be received, and the Prudential Indicators noted as at the end of December 2018.

## Tracking

Executive:	<b>11 February 2019</b>
Scrutiny:	n/a
Audit Committee:	<b>18 March 2019</b>
Council:	n/a

## **1. INTRODUCTION**

1.1 The purpose of this report is to inform Members on various Treasury Management issues. The report is set out as follows:

(i) **Appendix A** sets out the schedule of Treasury Transactions for the period October 2018 –December 2018

- **Appendix A1** – Treasury Transactions October to December 2018
- **Appendix A2** – Investment Transactions October to December 2018
- **Appendix A3** – Outstanding Investments at December 2018

(ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2018/19:

- **Appendix B1** – Prudential Code background
- **Appendix B2** – Prudential Indicators

## **2. RISKS**

2.1 Treasury Management considers risks associated with investments with counterparties however the Treasury Management strategy statement outlines the risk management approaches taken to minimise these.

## **3. CONSULTATION**

3.1 Consultation to Date.  
None.

## **4. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

4.1 That this report be received, and the Prudential Indicators noted as at the end of December 2018.

## **5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

5.1 To ensure that the Council's investments are in line with the appropriate policies including the Treasury Management Strategy Statement.

**Contact Officer:** Steven Tickner

**Ext:** 7280

**Appendices  
attached to report:**

**Appendix A1 – Treasury Transactions October to December  
2018**

**Appendix A2 – Investment Transactions October to December  
2018**

**Appendix A3 – Outstanding Investments at December 2018**

**Appendix B1 – Prudential Code background**

**Appendix B2 – Prudential Indicators**



**Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:**

- **None**

**CORPORATE IMPLICATIONS:**

**LEGAL**– The Council has a fiduciary duty to manage its finances properly and the proper reporting of budget monitoring is part of this process.

**FINANCE** – Contained within the report

**EQUALITY** – This report raises no explicit issues relating to the public-sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

TREASURY TRANSACTIONS  
OCTOBER 2018 to DECEMBER 2018

1. LOANS (DEBT)

1.1 Transactions October to December 2018

	Raised		Repaid	
	£	%	£	%
P.W.L.B	0		0	0
Local Bonds	0		0	0
Short Term Loans	0		0	0.00
Overnight Borrowing	0		0	0.00
	<b>0</b>		<b>0</b>	

This provides a summary of any loans that have been raised or repaid, analysed by type, since the previous report. New procedures have been put in place to map the cash flow more accurately to enable better forecasting and to limit the amount of short term/overnight borrowing which may be required.

1.2 Loans (Debt) Outstanding at December 2018

	£
City of Carlisle Stock Issue	15,000,000
Short Term Loans	12,800
	<b>15,012,800</b>

1.3 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 31 December 2018 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	12,800
			<b>12,800</b>

1.4 Interest Rates

Link Asset Services are forecasting an interest rate rise to 1.00% in the second quarter of 2019 however Link and other economists are maintaining a watching

brief on their forecasts which may need revision depending upon the outcome of Brexit.

## 2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	36,750,000	0.65-1.15	32,650,000	0.65-0.9250
	<b>36,750,000</b>		<b>32,650,000</b>	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short-term investments at 31 December 2018.

## 3 REVENUES COLLECTED

To: 31 December 2018		Collected £	% of Amount Collectable %
2018/19	Council Tax NNDR	51,260,075	84.80
		37,853,369	84.22
<b>Total</b>		<b>89,113,444</b>	<b>84.55</b>
2017/18	Council Tax NNDR	48,562,878	84.88
		37,443,264	84.75
<b>Total</b>		<b>86,006,142</b>	<b>84.82</b>
2016/17	Council Tax NNDR	45,151,091	84.54
		38,154,069	84.22
<b>Total</b>		<b>83,305,160</b>	<b>84.39</b>

## 4 BANK BALANCE

At 31 December 2018 £1,015,084.52 in hand.

This records the Council's bank balance at the end of the last day covered by the report.

5 PERFORMANCE ON TREASURY MANAGEMENT TRANSACTIONS  
TO DECEMBER 2018  
 April –December 2018

	Estimate £000	Actual £000	Variance £000
Interest Receivable	(259)	(221)	38
Interest Payable	850	848	(2)
Less Rechargeable	0	0	0
	<b>850</b>	<b>848</b>	<b>(2)</b>
Principal Repaid	112	21	(91)
Debt Management	13	14	1
<b>NET BALANCE</b>	<b>716</b>	<b>662</b>	<b>(54)</b>

The estimate column is the profiled budget to 31 December 2018.

Interest receivable is slightly below expectations due to lower than forecast average cash balances and a lower rate of return being achieved on treasury investments when compared to when the budgets were set. The CCLA property investment saw an increase in the capital value to the end of December. Dividends and yield remain at over 4.21%.

# APPENDIX A2

## SHORT TERM INVESTMENT TRANSACTIONS OCTOBER TO DECEMBER 2018

INVESTMENTS MADE		INVESTMENTS REPAYD	
	£		£
HSBC	5,000,000.00	HSBC	200,000.00
Barclays	1,000,000.00	HSBC	1,150,000.00
HSBC	500,000.00	Goldman Sachs	1,000,000.00
HSBC	500,000.00	HSBC	2,800,000.00
Federated Investors	600,000.00	HSBC	3,600,000.00
HSBC	1,350,000.00	Nationwide	1,000,000.00
Goldman Sachs	1,000,000.00	HSBC	170,000.00
Barclays	1,500,000.00	Bank of Scotland	2,000,000.00
HSBC	700,000.00	HSBC	1,600,000.00
HSBC	470,000.00	HSBC	80,000.00
HSBC	4,200,000.00	HSBC	3,000,000.00
Santander	2,000,000.00	Bank of Scotland	1,000,000.00
Bank of Scotland	2,000,000.00	HSBC	350,000.00
HSBC	250,000.00	HSBC	210,000.00
HSBC	250,000.00	Federated Investors	1,000,000.00
HSBC	450,000.00	HSBC	3,190,000.00
HSBC	1,800,000.00	HSBC	1,550,000.00
HSBC	130,000.00	HSBC	200,000.00
Bank of Scotland	1,000,000.00	HSBC	1,500,000.00
HSBC	350,000.00	Standard Chartered	1,000,000.00
HSBC	400,000.00	Federated Investors	550,000.00
Federated Investors	1,000,000.00	HSBC	4,500,000.00
HSBC	4,900,000.00	Standard Chartered	1,000,000.00
HSBC	430,000.00		
HSBC	290,000.00		
HSBC	230,000.00		
HSBC	1,900,000.00		
Santander	1,000,000.00		
<b>TOTAL</b>	<b>36,750,000</b>		<b>32,650,000</b>
		Bfwd	22,801,158
		Paid	36,750,000
		Repaid	32,650,000
		<b>Total</b>	<b>26,901,158</b>
		<b>CCLA Growth/(Reduction)</b>	<b>55,116</b>
		<b>Total</b>	<b>26,956,274</b>

### Outstanding Investments as at 31 December 2018

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
Y	MMF Federated Investors	4,000,000	0.76%					0
O	Bank of Scotland PLC	1,000,000	0.75%	02/07/2018	02/01/2019	2	184	3,781
R	Standard Chartered Bank	1,000,000	0.65%	02/07/2018	02/01/2019	2	184	3,277
R	Goldman Sachs	1,000,000	0.91%	27/07/2018	25/01/2019	25	182	4,538
R	Goldman Sachs	2,000,000	0.90%	01/08/2018	31/01/2019	31	183	9,025
R	Goldman Sachs	1,000,000	0.88%	31/08/2018	28/02/2019	59	181	4,364
R	Goldman Sachs	1,000,000	0.83%	28/09/2018	29/03/2019	88	182	4,139
R	Barclays Bank	1,000,000	0.79%	01/10/2018	29/03/2019	88	179	3,874
R	Santander UK PLC	1,000,000	0.90%	18/12/2018	29/03/2019	88	101	2,490
O	Bank of Scotland PLC	2,000,000	0.95%		Call95			
R	Goldman Sachs	1,000,000	0.85%	15/10/2018	12/04/2019	102	179	4,168
R	Barclays Bank	1,500,000	0.78%	16/10/2018	12/04/2019	102	178	5,706
R	Santander UK PLC	2,000,000	1.00%	01/11/2018	29/04/2019	119	179	9,808
O	Bank of Scotland PLC	1,000,000	1.00%	19/11/2018	20/05/2019	140	182	4,986
R	Santander UK PLC	1,000,000	1.00%	21/12/2018	19/06/2019	170	180	4,932
O	Bank of Scotland PLC	2,000,000	1.15%	01/11/2018	05/11/2019	309	369	23,252
<b>Total Investments</b>		<b>£23,500,000</b>	<b>0.88%</b>			<b>95</b>	<b>189</b>	<b>£88,339</b>
								Unrealised Growth (£)
	Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) <sup>1</sup>	Initial Market Value (£)	
	CCLA Property Fund	3,456,274	4.21%	31/07/2014	3,000,000	(163,104)	2,836,896	456,274

1. Entry Costs were charged against Treasury Management Budget in 2014/15

N.B Interest is recognised in the appropriate financial year in which it is due.

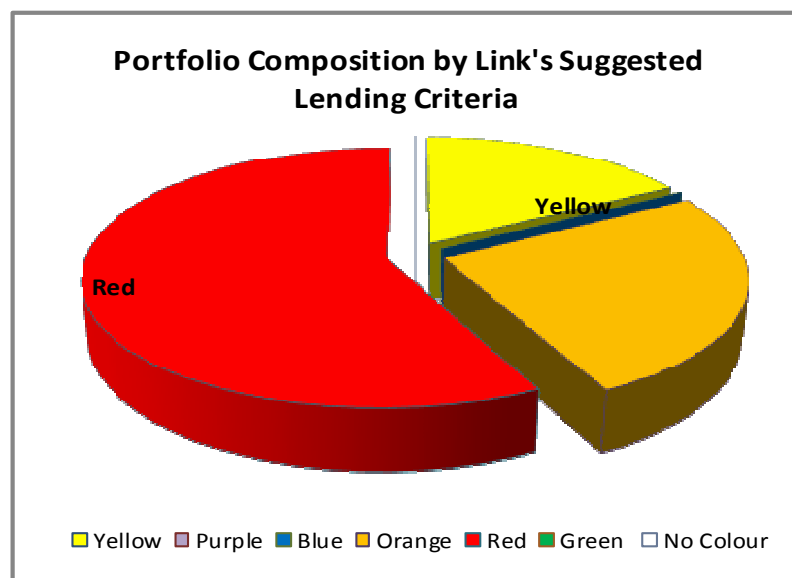
The category colour represents the duration of investment recommended by Link Asset Services, the Council's Treasury Advisors. Those investments with No colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

## Investment Summary Sheet

						Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Days to Maturity from Execution
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution
Yellow	17.02%	4,000,000	100.00%	4,000,000	17.02%	0.76%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Orange	25.53%	6,000,000	33.33%	2,000,000	8.51%	0.99%	158	216
Red	57.45%	13,500,000	0.00%	-	0.00%	87.00%	80	175
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	<b>100.0%</b>	<b>23,500,000</b>	<b>25.53%</b>	<b>6,000,000</b>	<b>25.53%</b>	<b>0.88%</b>	<b>86</b>	<b>155</b>

Risk Score for Colour (1 = Low, 7 = High)	Dec 2018	Sep 2018	Jun 2018	Mar 2018
1	0.2	0.2	0.3	0.0
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	1.0	1.2	1.2	1.9
5	2.9	2.6	2.0	2.6
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	<b>4.1</b>	<b>4.0</b>	<b>3.5</b>	<b>4.5</b>

	Sector's Suggested Criteria
Y	Up to 5 Years
P	Up to 2 Years
B	Up to 1 Year
O	Up to 1 Year
R	Up to 6 months
G	Up to 3 months
N/C	No Colour



Normal' Risk Score	3.5	3.5	3.5	3.5
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### THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

#### 1. Introduction

- 1.1 The Local Government Act 2003 brought about a new borrowing system for local authorities known as the Prudential Code (the Code). This gives to Councils much greater freedom and flexibility to borrow without government consent so long as they can afford to repay the amount borrowed.
- 1.2 The aim of the Code is to support local authorities when making capital investment decisions. These decisions should also be in line with the objectives and priorities as set out in the Council's Corporate Plan.
- 1.3 The key objectives of the Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable, or if appropriate, to demonstrate that they may not be. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. These objectives are consistent with and support local strategic planning, local asset management planning and proper option appraisal. They also encourage sound treasury management decisions.

#### 2. Prudential Indicators

- 2.1 To demonstrate that the Council has fulfilled these objectives, the Code sets out indicators that must be used. It is for the council to set any indicative limits or ratios. It is also important to note that these indicators are not designed to be comparative performance figures indicators but to support and record the Council's decision making process.
- 2.2 Appendix B2 sets out the latest performance indicators for the current year.

#### 3. Supported and Unsupported (or Prudential) Borrowing

- 3.1 Local authorities have always funded a substantial element of their capital programme via borrowing. This continues to be the case but until the introduction of the Prudential Code any local authority borrowing was essentially based upon a government 'permission to borrow'. This was deemed to be supported borrowing as credit limits were supported through funding from Revenue Support Grant. Following the introduction of the Prudential Code in 2003, the permission to borrow was essentially withdrawn and Councils were given greater freedom to borrow so



long as they can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

PRUDENTIAL INDICATORS

Central to the operation of the Prudential code is the compilation and monitoring of prudential indicators covering affordability, prudence, capital expenditure, and treasury management. Set out below are the indicators for 2018/19 to date as detailed in the Treasury Management Strategy Statement for 2018/19.

**(a) Affordability**

	2018-19 Original Estimate £	2018-19 Revised Estimate £
<b>(i) Capital Expenditure</b>	4,032,600	9,309,200
<b>(ii) Financing Costs</b> Total Financing Costs	1,086,000	994,600
<b>(iii) Net Revenue Stream</b> Funding from Govt Grants/Local Taxpayers	12,581,000	12,581,000
<b>(iv) Ratio of Financing Costs to Net Revenue Stream</b> The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	8.63%	7.91%
<b>(v) Incremental Impact on Council Tax</b> This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	(1.93)	3.43
<b>(vi) Authorised Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities	37,600,000	37,600,000
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.	15,012,800	15,012,800

	2018/19 Original Estimate £	2018/19 Revised Estimate £
<b>(vii) Operational Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000 15,012,800	32,600,000 15,012,800
<b>(viii) Capital Financing Requirement (CFR)</b> As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	13,557,000	16,463,000

**(b) Prudence and Sustainability**

	2018/19 Original £
<b>(i) New Borrowing to Date</b> No Long Term Borrowing has been taken in 2018/19 to date	0
<b>(ii) Percentage of Fixed Rate Long Term Borrowing</b> at December 2018	100%
<b>(iii) Percentage of Variable Rate Long Term Borrowing</b> at December 2018 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
<b>(iv) Minimum Level of Investments Classified as Specified</b> Level of Specified Investments as at December 2018  As part of the Investment Strategy for 2018/19, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies.	50.00% 100.00%

