

COUNCIL

SUMMONS

To the Mayor and Members of Carlisle City Council

You are summoned to attend the Meeting of Carlisle City Council which will be held on **Tuesday, 15 July 2014 at 18:45**, in the **Council Chamber, Civic Centre, Carlisle, CA3 8QG**



Director of Governance

AGENDA

1. The Mayor will invite the Chaplain to say prayers.
2. The Town Clerk and Chief Executive will open the meeting by calling the roll.

3. **Minutes**

The Council will be asked to receive the Minutes of the meetings of the City Council held on 29 April and 9 June 2014.

4. **Public and Press**

To determine whether any of the items of business within Part A of the Agenda should be dealt with when the public and press are excluded from the meeting.

To determine whether any of the items of business within Part B of the Agenda should be dealt with when the public and press are present.

5. 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.

6. Announcements

- (i) To receive any announcements from the Mayor
- (ii) To receive any announcements from the Leader of the Council
- (iii) To receive any announcements from Members of the Executive
- (iv) To receive any announcements from the Town Clerk and Chief Executive

Tribute

The Mayor will invite Members of the City Council to pay tribute to the late Councillor William Whalen

7. Questions by Members of the Public

Pursuant to Procedure Rule 10.1, the Town Clerk and Chief Executive to report that no questions have been submitted on notice by members of the public.

8. Presentation of Petitions and Deputations

Pursuant to Procedure Rule 10.11, the Town Clerk and Chief Executive to report that no petitions or deputations have been submitted by members of the public.

9. Questions from Members of the Council

Pursuant to Procedure Rule 11.2, the Town Clerk and Chief Executive to report that no questions have been submitted on notice by Members of the City Council.

10. Executive

(a) Minutes

The Council will be requested to receive the Minutes of the meetings of the Executive held on 12 May and 23 June 2014 and ask questions of the Leader and Portfolio Holders on those Minutes.

(b) Portfolio Holder Reports

The Council will be asked to receive reports from the following Portfolio Holders:

- | | |
|--|----------------|
| (i) <u>Leader's Portfolio</u> | 7 - 10 |
| (ii) <u>Finance, Governance and Resources</u> | 11 - 14 |
| (iii) <u>Environment and Transport</u> | 15 - 18 |
| (iv) <u>Economy, Enterprise and Housing</u> | 19 - 22 |
| (v) <u>Communities, Health and Wellbeing</u> | 23 - 26 |
| (vi) <u>Culture, Leisure and Young People</u> | 27 - 30 |
- and ask questions of the Leader and Portfolio Holders on those Reports.
(Copy Reports herewith)

11. Overview and Scrutiny

The Council will be asked to receive the Minutes from the following meetings of the Overview and Scrutiny Panels and to ask questions of the Chairmen; and receive reports from the Chairmen of the Overview and Scrutiny Panels:

- (i) **Community Overview and Scrutiny Panel** **31 - 32**
(a) Minutes of the meeting held on 19 June 2014
(b) Chairman's Report

- (ii) **Resources Overview and Scrutiny Panel** **33 - 36**
(a) Minutes of the meeting held on 26 June 2014
(b) Chairman's Report

- (iii) **Environment and Economy Overview and Scrutiny Panel**
(a) Minutes of the meetings held on 10 April and 2 May 2014
(b) Chairman's Report*

(Copy Reports herewith / *to follow)

12. Development Control Committee

To receive the Minutes of the meetings of the Development Control Committee held on 9 and 11 April, and 16 May 2014.

13. Audit Committee

To receive the Minutes of the meeting of the Audit Committee held on 14 April 2014.

14. Appeals Panel

To receive the Minutes of the meeting of the Appeals Panel held on 28 April 2014.

15. Regulatory Panel

To receive the Minutes of the meeting of the Regulatory Panel held on 25 June 2014.

16. Licensing Committee

To receive the Minutes of the meeting of the Licensing Committee held on 25 June 2014.

17. Notice of Motion

Pursuant to Procedure Rule 12, the Town Clerk and Chief Executive to report that no motions have been submitted on notice by Members of the Council.

18. Proposals from the Executive in relation to the Council's Budget and Policy Framework

(i) Provisional General Fund Revenue Outturn 2013/14 37 - 64

Pursuant to Minute EX.48/14, to note the General Fund Revenue Outturn for 2013/14 and consider the Executive's recommendations as set out below:

Council is asked to:

1. approve the carry forward requests totalling £767,600 to be met in 2014/15 and the release of £767,600 from the General Fund Reserve in 2014/15 as set out in the report; and
 2. approve the transfer of £500,000 from the underspend position to the Transformation Reserve as set out in paragraph 5.1.
- (Copy Report RD.07/14 and Minute Extracts herewith / to follow)

(ii) Provisional Capital Outturn 2013/14 and Revised Capital Programme 2014/15 65 - 88

Pursuant to Minute EX.49/14, to note the Capital Outturn for 2013/14 and the revised Capital Programme for 2014/15, and consider the Executive's recommendations as set out below:

Council is asked to:

1. approve the carry forward requests totalling £2,716,600 to be met in 2014/15 as set out in the report;
 2. approve the reprofiling of £352,000 from 2014/15 into 2015/16 for Old Town Hall Phase 2 as detailed in paragraph 5; and
 3. approve the revised Capital Programme for 2014/15 onwards should the carry forwards and Old Town Hall budget revisions be approved.
- (Copy Report RD.08/14 and Minute Extracts herewith / to follow)

(iii) Treasury Management Outturn 2013/14 89 - 112

Pursuant to Minute EX.50/14, to consider the recommendation of the Executive that the City Council approve the Treasury Management Outturn for 2013/14 as required under both the Financial Procedure Rules and the CIPFA Code of Practice on Treasury Management.

(Copy Report RD.10/14 and Minute Extracts herewith / to follow)

- | | | |
|------|---|--------------|
| (iv) | <u>Treasury Management Counterparties</u> | 113 -
148 |
| | Pursuant to Minute EX.40/14 and EX.54/14, to consider recommendations from the Executive that the City Council: | |
| | 1. approve the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7 of the report; and | |
| | 2. approve the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio. | |
| | (Copy Report RD.06/14 and Minute Extracts herewith / to follow) | |
| 19. | <u>Representatives on Outside Bodies</u> | 149 -
150 |
| | To consider a report of the Director of Governance regarding the appointment of Representatives to Outside Bodies. | |
| | (Copy Report GD.27/14 herewith) | |
| 20. | <u>Decisions taken as a Matter of Urgency</u> | 151 -
154 |
| | Pursuant to Overview and Scrutiny Procedure Rule 15(i), the Director of Governance to report on decisions taken as urgent decisions and dealt with as a matter of urgency without the need for call-in. | |
| | It is a requirement under the above Procedure Rule 15(i) for decisions taken as a matter of urgency to be reported to the next available meeting of the City Council. | |
| | (Copy Report GD.16/14 herewith) | |
| 21. | <u>Communications</u> | |
| | To receive and consider communications and to deal with such other business as may be brought forward by the Mayor as a matter of urgency, in accordance with Procedure Rule 2.1(xiv) to pass such resolution or resolutions thereon as may be considered expedient or desirable. | |

PART 'B'

To be considered in private

Meeting Date: 15th July 2014

Public/Private*: Public

Leaders Portfolio Holder's Report –

Title:

Councillor Colin Glover

Emergency Planning

The Cumbria Resilience Forum has adopted a new structure based upon key work streams. We have been working with the Programme Board to create an updated work programme for the new working groups.

Assisted Area Status

The revised European Assisted Area Map came into effect on July 1st. Assisted Area Status has in the past been a means to target economically weak regions of the EU to maximise impact of state aid through greater levels of European funding, to have the greatest impact in promoting growth, productivity, skills and jobs. In addition to areas of "need" it now includes areas of economic opportunity where the extra aid has potential to stimulate business growth particularly manufacturing. As a result six Wards in Carlisle have benefited. These are: Belah, Burgh, Castle, Denton Holme, Longtown and Rockcliffe and Stanwix Rural. Officers are working on the impact and opportunities for businesses in the area.

LEP Board Update

The last Board meeting was held on 20th June when the Board received an update on the progress of the Cumbria bids for Regional Growth Fund funding following the submission to Government. Cumbria LEP has put 10 projects forward, 2 of which are in Carlisle - MOD Longtown and Durranshill. The bids from Cumbria have received positive feedback but it is a competitive process across all 39 LEPs. Announcements on funding are expected early to mid July. The Cumbrian European Infrastructure Fund proposals has been updated following feedback from BIS and was submitted at the end of June. The Employment and Skills Commission are in the process of commissioning the preparation of a Skills Plan for Cumbria.

Sense of Place

The Carlisle Story and the Ambassador's Group were launched 12 months ago. The Ambassador Group meetings, which are held quarterly, have been held at a variety of venues including Carlisle Racecourse and Kingmoor Park. As a result the Carlisle Story vision, branding and images are beginning to be used by a variety of organisations to

promote Carlisle. A prospectus is the latest publication and is part of a suite of materials available for organisations and businesses to use to promote Carlisle.

Visit to Solway Aviation Museum

Following a very useful meeting with representatives from the Solway Aviation Museum, the Executive will be visiting the Museum on Friday 18th July to see first hand the work that they are doing

Successful Events:

The Cumberland Show and **Cumbria Pride** were both a success and showed how good Carlisle is as an events city. They were both held on Saturday 14 June. Thousands of people flocked to the city centre and Carlisle Racecourse and enjoyed the diverse range of activities on offer. We are delighted to have supported these events and would like to pass on our thanks to all the events organisers.

Cumbria Pride were delighted with their event, especially as many of the spectators travelled from other parts of the UK to attend it, even though Blackpool Pride was held on the same day. It was the first time Cumbria Pride was held in an open air venue.

Armed Forces Day is an opportunity to say thank you to our Armed Forces, past and present, for their dedicated service and to show them our support. This year it was held on Saturday 28 June. It also attracted large crowds. Organisations represented on the day included the local branch of the Royal British Legion; Royal Air Force Spadeadam, the Carlisle Armed Forces Careers office; the Royal Air Force Association; Carlisle Military Families Group with Bound for Glory; Carlisle Sea Cadet Force; and Air Training Corps (City of Carlisle) Squadron.

The programme included demonstrations from the Carlisle ex-Gurkha & Nepalese Association and local school children. Carlisle Sea, Army and Air Cadet Units competed in a Squad Drill Competition, judged by a Senior NCO from the Carlisle Armed Forces Careers Office. The Mayor of Carlisle, Councillor Steven Bowditch presented a Trophy to the competition winners.

The Royal British Legion (Cumberland & Westmorland) Family Fun Day was held on Sunday 29 June, at Bitts Park. It was free to attend and had lots of activities thorough out the day, including a CFM Roadshow, Moky Fit dancers, Royal Marine Cadets, Cockermouth Brass Band, RAF Spadeadam, archery, a climbing wall and a Fun Fair. This event was also supported by the Carlisle City Council Events Panel.

Upcoming Events:

George's Marvellous Medicine performance – Bitts Park

Illyria Theatre Company returns to Bitts Park with another Roald Dahl classic full of (literally) larger-than-life characters.

The open-air performance of George's Marvellous Medicine will be held on Thursday 17 July at 6pm. Tickets cost £10 for an adult, £5 for a child (under 16) or a family ticket for £25. They are now on sale at the Carlisle Tourist Information Centre. This family event will last around an hour and a half and families are encouraged to bring along their own seats or picnic blankets and of course a picnic if they wish.

Tempest at the Tarn

The Pantaloons, a touring theatre company, will perform 'The Tempest' on Saturday 16 August at Talkin Tarn Country Park.

Gates will open at 6pm for a 7pm start. The performance is one hour and 40 minutes, plus a 20 minute interval. Tickets cost £12.50 for adults, £10 concessions and £8 children. A family ticket is available for £35. Tickets are available from the Carlisle Tourist Information Centre.

Please bring along your own seating or a picnic blanket, and wear appropriate clothing too.

Festival of Sport

As part of the build up to the Glasgow 2014 Commonwealth Games, Carlisle is set to stage a Festival of Sport. The free event will take place on Sunday 20 July, between 11am and 4pm at The Sheepmount Stadium.

The programme will feature sports taster sessions and local partners will also be attending the event. Active Cumbria will providing information on local sport and physical activity opportunities, the community police team will have information on local projects and the Cumbrian SPAAF Foundation coaches will be delivering taster sports activities and will offer information on sports activities for children throughout the summer holidays.

We are also looking forward to the inaugural Patriot Games, organised by CN Events, Carlisle City Council, Carlisle Leisure Limited, Cumbrian Sport and Physical Activity Alliance Foundation (SPAA) and Active Cumbria.

Carlisle Pageant

The Carlisle Pageant will be held in the city centre on Saturday 16 August. The free community event will celebrate the city's history and heritage and will link in with the ancient proclamation of the Great Fair, to be held a week later on Saturday 23 August.

As part of the Pageant festivities, activities are planned within the city centre between 10am and 4pm and this year the Pageant Parade has a Tudor theme.

The Pageant programme will also include Best of Carlisle' Market stalls between Sunday 17 August and Wednesday 20 August, followed by an international market between Thursday 21 and Monday 25 August.

Borderlines - Carlisle Festival of Reading and Writing

This exciting new literary event has been supported by Carlisle City Council and will take place at various venues between Friday 5 and Sunday 7 September. It has been organised by Bookends, Cumbria Library Service and Tullie House Museum & Art Gallery, in association with Cumbria Life. There will be the chance to hear and enjoy a wide range of best-selling, well-known names talking about their books. Authors confirmed so far include: Rory Stewart MP, Hunter Davies, Eric Robson, Alan Johnson MP, Matt Hilton and Sheila Quigley.

If you love to write, there will be a Writers' Quarter on Saturday 6 September, where you can join workshops on everything from poetry and therapeutic writing, to writing for children. There will also be a creative crime writing masterclass with William Ryan.

Workshops on self-publishing and storytelling, all led by experts in their field, will conclude with a celebration of the written work produced, at a special Litcaff night.

Events

A listing of upcoming events is as follows:

Thursday 17 July

Illyria open air theatre: George's Marvellous Medicine
Bitts Park

Sunday 20 July

Festival of Sport
The Sheepmount Stadium

Saturday 16 August

The Pantaloons present: Tempest at the Tarn
Talkin Tarn Country Park

Saturday 16 - Monday 25 August

Carlisle Pageant
Carlisle city centre

Friday 5 - Sunday 7 September*

Borderlines: Carlisle's Book Festival
Various venues

Saturday 1 November

Fireshow Fun Day, Carlisle city centre and Fireshow, Bitts Park

Saturday 8 - Saturday 15 November*

Carlisle Photo Festival
Various venues

Sunday 9 November

Remembrance Sunday
Carlisle city centre

Sunday 16 November

Christmas Lights Switch On
Carlisle city centre

Wednesday 3 - Sunday 7 December

Christmas International Market
Carlisle city centre

*Recently received funding via the City Council's Events Panel.

Meeting Date: 15th July 2014

Public/Private*: Public

Title: **Finance, Governance and Resources Portfolio Holder's Report –
Councillor Dr Les Tickner**

Electoral Registration

The European and Carlisle City Council elections were held on Thursday 22nd May. Voting in the European election took place across the whole of the City Council area and there was voting in the City Council election in 17 of the City Council wards. There was also an election in the Dalston Parish Council area. There were 118 polling stations in operation on polling day. The count for the City Council elections was held on the Thursday night and the European count was held on the Sunday evening. The elections and the counts were delivered successfully.

Individual Electoral Registration was introduced with effect from 10th June and arrangements are being made to facilitate this change within the City Council. The matching of the City Councils electoral register with the records of the Department of Works and Pension records is scheduled to take place on 10th July which will be followed by further work to try and match records with data held by the City Council. Electors will then receive a letter in mid august to inform them whether they have been matched and need to take no further action with regard to registration or that they have not been matched and need to submit a registration form with supporting personal details.

Building Services

Civic Centre Refurbishment

Work has begun on refurbishment of floors 3 and 4 – both occupied by the County Council, completion of floor 3 is expected on 11th July with floor 4 to follow-on with completion anticipated by the end of August. This will complete the programme of refurbishment which began with the reinstatement work following the floods in 2005. All floors will have been re-wired and the partitions removed to create an open-plan layout.

West Walls

The project to preserve the old city wall at Town Dyke Orchard began in year 2005 / 06 and approximately 75% of the wall has now been repaired and re-pointed. The stretch of wall currently being restored is in poor condition and is being underpinned with new stone blocks. This work is being done by Kevin Harkness from the building maintenance team and it will take most of the summer to complete the current section.

Organisational Development

The Ethical Governance programme for the new Civic year has started with workshops for newly elected Members and members of committees. A series of workshops for managers and supervisors has been developed to support the Management Competency Framework and these will take place from July 2014 to January 2015.

A health check session for Members will be held before Council on 9 September from 4.30pm to 6.30pm in the Flensburg committee room. The City Council's Occupational Health Nurse will be offering blood pressure, cholesterol and blood glucose checks. Members will also be able to have their body stats assessed and get information on a wide range of health topics.

Information Management

Recent counts for information requests (From 29 March 2014 to 16 June 2014):

- Environmental Information Regulations requests received - 25
- Environmental Information Regulations requests responded to - 23
- Freedom of Information Act requests received – 151
- Freedom of Information Act requests responded to - 158
- Data Protection Act subject access requests received - 1
- Data Protection Act subject access requests responded to – 1
- Data Protection Act s29/s35 requests received - 16
- Data Protection Act s29/s35 requests responded to – 15

Legal Services

Legal Services underwent their annual Lexcel inspection on 6th June. Lexcel is an international best practice standard for law firms and in-house legal departments.

The section passed the inspection, with 9 areas of good practice. The assessor commented that the legal services department has continued to work to a high standard in terms of quality.

Only two months prior to the inspections, the team implemented the IKEN system with a view to becoming paperless and has, therefore, had to adapt all its systems accordingly. It is particularly pleasing, therefore, to receive a good report from the Lexcel assessor, who noted in her report that she was excited to see how the department develops over time in light of this new system, which allows a multitude of reports to be drawn up and analysed.

Indeed, the department are already noticing the benefits of the system which has improved efficiency, time recording and reporting.

Licensing

The football World Cup has commenced and as reported previously, in mid May the Government published a Statutory Instrument where they extended liquor licensing hours during the time when the England team were playing. Many licensed premises have taken advantage of these extensions. The Police have reported no problems in connection with the games.

We are commencing the seventh year of the Carlisle & Eden Best Bar None Awards. This is a national scheme that was set up under the Community Safety Partnership (old CDRP) and is open to all liquor licensed premises in the two Districts. The awards seek to

establish a standard of excellence within licensed premises in both Carlisle and Eden. The aims of the scheme are:

- To reduce the incidents of crime and disorder associated with the consumption of alcohol
- To promote Carlisle and Eden as a safe and professional environment in which to live, work, visit and socialise
- To identify and reward responsible operators
- To share good practice with others in order to raise standards

Digital and Information Services

There is a large amount of effort being put into developing the HR application process to ensure we achieve all the benefits from our investment. The recruitment module will go live in December; this includes the facility to apply for jobs via the Internet. This will automate the whole recruitment process. Staff and members will be able to make overtime and expense claims online as well from January. A new time and attendance application is being implemented which will integrate with the HR application.

Following the implementation of these modules work will start on the performance management and learning and development modules.

Detailed planning meetings have taken place with British Telecom, our partner in the provision of public Wi-Fi in the city centre. This exciting project will allow BT to use council assets, e.g. lamp posts, to provide Wi-Fi to users of the city centre.

The prototype online forms for the reporting of environmental issues is gathering a pace as more detail about the business processes involved are identified. It is hoped that by late August we will be demonstrating the new functionality available to customers and the benefits of developing customer-centric applications.

Meeting Date: 15th July 2014

Public/Private*: Public

Title: **Environment & Transport Portfolio Holder's Report –
Councillor Elsie Martlew**

GREEN SPACES – The Dale End Field play area replacement project was awarded to the Play Practice after a keenly fought tendering procedure. The winning bid showed a flair for design and a range of equipment that met all the technical requirements of the tender and most closely met the community's requirements.

The Chances Park Heritage Lottery Fund final claim was successfully submitted and paid in full, bringing the project to its final conclusion. One of the spin-offs from this £1m refurbishment of the park has been its adoption as a venue for all manner of activities, including the hugely successful Park Run, a weekly fitness event that regularly attracts 150 people – contributing to Carlisle's 'Healthy City' priorities.

Continuing the Healthy City theme, a new fitness trail is being installed on the riverbank path at Bitts Park. The 'green gym' provides outdoor exercise equipment in the form of a trail to be completed in sequence and improving strength, stamina and co-ordination. The new green gym will replace worn out equipment that has been well-used for many years.

At Hammonds Pond we are in the process of tendering the running of the cafe and watersports franchise. With two leading contenders in the running we are excited about the ideas that have already been put forward to improve the range of services available to our customers.

At Keenan Park a group of travellers arrived in the week prior to the Appleby Horse Fair. They were served with notice to quit within 24 hours of arriving and provided with refuse sacks to collect their rubbish, which they continued to use during their stay on the park. About 15 black sacks per day were collected from the roadside by the Street Cleaning mobile team. Eventually the group of mixed-nationality travellers, with about 20 caravans,

stayed for 7 days. The weather was wet during their stay and the park became muddy and rutted as a result of vehicle movements.

The clean-up entailed 6 man-hours and mainly consisted of clearing human waste and toilet paper from the woodland plantations which had been used as a latrine area. The wheel-ruts in the field were relatively minor and the ground will recover after levelling.

At Town Dyke a group of 5 caravans stayed for 7 days after being moved off Devonshire Walk car park. Here the clean up took 4 man hours and included removal of waste tarmac and paving stones (one of the travellers was in the 'driveway' business). Altogether a half-load of mixed waste was collected and taken to tip. After vacating Town Dyke the travellers took up occupation of private land nearby.

War Memorials

Stone cleaning and repairs to the Cenotaph in Rickerby Park is now complete although the landscaping work is still to be finished.

The Commonwealth War Graves Commission have also cleaned the individual headstones and installed an information panel at Richardson Street that explains the role played by Carlisle as a centre for the treatment of injured soldiers. The Upperby and Stanwix cemetery war memorials have also been repaired and cleaned.

Stone cleaning of other Council owned memorials at Harraby, Botcherby and Eden Bridge Gardens is complete. Some painting to railings and waxing / polishing of bronze fittings remains outstanding but will be completed by mid July. The bronze plaque at the entrance to the Civic Centre has been cleaned, waxed and polished and the missing rose replaced. Work to community war memorials is now around 80% complete.

The work has been very successful and the change in appearance has been very noticeable, attracting a lot of positive comment from the public.

CITY ENGINEERS

Historic Quarter Parking and Loading Improvements – The new parking proposals were implemented on 30th June 2014. The changes were publicised with the media and a short warning period will operate while drivers become aware of the changes which are expected to be beneficial to users of the area.

City Centre Management - A programme of work has started to replace the seats in the City Centre Pedestrian area. The old seats are to be renovated and re-used in other locations around the City, in particular in some of the Green Spaces. A number of major events have recently taken place in the area, Music City, Pirrelli Rally and Gay Pride. The next major event is Armed Forces Day on the 28th June.

With regard to Weed Control around the City the County Council have now completed the initial spray with a second spray due later in the summer.

ENVIRONMENTAL HEALTH –

Dog Fouling the number of complaints has reduced by 16% from last year.

Food Poisoning - Campylobacter is the most common cause of food poisoning in Carlisle with 132 confirmed cases last year. Nationally campylobacter is responsible for an estimated half a million cases of food poisoning, 22,000 hospitalisations and 100 deaths, which is why it has been public health enemy number one in the eyes of the Food Standards Agency. Raw chicken is a significant carrier of campylobacter and the City Council's Environmental Health Service are supporting the Food Standard Agency's campaign encouraging people to stop washing raw chicken. Washing raw chicken has been proven to be significant in spreading the germ from the chicken to hands, other foods and equipment – risking serious illness. It is hoped that people correctly handling raw chicken – e.g. storing it at a temperature below 5°C, avoiding the cross contamination that washing it and not properly separating raw and ready to eat foods can cause, correctly cleaning food preparation surfaces and properly cooking it – will see a reduction in the numbers of people affected by this nasty germ.

Gulls - Environmental Health have contacted a number of premises owners regarding gulls nesting and breeding on their premises. It is pleasing to note that most owners once notified either employ specialist pest control companies or take steps themselves to deter the gulls. Unfortunately no strategy provides an overnight solution. It is therefore important that residents are kept informed of the action companies are taking. In light of complaints about gulls in Denton Holme United Utilities are working with Environmental Health to keep residents informed of the action taken by the company in controlling the gulls on its site and the actions planned to be taken.

Gull control is a long term issue, but if all building owners/occupiers are pro active we can successfully control the gull population in Carlisle.

The gull sack introduction has been a success, however we are experiencing problems where certain residents are presenting their waste within the gull sacks loosely and not in bags. This is an early teething issue that the technical team are working on through communicative intervention.

The Council's gulls sack were in operation by the 1st April this year and are already having a positive impact on the number of complaints about rubbish from bins and litter received by the Enforcement and Education Team. When compared to an equivalent period last year complaints of litter and rubbish from bins were halved. Also, there were 54 complaints of litter and rubbish from bins in the three months before the sacks were introduced,

following the introduction of the sacks this figure dropped to 18 complaints received. If the sacks are used correctly they offer better protection from pests who would otherwise rip open and spread the rubbish. Early indications show that the sacks are helping to “clean up Carlisle”.

Meeting Date: 15th July 2014

Public/Private*: Public

Title: **Economy, Enterprise and Housing Portfolio Holder's Report –
Councillor Heather Bradley**

ECONOMIC DEVELOPMENT

Local Plan

Analysis of the representations received in response to the Preferred Options Stage Two consultation is now nearing completion, beyond which the Plan can consequently be refined where necessary to respond to comments made. Efforts associated with identifying the need for changes resulting from the introduction of the new National Planning Policy Guidance, and changes to permitted development rights, also remain ongoing, but should be completed by mid July.

In terms of formalising such refinements to the Plan, the intention is to start engaging the Member Steering Group from the end of July onwards. Such a process has worked well to date in debating and agreeing policy direction and is anticipated to add similar value moving forward.

In terms of the evidence supporting the Local Plan, the receipt of the City Centre Masterplan is imminent. Following consultation on this the strategic approach to planning for retail within the Plan can be finalised, as too can the specific allocations required to meet future retail needs. Consultation on the Council's Strategic Housing Land Availability Assessment (SHLAA) is to be undertaken in tandem with that on the City Centre Masterplan, with the SHLAA constituting a technical assessment of the potential of land to accommodate future housing growth. Consultation on the SHLAA is generally being approached from the perspective of acting to validate the robustness of technical information already held for sites, as opposed to seeking further land for inclusion within the Plan at this late stage or views on preferences between sites.

Remaining on the issue of housing growth, the opportunity is also being taken to commission a short refresh of the key outputs of the Council's housing needs and demand study. This will ensure that the housing target in the publication draft of the Local Plan is based on the most up to date demographic and economic projections. This work is expected to be completed prior to the end of July.

The timescales for progressing the Local Plan remain unchanged from those last communicated, with the next milestone being consultation on a 'publication' draft of the Local Plan in January of next year (2015). Adoption of the Plan is still anticipated to be in early 2016.

City Centre Masterplan

Officers are due to take receipt of the final draft version of Masterplan this week (that commencing 16th June), with a view to reviewing the content and agreeing with the appointed consultants any necessary changes prior to the 1st July.

Following a presentation to and consideration by JMT, the draft Masterplan will be subject to a four week period of public consultation commencing in mid July.

Following the close of consultation on the Masterplan comments received in response to it will be used to help refine the final version. The final Masterplan and comments received will then be used to inform relevant aspects of the emerging Local Plan, including the strategic retail approach and allocations.

HOUSING

Homeless Strategy

Consultation with Key partners on Carlisle's Homelessness Strategy 2014-19 has begun which will be published at the end of this year. A series of workshops and sessions are planned in order to shape the key priority areas identified with representatives from all statutory, voluntary and community sectors with an interest in homelessness issues. The key priority areas are:

1. Appropriate Accommodation & Support Pathways
2. Multiple Excluded Homelessness & Rough Sleeping
3. Increase & improve positive outcomes for young people experiencing homelessness
4. Prevention of homelessness

Homeless Services:

Since 1st April the homeless service has made 24 homeless decisions and accepted a full statutory duty to 4 households; in addition 28 households were prevented from becoming homeless; with 25 households being assisted with homeless / housing advice.

Hostel Services:

Since 1st April the hostel services has successfully assisted 12 households to move on positively; 50% of which were to independent tenancies; 25% to longer term supported housing; and 25% returning to family / friends over an average length of stay of four months; with 33% receiving initial follow on support for up to 8 weeks.

Two residents were supported to take part in a 'pop up kitchen' as part of the Meals Direct project currently being delivered within Water Street. The residents volunteer within the project, cooked and served meals to customers within the Old Fire Station. In addition a joint project between Carlisle City Council, Cumbria Probation, Sustainable Carlisle and Ways to Welfare to create a community garden and growing group within the grounds at Water Street began over the Easter weekend and is now well underway.

An integrated preventative initiative focused has been established between the hostel and welfare advice services in Water Street through the development of a weekly community welfare advice drop in surgery; which is open to both residents of the scheme and those residing within the local community.

Homelife Carlisle

Homelife were commended at a ceremony at the House of Lords as part of the National HIA Awards for their work in integrating services with Health and Social Care. We were pleased to be recognised given how relatively young we are as an HIA. The Community Neighbours programme now has 52 volunteers and 39 partnerships and was recently featured on BBC Radio Cumbria as part of Volunteers Week. The clip, which includes an interview with a volunteer and a client, can be found at:

<https://soundcloud.com/carlisle-council/community-neighbours-bbc-02-june-14-low-mono-16-bit>

Landlord Accreditation

On 20th May 2014 a launch event took place at the University of Cumbria to officially launch Cumbria Landlord Accreditation Scheme (CLAS)

The new scheme which Carlisle City Council have joined alongside four of the other Cumbrian District Councils, will see the start of a new relationship with local landlords and the National Landlords Association (NLA), who CLAS is partnered with to run and administer the scheme.

Existing accredited landlords are being asked to transfer to the new CLAS scheme before the 1st October, when the previous scheme will officially end.

Landlord Accreditation will now be obtained by landlords through the National Landlords Association. The private sector team are working closely with landlords to assist them in transferring over to the new scheme, providing information through social media, local press, the City Council's website and targeted mail shots.

Cluster of Empty Homes

The target is to have 45 empty properties re-occupied by March 2015. To date 43 grants have been approved of which 27 have been completed and are now tenanted. We are on target to deliver 45 properties by December 2014.

Portfolio Holder's Meeting

The Director of Economic Development and myself recently met with Cllr Clare Feeney-Johnson, Cumbria County Council Cabinet Member for Environment and Angela Jones Assistant Director Environment and Regulatory Services who has responsibility for Planning Services to discuss how we can work better together, particularly on Planning matters. It was a very useful meeting and I look forward to working more closely with them in the future.

Meeting Date: 15th July 2014

Public/Private*: Public

Title: **Communities, Health and Wellbeing Portfolio Holder's Report –
Councillor Jessica Riddle**

Health and Wellbeing

Carlisle submitted their application to the World Health Organisation for Phase VI Healthy City status. This included: obtaining letters of support from partners, identifying priority areas, providing detail that the council has considered the decision for phase VI. We have recently found out that we have been successful in gaining phase VI World Health Organisation Healthy City Status.

A Carlisle Health and wellbeing profile has been produced which showcases the data for the district.

Health and planning work is being explored, we are working to include a Strategic Health Policy in the Local Plan.

A variety of different initiatives to reduce the levels of smoking have taken place. The stop smoking service have attended events in the Carlisle district and completed targeted work within the City Council foyer. A city centre event with tobacco free futures was organised in the city centre to raise awareness of the risks associated with smoking to young people and provide advice and support on how to quit.

Several funded Healthy City projects have recently received awards:

1. Carlisle SPAAF (Sport and Physical Activity Alliance Foundation)

Best New Social Enterprise North West 2014 (Social Enterprise NW)

Best New Social Enterprise Cumbria 2014 (Cumbria Social Enterprise Partnership)

Social Entrepreneur of the year 2014 (Cumbria Social Enterprise Partnership)

2. Cumbria Gateway

Social Enterprise of the Year - Highly Commended

Social Entrepreneur of the Year - Highly Commended

Disabled Facilities Grants

New contracts for the 2014 framework have been issued. The Private Sector Housing team have met with all the contractors under the new framework and good working relationships are being established, with clear guidance on what is expected and how the contract will be managed. The new ways of working under the framework will allow disabled adaptations to be delivered in an effective and efficient manner, ensuring quality adaptations are received by customers. The new framework commenced on the week beginning the 9th June 2014.

Equality and Diversity Policy

We are working with a group of Cumbria districts to deliver a new approach to the Public Sector Equality Duty (PSED). The group has approached a range of trainers to develop a project to be implemented later this year in preparation for a review of our equality objectives.

Community Safety Partnership

The Police and Crime Commissioner has confirmed the funding arrangements for the Carlisle and Eden Community Safety Partnership (CSP) for 2014/ 15.

£7,000 is being provided to each territorial policing area (Carlisle and Eden, Barrow and South Lakes and West Cumbria) towards the staffing costs of a partnership co-ordinator.

Up to £30,000 will also be made available to the Carlisle and Eden CSP. Up to £15,000 towards projects that support the Police and crime plan, £5,000 towards crime prevention work and emerging issues and up to a further £10,000 towards high scoring bids or multi-area projects.

Funding bids are being considered by the Office of the Police and Crime Commissioner on a monthly basis.

Multi-Agency Problem Solving Groups

The next problem solving group meeting will take place on Wednesday 9th July, 2pm at Riverside offices on Botchergate.

Members are welcome to attend the PSG to raise issues or alternatively, if members are aware of any issues or concerns regarding anti-social behaviour in their wards the information can be passed directly to Ruth Crane, Community Development Officer who will ensure the information is passed to the group for discussion.

Since its inception the problem solving group has managed over 260 different cases ranging from noise nuisance, dog fouling, vulnerable people, speeding vehicles to criminal damage and drug abuse.

Police Desk

A new police desk service for the residents of Carlisle west was launched on Wednesday 18th June at the Morton community centre on Wigton Road, Carlisle.

The concept of the police desk is to offer a further location in the community where residents can speak to officers and access services including, reporting a crime in person, arranging to take a statement, crime prevention and personal safety advice and much more. There will also be a monthly theme example home security, safety advice etc.

The police desk will take place every Wednesday thereafter at the same time, 9am – 12 noon, and will offer residents the chance to speak with officers without having to attend a police station, something which not everyone finds comfortable to do.

Summer Splash

Summer Splash is a scheme that aims to engage young people (11-17 yrs) and reduce anti-social behaviour throughout the summer holidays (a key period for anti-social behaviour.) A range of different activities are put on to challenge young people, give them the chance to try something new and get fit and active. Activities vary year on year but have included climbing walls, laser tag, zorbing, mountain biking, music, a range of sports and archery.

The scheme has been running for 4 years and is being expanded this year to include other key areas across the District. Splash events will be held on Mondays, Tuesdays, Thursdays and Friday evenings between 17.00-20.00, commencing on 17th July and alternating between Chances Park and Hammonds Pond, Melbourne Park and Keenan Park, Longtown and Brampton. The event is being co-ordinated by Inspira and Cumbria Constabulary in conjunction with Riverside Housing and Carlisle City Council.

In 2013 Summer Splash saw the largest number of youths attending, a total of 1452. Over the last 4 years Summer Splash has contributed towards the following reductions in anti-social behaviour - 23% reduction in 2011, 35% reduction in 2012 and a 16% reduction in 2013.

Community Centres Kiosks

Two new self serve community kiosks will be installed in Greystone Community Centre and Brampton Community Centre on Friday 20th June. The information provided on the kiosks has been tailored to the local area and will provide residents with free access to local information and services.

Meeting Date: 15th July 2014

Public/Private*: Public

Title: **Culture, Leisure and Young People Portfolio Holder's Report –
Councillor Anne Quilter**

Old Fire Station

The Old Fire Station pilot programme has now finished with a very positive response from performers, participants and audiences. Planning permission has now been granted for the development and the contractor is undertaking investigatory and enabling works ahead of construction. The proposed Business and Operating Plan for the venue post redevelopment has been considered by the City Council's Executive and referred to both the Community and Resources Overview and Scrutiny Panels. Informal discussions have been opened to develop opening programme content for 2015.

WW1 Writing Project

Work is underway with a local writer to create a piece of drama around WW1. The project will also involve a producer who was consultant producer at Theatre by the Lake and has worked with the BBC. The drama piece will be called The Last Post and will link the Home front with the War front through the telegram service. The piece will be based upon real letters home from Carlisle soldiers serving in the First World War. The aim is to perform the piece September 2015 in the Old Fire Station. Through this project a new Carlisle Theatre group will be established, with a view to regular works at the Old Fire Station.

Pageant

Carlisle City Council has linked up once again with Chester for the Midsummer Watch, with City Council representatives taking part in the Chester event and the Chester team is supporting us with the Carlisle Pageant. During the Carlisle Pageant, puppets will once again form a parade and this year we have linked up with Lakeside casting agency, who have written and will perform a historical piece of drama. This years Pageant will take place on August 16th. The programme will include lots of family friendly fun, including face painting and street entertainers. A community parade including giant puppets depicting key historical characters from the Tudor period, including Henry VIII and Mary Queen of Scots, will parade from the Civic Centre at 2pm making its way to the city centre and the Old Town Hall via Scotch Street.

Carlisle Music City

Carlisle Music City had a successful third year. The addition of a bar and catering certainly made a difference and kept people in the city centre for longer. Both weekends were well received by the performers and the audience. Turn out from the public was the highest yet for Music City and the event is starting to feel well established.

Sports Development

Carlisle City Council is organising a Festival of Sport on the 20th July to celebrate the Commonwealth Games. This will involve local sports clubs and organisations. The programme will provide taster sessions including American football, tennis, hockey, rowing, canoeing, cycling, golf, rounders, rugby and squash along with activities for the family. Newlands Adventure Centre will be there, fun runs organised by Carlisle Parkrun, Watchtree Wheelers and guided Skyrides. Childrens entertainment, a pedal power scalextric, a fairground, food and refreshments will also be on offer on the day.

Carlisle's summer of sport also includes the Patriot Games, a new workplace team event that we are supporting with CLL, CN events and The Cumbrian SPAA Foundation.

Tennis, athletics and cycling programmes continue to be a success. The Skyride project through British Cycling is in full flow with rides being delivered every Sunday for a range of groups from families to adults wanting to enjoy Carlisle and the surrounding area by bicycle. To book on a Skyride visit www.goskyride.com/carlisle

Carlisle City Council Officers are also working with Watchtree Wheelers, British Cycling and Border City Wheelers cycling club to develop a new cycling facility at Watchtree nature reserve. Around £90k has been raised through sponsorship and funding applications to resurface the current tracks at the disabled cycling centre. The successful delivery of a 1k cycling circuit is a key part of our sports facility strategy.

Since the last meeting of Council we have supported a further 6 local athletes with funding and free facility use as part of our talented athlete scheme with Active Cumbria and Carlisle Leisure.

The 2014 Cumbria School Games took place yesterday in Carlisle. 650 school children from across the county arrived in Carlisle to represent their district teams in Tennis, Hockey, Netball, Golf, Table Tennis, Football, Table Cricket, Boccia and Orienteering.

Team Carlisle was crowned 2014 Cumbria School Games champions, with Team Furness coming a close second and Team Eden taking third place. The Mayor, Cllr Steven Bowditch, was asked to receive the special Cumbria School Games Olympic Torch Trophy on behalf of Team Carlisle. The day was a great success.

Old Town Hall Phase 2

Phase two of the Old Town Hall project remains on track for implementation early in the New Year. The scheme is based on the outcomes of the Member Working Group and the Carlisle Story brand in order to provide a gateway to the Historic and Cultural Quarter and a greater ambassador role across Tourism and promoting what Carlisle has to offer.

The proposals include a new entrance to facilitate disabled access; new exhibition area which will be flexible and interactive; new merchandise which has a Carlisle and Cumbria

emphasis and new displays. A Planning Application and an application for Listed Building Consent has been submitted. The plans will be on display prior to the Council Meeting.

The work to the Assembly Room will enable it to be used for a variety of uses, for instance, Civic functions, exhibitions and meetings.

Tullie House

On 17th June Tullie House Museum Trust won the prestigious award for Cumbria Tourism Large Visitor Attraction of the year. The Cumbria Tourism Awards celebrate the best Cumbria has to offer and are now in their 12th year. Winning businesses have to demonstrate excellence and innovation throughout their business, including their product, welcome, service, marketing and sustainable practices.

Tullie House will now go on to represent the county at the Visit England Awards for Excellence in 2015.

TripAdvisor has awarded Tullie House Museum Trust with a 2014 Certificate of Excellence. This prestigious award recognises businesses that constantly earn top ratings from TripAdvisor travellers.

Tullie House Museum Trust is among the top 20 museums nationally to be long listed for the Telegraph Family Friendly Museum Award 2014, which gives visitors the chance to say which museum, gallery or historic home in Britain gives the warmest welcome to families.

The shortlisted museums are mystery shopped by families, using the Kids in Museums Manifesto as a guide to their family friendliness. The winner will be announced in July.

Events and Exhibitions

Tullie House has held a variety of events and exhibitions over the last couple of months. The Mechanical Circus (15th February – 1st June) exhibition presented a combination of scientific tricks, toys and experiments in a fairground atmosphere and was very popular particularly with schools.

Community and Youth activities included Treasures of Cumbria project enabling the people of Cumbria to record and share their heritage and history; 'Carlisle's Cultural Quarter' Digital Map project led by the Yak Yak youth group and May bank holiday events linked to Local and Community History Month.

Report to:

Council

Agenda
Item

11(i)(b)

Meeting Date: 15 July 2014

Public/Private*: Public

Title: **Community Overview and Scrutiny Chairman's Report –
Councillor R Burns**

The first meeting of the current municipal year was held on 19th June 2014. Unfortunately myself and the Vice Chair, Cllr Prest, were unable to attend and Cllr Harid was appointed Chair for the meeting.

The Panel were due to look at their work programme for the year ahead and determine their priorities, this has been deferred to the meeting on 31st July and if any Member of the Council has any burning topic that they would like to see scrutiny get to the bottom of we would welcome your suggestions.

At the meeting in June the Panel received the response from the Executive on the recommendations made by the Hate Crime Task and Finish Group. Members were informed that Cllr Elizabeth Mallinson who led the work had recently attended a conference hosted by AWAZ who had been impressed with the work undertaken by the Group. It was agreed that the Panel would monitor the changes and look at this again in six months time.

The Panel also considered the end of year Performance Report and several questions were raised on the service standard on the "Average Days to Process New Benefits Claims" as Members wished to be reassured that claimants were not falling into financial difficulty due to delays. Members were also interested in the amount of people who had benefited from the Homelife Carlisle scheme (currently 39).

Finally the Panel received a report on the Implementation of Mobile Homes Act 2013 which introduced new conditions for those sites and a fee structure was to be implemented for funding the Councils cost for licensing the sites.

Councillor Rob Burns
Chairman

Report to: Council

Agenda
Item

Meeting Date: 15 July 2014

Public/Private*: Public

Title: **Resources Overview and Scrutiny Panel - Chairman's Report**
Councillor Reg Watson OBE

Overview Report and Work Programme

The Overview and Scrutiny Officer drew the Panel's attention to the draft Scrutiny Annual Report which had been attached to the report as Appendix 2. Panel Members were asked to comment on the draft report before it was formally approved by the Scrutiny Chairs Group. A Member wanted the Council to give more consideration to vulnerable people and asked that all of the Council's reports, policies and decisions reflected this. The Deputy Chief Executive responded that there was a framework in place to ensure vulnerable people and minority groups were considered as part of the decision making process and he agreed that it was worthwhile reviewing the process. The Town Clerk and Chief Executive reminded the Panel that the Local Government Act 2000 gave Members the ability to call-in decisions if Members felt that the decision was not protecting vulnerable groups.

Corporate Risk Management

Members had been informed that work would begin on the Arts Centre in May and asked when the Arts Centre Business Case would be available for scrutiny? The Deputy Chief Executive explained that the Business Case was under development. The building work would begin in May and the planning application would be considered by the Development Control Committee on Friday 11 April 2014. The Town Clerk and Chief Executive added that there was clear direction from the Administration that the Arts Centre would go ahead. The Business Case would be subject to scrutiny to ensure it was the best, most robust and deliverable Business Case that it could be. What risk was there to the Authority if Scotland became independent? The Town Clerk and Chief Executive reported that he would be attending a meeting in the afternoon to meet other Leaders and Chief Executives from local authorities including southern Scotland to discuss the impact on Local Government in the north of England and the Borders. The meeting was a result of the IPPR Borderland report. The Director of Resources added that the impact on Carlisle would depend on the two Countries tax regimes.

Transformation Board

The Deputy Chief Executive outlined the purpose of the Board reporting that the Board had assisted in the co-ordination of savings initiatives within each Directorate for the £719,000 savings target for 2014/15. £536,000 of the target had been achieved. The Deputy Chief Executive updated the Panel on progress within each of the Directorates and detailed the progress of the Automating Services project which had progressed and

expanded into a programme of delivering services in a smarter and more customer centric way. He reminded the Panel that additional recurring savings were required beyond 2014/15 and the savings targets were detailed in the 2014/15 budget. A further £3.939m savings were required between 2015/16 and 2018/19, £1.839m to be delivered by 2015/16 and £2.1m in later years. In total the Council would have saved £9.073m which equated to an approximate 45% savings on 2010/11 controllable expenditure budget. The Deputy Chief Executive detailed how some of the future savings would be achieved as set out in the report. In response to questions the Deputy Chief Executive confirmed that the savings to be achieved from Bereavement Services were on track and comparison work was being undertaken between the authority and other local authorities with regard to waste provision. The Chairman expressed his disappointment with regard to the reduction to the neighbourhood forum grants. Members had a detailed discussion on the way grants were given out to community groups and the effect the reduction may have. They hoped that the reduction would not affect the pro active engagement with local communities. The Town Clerk and Chief Executive explained the reason for the reduction in the grant to the County Council and how it was hoped that the way City Council Ward Councillors engaged with their communities would become more proactive.

Employee Opinion Survey 2014

In considering the Employee Opinion survey results Members raised the following questions and comments: Members were pleased that staff morale continued to improve despite the changes that were happening within the authority and the pressure that staff were under. Members felt that all managers should understand the value of positive feedback on staff. The percentage of staff that had taken part in a team or individual appraisal was very low. The Town Clerk and Chief Executive agreed that the figure should be 100% and work was needed to make the appraisal system more relevant and easier to understand. The Organisational Development Manager added that the appraisal process for 2014 had just begun and she would report the figures to a future meeting. She added that the question with regard to appraisals would be changed to a yes/no answer in 2015 for clearer results. A Member commented that it was important to retain staff and questioned the level of staff and resources required to ensure the authority could move forward. The Town Clerk and Chief Executive explained that the Medium Term Financial Plan showed a required saving of £3m and he felt that this was sensibly achievable. The Senior Management Team was looking at the running cost of the authority and comparing it to other similar authorities to identify where money was being spent to inform the options available to Members. He added that the City Council was viable for the future.

Overview Report and Work Programme

The Work Programme had been included in the report. The Audit Committee had referred the Revenues and Benefits report to the Panel for their consideration. The Panel agreed that a Task and Finish Group should be undertaken on Shared Services and would consider the Revenues and Benefits report as part of the Task Group if appropriate. The Overview and Scrutiny Officer asked Panel Members, the Portfolio Holder and Officers to give consideration to items for the Panel to scrutinise in 2014/15. A Member commented that the Panel would like further information on Section 106 monies. The Overview and Scrutiny Officer advised the Panel that the Environment and Economy Overview and Scrutiny Panel had recently considered a report on Section 106 monies and agreed to circulate it to Members.

2013/14 Sickness Absence Report

The Policy and Performance Officer reminded the Panel that the authority had experienced an 18% reduction in absenteeism in 2012/13 compared to the previous year. The reduction had been attributed to less stress related absences, revised management policies and the introduction of a wider employee assistance programme, details of which had been included in the report. The Policy and Performance Officer drew Members attention to appendix one of the report which showed the sickness absence levels split by directorate and showed a reduction of 3% compared to the same period the previous year. He detailed the

reasons for sickness absence with 'Other musculo-skeletal problems' continuing to be the biggest contributor to the figures for absence. He added that the reasons for absence were nationally used categories which enabled the authority to benchmark with other organisations when required. He reported that the number of Return to Work interviews which had been undertaken had increased from 92% in 2012/13 to 97.9% in 2013/14. 2) That the Sickness Absence monitoring reports be considered by the Panel on a six monthly basis and included the changes as set out above.

Corporate Programme Board

RESOLVED – 1) That the Corporate Programme Board report (CE.06/14) be welcomed; 2) That further information with regard to the delays with the YMCA Empty Homes Programme and the Gypsy and Traveller Transit Site be circulated to Members of the Panel.

Treasury Management Counterparties

The Director of Resources outlined the background position, reiterating that the Council had been investigating alternative ways of increasing the counterparties available to invest with. As a result of those investigations, and in order to try and maximise the return the Council could achieve on its short term investments whilst still maintaining security of the investment, an additional counterparty (Svenska Handelsbanken) was proposed, details of which were provided. The Council had approached its Treasury advisors (Capita Asset Services) regarding the proposal, in response to which they had indicated that it did not put the Council's investments at any additional risk.

Provisional Outturn for Council Tax and National Non Domestic Rates 2013/14

The Director of Resources presented report RD.09/14 setting out the 2013/14 provisional outturn and performance position for Council Tax and National Non Domestic Rates. He informed Members that the estimated outturn of 99% suggested that overall liability raised and Council Tax collected would exceed the budgeted projections of 98.5% due in the main to reduced losses on liability (if the collection pattern for recovering 2013/14 arrears followed that of previous years). The impact of increased collection performance was an overall surplus on collection fund of £394,371, the City Council's share of the surplus being £51,785. The Director of Resources pointed out that the Council had maintained collection performance so that for the third year running Carlisle was in the 3rd quartile when compared to districts nationally. Whilst that was the Council's joint best ever collection performance, the Council would never be in a position to move into the higher collection quartiles for the reasons set out at Section 3.1 of the report. He added that 2013/14 was the first year of the Business Rate Retention Scheme and new Collection Fund Accounting Regulations. The Deficit on the Collection Fund for Business Rate Retention for 2013/14 at 31 March was £408,578, of which Carlisle City Council's share was £163,430. The main reason for that deficit was the requirement to provide a provision for all outstanding appeals lodged at 31 March. As this was the first year of the scheme, the provision had to take into account all backdated appeals as well as those relating to 2013/14. That deficit would be recovered in the future. The overall position against budgeted funding was net growth of £5,129 after the deficit was taken into account. In accordance with his delegated authority for the write-off of outstanding debts, without limit, the Director of Resources had asked the Executive to note that debts totalling £96,867.50 had been written off for the period 1 January 2014 to 31 March 2014; such bad debts were summarised for the Executive's information in Table 1 of the report. The total amount written off in 2013/14 of £633,068 (mainly due to Business Rates written off) compared to total write-offs in 2012/13 of £527,001. The Panel asked for an update on the Central Plaza building located at the Viaduct as they had serious concerns regarding the condition and safety of the building. The Director of Resources informed the Panel that there were no rates on the building as it was a listed building but it was safe at the moment. The Legal department had been investigating who had legal responsibility for the building but were finding this very difficult.

Cllr R Watson OBE, Chairman

Report to Council

Agenda
Item:

18(i)

Meeting Date: 15th July 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD007/14
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2013/14
Report of: DIRECTOR OF RESOURCES
Report Number: RD07/14

Purpose / Summary: This report which summarises the 2013/14 provisional outturn for the General Fund Revenue budgets, was considered by the Executive on 23 June, Resources Overview and Scrutiny Panel on 26 June and Audit Committee on 10 July 2014.

Recommendations:

Council is asked to:

- (i) approve the carry forward requests totalling £767,600 to be met in 2014/15 and the release of £767,600 from the General Fund Reserve in 2014/15 as set out in the report; and
- (ii) approve the transfer of £500,000 from the underspend position to the Transformation Reserve as set out in paragraph 5.1.

Tracking

Executive:	23 June 2014
Overview and Scrutiny:	ROSP 26 June 2014
Audit Committee:	10 July 2014
Council:	15 July 2014

Report to Executive

Agenda
Item:

Meeting Date: 23rd June 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD007/14
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2013/14
Report of: DIRECTOR OF RESOURCES
Report Number: RD 07/14

Purpose / Summary: This report summarises the 2013/14 provisional outturn for the General Fund revenue budget and gives reasons for the variances.

The outturn position shows a net underspend of £82,582 for Council services as at 31 March 2014, once committed expenditure totalling £767,600 and £500,000 transfers to earmarked reserves are taken into account.

It should be noted that the information contained in this report is provisional, subject to the formal audit process. The Statement of Accounts for 2013/14 will be presented to the Audit Committee on 10 July, followed by a three month audit process.

Recommendations:

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2014 of £82,582 after carry forwards as set out in (ii) below, and net transfers to/from earmarked reserves as noted in (iii) below;
- (ii) Note the committed expenditure totalling £767,600 to be met in 2013/14 which has been approved by the Director of Resources under delegated powers, and the release of £767,600 from the General Fund Reserve in 2014/15, for recommendation to Council;
- (iii) Make recommendations to Council to top up the Transformation Reserve with £500,000 from the underspend position, as set out in paragraph 5.1.

Tracking

Executive:	23 June 2014
Overview and Scrutiny:	ROSP 26 June 2014
Audit Committee:	10 July 2014
Council:	15 July 2014

1. BACKGROUND

- 1.1 This report shows the provisional outturn position for the General Fund Revenue budgets for 2013/14.
- 1.2 A summary of the overall position is shown in paragraph 2. Further details for each directorate are included in **Appendices A1 – A7** as follows:
- (i) A comparison of the outturn position against the budget.
 - (ii) An analysis of the major variances relating to both income and expenditure, with comments from the Director.
 - (iii) The items of carry forwards to cover committed expenditure to be expended in line with the original purpose. These requests follow the procedure agreed by Council with every form being signed off by the relevant Director after discussion with the Portfolio holder, and the Director of Resources.
- 1.3 Members should note that the information contained in this report is provisional and subject to the formal audit process. The formal Statement of Accounts for 2013/14 will be presented to the Audit Committee on 10 July, followed by a three month audit period. Any significant changes required following the approval of the 2013/14 accounts will, if necessary, be reported to a future Executive meeting.
- 1.4 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 reduced income levels.

2. SUMMARY REVENUE OUTTURN 2013/14

- 2.1 The following table shows the revised 2013/14 budget for the General Fund:

2013/14 Revenue Budget	£
Approved Budget (Council resolution – February 2013)	12,755,000
Carry forward requests (2012/13 out-turn)	677,400
Council Resolution 2013/14	13,432,400
Non-Recurring Expenditure (note 1)	
EEAC Reserve to fund Fuel Poverty Expenditure	4,300
Licensing Reserve (GD 07/14 Executive 15.01.14)	14,400
Transformation Costs - Restructures (Transformation Reserve)	231,700
Voluntary Redundancy Costs (Transformation Reserve)	326,500
Updated Budget 2013/14	14,009,300

Note (1) use of earmarked reserves to fund 2013/14 expenditure

- 2.2 The provisional outturn position for the General Fund is summarised below and explanations for the main variances are provided in the appendices. The significant variances and key issues are highlighted in paragraph 3:

Directorate / Appendix		Annual Net Budget	Total Spend	Net Variance at 31/03/14	Carry Forwards Committed	Adjusted Variance
		(£)	(£)	(£)	(£)	(£)
Chief Executive's Team	A1	193,800	145,387	(48,413)	35,000	(13,413)
Community Engagement	A2	(37,400)	(30,050)	7,350	0	7,350
Deputy Chief Executive's Team	A3	4,196,800	4,132,417	(64,383)	65,000	617
Economic Development ⁽¹⁾	A4	2,779,100	2,778,670	(430)	166,400	165,970
Governance	A5	(1,785,800)	(2,061,268)	(275,468)	212,300	(63,168)
Local Environment	A6	5,946,900	5,526,020	(420,880)	178,100	(242,780)
Resources/Corporate ⁽²⁾	A7	2,715,900	2,186,999	(528,901)	110,800	(418,101)
Sub Total		14,009,300	12,678,175	(1,331,125)	767,600	(563,525)
Transfers ⁽³⁾						500,000
Costs of Disposal ⁽⁴⁾						(19,057)
Total						(82,582)

Note 1: The overspend relates to Legal costs outside of the control of Economic Development

Note 2: Corporate underspends are included in the Resources total e.g. Salary Turnover Savings

Note 3: See paragraph 5

Note 4: To be funded by Capital Receipts , see paragraph 5.4

- 2.3 The above table details the net Council budget. The Council's original gross budget for 2013/14 was £59.27m and although there are many individual variances as detailed by directorates in **Appendices A1 – A6**, the net underspend equates to 0.14% of this budget.

3. EXPLANATION OF SIGNIFICANT VARIANCES & KEY ISSUES

- 3.1 The provisional outturn position for 2013/14 is an underspend of £82,582 after taking into account carry forward requests of £767,600 as set out in paragraph 4, and transfers to/from earmarked reserves totalling £500,000, as set out in paragraph 5.
- 3.2 Some of the **significant** service expenditure and income variances are set out below. Many of these have been reported throughout the year in budget monitoring reports and further explanations are provided in the appendices.

Income

- Underachieved investment income of £243,100
- £195,000 VAT recovery claim income (DFG's) not received
- Additional Housing Benefit overpayments grant of £100,700 received
- Additional corporate general grants of £91,100 received

Expenditure

- £189,800 Additional salary turnover savings achieved
- Minimum Revenue Provision expenditure incurred which was not budgeted for of £240,000 relating to the financing of capital expenditure
- Asset Disposal costs of £73,400 not budgeted for
- Underspend on election costs of £83,900
- Transformation savings achieved early of target of £191,500
- Insurance excess provision less than expected by £79,600
- Net underspend on Revenues & Benefits Shared Service of £155,600
- Net overspend on Development control Inquiry costs and fees of £165,700
- Saving on past pension service costs of £128,500
- Net underspend within Local Environment of £242,800

- 3.3 The reallocation of central departments' balances to service areas still has to be carried out, which explains many of the small balances held on some management and support service centres. This reallocation will be completed before the Statement of Accounts is prepared, but has no impact on the overall out-turn position.

- 3.4 Members are regularly updated on the budget position throughout the year, with quarterly reports being considered by the Executive and scrutinised by Resources Overview and Scrutiny Panel. Many of the variances shown in the Appendices have previously been reported with any necessary steps to mitigate the impact on the future budget position dealt with as part of the 2014/15 budget. However, some pressures have an ongoing impact which must be addressed during the forthcoming 2015/16 budget process.

4. CARRY FORWARD REQUESTS

- 4.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Director may be carried forward. This is to facilitate the achievement of more strategic five year budgeting which requires greater flexibility of budgets between years as set out in the Medium Term Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Director of Resources where the request relates to a specific committed item of expenditure where, due to external or other factors, the Director has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended. The carry forward will only be approved by the Director of Resources if the expenditure is within both the Directorate's and the Authority's budget as approved for that year. Any carry forward which would result in an over-spend for the Authority will require authorisation by the Council.*
- *any overspending on service estimates in total on budgets under the control of the Director must be carried forward to the following year, and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Director of Resources will report the extent of overspending carried forward to the Executive, Resources Overview and Scrutiny Panel and to the Council.*

The delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

- 4.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix B**. The requests have been subject to the scrutiny of the relevant Director and Portfolio Holder prior to formal consideration by SMT and the Director of Resources, who is satisfied that budgets of £767,600 should be carried forward to 2014/15. Although some Directorates have expended in excess of their budgets, or have suffered reduced income as detailed in the individual appendices, once the committed expenditure is taken into account there is an

overall underspend across the whole authority. These amounts have therefore been included in the carry forward. The relevant Director will be able to give further details of carry forward requests if required at the meeting.

- 4.3 For information, the table below provides details of the outturn position (excluding funding) and level of carry forward requests over the last five years for illustrative purposes:

	2013/14 Provisional £	2012/13 £	2011/12 £	2010/11 £	2009/10 £
Variance at 31 March	(1,331,125)	(1,021,350)	(618,959)	(2,004,397)	(2,367,354)
Carry forward requests	767,600	696,400	357,500	1,758,700	1,552,000
Final Variance	(563,525)	(324,950)	(261,459)	(245,697)	(815,354)
Less Transfers/Costs of Disposals	<u>480,943</u>	<u>249,703</u>			
Service Expenditure variance	(82,582)	(75,247)			
Percentage variance on service expenditure of original gross budget	(0.14)%	(0.11)%	(0.41)%	(0.36)%	(1.23)%

5. USE OF RESERVES

- 5.1 The Transformation Reserve has been utilised to fund the redundancy and compensatory payments in 2013/14 and those costs associated with the voluntary redundancy initiative in 2013/14. A transfer of £500,000 to the reserve from the underspent revenue balance is subject to Council agreement leaving a balance of £438,095 as at 31 March 2014. Details of the reserve are provided in the table below:

Transformation Reserve	£
Balance at 1st April 2013	496,295
Expenditure 2013/14	(231,700)
Expenditure 2013/14 relating to Voluntary Redundancies	(326,500)
Transfer in	500,000
Balance at 31st March 2014	438,095
Transfer in from Voluntary Redundancy savings in 2014/15 ⁽¹⁾	241,000
Balance available for 2014/15	679,095

Note (1) The reserve will be further replenished in 2014/15 from the savings generated from redundant posts.

- 5.2 The level of Council reserves was approved by Council in February 2014 and showed that there will be pressure on reserves from 2014/15 onwards if ambitious transformation savings are not delivered to plan. Due to the level of underspend identified within this report after all carry forward requests are approved and transfers to/from earmarked reserves, approximately £82,582 will be returned to the General Fund Reserve. This will replenish the usable revenue balances by 31 March 2016 to the minimum required.

	31/03/2014 £'000s	31/03/2015 £'000s	31/03/2016 £'000s	31/03/2017 £'000s	31/03/2018 £'000s	31/03/2019 £'000s
Prudent Level of Reserves	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)
Council Resolution General Fund Reserve	(2,111)	(2,222)	(2,728)	(2,772)	(2,910)	(2,782)
Underspend position returned to Reserves	(1,331)	0	0	0	0	0
Transfer (from)/to earmarked reserves:						
- Transformation Reserve ⁽¹⁾	500					
Committed Carry Forwards		768	0	0	0	0
Cost of Disposal	(19)					
Revised Reserves Balance	(2,961)	(2,304)	(2,810)	(2,854)	(2,992)	(2,864)
Additional Transfers as part of Statement of Accounts:						
- Additional Funding received	(167)					
- Building Control Reserve	37					
- Residents Parking	(116)					
- Licensing Reserve	14					
Final Reserves Balance	(3,193)	(2,536)	(3,042)	(3,086)	(3,224)	(3,096)

Note 1: Transfers to/(from) earmarked reserves subject to approval

- 5.3 In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £19,057 that are included in the revenue outturn, can be funded from the capital receipt generated. This will result in an increase to revenue balances at 31st March 2014 and is reflected in the table above.

6. BAD DEBT PROVISION

- 6.1 The Council's bad debt provision has been increased in respect of housing benefit overpayments, penalty charge notices and sundry debtors, and this has been allocated directly to the services. Further details can be found in report RD09/14 elsewhere on the agenda.

7. BALANCE SHEET

- 7.1 In line with suggested best practice, information relating to significant items on the Council's balance sheet has been reported regularly to Members during the course of the year. The Council's balance sheet as at 31 March 2014 forms part of the annual Statement of Accounts that will be considered by the Audit Committee on 10 July, followed by a three month process.
- 7.2 The VAT partial exemption calculation has been finalised for 2013/14 resulting in 2.29% for the year which is well below the 5% permitted limit.
- 7.3 The 2013/14 Council Tax Collection Fund projected surplus has decreased from £492,315 to £394,371 (Council share decreased from £64,929 to £51,785).

2013/14 is the first year of the Business Rate Retention Scheme and new Collection Fund Accounting Regulations. The Deficit on the Collection Fund for Business Rate Retention for 2013/14 at 31 March is £408,578, of which Carlisle City Council share is £163,430. The main reason for this deficit is the requirement to provide a provision for all outstanding appeals lodged at 31 March. As this is the first year of the scheme, the provision has to take into account all backdated appeals as well as those relating to 2013/14. This deficit will be recovered in the future. The overall position against budgeted funding is net growth of £5,129 after the deficit is taken into account.

The Council Tax and NNDR Provisional outturn report provides further details and is considered elsewhere on the agenda (RD09/14).

- 7.4 At 31st March 2014 balances totalling £1,844,615 are held in respect of Section 106 agreements and other commuted sums, with a further £4,418,221 expected, relating to agreements for sites yet to be developed. These sums are to be used for the

provision and future maintenance of public open spaces, children's play areas, cycleways and transport facilities etc. The City Council acts as custodian only for £1,180,811 of the sums held, in respect of projects for which Cumbria County Council is responsible, including the Castle Way and Public Realm. Should the County Council not progress these projects, or they remain incomplete before the agreed deadlines, the custodial sums must be repaid, along with a premium for interest, to the Developers. Further details of the balances retained are set out in the table below:

Commuted Sums 2013/2014	Opening Balance & Receipts (£)	Spend (£)	Retained Balance 31/03/14 (£)	Expected Sums (£)
Affordable Housing Contributions	15,000	0	15,000	254,373
Cycleway & Public Realm	732,841	26,785	706,056	0
Education	0	0	0	3,500,000
Play Areas & Facilities	239,009	7,401	231,608	69,310
Public Open Spaces Provision/Maintenance	473,806	56,610	417,196	237,669
Sports Provision/Maintenance	0	0	0	48,584
Transport & Pedestrianisation	488,837	14,082	474,755	308,285
Total	1,949,493	104,878	1,844,615	4,418,221

8. CONSULTATION

8.1 Consultation to date.

Portfolio Holders and SMT have considered the issues raised in this report.

8.2 Consultation Proposed.

Resources Overview and Scrutiny Panel will consider the report on 26 June 2014.

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

9.1 The Executive is asked to:

- (i) Note the net underspend as at 31 March 2014 of £82,582 after carry forwards as set out in (ii) below, and net transfers to/from earmarked reserves as noted in (iii) below;
- (ii) Note the committed expenditure totalling £767,600 to be met in 2013/14 which has been approved by the Director of Resources under delegated powers, and the release of £767,600 from the General Fund Reserve in 2014/15, for recommendation to Council;
- (iii) Make recommendations to Council to top up the Transformation Reserve with £500,000 from the underspend position, as set out in paragraph 5.1.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

10.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the 2013/14 outturn shows the delivery of these priorities within budget.

Contact Officer: Emma Gillespie

Ext: 7289

Appendices A1 to A7 and B.
attached to report:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS: SMT and JMT have been involved in the preparation of this report. Risks to future years' budget and development of ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.

Chief Executive's – N/A

Deputy Chief Executive's Team – N/A

Economic Development – N/A

Governance – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the outturn figures is part of this process. Approval of full Council is required for the additional use of revenue reserves to fund expenditure commitments as set out in the report.

Local Environment – N/A

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

REVENUE BUDGET MONITORING 2013/14

CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	2,469,400	(112,300)	(2,163,300)		193,800
Budget to date	2,469,400	(112,300)	(2,163,300)		193,800
Total Actual	2,467,411	(153,292)	(2,168,732)		145,387
Variance	(1,989)	(40,992)	(5,432)		(48,413)
Carry Forwards				35,000	35,000
Adjusted Variance	(1,989)	(40,992)	(5,432)	35,000	(13,413)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Customer Contact Section	1	2,341	(35,400)	0	35,000	1,941
Miscellaneous	2	(4,330)	(5,592)	(5,432)	0	(15,354)
Total Variance to date		(1,989)	(40,992)	(5,432)	35,000	(13,413)

Note	Chief Executive's Team - Comments
1.	Additional backdated income for reception services provided in 2011/12 and 2012/13.
2.	Various net minor underspends and surplus income across the service.

REVENUE BUDGET MONITORING 2013/14

COMMUNITY ENGAGEMENT (residual budgets)	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	137,800	0	(175,200)		(37,400)
Budget to date	137,800	0	(175,200)		(37,400)
Total Actual	145,150	0	(175,200)		(30,050)
Variance	7,350	0	0		7,350
Carry Forwards				0	0
Adjusted Variance	7,350	0	0	0	7,350

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Miscellaneous	1	7,350	0	0	0	7,350
Total Variance to date		7,350	0	0	0	7,350

Note	Community Engagement - Comments
1.	Overspent expenses in relation to Tullie House Trust costs.

REVENUE BUDGET MONITORING 2013/14

DEPUTY CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	4,660,600	(299,300)	(164,500)		4,196,800
Budget to date	4,660,600	(299,300)	(164,500)		4,196,800
Total Actual	4,653,370	(356,453)	(164,500)		4,132,417
Variance	(7,230)	(57,153)	0		(64,383)
Carry Forwards				65,000	65,000
Adjusted Variance	(7,230)	(57,153)	0	65,000	617

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Carlisle Partnerships	1	(48,864)	36,705	0	0	(12,159)
Arts Centre	2	(65,423)	(575)	0	65,000	(998)
Miscellaneous	3	107,058	(93,283)	0	0	13,775
Total Variance to date		(7,230)	(57,153)	0	65,000	617

Note	Deputy Chief Executive's Team - Comments
1.	Underspends on payments to contractors, offset by under achieved grant funding.
2.	Underspend due to operating a limited pilot programme.
3.	Various net overspends offset by surplus income across the service.

REVENUE BUDGET MONITORING 2013/14

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	5,838,600	(2,339,100)	(720,400)		2,779,100
Budget to date	5,838,600	(2,339,100)	(720,400)		2,779,100
Total Actual	5,987,548	(2,488,478)	(720,400)		2,778,670
Variance	148,948	(149,378)	0		(430)
Carry Forwards				166,400	166,400
Adjusted Variance	148,948	(149,378)	0	166,400	165,970

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Enterprise Centre	1	(4,680)	42,414	0	0	37,734
Tourist Information Centres	2	(1,630)	35,363	0	0	33,733
Business Support, Employment & Regeneration Projects	3	(81,259)	(64,626)	0	152,300	6,415
Development Control	4	278,430	(112,704)	0	0	165,726
Miscellaneous	5	(41,914)	(49,824)	0	14,100	(77,638)
Total Variance to date		148,948	(149,378)	0	166,400	165,970

Note	Economic Development - Comments
1.	Underspend on NNDR and income shortfall from lettings due to empty business units.
2.	Underspent staffing and supplies; offset by shortfalls on accommodation bookings' commission and sale of goods.
3.	Underspent project expenses to be carried forward.
4.	Overspend includes £253,400 Airport application legal expenses; partly offset by surplus fees income.
5.	Various net minor underspends and surplus income against budgets to date.

REVENUE BUDGET MONITORING 2013/14

GOVERNANCE	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	4,512,200	(5,006,300)	(1,291,700)		(1,785,800)
Budget to date	4,512,200	(5,006,300)	(1,291,700)		(1,785,800)
Total Actual	4,255,515	(5,025,091)	(1,291,692)		(2,061,268)
Variance	(256,685)	(18,791)	8		(275,468)
Carry Forwards				212,300	212,300
Adjusted Variance	(256,685)	(18,791)	8	212,300	(63,168)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Municipal Elections	1	(78,114)	(5,813)	0	0	(83,927)
Town Twinning	2	(28,618)	0	0	15,000	(13,618)
Property Services	3	(189,462)	0	0	182,300	(7,162)
Asset Disposal Costs	4	74,277	(900)	0	0	73,377
Miscellaneous	5	(34,769)	(12,078)	8	15,000	(31,838)
Total Variance to date		(256,685)	(18,791)	8	212,300	(63,168)

Note	Governance - Comments
1.	Underspend on City Elections due to there not being a City Election this year.
2.	This is a 3 year programme budget which will be used to fund the Council's Town Twinning activities agreed at the Annual 3 Way meeting.
3.	Underspend on Payments of consultants fees in relation to the review of the Council's property portfolio.
4.	Costs associated with the disposal of assets. In accordance with Capital Finance Regulations, £19,057 can be funded from the capital receipts generated.
5.	Underspent expenses and surplus income across the services

REVENUE BUDGET MONITORING 2013/14

LOCAL ENVIRONMENT	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	14,444,800	(5,917,800)	(2,580,100)		5,946,900
Budget to date	14,444,800	(5,917,800)	(2,580,100)		5,946,900
Total Actual	14,015,173	(5,900,557)	(2,588,596)		5,526,020
Variance	(429,627)	17,243	(8,496)		(420,880)
Carry Forwards				178,100	178,100
Adjusted Variance	(429,627)	17,243	(8,496)	178,100	(242,780)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
CCTV	1	(26,914)	(1,039)	0	0	(27,953)
Environmental Protection	2	(40,872)	(8,759)	19	3,100	(46,513)
LE Management & Development	3	(17,368)	0	0	0	(17,368)
Neighbourhoods and Green Spaces	4	(31,912)	(5,573)	0	0	(37,485)
Parking	5	5,012	46,932	(8,491)	10,000	53,454
Highways Claimed Rights	6	(9,199)	(15,000)	0	5,000	(19,199)
City Lighting	7	(48,721)	0	0	0	(48,721)
Recycling & Waste Collection	8	(151,041)	28,968	0	65,300	(56,773)
Clean Up Carlisle	9	(95,512)	(6,987)	(0)	90,100	(12,400)
Miscellaneous	10	(13,100)	(21,299)	(24)	4,600	(29,824)
Total Variance to date		(429,627)	17,243	(8,496)	178,100	(242,780)

REVENUE BUDGET MONITORING 2013/14

Note	Local Environment - Comments
<ol style="list-style-type: none"> 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 	<ol style="list-style-type: none"> 1. Underspent equipment contract repairs and maintenance and transmission costs. 2. Underspent supplies & services, and additional license income received. 3. Underspends on IT, postages and office supplies. 4. Underspent staffing and supplies & services, and additional miscellaneous income. 5. Over budget NNDR, offset by underspent supplies & services; shortfall on ticket sales, PCNs' income and management fee income. 6. Reduced insurance claim provision. 7. Underspent lighting maintenance and energy savings. Charging mechanism to be introduced for County works. 8. Underspent fuel, transport hire and specialist equipment, partly offset by income shortfall. 9. Underspent expenses, residual at the year end to be rolled forward to fund the scheme's completion. 10. Various minor underspends & surplus income across the services.

REVENUE BUDGET MONITORING 2013/14

RESOURCES (& CORPORATE)	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2014	£	£	£	£	£
Annual Budget	46,435,200	(37,368,700)	(6,350,600)		2,715,900
Budget to date	46,435,200	(37,368,700)	(6,350,600)		2,715,900
Total Actual	45,663,213	(37,212,874)	(6,263,340)		2,186,999
Variance	(771,987)	155,826	87,260		(528,901)
Carry Forwards				110,800	110,800
Adjusted Variance	(771,987)	155,826	87,260	110,800	(418,101)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Transport	1	7,677	(4,857)	27,849	0	30,668
Building Maintenance	2	(12,902)	(8,647)	68,818	0	47,268
Civic Centre	3	(30,446)	(11,953)	(0)	0	(42,399)
Direct Revenue Financing	4	(70,823)	0	0	73,300	2,477
Treasury & Debt Management	5	235,816	242,922	2,326	0	481,064
Non Distributed Costs	6	(132,627)	0	0	0	(132,627)
Other Financial Costs	7	(540,097)	93,244	0	22,700	(424,153)
DIS	8	(15,876)	(24,324)	0	0	(40,201)
Benefits Payments & Subsidy	9	(784)	(99,900)	0	0	(100,684)
Revenues and Benefits	10	(144,188)	(11,463)	0	14,800	(140,851)
Miscellaneous	11	(67,737)	(19,195)	(11,732)	0	(98,664)
Total Variance to date		(771,987)	155,826	87,260	110,800	(418,101)

REVENUE BUDGET MONITORING 2013/14

Note	Resources - Comments
<ol style="list-style-type: none"> 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 	<ol style="list-style-type: none"> 1. Overspent salaries due to one-off payment. Shortfall on job recharges, partly offset by increased income. 2. Underspent salaries due to reduced hours, shortfall on job recharges due to increased levels of sickness. This situation has now been addressed. 3. Underspent premises and contract payments; surplus rental income achieved. 4. Carry forward to fund capital schemes. 5. Overspend on MRP and reduced investment income. 6. Savings on shared service pension costs. 7. Improved savings: Salary Turnover (£189,800), Transformation (£187,100). Surplus in insurance excess (£107,400), underspent Council Tax 2nd Homes (£26,900) and IT purchase (£22,700). Shortfall on VAT recovery claims not paid (£195,000) partly offset by surplus income including: New Homes Bonus (£26,300), DCLG grants (£25,700), Transition Grant for Rural LA's (£19,800), New Burdens' Grants (£8,500), Assets of Community Value Grant (£7,800) and compensation (£11,800). 8. Underspend on Shared Service payments, surplus income from fees & charges and service level agreements. 9. Surplus on Housing Benefit Overpayments following subsidy finalisation due to 100% return on Overpayments collected. 10. Unused budgets allocated for shared service use and underspend on Discretionary Rate Relief; surplus income from reimbursements. 11. Various minor underspends, surplus income and recharged expenses surplus.

2013/14 REVENUE CARRY FORWARD REQUESTS

APPENDIX B

Ledger Code	Directorate/Section	Description	Non-recurring / Third Party grants	Requests into			Total
				2014/15 £	2015/16 £	2016/17 £	
47540/8601	Chief Executive's Office Policy & Communications	Surplus income received re Customer Contact Centre to be used in 2014/15 to replace the current Civic Centre Banner Site with a modern digital screen. This will improve our ability to generate income for the events programme through commercial partnerships and support for events.	Non-recurring	35,000			35,000
				35,000	0	0	35,000
16490/various	Deputy Chief Executive Team Arts Centre	Underspend in 2013/14 due to only operating a limited pilot programme which is requested to be carried forward to ensure adequate financial support is available for the establishment of governance and operational management arrangements, to support start up costs.	Non-recurring	65,000			65,000
				65,000	0	0	65,000
50130	Economic Development Investment & Policy	Regeneration Project Support. To enable a continued and dedicated project resource which is fundamental in order to be able to work up and develop regeneration proposals to a position whereby bids to secure capital allocations and/or external funding can be pursued	Non-recurring	51,400			51,400
50032/4001	Investment & Policy	Employment Projects. To promote Carlisle as a place to invest in and do business in which is critical to the realisation of the growth aspirations within the Local Plan.	Non-recurring	51,300			51,300
50052/4001	Investment & Policy	Business Sector Support. Over the past 2 years, the City Council have procured the Chamber of Commerce to deliver local business start up support (BSUS). This enabled additional funding to be levered in and as a result the entirety of the budget has not been drawn down. The programme is now complete, but there are currently no arrangements in place to resources to support a future programme. Supporting business activity is a clear Corporate Priority and it is therefore considered necessary to carry forward the underspend as a foundation upon which a future Support & Development. Funds earmarked to cover costs of developing and promoting the Carlisle Prospectus, a high profile and key marketing/investment strategy which builds on the successful Carlisle Story. Purchase orders have already been raised.	Non-recurring	49,600			49,600
21050/4001/59059 & 21050/4017/59059	Investment & Policy	Support & Development. Funds earmarked to cover costs of developing and promoting the Carlisle Prospectus, a high profile and key marketing/investment strategy which builds on the successful Carlisle Story. Purchase orders have already been raised.	Non-recurring	8,500			8,500
21050/3711	Investment & Policy	Parish Council & Village Hall Grants. To reduce the impact of the reduction in grants and allow a second round of grants during the year. Budget has been reduced in 2014/15 by 40% but substantially oversubscribed with over 50% of project submissions being declined an award. Request to roll over underspend was made by Carlisle Parish Councils Association (CPCA) and has been recommended to be put to a full council decision by Cllr Bradley, Policy & Investment	Non-recurring	5,600			5,600
				166,400	0	0	166,400
22210/3430	Governance Town Twinning	This budget is a rolling 3 year programme to fund the Council's Town Twinning activities. £15,000 of the balance of £28,600 remaining in the Town Twinning fund is required to fulfil commitments in 2014/15 to set up a 3 way cooperation structure.	Rolling Programme	15,000			15,000
32020/8302	Legal Services	To cover employment & workload for the Asset Disposal Programme due to a member of staff requiring hospital treatment. Additional income received in 2013/14 which can accommodate this	Non-recurring	10,000			10,000
32030/3532	Democratic Services	To update the Council's Committee Management Information System (CMIS) to make it user friendly, enable a seamless transition between the 'new look' Carlisle City Council website and to comply with access requirements.	Non-recurring	5,000			5,000
41010/4001	Property	For the commission in March 2014 of consultants to undertake Asset Valuation work to help with the preparation of the 2013/14 year end Statutory Accounts, due to be complete end of April.	Non-recurring	20,000			20,000
41010/4017	Property	Funding to engage specialist consultant advice needed to assist with the delivery of the review of the Council's property portfolio including Land at Morton in accordance with the scheme of delegation and contract procedure rules.	Non-recurring	162,300			162,300
				212,300	0	0	212,300

2013/14 REVENUE CARRY FORWARD REQUESTS

APPENDIX B

Ledger Code	Directorate/Section	Description	Non-recurring / Third Party grants	Requests into			Total
				2014/15 £	2015/16 £	2016/17 £	
12110, 12120, 12400, 12410, /3011	Local Environment Neighbourhood Services	Specialist Equipment. Orders for essential specialist equipment for the waste and recycling collection were placed early March, however there is an extended period for delivery of the bins, boxes and sacks due to be received within the first quarter of 2014/15.	Non-recurring	65,300			65,300
24070/various/51157	Environmental Support	Clean Up Carlisle Initiative. To support the initiative for the remainder of the 2 year period from start date part way through 2012/13 to September 2014.	Non-recurring	60,200			60,200
24060/various/51157	Clean Up Carlisle	In February 2012, the Council agreed to a 2 year programme to Clean Up Carlisle. Due to time taken to plan the campaign, order necessary equipment etc, expenditure did not start until September 2012. The carry forward allows the scheme to continue for the intended 2 years and honour employment contracts & jobs committed until September 2014.	Non-recurring	29,900			29,900
12857/1081/51210	Small Scale Community Projects	For work commissioned for improved lighting in Mayfield Avenue to be carried out in 2014/15.	Non-recurring	800			800
24300/0897	Food Safety	Budget committed from flexible retirement savings to support a student EHO to complete their professional training due to be completed August 2014.	Non-recurring	3,100			3,100
11850/4017	Car Parking	Parking Strategy Study. The study brief for this work has only just been agreed and the procurement process has started to engage a consultant with suitable experience and knowledge of Carlisle. It has not been possible to progress any quicker with the resources available. The study is designed to help guide future parking strategy in the City and help improve parking income.	Non-recurring	10,000			10,000
12857/3430/52502	City Centre Bandstand	The bandstand roof is deteriorating and in order to prolong its life until a new bandstand can be provided it is planned to strengthen and recover the roof. The design of this work has been delayed for a structural report to be received. Work can take place as soon as this is received.	Non-recurring	3,800			3,800
12510/3807	Boustead's Grassing / Highways Transfer	To provide budget for the clear up and dilapidations at Boustead's due to the transfer of Highways Services to the County Council. Budget will be transferred to Boustead's in 2014/15.	Non-recurring	5,000			5,000
				178,100	0	0	178,100
29600/various 19050/4051	Resources Direct Revenue Financing Shared Services ICT Software	Financing required for slippage/carry forwards on capital schemes. To be carried forward by each shared service partner for utilisation in 2014/15 for the implementation of the Liberata Review into the Shared Service from software budgets underspend.	Non-recurring Non-recurring	73,300 14,800			73,300 14,800
30710/3520	Finance / System Software	To provide a longer term solution to replace Contractor Plus which failed in 2012. An interim stop-gap spreadsheet solution has been implemented which is resource intensive and was only developed as a quick solution to enable costs to be calculated and identified. Funds also required to counter any potential fraudulent and duplicate payments to suppliers.	Non-recurring	22,700			22,700
				110,800	0	0	110,800
	Total General Fund Carry Forward Requests			767,600	0	0	767,600

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 23 JUNE 2014

EX.48/14 **PROVISIONAL GENERAL FUND REVENUE OUTTURN 2013/14
(Key Decision – KD.07/14)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder presented report RD.07/14 summarising the provisional outturn for the 2013/14 General Fund Revenue Budget. He informed Members that the outturn position showed that the net underspend for Council services as at 31 March 2014, once committed expenditure totalling £767,600 and £500,000 transfers to earmarked reserves were taken into account, was £82,582.

The table at Section 2.1 of the report showed that the Council's updated budget for 2013/14 was a total of £14,009,300. A summary of the expenditure for individual Directorates and an explanation of the major variances in those budgets were provided. Also itemised were the budget headings which had achieved savings and provided increased income.

In terms of the key issues, the Finance, Governance and Resources Portfolio Holder reported that the reallocation of central departments' balances to service areas still had to be carried out, which explained many of the small balances held on some management and support service centres. That reallocation would be completed before the Statement of Accounts was prepared and had no impact on the overall out-turn position.

Members' attention was also drawn to the carry forward requests which had been submitted by Directorates, details of which were set out at Appendix B to the report.

Turning to the use of reserves, the Portfolio Holder explained that the Transformation Reserve had been utilised to fund the redundancy and compensatory payments in 2013/14 and those costs associated with the voluntary redundancy initiative in 2013/14. A transfer of £500,000 to the reserve from the underspent revenue balance was subject to Council agreement leaving a balance of £438,095 as at 31 March 2014.

The level of Council reserves, as approved by Council in February 2014, showed that there would be pressure on reserves from 2014/15 onwards if ambitious transformation savings were not delivered to plan. As stated above, due to the level of underspend identified within the report after all carry forward requests were approved and transfers to/from earmarked reserves, approximately £82,582 would be returned to the General Fund Reserve. That would replenish the usable revenue balances by 31 March 2015 to the minimum required.

In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £19,057 which were included in the revenue outturn, could be funded from the capital receipt generated. That would result in an increase to revenue balances at 31 March 2014.

The Finance, Governance and Resources Portfolio Holder further explained that the Council's bad debt provision had been increased in respect of housing benefit overpayments, penalty charge notices and sundry debtors, and that had been allocated directly to the services. Further details could be found in Report RD.09/14 elsewhere on the Agenda.

The Finance, Governance and Resources Portfolio Holder pointed out that the information contained within the report was provisional and subject to the formal audit process.

In conclusion, the Finance, Governance and Resources Portfolio Holder formally moved the recommendations, which were duly seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

- (i) Noted the net underspend as at 31 March 2014 of £82,582 after carry forwards as set out in (ii) below, and net transfers to/from earmarked reserves as noted in (iii) below;
- (ii) Noted the committed expenditure totalling £767,600 to be met in 2013/14 which had been approved by the Director of Resources under delegated powers, and the release of £767,600 from the General Fund Reserve in 2014/15, for recommendation to Council;
- (iii) Made recommendations to Council to top up the Transformation Reserve with £500,000 from the underspend position, as set out in paragraph 5.1 of Report RD.07/14.

Reasons for Decision

To receive the Report on the Provisional General Fund Revenue Outturn and make recommendations to the City Council

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 26 JUNE 2014

ROSP.33/14

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2013/14

The Director of Resources presented report RD.07/14 summarising the provisional outturn for the 2013/14 General Fund Revenue Budget. He informed Members that the outturn position showed that the net underspend for Council services as at 31 March 2014, once committed expenditure totalling £767,600 and £500,000 transfers to earmarked reserves were taken into account, was £82,582.

The table at Section 2.1 of the report showed that the Council's updated budget for 2013/14 was a total of £14,009,300. A summary of the expenditure for individual Directorates and an explanation of the major variances in those budgets were provided. Also itemised were the budget headings which had achieved savings and provided increased income.

In terms of the key issues, the Director of Resources reported that the reallocation of central departments' balances to service areas still had to be carried out, which explained many of the small balances held on some management and support service centres. That reallocation would be completed before the Statement of Accounts was prepared and had no impact on the overall out-turn position.

Members' attention was also drawn to the carry forward requests which had been submitted by Directorates, details of which were set out at Appendix B to the report.

Turning to the use of reserves, the Director explained that the Transformation Reserve had been utilised to fund the redundancy and compensatory payments in 2013/14 and those costs associated with the voluntary redundancy initiative in 2013/14. A transfer of £500,000 to the reserve from the underspent revenue balance was subject to Council agreement leaving a balance of £438,095 as at 31 March 2014.

The level of Council reserves, as approved by Council in February 2014, showed that there would be pressure on reserves from 2014/15 onwards if ambitious transformation savings were not delivered to plan. As stated above, due to the level of underspend identified within the report after all carry forward requests were approved and transfers to/from earmarked reserves, approximately £82,582 would be returned to the General Fund Reserve. That would replenish the usable revenue balances by 31 March 2015 to the minimum required.

In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £19,057 which were included in the revenue outturn, could be funded from the capital receipt generated. That would result in an increase to revenue balances at 31 March 2014.

The Director of Resources further explained that the Council's bad debt provision had been increased in respect of housing benefit overpayments, penalty charge notices and sundry debtors, and that had been allocated directly to the services. Further details could be found in Report RD.09/14 elsewhere on the Agenda.

The Director of Resources pointed out that the information contained within the report was provisional and subject to the formal audit process.

The Executive had considered the report on 23 June 2014 (EX.48/14 refers) and agreed that

"That the Executive:

- (i) Noted the net underspend as at 31 March 2014 of £82,582 after carry forwards as set out in (ii) below, and net transfers to/from earmarked reserves as noted in (iii) below;
- (ii) Noted the committed expenditure totalling £767,600 to be met in 2013/14 which had been approved by the Director of Resources under delegated powers, and the release of £767,600 from the General Fund Reserve in 2014/15, for recommendation to Council;
- (iii) Made recommendations to Council to top up the Transformation Reserve with £500,000 from the underspend position, as set out in paragraph 5.1 of Report RD.07/14."

A Member asked for further information with regard to the Residents Parking reserves as set out in 5.2 of the report and the Director of Resources agreed to provide a written response.

RESOLVED – 1) That the Provisional General Fund Revenue Outturn 2013/14 be welcomed.

2) That the Director of Resources provide the Panel with further information on the Residents Parking reserves.

Report to Council

Agenda
Item:

18(ii)

Meeting Date: 15th July 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD007/14
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL CAPITAL OUTTURN 2013/14 AND REVISED CAPITAL PROGRAMME 2014/15
Report of: DIRECTOR OF RESOURCES
Report Number: RD08/14

Purpose / Summary: This report provides details of the 2013/14 provisional outturn for the Council's Capital Programme and provides details of the revised Capital Programme for 2014/15. The report was considered by the Executive on 23 June 2014, Resources Overview and Scrutiny Panel on 26 June and Audit Committee on 10 July 2014.

Recommendations:

Council is asked to:

- (i) approve the carry forward requests totalling £2,716,600 to be met in 2014/15 as set out in the report;
- (ii) approve the reprofiling of £352,000 from 2014/15 into 2015/16 for Old Town Hall Phase 2 as detailed in paragraph 5; and
- (iii) approve the revised Capital Programme for 2014/15 onwards should the carry forwards and Old Town Hall budget revisions be approved.

Tracking

Executive:	23 June 2014
Overview and Scrutiny:	ROSP 26 June 2014
Audit Committee:	10 July 2014
Council:	15 July 2014

Report to Executive

Agenda
Item:

Meeting Date: 23rd June 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD007/14
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL CAPITAL OUTTURN 2013/14 AND REVISED CAPITAL PROGRAMME 2014/15
Report of: DIRECTOR OF RESOURCES
Report Number: RD 08/14

Purpose / Summary:

This report summarises the 2013/14 provisional out-turn for the capital budget and provides details of the revised capital programme for 2014/15. The out-turn shows that the net underspend for Council Services as at 31 March 2014 once committed expenditure totalling £2,716,600 is taken into account is £164,804.

It should be noted that the information contained in this report is provisional subject to the formal audit process. The Statement of Accounts for 2013/14 will be presented to the Audit Committee on 10 July, followed by a three-month audit process.

Recommendations:

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2014 of £164,804 which includes expenditure to be met totalling £2,716,600, which have been approved under delegated powers by the Director of Resources;
- (ii) Note the use of the Asset Management Reserve to fund expenditure on Industrial Estates (£23,000) and Asset Management Plan Acquisitions (£392,000) and the refund into the Conservation Fund of (-£600) for a reduced retention on Central Plaza in 2013/14 as detailed in paragraph 4.1 note 2;
- (iii) Make recommendations to Council on 15 July on the reprofiling of £352,000 from 2014/15 into 2015/16 for Old Town Hall Phase 2 as detailed in paragraph 5;

- (iv) Consider the revised programme for 2014/15, together with the proposed methods of financing, as detailed at paragraph 5 and Appendix B, for recommendation to Council on 15 July.

Tracking

Executive:	23 June 2014
Overview and Scrutiny:	ROSP 26 June 2014
Audit Committee:	10 July 2014
Council:	15 July 2014

1. BACKGROUND

- 1.1 This report sets out the summarised financial out-turn for the Council's Capital Programme as follows:
- (i) the out-turn for individual schemes for 2013/14, summarised in **Appendix A**
 - (ii) the revised programme for 2014/15, and the provisional programme for 2015/16 to 2018/19, summarised in **Appendix B**.
- 1.2 The report sets out the financial implications arising from the out-turn including the impact on capital resources for 2014/15. Members should note that the information contained in this report is provisional and subject to the formal audit process. Any significant changes required following the approval of the 2013/14 accounts will, if required, be reported to a future Executive meeting.
- 1.3 Please note that throughout this report the use of brackets indicates a favourable variance i.e. either an underspend or additional income received.

2. SUMMARY CAPITAL OUTTURN 2013/14

- 2.1 The original capital programme of £9,280,000 for 2013/14 was approved in February 2013. Since then, a review of the capital programme has been undertaken and the capital funding has been revised. In accordance with proper accounting practices it has been necessary to gross up the expenditure budgets to properly reflect the total cost of the schemes including those fully funded from external grant/contributions.

The revised programme for 2013/14 of £7,617,800 is a result of the following funding streams:

	£
Original 2013/14 Programme (approved February 2013)	9,280,000
Agreed Carry Forwards from 2012/13 (RD11/13 Council 16/07/13)	1,828,700
Budgets Returned to Reserves (RD11/13 Council 16/07/13)	(6,348,500)
Agreed Carry Forwards into 2014/15 (RD50/13 Executive 18/11/13 & RD82/13 Executive 10.02.14)	(785,000)
Asset Review Business Plan Reinvestment (RD20/13 Executive 05/08/13)	2,712,500
Reprofiling: Arts Centre (CD47/13 Council 10/09/13)	(200,000)
Reprofiling: Old Town Hall Phase 2 (ED36/13 Council 5/11/13)	62,000
Additional Scheme: Bring Sites Review (LE21/13 Council 16/07/13)	227,000
Additional Scheme: Empty Property Initiative (CD42/13 Council 16/07/13)	305,700
Additional Scheme: Cenotaph & War Memorials (RD43/13 Council 5/11/13)	67,000
External contributions/grants	280,400
Schemes funded by Revenue budgets	188,000
Revised 2013/14 Capital Programme	7,617,800

2.2 The provisional out-turn position for the 2013/14 capital programme is shown below:

Directorate	Revised Annual Budget	Total Expenditure	Variance	Carry Forwards (Committed)	Revised Variance
	£	£	£	£	£
Chief Executive's Team	40,000	37,961	(2,039)	0	(2,039)
Deputy Chief Executive's Team	710,000	70,882	(639,118)	640,500	1,382
Economic Development	2,525,300	2,081,114	(444,186)	271,100	(173,086)
Governance	2,712,500	1,315,465	(1,397,035)	1,400,000	2,965
Local Environment	481,400	374,211	(107,189)	94,100	(13,089)
Resources	1,148,600	856,763	(291,837)	310,900	19,063
Total	7,617,800	4,736,396	(2,881,404)	2,716,600	(164,804)

2.3 The position for 2013/14 after committed carry forwards have been taken into account is an underspend of £164,804.

2.4 The main variances after carry forwards are summarised below:

- An underspend of £123,866 on Disabled Facilities Grants. Outstanding commitments as at 31st March 2014 are approximately £125,000. No carry forward request has been received and these will therefore be met from the budget allocation for 2014/15.
- An underspend of £66,233 on Families Accommodation Replacement. This project has been delivered under budget and this balance can be returned to Capital Reserves.

2.5 Otherwise schemes are progressing within budget, although some schemes have not been completed to the original timescales which has resulted in the request for carry forwards.

2.6 Further details for each directorate are included in **Appendices A1-A6**.

3. CARRY FORWARD REQUESTS

3.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Director may be carried forward. This is to facilitate the achievement of more strategic five year budgeting which requires greater flexibility of budgets between years as set out in the Medium Term Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Director of Resources where the request relates to a specific committed item of expenditure where, due to external or other factors, the Director has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended. The carry forward will only be approved by the Director of Resources if the expenditure is within both the Directorate's and the Authority's budget as approved for that year. Any carry forward which would result in an over-spend for the Authority will require authorisation by the Council.*
- *any overspending on service estimates in total on budgets under the control of the Director must be carried forward to the following year, and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Director of Resources will report the extent of overspending carried forward to the Executive, Resources Overview and Scrutiny Panel and to the Council.*

The delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

3.2 Carry forwards at the end of the year have been analysed to assess the year of potential expenditure to enable better profiling of budgets for future years. Of the committed carry forwards shown in paragraph 2.2, it is estimated that the full £2,716,100 (net) will be spent in 2014/15.

4. FINANCING OF CAPITAL PROGRAMME 2013/14

- 4.1 Utilisation of resources to fund the 2013/14 Capital Programme in light of the out-turn is provisionally estimated as follows:

	Revised Budget £	Provisional Out-turn £
Capital Programme expenditure in year	7,617,800	4,736,396
<u>Financed by:</u>		
Capital Receipts (including PRTB receipts) (note 1)	5,427,700	2,800,157
Capital Grants		
• Disabled Facilities Grant	663,000	667,717
• General	592,700	410,150
Reserves & Balances (note 2)		
• Earmarked Reserves	424,900	414,383
• Direct Revenue Financing	452,700	381,877
Contributions from other bodies incl S106 (note 3)	56,800	62,112
Total Financing	7,617,800	4,736,396

Notes:

- Usable capital receipts carried forward from 2012/13 and those generated during the year amount to £8,092,017 compared to the revised estimate figure of £9,706,775, a decrease of £1,614,758. This is due to there being no general asset sales in year and the slippage of sales from the Asset Disposal Programme into future years. Of the total sum available, £2,800,157 has been used to fund the Capital Programme in 2013/14, with the balance (£5,291,860) being carried forward to 2014/15 and held within the Capital Adjustment Account in order to reduce the Council's MRP liability as per the Treasury Management budget agreed in February 2014. In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £19,057 that are included in the revenue outturn, can be funded from the capital receipt generated. This will result in a decrease to the capital receipts balance reported above at 31st March 2014.
- The use of capital receipts has been optimised in order to fund 2013/14 capital expenditure. Direct revenue funding, S106 receipts and earmarked reserves and provisions specifically set up to fund capital expenditure have also been used to fund capital expenditure in 2013/14. Capital receipts are the last source of funding applied to finance the capital programme, external funding is always applied first. The Asset Management Reserve has been used to fund expenditure on Kingstown Industrial Estate (£23,000) and Asset Management Plan Aquisitions (£392,000). The use of the Asset Management Reserve was lower than expected in 2013/14 due to slippage

on Kingstown Industrial Estate Roads expenditure into future years. £600 has been returned to the Conservation Fund due to the retention on Central Plaza being less than expected. £73,300 direct revenue funding for schemes has also slipped into 2014/15 for St James Park, Clean Up Carlisle and Empty Property Initiative.

3. Additional contributions were received towards Disabled Facilities Grants (£35,327) and the use of Section 106 receipts towards Castle Way (S106) and Public Realm (S106) was less than budgeted. £30,000 has been carried forward into 2014/15 to allow the schemes to complete.

5. FIVE YEAR CAPITAL PROGRAMME

- 5.1 A five-year Capital Programme for 2014/15 to 2018/19 is detailed in **Appendices B1-B2**.

- 5.2 The programme for **2014/15** totalling £10,068,100 is based upon the programme as agreed by Council in February 2014 of £7,216,500, the commitments brought forward from 2013/14 as identified above of £2,716,600, additional carry forward of £75,000 approved by Council prior to year end, and £60,000 additional Section 106 contributions for Dale End Play Area.

The Executive is asked to recommend to Council reprofiling of £352,000 for Old Town Hall Phase 2 from 2014/15 into 2015/16 to reflect the revised work schedule for the scheme. The site work is now scheduled to commence in January 2015 to avoid the busy Christmas period, with completion expected in July 2015. The revised capital programme for 2014/15 would total £9,716,100.

- 5.3 The 2014/15 programme will be continually reviewed to ensure the Council has the capacity to deliver this level of programme. The main challenge for future years is funding the vehicle replacement programme.
- 5.4 It is suggested that the revised programme for 2014/15 as detailed in Appendix B1 is financed as follows:

	<u>Original Budget</u> £	<u>Revised Budget</u> £
Original Programme	7,216,500	7,216,500
Add: Carried forward from 2013/14 (approved prior to year end)	0	75,000
Add: Carried forward from 2013/14	0	2,716,600
Add: Additional contributions	0	60,000
Less: Reprofiting Old Town Hall	0	(352,000)
Total Expenditure to be financed	7,216,500	9,716,100
<u>Financed by:</u>		
Capital Grants		
• DFG	663,000	663,000
• General	0	186,100
Capital Receipts *	5,792,400	7,932,800
Contributions from other bodies	660,000	750,000
Direct Revenue Financing	101,100	174,400
Reserves	0	9,800
Internal Borrowing	0	0
Total Financing	7,216,500	9,716,100

* Balance of capital receipts available will reduce by £19,057 for costs of disposal as described in Note 1 para 4.1.

- 5.6 The proposed programme for **2015/16** to **2018/19** as detailed in Appendix B2 is based on the programme agreed by Council in February 2014 and the recommendations made in this report.

6 CONSULTATION

6.1 Consultation to Date.

Portfolio Holders and SMT have considered the issues raised in this report.

6.2 Consultation Proposed.

Resources Overview and Scrutiny Panel will consider the report on 26 June 2014.

7 CONCLUSION AND REASONS FOR RECOMMENDATIONS

7.1 The Executive is asked to:

- (i) Note the net underspend as at 31 March 2014 of £164,804 which includes expenditure to be met totalling £2,716,600, which have been approved under delegated powers by the Director of Resources;
- (ii) Note the use of the Asset Management Reserve to fund expenditure on Industrial Estates (£23,000) and Asset Management Plan Acquisitions (£392,000) and the refund into the Conservation Fund of (-£600) for a

- reduced retention on Central Plaza in 2013/14 as detailed in paragraph 4.1 note 2;
- (iii) Make recommendations to Council on 15 July on the reprofiling of £352,000 from 2014/15 into 2015/16 for Old Town Hall Phase 2 as detailed in paragraph 5;
 - (iv) Consider the revised programme for 2014/15 together with the proposed methods of financing, as detailed at paragraph 5 and Appendix B, for recommendation to Council on 15 July;

8 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 8.1 The Council's capital programme reflects the current priorities in the Carlisle Plan e.g. Arts Centre, Leisure facilities and Public Realm work.

Contact Officer: Emma Gillespie

Ext: 7289

Appendices A1 to A6 and B1 to B2.
attached to report:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS: SMT and JMT have been involved in the preparation of this report. Individual capital schemes have different risks attached.

Chief Executive's – Not applicable

Deputy Chief Executive's – Not applicable

Economic Development – Not applicable

Governance – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the outturn figures is part of this process. Approval of full Council is

required for the additional use of capital reserves to fund expenditure commitments as set out in the report.

Local Environment – Not applicable

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

PROVISIONAL GENERAL FUND CAPITAL OUTTURN 2013/14**APPENDIX A1****CHIEF EXECUTIVE'S TEAM****Position as at 31 March 2014**

Scheme	Revised Annual Budget 2013/14 £	Expenditure to date 2013/14 £	Total Variance 2013/14 £	Carry Forwards £	Adjusted Variance £	Details of major variances
Customer Services	40,000	37,961	(2,039)	0	(2,039)	Improvements to Civic Centre reception/foyer area funded from additional revenue income generated. (OD 14/13 26.03.13). Project complete.
TOTAL	40,000	37,961	(2,039)	0	(2,039)	

DEPUTY CHIEF EXECUTIVE'S TEAM

Position as at 31 March 2014

Scheme	Revised Annual Budget 2013/14 £	Expenditure to date 2013/14 £	Total Variance 2013/14 £	Carry Forwards £	Adjusted Variance £	Details of major variances
Arts Centre	50,000	9,488	(40,512)	40,500	(12)	Revised scheme approved by Council (CD47/13 10/09/13). Project delayed due to extended procurement process and a carry forward is required to accommodate the Contract awarded.
Leisure Initiatives	60,000	60,000	0	0	0	Budget approved by Executive 18/11/13 (RD50/13) from underspends on vehicle replacement programme to fund one-off capital costs of leisure initiatives.
Harraby School & Community Campus Contribution	600,000	1,394	(598,606)	600,000	1,394	Budget released by Executive 11/3/13 (SD02/13). Officer Decision 019.14 approves release of the first phase payment of £600,000 due to be paid early 2014/15. Carry forward required to accommodate commitment.
TOTAL	710,000	70,882	(639,118)	640,500	1,382	

ECONOMIC DEVELOPMENT

Position as at 31 March 2014

Scheme	Revised Annual Budget 2013/14 £	Expenditure to date 2013/14 £	Total Variance 2013/14 £	Carry Forwards £	Adjusted Variance £	Details of major variances
Disabled Facilities Grants	863,000	739,134	(123,866)	0	(123,866)	Mandatory Grants. The take up of DFGs was slower at the start of the financial year leading to an underspend position at year end. Outstanding commitments at the year end are approximately £125,000 which will be met from the budget allocation for 2014/15.
Families Accommodation Replacement	608,600	527,366	(81,234)	15,000	(66,234)	Project complete within budget. Carry forward required to accommodate any operational requirements during the defects liability period.
Trinity Church Multi Use Games Area	2,100	1,573	(527)	0	(527)	Project complete within budget.
Empty Property Initiative	305,700	96,549	(209,151)	209,100	(51)	Approved by Council 16/07/13 (CD42/13) to allow the provision of loans and grants to owners of empty property to assist in bringing them back into use. A carry forward is required to allow commitments to be met.
EA Central Plaza	0	(628)	(628)	0	(628)	Implementation on an Urgent Works Notice under Section 54 of the Planning (Listed Buildings and Conservation Areas) Act 1990 to be funded from the Conservation Fund approved by Executive 30.08.11 (ED29/11)
Old Town Hall Strategic TIC	300,800	319,032	18,232	0	18,232	Revised project approved by Council 13/11/12. The overspend relates to the funding partner changing their mind about supporting additional work agreed over the original tender amount.
Old Town Hall Phase 2	62,000	40,038	(21,962)	22,000	38	Reprofiling and release of budget agreed by Council 5/11/13 (ED36/13). Carry forward required due to a delay in appointing consultants.
Paternoster Row	100,000	100,000	0	0	0	Approved by Executive 17/12/12 (ED37/12).
Housing & Planning Delivery Grant	8,100	8,050	(50)	0	(50)	Purchase of planning plotter funded from unapplied capital grant.
HCA Durranshill Industrial Estate	250,000	250,000	0	0	0	Approved by Executive 15/01/14 (ED02/14).
Public Realm Improvements	25,000	0	(25,000)	25,000	0	Approved by Executive 10/03/14 (ED10/14). Carry forward required to honour commitment.
TOTAL	2,525,300	2,081,114	(444,186)	271,100	(173,086)	

GOVERNANCE

Position as at 31 March 2014

Scheme	Revised Annual Budget 2013/14 £	Expenditure to date 2013/14 £	Total Variance 2013/14 £	Carry Forwards £	Adjusted Variance £	Details of major variances
Asset Management Plan	2,712,500	1,315,465	(1,397,035)	1,400,000	2,965	A five year Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs in the revenue costs in the revenue account on a recurring basis. One property purchase completed in year, the other has been delayed and is due to complete early in 2014/15.
TOTAL	2,712,500	1,315,465	(1,397,035)	1,400,000	2,965	

PROVISIONAL GENERAL FUND CAPITAL OUTTURN 2013/14

APPENDIX A5

LOCAL ENVIRONMENT

Position as at 31 March 2014

Scheme	Revised Annual Budget 2013/14 £	Expenditure to date 2013/14 £	Total Variance 2013/14 £	Carry Forwards £	Adjusted Variance £	Details of major variances
Talkin Tarn	6,200	6,195	(5)	0	(5)	Purchase of a tractor from revenue balances.
Play Area Developments	28,500	19,526	(8,974)	9,000	26	Budget provided for additional furniture/equipment at St James Park and Richmond Green play areas. Additional grant received for St James Park. Carry forward required to complete current schemes.
Chances Park	0	(1,000)	(1,000)	0	(1,000)	Retention less than expected.
Kingstown Industrial Estate Roads	32,900	23,010	(9,890)	9,800	(90)	Original project complete. Carry forward required for additional public realm signage.
Castle Street Public Realm	10,000	1,942	(8,058)	8,100	42	To complete scheduled works carried over from 2012/13. Traffic order finally approved and work now planned for summer 2014.
Connect 2 Cycleway	11,700	4,200	(7,500)	7,500	0	Formal adoption of the cycleway now complete, remaining funds required for outstanding expenses, and also to complete the Castle Street Public Realm project if required.
Castle Way (S106)	46,800	6,435	(40,365)	40,400	35	Approved by Executive 11/4/12 (RD01/12). Funded by Section 106 monies. Slippage into 2014/15.
Public Realm (S106)	10,000	20,350	10,350	(10,400)	(50)	Approved by Executive 3/9/12 (RD34/12). Funded by Section 106 monies. Overspend can be accommodated from budget available in 2014/15.
Clean Up Carlisle	20,500	0	(20,500)	20,500	0	Approved by Council 17/07/12 (LE22/12). Budget required to ensure the 2 year Clean Up Carlisle Campaign can be completed and full benefits received.
Bring Sites Review	227,000	223,456	(3,544)	0	(3,544)	Approved by Council 16/07/13 (LE21/13) to purchase vehicle and equipment required to provide an in-house service. Use of capital receipts will be repaid from revenue savings.
Purple Sacks Review	69,500	60,947	(8,553)	0	(8,553)	Approved by Council 10/09/13 (LE28/13) to purchase additional wheeled bins and gull sacks. Orders have been placed and delivered.
Waste Optimisation Software	18,300	9,150	(9,150)	9,200	50	Purchase and implementation of route optimisation software for Waste Services. Carry forward required for remainder of contract payment.
TOTAL	481,400	374,211	(107,189)	94,100	(13,089)	

PROVISIONAL GENERAL FUND CAPITAL OUTTURN 2013/14

APPENDIX A6

RESOURCES

Position as at 31 March 2014

Scheme	Revised Annual Budget 2013/14 £	Expenditure to date 2013/14 £	Total Variance 2013/14 £	Carry Forwards £	Adjusted Variance £	Details of major variances
ICT Shared Service	225,300	115,352	(109,948)	109,900	(48)	Part of Shared Service Business Case. Carry forward required to accommodate contracts and orders placed to upgrade the core network and IP telephony.
Planned Enhancements to Council Property	250,000	233,421	(16,579)	16,500	(79)	Budget released by Executive 8/4/13 (RD01/13). Underspend to date due to delay in improvements at various sites. Carry forward be required to complete current jobs.
Town Clocks Invest to Save	0	12,799	12,799	0	12,799	To fit auto-winding and regulation of town clocks. Revenue savings will be generated to repay the capital investment.
Vehicles and Plant	492,200	389,706	(102,494)	102,500	6	Replacement Plan on schedule. Carry forward relates to vehicles currently on order.
Cenotaph & War Memorials	67,000	6,078	(60,922)	61,000	78	Approved by Council 5/11/13 (RD34/13). A carry forward into 2014/15 is required to complete the proposed work schedule.
Document Image Processing	13,500	9,629	(3,871)	0	(3,871)	Phased implementation in progress.
PCIDSS Capital	30,600	40,785	10,185	0	10,185	Implementation costs for a new security standard in line with the Payment Card Industry (RD26/12 Executive 6/8/12).
Employee Payment & Resource Management System	70,000	48,993	(21,007)	21,000	(7)	Approved by Executive 7/5/13 (RD07/13). Implementation continuing into 2014/15.
TOTAL	1,148,600	856,763	(291,837)	310,900	19,063	

Scheme	Original Capital Programme 2014/15 £	Carry Forwards from 2013/14 £	Other Adjustments £	Revised Capital Programme 2014/15 £
<u>Current non-recurring commitments</u>				
Public Realm S106	360,000	(10,400)		349,600
Castle Way (S106)	300,000	40,400		340,400
	660,000	30,000	0	690,000
<u>Recurring commitments</u>				
Asset Review Expenditure	1,800,000	1,400,000		3,200,000
Planned Enhancements to Council Property	350,000	16,500		366,500
Vehicles, Plant & Equipment	220,000	102,500		322,500
ICT Infrastructure	210,000	109,900		319,900
	2,580,000	1,628,900	0	4,208,900
<u>New non-recurring commitments</u>				
Arts Centre	1,014,500	40,500		1,055,000
Old Town Hall Phase 2	698,000	22,000	(352,000)	368,000
Old Town Hall / Greenmarket	702,000			702,000
Harraby School and Community Campus contribution	500,000	600,000		1,100,000
Sheepmount Road	30,000			30,000
Bitts Park Access	10,000			10,000
Enterprise Centre / West Walls	70,000			70,000
CCTV Initiative	89,000			89,000
	3,113,500	662,500	(352,000)	3,424,000
<u>Disabled Facilities Grants</u>				
Private Sector Grants	863,000			863,000
	863,000	0	0	863,000
<u>Continuing Schemes</u>				
Empty Property Initiative	0	209,100		209,100
Public Realm Improvements	0	25,000	75,000	100,000
Play Area Improvements	0	9,000	60,000	69,000
Female & Families Accommodation	0	15,000		15,000
Kingstown Industrial Estate	0	9,800		9,800
Castle Street Public Realm	0	8,100		8,100
Waste Optimisation Software	0	9,200		9,200
Cenotaph & War Memorials	0	61,000		61,000
Employee Payment & Resource Management System	0	21,000		21,000
Connect 2 Cycleway	0	7,500		7,500
Clean Up Carlisle		20,500		20,500
	0	395,200	135,000	530,200
TOTAL	7,216,500	2,716,600	(217,000)	9,716,100

Scheme	Proposed Capital Programme 2015/16 £	Original Capital Programme 2016/17 £	Original Capital Programme 2017/18 £	Original Capital Programme 2018/19 £
Private Sector Grants	863,000	863,000	863,000	863,000
Planned Enhancements to Council Property	300,000	300,000	300,000	300,000
Vehicles, Plant & Equipment	1,109,000	1,221,000	1,113,500	383,000
ICT Infrastructure	197,000	205,000	204,000	195,000
Harraby School and Community Campus Contribution	500,000	0	0	0
Leisure Facilities	5,000,000	0	0	0
Old Town Hall Phase 2	390,000	0	0	0
TOTAL	8,359,000	2,589,000	2,480,500	1,741,000

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 23 JUNE 2014

**EX.49/14 **PROVISIONAL CAPITAL OUTTURN 2013/14 AND REVISED
CAPITAL PROGRAMME 2014/15
(Key Decision – KD.07/14)**

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder presented report RD.08/14 summarising the Provisional Outturn for the Council's Capital Budget, together with details of the revised Capital Programme for 2014/15. He informed Members that the outturn showed that the net underspend for Council services as at 31 March 2014 once committed expenditure totalling £2,716,600 was taken into account was £164,804.

The Finance, Governance and Resources Portfolio Holder set out the position with regard to carry forward requests on the Capital Programme. He also identified for Members the resources which had been used to fund the 2013/14 Capital Programme and detailed the 5 year Capital Programme for the period 2014/15 to 2018/19.

The programme for 2014/15 totalling £10,068,100 was based upon the programme as agreed by Council in February 2014 of £7,216,500, the commitments brought forward from 2013/14 as identified above of £2,716,600, additional carry forward of £75,000 approved by Council prior to year end, and £60,000 additional Section 106 contributions for Dale End Play Area.

The Executive was asked to recommend to Council reprofiling of £352,000 for Old Town Hall Phase 2 from 2014/15 into 2015/16 to reflect the revised work schedule for the scheme. The site work was now scheduled to commence in January 2015 (to avoid the busy Christmas period) with completion expected in July 2015. The revised capital programme for 2014/15 would total £9,716,100.

The 2014/15 programme would be continually reviewed to ensure that the Council had the capacity to deliver that level of programme. The main challenge for future years was funding the vehicle replacement programme.

The proposed funding arrangements for the revised 2014/15 programme were also outlined within the report.

In conclusion, the Finance, Governance and Resources Portfolio Holder moved the recommendations set out in the report, which were duly seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

- (i) Noted the net underspend as at 31 March 2014 of £164,804 which included expenditure to be met totalling £2,716,600, which had been approved under delegated powers by the Director of Resources;
- (ii) Noted the use of the Asset Management Reserve to fund expenditure on Industrial Estates (£23,000) and Asset Management Plan Acquisitions (£392,000) and the refund into the Conservation Fund of (-£600) for a reduced retention on Central Plaza in 2013/14 as detailed in paragraph 4.1 note 2 of Report RD.08/14;
- (iii) Made recommendations to Council on 15 July 2014 on the reprofiling of £352,000 from 2014/15 into 2015/16 for Old Town Hall Phase 2 as detailed in paragraph 5;
- (iv) Had considered the revised programme for 2014/15, together with the proposed methods of financing, as detailed at paragraph 5 and Appendix B, for recommendation to Council on 15 July 2014.

Reasons for Decision

To receive the report on the Provisional Capital Outturn for 2013/14 and make recommendations to the City Council on the 2014/15 Capital Programme

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 26 JUNE 2014

ROSP.34/14 PROVISIONAL CAPITAL OUTTURN 2013/14 AND REVISED CAPITAL PROGRAMME 2014/15

The Director of Resources presented report RD.08/14 summarising the Provisional Outturn for the Council's Capital Budget, together with details of the revised Capital Programme for 2014/15. He informed Members that the outturn showed that the net underspend for Council services as at 31 March 2014 once committed expenditure totalling £2,716,600 was taken into account was £164,804.

The Director of Resources set out the position with regard to carry forward requests on the Capital Programme. He also identified for Members the resources which had been used to fund the 2013/14 Capital Programme and detailed the 5 year Capital Programme for the period 2014/15 to 2018/19.

The programme for 2014/15 totalling £10,068,100 was based upon the programme as agreed by Council in February 2014 of £7,216,500, the commitments brought forward from 2013/14 as identified above of £2,716,600, additional carry forward of £75,000 approved by Council prior to year end, and £60,000 additional Section 106 contributions for Dale End Play Area.

The Executive had been asked to recommend to Council reprofiling of £352,000 for Old Town Hall Phase 2 from 2014/15 into 2015/16 to reflect the revised work schedule for the scheme. The site work was now scheduled to commence in January 2015 (to avoid the busy Christmas period) with completion expected in July 2015. The revised capital programme for 2014/15 would total £9,716,100.

The 2014/15 programme would be continually reviewed to ensure that the Council had the capacity to deliver that level of programme. The main challenge for future years was funding the vehicle replacement programme.

The proposed funding arrangements for the revised 2014/15 programme were also outlined within the report.

The Executive had considered the report on 23 June 2014 (EX.49/14 refers) and agreed that

“That the Executive:

- (i) Noted the net underspend as at 31 March 2014 of £164,804 which included expenditure to be met totalling £2,716,600, which had been approved under delegated powers by the Director of Resources;

- (ii) Noted the use of the Asset Management Reserve to fund expenditure on Industrial Estates (£23,000) and Asset Management Plan Acquisitions (£392,000) and the refund into the Conservation Fund of (-£600) for a reduced retention on Central Plaza in 2013/14 as detailed in paragraph 4.1 note 2 of Report RD.08/14;
- (iii) Made recommendations to Council on 15 July 2014 on the reprofiling of £352,000 from 2014/15 into 2015/16 for Old Town Hall Phase 2 as detailed in paragraph 5;
- (iv) Had considered the revised programme for 2014/15, together with the proposed methods of financing, as detailed at paragraph 5 and Appendix B, for recommendation to Council on 15 July 2014.”

Members asked why the underspend on the Disabled Facilities Grants (DFGs) had not been carried forward into the 2014/15 budget.

The Director of Resources explained that following extensive work to the procurement side of the Grants and the Scrutiny of the processes the DFGs were being funded within the existing budget therefore there was no reason for the underspend to be carried forward.

RESOLVED – That the Provisional Capital Outturn 2013/14 and Revised Capital Programme 2014/15 (RD.08/14) be welcomed.

Report to Council

Agenda
Item:

18(iii)

Meeting Date: 15 July 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD07/14
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT OUTTURN 2013/14
Report of: DIRECTOR OF RESOURCES
Report Number: RD10/14

Purpose / Summary:

This report provides the annual report on Treasury Management (Appendix A), as required under both the Financial Procedure rules and the CIPFA Code of Practice on Treasury Management. Also included is the regular report on Treasury Transactions (Appendix B).

Recommendations:

- 1 That this report be approved.

Tracking

Executive:	23 June 2014
Overview and Scrutiny:	26 June 2014
Council:	15 July 2014

Report to Executive

Agenda
Item:

Meeting Date: 23 June 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD07/14
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT OUTTURN 2013/14
Report of: DIRECTOR OF RESOURCES
Report Number: RD 10/14

Purpose / Summary:

This report provides the annual report on Treasury Management (Appendix A), as required under both the Financial Procedure rules and the CIPFA Code of Practice on Treasury Management. Also included is the regular report on Treasury Transactions (Appendix B).

Recommendations:

- 2 That this report be received and recommended to Council for approval.

Tracking

Executive:	23 June 2014
Overview and Scrutiny:	26 June 2014
Council:	15 July 2014

1. BACKGROUND

- 1.1 The purpose of this report is to inform Members on various Treasury Management issues.
- 1.2 Appendix A1 to this report sets out a final report on Treasury Management in 2013/14 as required by the CIPFA Code of Practice on Treasury Management. Appendix A2 highlights some performance measures and Appendix A3 shows the final prudential indicators for 2013/14.
- 1.3 Appendices B1-B3 details the schedule of Treasury Transactions for the period 1 January 2014 – 31 March 2014.

2. CONSULTATION

- 2.1 Resources Overview and Scrutiny Panel will consider the report on 26 June 2014 and the Audit Committee will do so on 15 July 2014.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1 That this report be received and recommended to Council for approval.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Steven Tickner **Ext:** 7280

Appendices attached to report:

- Appendix A1 – Treasury Management 2013/14**
- Appendix A2 – Performance Statistics**
- Appendix A3 – Prudential Code and Prudential Borrowing**
- Appendix B1 – Treasury Transactions**
- Appendix B2 – Investment Transactions**
- Appendix B3 – Outstanding Investments**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – n/a

Economic Development – n/a

Governance – Treasury Management activities are delegated to the Director of Resources and Financial Procedure Rule 3.19 requires that he prepare an annual report on the topic. This Report fulfils that obligation.

Local Environment – n/a

Resources – Included in the report

TREASURY MANAGEMENT 2013/14

1. INTRODUCTION

- 1.1 The CIPFA Code of Practice on Treasury Management (2011) now requires that full Council should receive both a mid term and an annual report on treasury management activities during the year. This report on the treasury function during 2013/14, while being first presented to the Executive, is therefore required to have the approval of full Council in order to comply with the CIPFA Code.
- 1.2 Regular reports on treasury transactions are presented to the Executive while an interim report on treasury management in 2013/14 was presented in November 2013 (RD55/13). The purpose of this report is to complete the process of accounting for the treasury function in the last financial year in compliance with the Code. Any funding and other financing transactions will be detailed and placed in the context of money market conditions in 2013/14 while the City Council's investment activities will also be discussed. Separate papers (A2 and A3) provide information on performance in 2013/14 and on the Prudential Code on local authority borrowing.

2. MONEY MARKET CONDITIONS

- 2.1 The following table sets out the levels of bank base rate in 2013/14

	%	
1 April 2013	0.50	Average = 0.50%
31 March 2014	0.50	(2012/13 = 0.50%)

- 2.2 The financial year began with bank rate remaining at 0.50% and this rate, remained constant for the whole of 2013/14.
- 2.3 The pattern of long term borrowing rates in 2013/14 can be gauged by the following table of Public Works Loans Board (PWLB) fixed rate maturity loans during the year. These are the rates cited in the regular Treasury Transactions reports and relate to the type of loan that historically has most usually been taken up by the City Council.

	1 Yr %	10 Yr %	25 Yr %
1 April 2013	1.11	2.83	4.07
31 March 2014	1.46	3.84	4.51
Highest Rate in 2013/14	1.46	4.11	4.68
Lowest Rate in 2013/14	1.11	2.71	3.91
Span of Rates	0.35	1.40	0.77

3. LONG TERM FUNDING

- 3.1 The Prudential Code on local authority borrowing came into operation on 1 April 2004. The principal effect of the Code was to abolish most central government control of local authority borrowing, a principle that has been a cornerstone of local government finance for over a century. Instead, authorities must follow the guidance laid down in the Code and they will be expected to comply with its requirements. These cover not just borrowing but any decision that determines whether the capital investment plans of an authority are affordable, prudent and sustainable. The Code is discussed in more detail in Appendix A3.
- 3.2 The revenue support grant system still provides for an element of support towards each authority's estimated borrowing needs. It may be noted that the Council does still receive an element of revenue grant support for the costs of its borrowing in previous years.
- 3.3 The City Council did not, therefore, draw down any external long term loans in 2013/14. The capital programme was funded internally by drawing from the authority's own resources, principally its stock of capital receipts, and from external grants and contributions.

4. DEBT RESCHEDULING

- 4.1 The City Council's long-term loans portfolio now consists entirely of the £15m stock issue, placed in 1995 and not due to mature until 2020. While there is a possibility that these funds could be repaid prior to that date, this is unlikely to be in the near future although the issue is regularly reviewed in conjunction with our treasury advisers. In the current financial climate, the cost of the premium that would be required to effect the early repayment remains prohibitive.

5. LOANS OUTSTANDING

5.1 Set out below is a schedule of outstanding external loans as at 31 March 2014.

	£
Public Works Loans Board	NIL
Secured Loan Stock	15,000,000
Short Term Loans	<u>13,300</u>
Total Loans Outstanding	<u>£15,013,300</u>

6. INVESTMENT TRANSACTIONS

- 6.1 As is apparent from the regular 'Treasury Transactions' reports, the City Council continues to be a frequent investor in the short-term money market and the interest earned from these transactions makes a valuable contribution to the overall level of the Council's revenue budget. Investments are placed only with the institutions that fall within the guidelines of the Council's approved Investment Strategy and a full schedule of investments at 31 March 2014 is set out in Appendix B3. It should be noted that the Council's level of short term investment reaches its lowest point each year on 31 March when any benefits accruing from positive annual cash flow are, by definition, extinguished.
- 6.2 The total at that date (£19.1) can be compared with an average figure in 2013/14 of over £26.3m and a peak amount of over £32.6m. The closing balance in 2012/13 was £18.7m. The increase is due to additional capital receipts being generated from the asset review.
- 6.3 The Investment Strategy for 2013/14 embraced a mixture of longer term investments and monies lent out for shorter periods to meet anticipated cash flow needs e.g. grant and precept payment dates. Investment limits with both Lloyds Group and RBS Group banks were kept at £8million as these institutions are currently Government backed and therefore seen as a safer investment opportunity.
- 6.4 Investment income in 2013/14 at £230,000 was below the original estimate of £473,000. Actual investment rates obtained in 2013/14 were generally below expectations when the budget was framed although this factor was mitigated to some extent by the outturn on cash flow being slightly better than expected. The average yield on the Council's investments in 2013/14 was 0.859%. This performance was assisted by a significant proportion of investments being placed for longer terms of up to a year and the use of deposit accounts for shorter dated cash requirements.
- 6.5 The overall performance of investment has dropped significantly during the year due to the availability of capital to the banks through the quantitative easing strategy. This has meant that the banks are no longer offering extremely attractive investment returns to secure capital investment. This has meant that investment returns have fallen, with typical 1-year returns available to the Council now standing at less than 1%. During 2012/13, the same investment would have yielded closer to 3%.

7 INVESTMENT STRATEGY 2014/15

- 7.1 The Investment Strategy must be agreed before the start of each financial year and the 2014/15 Strategy was approved by Council on 4 February 2014. While the principles of the Strategy remain fundamentally sound, any amendments to the current schedule of investments, if agreed by the Executive, must be approved by Council.

8. PERFORMANCE MANAGEMENT

- 8.1 The CIPFA Code places an increased emphasis on performance monitoring in an attempt to measure the efficiency of the treasury function. With treasury management, the difficulty in assessing performance arises from the very different circumstances of each authority and the fact that, for example, a long term borrowing decision can affect an authority's measured performance for many years to come. In the case of the City Council, this is particularly the case with the £15m stock issue which will affect our average borrowing rate until 2020. Equally, borrowing decisions invariably impact on investment decisions since, in cash flow terms, one can be the mirror image of the other.
- 8.2 Appendix A2 sets out some performance indicators in respect of both loans and investments outturn for 2013/14 and 2012/13.

9. TREASURY CONSULTANCY SERVICE (TCS)

- 9.1 The City Council continues to employ Sector Treasury Services as its treasury management consultants. Sector provide daily bulletins on both borrowing and investment issues and these help advise both the investment and funding decisions that are taken by the Council.

10 CONCLUSIONS

- 10.1 The City Council has only one substantial long term loan i.e. the £15m stock issue, which is likely to remain on the books for some time yet as the cost of making a premature repayment would be very prohibitive in the present climate, particularly with interest rates being at such depressed levels. In addition, there are no plans to undertake any prudential or other borrowing in this financial year. The focus of the authority's treasury management activities therefore remains very much on the investment aspect of the function.
- 10.2 Investment conditions were, in one sense, as exceptional in 2013/14 as they were the previous year. But they were also very different as investors coped with some of the lowest interest rates ever seen in the world economy. Although the effect on the City Council's investment interest was slightly down on the previous year, the performance achieved was significantly better than bank base rate levels. For this authority, as indeed for most others, the reduction in investment income poses a very significant financial challenge.

- 10.3 The outlook for interest rates in the UK remains uncertain but there is a general expectation that bank base rates will not start to rise again until well into 2015. The Council was able to benefit from some significantly high investment rates offered through 2012/13 where 3% was achievable on 1-year money. However, the Bank of England liquidity schemes that enabled banks to borrow direct from the Bank of England and very low levels has had the effect of these high rates falling significantly. Similar rates on offer now are only 0.95% and going forward the Council is going to face further challenges in generating investment income on similar levels to those achieved in the previous two years. The one mitigating factor that will help the Council counteract this dip will be the receipts receivable from the asset review that will enhance average balances until they are spent and therefore take up some of the slack from falling rates.

CITY OF CARLISLEPERFORMANCE MEASUREMENT STATISTICS1. LOANS MANAGEMENT

	2013/14 %	2012/13 %
Average External Debt Rate - Carlisle	8.78	8.78

Comment

Average loan debt statistics tend to reflect borrowing decisions taken over a period of many years. The City Council's only substantial remaining external debt is the £15m stock issue which carries a high coupon (8.75%).

2. INVESTMENT MANAGEMENT

	2013/14 %	2012/13 %
Average Return in Year - Carlisle	0.86	1.39
Average Bank Base Rate in Year	0.50	0.50
Average 7 Day LIBID Rate	0.46	0.4

Comment

The City Council's return in 2013/14 on its investments was below that obtained in 2012/13 and was lower than anticipated when the budget was originally set. This is due to falling rates throughout the year and some capital receipts not being received that were originally anticipated.

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 itself 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 The final performance indicators for the current year, as compared to those reported in during the budget cycle are set out below. The compilation and monitoring of these indicators is central to the operation of the Code.

	2013/14 Provisional Outturn £	2012/13 Outturn £
(i) Capital Expenditure	4,736,396	4,798,025
(ii) Financing Costs		
Interest Payable - Re Borrowing	1,318,000	1,318,000
Minimum Revenue Provision	240,000	304,400
Investment Income	(230,000)	(393,000)
Total Financing Costs	1,328,000	1,229,400
(iii) Net Revenue Stream		
Funding from Govt Grants/Local Taxpayers	13,453,000	13,535,000
(iv) Ratio of Financing Costs to Net Revenue Stream	9.87%	9.08%
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.		
(v) Incremental Impact on Council Tax	8.74	8.74
This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.		
(vi) Authorised Borrowing Limit	37,600,000	37,600,000
Maximum Level of Borrowing and Other Long term Liabilities	15,013,300	15,013,300
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.		

	2013/14 Provisional Outturn £	2012/13 Outturn £
(vii) Operational Borrowing Limit 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 15,013,300	32,600,000 15,013,300
(viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	still to be calculated	6,019,000

(a) Prudence and Sustainability

	2013/14 £
(i) Target New Borrowing to Date No Long Term Borrowing has been taken in 2013/14	0 0
(ii) Target Percentage of Fixed Rate Long Term Borrowing Actual as at 31 March 2014	100% 100%
(iii) Target Percentage of Variable Rate Long Term Borrowing Actual as at 31 March 2014 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.	100% 0%
(iv) Target Minimum Level of Investments Classified as Specified Actual Level of Specified Investments as at 31 March 2014 As part of the Investment Strategy for 2013/14, 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%

TREASURY TRANSACTIONS
1 JANUARY 2014 TO 31 MARCH 2014

1. LOANS (DEBT)

1.1 Transactions 1 January 2014 to 31 March 2014

	Raised		Repaid	
	£	%	£	%
P.W.L.B	0	0	0	0
Local Bonds	0	0	0	0
Short Term Loans	0	0	0	0
Overnight Borrowing	0	0	0	0
	0		0	

This provides a summary of loans that have been raised or repaid, analysed by type, since the previous report.

1.2 Loans (Debt) Outstanding at 31 March 2014

	£
City of Carlisle Stock Issue	15,000,000
Short Term Loans	13,300
	15,013,300

1.3 Loans Due for Repayment

	PWLB £	Overnight £	Total £
Short Term Debt at 31 March 2014	0	0	0
			0

Shown here is a calendar of future loan repayments which can be a useful aid to cash flow management. Following the repayment of the City Council's remaining PWLB debt in July 2004, no major debt repayments are anticipated.

1.4 Interest Rates

Date	PWLB Maturity		
	1 Year %	10 Years %	25 Years %
02 January 2014	1.40	4.11	4.67
09 January 2014	1.39	4.04	4.60
16 January 2014	1.36	3.88	4.53
23 January 2014	1.41	3.90	4.55
30 January 2014	1.37	3.80	4.50
06 February 2014	1.38	3.79	4.49
13 February 2014	1.38	3.84	4.53
20 February 2014	1.36	3.80	4.49
27 February 2014	1.37	3.72	4.44
06 March 2014	1.36	3.81	4.48
13 March 2014	1.37	3.81	4.48
20 March 2014	1.39	3.85	4.52
27 March 2014	1.43	3.77	4.47

2. INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	37,020,000	0.38 - 1.10	38,710,000	0.38 - 1.10
	37,020,000		38,710,000	

A full schedule of investment transactions is set out in appendix B2. Appendix B3 shows outstanding investments at 31 March 2014.

3. REVENUES COLLECTED

	Collected £	% of Amount Collectable %
Council Tax	47,746,168	97.72
NNDR	41,464,235	98.57
2013/14	89,210,403	98.11
Council Tax	46,497,239	97.78
NNDR	39,697,034	98.58
2012/13	86,194,273	97.68
Council Tax	46,058,618	97.61
NNDR	37,380,206	97.78
2011/12	83,438,824	97.80

Final collection levels were very similar to those of the previous two years.

4. BANK BALANCE

5. At 31 March 2014 £234,192.11 in hand

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

6. OUTTURN ON TREASURY MANAGEMENT IN 2013/14

	Revised Estimate £000	Actual £000	Variance £000
Interest Receivable	(473)	(230)	243
Interest Payable	1,319	1,318	(1)
Less Rechargeable	(20)	(18)	2
	1,299	1,300	1
Principal Repaid	0	240	240
Debt Management	15	12	(3)
NET BALANCE	841	1,322	481

INVESTMENT TRANSACTIONS 1 JANUARY 2014 TO 31 MARCH 2014

INVESTMENTS MADE		INVESTMENTS REPAYD	
	£		£
HSBC	5,050,000.00	Nationwide	2,000,000.00
Nationwide	2,000,000.00	Bank of Scotland	1,000,000.00
Barclays	2,000,000.00	HSBC	410,000.00
HSBC	110,000.00	Royal Bank of Scotland	1,000,000.00
Bank of Scotland	1,000,000.00	Royal Bank of Scotland	1,000,000.00
Royal Bank of Scotland	1,000,000.00	Royal Bank of Scotland	1,000,000.00
Royal Bank of Scotland	1,000,000.00	Ignis	3,000,000.00
Ignis	1,900,000.00	HSBC	105,000.00
Ignis	1,100,000.00	HSBC	215,000.00
Royal Bank of Scotland	1,000,000.00	HSBC	3,755,000.00
HSBC	680,000.00	HSBC	375,000.00
HSBC	2,585,000.00	Nationwide	2,000,000.00
HSBC	1,030,000.00	HSBC	1,870,000.00
Royal Bank of Scotland	1,000,000.00	Royal Bank of Scotland	1,000,000.00
Bank of Scotland	1,000,000.00	HSBC	800,000.00
HSBC	2,525,000.00	Bank of Scotland	1,000,000.00
HSBC	685,000.00	HSBC	240,000.00
Royal Bank of Scotland	1,000,000.00	Royal Bank of Scotland	1,000,000.00
HSBC	590,000.00	HSBC	50,000.00
Royal Bank of Scotland	1,000,000.00	HSBC	3,710,000.00
HSBC	2,465,000.00	Royal Bank of Scotland	1,000,000.00
Royal Bank of Scotland	1,000,000.00	HSBC	645,000.00
Royal Bank of Scotland	1,000,000.00	Barclays	1,000,000.00
HSBC	300,000.00	HSBC	140,000.00
Bank of Scotland	2,000,000.00	HSBC	700,000.00
Royal Bank of Scotland	1,000,000.00	Royal Bank of Scotland	1,000,000.00
Bank of Scotland	1,000,000.00	HSBC	575,000.00
		Royal Bank of Scotland	1,000,000.00
		HSBC	2,440,000.00
		Bank of Scotland	1,000,000.00
		Bank of Scotland	1,000,000.00
		Bank of Scotland	1,000,000.00
		Royal Bank of Scotland	1,000,000.00
		HSBC	680,000.00
TOTAL	37,020,000		38,710,000
		Bfwd	20,840,000
		Paid	37,020,000
		Repaid	38,710,000
		Total	19,150,000

OUTSTANDING INVESTMENTS AS AT 31ST MARCH 2014

DATE	BORROWER	AMOUNT	TERMS	RATE %	INTEREST
11/04/2013	Bank of Scotland (inc HBOS)	£1,000,000	10 April 2014	1.1000	£10,969.86
30/05/2013	Bank of Scotland (inc HBOS)	£1,000,000	30 May 2014	1.0500	£10,500.00
02/08/2013	Bank of Scotland (inc HBOS)	£1,000,000	01 August 2014	1.0100	£10,072.33
21/08/2013	Barclays Bank	£1,000,000	30 May 2014	0.6900	£5,330.96
02/01/2014	Barclays Bank	£2,000,000	02 July 2014	0.5400	£5,355.62
03/01/2014	Bank of Scotland (inc HBOS)	£1,000,000	05 January 2015	0.9800	£9,853.70
09/01/2014	Royal Bank of Scotland	£1,000,000	11 April 2014	0.8000	£2,016.44
15/01/2014	Royal Bank of Scotland	£1,000,000	17 April 2014	0.8000	£2,016.44
16/01/2014	Royal Bank of Scotland	£1,000,000	22 April 2014	0.8000	£2,104.11
06/02/2014	Royal Bank of Scotland	£1,000,000	09 May 2014	0.8000	£2,016.44
14/02/2014	Bank of Scotland (inc HBOS)	£1,000,000	13 February 2015	0.9500	£9,473.97
20/02/2014	Royal Bank of Scotland	£1,000,000	23 May 2014	0.8000	£2,016.44
19/03/2014	Royal Bank of Scotland	£1,000,000	19 June 2014	0.8000	£2,016.44
24/03/2014	Royal Bank of Scotland	£1,000,000	26 June 2014	0.8000	£2,060.27
28/03/2014	Bank of Scotland (inc HBOS)	£2,000,000	27 March 2015	1.1000	£21,939.73
31/03/2014	Bank of Scotland (inc HBOS)	£1,000,000	30 March 2015	0.9500	£9,473.97
31/03/2014	Royal Bank of Scotland	£1,000,000	01 July 2014	0.8000	2,016.44
31/03/2014	HSBC Bank	£150,000	01 April 2014	0.5000	2.054794521
	Total	£19,150,000	Weighted Average	0.8608	109,235.21

Outstanding Investments as at 31 March 2014

Category	Borrower	Principal (£)	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
O	HSBC	150,000		Call			0
B	BANK OF SCOTLAND	1,000,000	11/04/2013	10/04/2014	10	364	10,970
B	BANK OF SCOTLAND	1,000,000	30/05/2013	30/05/2014	60	365	10,500
G	BARCLAYS	1,000,000	21/08/2013	30/05/2014	60	282	5,254
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
B	THE ROYAL BANK OF SCOTLAND	1,000,000		Call90			0
G	BARCLAYS	2,000,000	02/01/2014	02/07/2014	93	181	5,356
B	BANK OF SCOTLAND	1,000,000	02/08/2013	01/08/2014	123	364	10,112
B	BANK OF SCOTLAND	1,000,000	03/01/2014	05/01/2015	280	367	9,864
B	BANK OF SCOTLAND	1,000,000	14/02/2014	13/02/2015	319	364	9,484
B	BANK OF SCOTLAND	2,000,000	28/03/2014	27/03/2015	361	364	18,968
B	BANK OF SCOTLAND	1,000,000	31/03/2014	30/03/2015	364	364	9,484
Total Investments		£19,150,000			186	335	£89,991

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

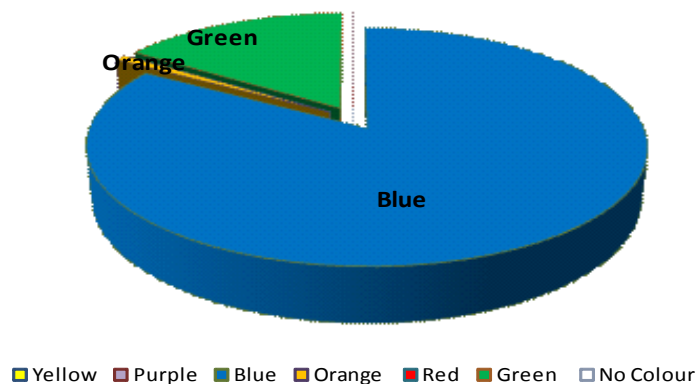
The category colour represents the duration of investment recommended by Capita Asset Services, the Council's Treasury Advisors. Those investments with No colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

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	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	83.55%	16,000,000	50.00%	8,000,000	41.78%	0.90%	162	227
Orange	0.78%	150,000	100.00%	150,000	0.78%	0.50%	0	0
Red	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Green	15.67%	3,000,000	0.00%	-	0.00%	0.59%	82	215
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	100.00%	19,150,000	42.56%	8,150,000	42.56%	0.85%	149	223

Risk Score for Colour (1 = Low, 7 = High)	Mar 2014	Dec 2013	Sep 2013	Mar 2013
1	0	0	0	0.0
2	0	0	0	0.0
3	2.5	2.5	2.1	2.6
4	0.0	0.0	0.4	0.4
5	0	0	0	0.3
6	1.0	0.9	1.3	0.0
7	0.0	0.0	0	0.0
	3.5	3.5	3.8	3.2

**Portfolio Composition by Capita's
Suggested Lending Criteria**



	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

Government Backed
Non Government
Backed

Normal' Risk
Score 3.5 3.5 3.5 3.5

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 23 JUNE 2014

EX.50/14 **TREASURY MANAGEMENT OUTTURN 2013/14
(Key Decision – KD.07/14)

Portfolio Finance, Governance and Resources

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder presented report RD.10/14 providing the annual report on Treasury Management, as required under both the Financial Procedure Rules and the CIPFA Code of Practice on Treasury Management. He also submitted the regular report on Treasury Transactions for the period 1 January 2014 to 31 March 2014. Members' attention was further drawn to developments in the Money Markets over the previous twelve months and their effect on the Council's investments, together with the various performance statistics included within the report.

The City Council had only one substantial long term loan i.e. the £15m stock issue, which was likely to remain on the books for some time yet as the cost of making a premature repayment would be very prohibitive in the present climate, particularly with interest rates being at such depressed levels. There are no plans to undertake any prudential or other borrowing in this financial year, the focus of the authority's treasury management activities remaining very much on the investment aspect of the function.

Investment conditions were, in one sense, as exceptional in 2013/14 as they had been the previous year. But they were also very different as investors coped with some of the lowest interest rates ever seen in the world economy. Although the effect on the City Council's investment interest was slightly down on the previous year, the performance achieved was significantly better than bank base rate levels. For this authority, as indeed for most others, the reduction in investment income posed a very significant financial challenge.

The outlook for interest rates in the UK remained uncertain, but there was a general expectation that bank base rates would not start to rise again until well into 2015. The Council was able to benefit from some significantly high investment rates offered through 2012/13 where 3% was achievable on 1-year money. However, the Bank of England liquidity schemes that enabled banks to borrow direct from the Bank of England at very low levels had had the effect of those high rates falling significantly.

Similar rates on offer now were only 0.95% and, going forward, the Council was going to face further challenges in generating investment income on similar levels to those achieved in the previous two years. The one mitigating factor that would help the Council counteract that dip would be the receipts receivable from the Asset Review which would enhance average balances until they were spent and therefore take up some of the slack from falling rates.

The Finance, Governance and Resources Portfolio Holder commented that Officers were managing particularly well. He then moved the recommendation, which was duly seconded by the Leader.

Summary of options rejected None

DECISION

That Report RD.10/14 providing the Annual Report on Treasury Management be received and recommended to the City Council for approval.

Reasons for Decision

To receive the annual report on Treasury Management

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 26 JUNE 2014

ROSP.35/14

TREASURY MANAGEMENT OUTTURN 2013/14

The Director of Resources presented report RD.10/14 providing the annual report on Treasury Management, as required under both the Financial Procedure Rules and the CIPFA Code of Practice on Treasury Management. He also submitted the regular report on Treasury Transactions for the period 1 January 2014 to 31 March 2014. Members' attention was further drawn to developments in the Money Markets over the previous twelve months and their effect on the Council's investments, together with the various performance statistics included within the report.

The City Council had only one substantial long term loan i.e. the £15m stock issue, which was likely to remain on the books for some time yet as the cost of making a premature repayment would be very prohibitive in the present climate, particularly with interest rates being at such depressed levels. There are no plans to undertake any prudential or other borrowing in this financial year, the focus of the authority's treasury management activities remaining very much on the investment aspect of the function.

Investment conditions were, in one sense, as exceptional in 2013/14 as they had been the previous year. But they were also very different as investors coped with some of the lowest interest rates ever seen in the world economy. Although the effect on the City Council's investment interest was slightly down on the previous year, the performance achieved was significantly better than bank base rate levels. For this authority, as indeed for most others, the reduction in investment income posed a very significant financial challenge.

The outlook for interest rates in the UK remained uncertain, but there was a general expectation that bank base rates would not start to rise again until well into 2015. The Council was able to benefit from some significantly high investment rates offered through 2012/13 where 3% was achievable on 1-year money. However, the Bank of England liquidity schemes that enabled banks to borrow direct from the Bank of England at very low levels had had the effect of those high rates falling significantly. Similar rates on offer now were only 0.95% and, going forward, the Council was going to face further challenges in generating investment income on similar levels to those achieved in the previous two years. The one mitigating factor that would help the Council counteract that dip would be the receipts receivable from the Asset Review which would enhance average balances until they were spent and therefore take up some of the slack from falling rates.

The Executive had considered the report on 23 June 2014 (EX.49/14 refers) and agreed that report RD.10/14 providing the Annual Report on Treasury Management be received and recommended to the City Council for approval.

A Member commented that he understood the need to keep investments short term to enable the Council to react quickly to changing interest rates but questioned whether it might be advantageous to the authority to investigate long term investments before the interest rates rose.

The Director of Resources agreed that it was beneficial to plan in advance but the current advice showed that there was no indication that the interest rates would increase in the next two years.

RESOLVED – That the Treasury Management Outturn 2013/14 (RD.10/14) be welcomed.

Report to Council

Agenda
Item:

18(iv)

Meeting Date: 15 July 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Considered under general exception
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT COUNTERPARTIES
Report of: DIRECTOR OF RESOURCES
Report Number: RD06/14

Purpose / Summary:

This report was considered by the Executive on 12 May and 23 June, and has been considered by ROSP on 26 June.

This report requests approval to amend the limits that can be invested with different counterparties and the use of a Property Investment Fund for a longer term investment.

Recommendations:

Council is asked to:

- (i) Approve the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7, for recommendation to Council;
- (ii) Approve the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio for recommendation to Council

Tracking

Executive:	12 May 2014 & 23 June 2014
Overview and Scrutiny:	13 May 2014
Audit Committee:	10 July 2014
Council:	15 July 2014

Report to Executive

Agenda
Item:

Meeting Date: 23 June 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Considered under general exception
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT COUNTERPARTIES
Report of: DIRECTOR OF RESOURCES
Report Number: RD006/14

Purpose / Summary:

The Treasury Management Strategy for 2014/15 was approved at Council on 4 February 2014. Since this date, the Council has been investigating alternative ways of increasing the available counterparties available to invest with. As a result of these investigations, Members are asked in this report to consider options for adding an additional institution to the Council's approved list and also to gauge Members interest in investing in a managed property fund which would provide an alternative for the capital receipts generated by the Asset Business Plan.

Recommendations:

The Executive is asked to consider and recommend to Council:

- (iii) The approval of the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7, for recommendation to Council;
- (iv) The approval of the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio for recommendation to Council

Tracking

Executive:	12 May 2014 & 23 June 2014
Overview and Scrutiny:	13 May 2014
Audit Committee:	10 July 2014
Council:	15 July 2014

1. BACKGROUND

- 1.1 The Council has been investigating alternative ways of increasing the available counterparties the Council is able to invest with. As a result of these investigations, Members are asked in this report to consider options for adding an additional institution to the Council's approved list and also to gauge Members interest in investing in a managed property fund.
- 1.2 The Council has historically limited its investment strategy to investing only with UK financial institutions (or institutions authorised by the UK regulatory bodies – Financial Conduct Authority and Prudential Regulation Authority).
- 1.3 The Council bases its criteria for investments on the credit ratings of these institutions and since the banking crash of 2008, has seen a number of institutions fall below the Council's minimum criteria for investment. This has led to a much reduced investment counterparty list.
- 1.4 The Council's Treasury Advisors (Capita Asset Services – formerly known as Sector) provides the Council with weekly updates of credit risk associated with all global financial institutions.
- 1.5 The Council maximises the use of the Government backed banks, RBS and Lloyds group and primarily utilises these banks for longer dated investments, typically 1 year, where the rates are slightly more attractive (approx 1%). For shorter dated investments, the Council uses the other rated banks and building societies on its approved list, e.g. Barclays and Nationwide. For overnight investments, the Council was using AAA rated Money Market Funds, however, the return on these has now dropped to below 0.35%. This led the Council to negotiate a overnight deposit account with its day to day bankers, HSBC which offered 0.50%. We are unaware of any other authority who has managed to secure such a good rate with HSBC.
- 1.6 Unfortunately, HSBC has notified the Council that this rate cannot remain in place much longer which means the alternative is to place funds with the Money Market funds which offer a significantly lower return.

2. PROPOSAL – SVENSKA HANDELSBANKEN

- 2.1 Therefore, in order to try and maximise the return the Council can achieve on its short term investments whilst still maintaining security of the investment, an additional counterparty is proposed as set out below.

- 2.4 Svenska Handelsbanken is one of the largest global banks and has a long term credit rating of Aa3 and a short term rating of Prime-1 from Moody's with a stable Outlook. The ratings are the same as HSBC but Handelsbanken has a better Outlook. It also has better ratings and Outlooks than Lloyds, RBS, Barclays and Santander.
- 2.5 Handelsbanken is not, however, registered in the UK so does not class as a UK institution for the Council's current investment policy. It is registered in Sweden, which at the moment is one of the strongest economies in Europe and has maintained its AAA credit rating.
- 2.6 Handelsbanken operates a very traditional type of bank. They do not pay bonuses to employees and only deal in very plain normal banking products, e.g. deposits and savings. They have a large branch network throughout the UK and have an office based at Kingstown in Carlisle which has 8 employees who deal solely with the north Cumbria area. As they only operate basic banking products, they offer an instant access account that is currently offering 0.55%. Many Local Authorities are including Handelsbanken on their approved list.
- 2.7 Therefore, given the strength of Handelsbanken, the reducing number of counterparties and the diminishing returns on short term investments it is proposed that the Council's investment policy is amended to be able to include Handelsbanken on the Council's approved counterparty list.
- 2.8 The Council has approached its Treasury advisors, Capita Asset Services, regarding these proposals and they have indicated that this proposal does not put the Council's investments at any additional risk.
- 2.7 The revised limits and investment criteria are set out at **Appendix A**, and in summary would be as follows:

Lloyds Group/ RBS	£8million
HSBC	£6million (split £4m long term, £2million less than 1 month)
Other Credit Rated banks/institutions (Including Svenska Handelsbanken)	£4million
Non Credit Rated Banks/Building Societies	£2million

3. **ALTERNATIVE INVESTMENT OPPORTUNITIES**

- 3.1 The Council tends to invest its cash balances in cash deposits with banks and

other approved financial institutions. For some time now, returns on such cash deposits have been at historically low levels. This has had an adverse effect on the Council's overall budget as in 2007, investment returns were £1,865,000 or 5.75% based on average balances of £32.1million. Currently in 2013/14, investment returns are £223,000 or 0.86% based on average balances of £26million.

- 3.2 The Council's treasury management advisors, Capita Asset Services, suggest that interest rates will not rise from their historically low level until late 2015, and even then will only rise gradually. Alongside this, the credit outlook remains challenging, with the number of institutions accepting deposits being very restricted. These factors result in expectations for returns from cash orientated investments remaining low.
- 3.3 In theory, the Council could increase its exposure limits (i.e. amounts deposited with individual institutions) to the approved financial institutions, or it could revise its minimum credit thresholds lower than the current minimum acceptable thresholds in its policies. However, as the overriding principle in treasury management is security of capital, this would not be recommended. In any event, this would not increase returns significantly.
- 3.4 With these factors in mind, Officers have undertaken some research into alternative investment opportunities and have looked specifically at a property fund as a means of securing better returns and limiting exposure to financial institutions failing.
- 3.5 There are many managed property funds in the financial market, however Officers have made enquiries about is the LAMIT (Local Authority Mutual Investment Trust) property fund managed by CCLA (Churches, Charities and Local Authorities) which is owned by the Church of England Investment Fund (56%), the Charities Investment Fund (23%), Local Authorities' Mutual Investment Trust (14%) and others (7%).
- 3.6 As at 31 December 2013, there were 37 local authorities holding units in the fund. The fund was valued at £126m and owned 21 properties.
- 3.7 Details of the operation of the property fund are attached at Appendix B.
- 3.8 As noted at paragraph 4.5 below, investment in the LAMIT fund is classed as revenue expenditure and therefore treasury management. This is due to lobbying which has incorporated these rules in to the regulatory framework. Investment in other property funds may be treated as capital expenditure.

4. PROPOSAL TO INVEST IN A POOLED PROPERTY FUND

- 4.1 There are examples of authorities investing in property by directly purchasing/developing properties with the intention of securing a revenue income from that investment. The Council is undertaking this itself through its Asset Business Plan initiative. It is also felt that an alternative route to receive income from property would be to invest in an appropriate property unit trust. However, such investment would not preclude the Council also directly investing in property if there was a business case.
- 4.2 The LAMIT fund would give the Council exposure to a diversified portfolio of commercial property throughout the UK, but without the issues of maintenance, management and repairs, if it were to own the property directly. In the past income returns from this fund have been in the order of 5.5%-6% per annum. It is an actively managed property fund, which means that fund managers have the potential for growth in the income as, over time, higher rents can be achieved by buying properties in areas where demand is growing, by adjusting the exposure to different areas of the market and by improving the quality of the properties as appropriate. It should be noted that, due to its active management style, the returns can be more volatile, as it is more likely to have void periods (when no rental income is being earned on a property) than a passively managed fund. In addition, property prices may go down as well as up, which will impact the underlying price of each unit in the fund. This will have greatest impact at a point in the future when the Council looked to sell its position.
- 4.3 Units in the LAMIT fund can be bought or sold on any monthly valuation date (usually the last working day of the month). However, where redemptions are required, these may take longer depending on the size of the withdrawal and the notice given to do so. In some cases, the fund may need to sell property to raise the cash to meet a redemption request. This process is typical for redemptions from all property funds. **This could require notice of approximately 18 months prior to requiring the funds.**
- 4.4 **Should the Council wish to invest in this type of fund, it needs to be aware that it will be investing for a longer time period than usual and must commit itself to the stated monetary investment and time period. The fee for this particular fund is 0.65% per annum of the capital sum invested.**
- 4.5 Investment in the LAMIT fund is classed as revenue expenditure and the return on the investment is revenue income, as defined under the Capital Finance Regulations (SI 2010 No 454). This, therefore, means that the Council can use its short term investments to invest in the fund and the return on the investment can be shown as revenue income and not capital receipts. It is thus part of treasury

management. In contrast, direct investment in property would not be treasury management and would be classed as capital expenditure.

5.0 PROPOSAL TO INVEST

- 5.1 Before making a proposal it must be stressed that, as with any investment, there are risks and financial implications. As stated earlier, the Council needs to be confident that the cash invested will not be required at short notice, or within a short time span. Four to five years is seen as the norm for investing in this fund.
- 5.2 The Council has average balances of approximately £25million, although this is forecast to reduce in line with the capital programme in the MTFP that will see the balance of capital receipts almost exhausted by 2018/19. The Council will still have a 'core' balance of investments of over £10million. There is, therefore, scope within the current 'core' investment portfolio to invest for the longer term in this type of fund.
- 5.3 As investments in property funds are subject to fluctuations in the property market, any volatility in the valuation of the investment would need to be managed through the "Available for Sale Reserve". There will, therefore, be no impact on the Council's revenue account for the day-to-day fluctuations in the value of the investment. It is not until the investment is sold that any gain or loss on the principal sum invested will be recognised in the revenue account. However, it is important to recognise that when units are redeemed, a capital loss could be incurred. It is for this reason that this type of investment is best seen as a long term investment to reduce the likelihood of the volatility in the property market impacting on the Council's capital invested.
- 5.4 To acquire units in the fund the Council has two options:
- to buy directly from existing unit holders – this reduces the acquisition and sale costs but at present this is an unlikely option as those wishing to buy outnumber those wishing to sell;
 - to buy directly from the fund, as the above option is unlikely at present and will almost certainly be the means of acquiring units.

There is a 5% cost of acquiring units to cover a range of one-off costs, such as stamp duty and arrangement fees. There is also a 2% sale charge.

- 5.5 If the Council were to buy and then immediately sell, there would be a 7% cost. This is why it is important that the Council sees this as a longer term investment. Based on recent fund performance and likely trends on the commercial property market it is forecast that that capital growth would cover the 7% cost of buying and selling within a period of about two years. Obviously, such forecasts are not always accurate and the capital value of the fund could fall as well as increase. If

the Council were to invest in property directly, i.e. purchase a property for rental outright, it would still be subject to fluctuations in market values and upfront costs such as stamp duty.

- 5.6 Appendix C shows the index for units in the fund over the last ten years. The average increase in unit price (this is what any capital profit or loss would be based on) is 6.2%. However, as will be noted, there are some years when the unit price falls, e.g. 2008.
- 5.7 Assuming average annual capital growth and average rental return over the last ten years (see Appendix C) then after two years, the property fund will have recovered the 7% entry and exit charge and the foregone investment from a cash deposit. This means that assuming average returns the Council only has to continue investing in the fund for two years before it is making a higher return than a cash deposit.
- 5.8 Assuming that the Council redeems its investment after five years it would receive:
- five years net rental share - this is the income shown at 5.3 above and received quarterly;
 - five years' capital growth (or loss) less the buying and selling costs. This would be received or paid at the time of redeeming the units. Whilst termed "capital growth" this would, under the regulatory framework, be accounted for as revenue income or expenditure as appropriate.
- 5.9 The purchase of units in the fund is a treasury management transaction, therefore it does not impact on reserves. There would only be an impact if any capital gain or loss arose on redemption.
- 5.10 For example, if the Council were to invest £3million, it could achieve additional investment income as follows:

	£
Amount Invested (gross):	3,000,000
Less 5% entry cost (paragraph 7.2)	<u>-150,000</u>
Net Investment	2,850,000
Interest per Annum at 5%	142,500
Management Fee 0.65%	<u>-19,500</u>
Net Income	123,000
Current Net Income from £3m (0.87%)	<u>26,100</u>
Extra Income	96,900

N.B Any decision to withdraw this investment would have to take into consideration the entry and exit costs against any capital growth achieved. The longer the investment is left, the greater the opportunity for capital growth to outweigh the entry and exit costs.

The 5% return assumed is at the lower end of the projected rate of returns. Appendix C shows the return for each year over the last ten years; the average income return is 5.4%.

The additional income achievable by this investment opportunity would help towards the Council's transformation savings requirement.

- 5.11 Whilst unit holders can redeem their units, there may be some time delay and the intention is to hold units for a number of years to even out variations in capital fluctuation. Therefore, investing in the fund does reduce the council's financial management options to some degree.

6. DUE DILIGENCE

- 6.1 An investment in the LAMIT fund is a new treasury management approach for the Council and appropriate due diligence would need to be undertaken as follows:
- That the fund is recommended by the Council's treasury management advisers, Capital Asset Services, who are regulated by the Financial Conduct Authority (FCA);
 - Checks that CCLA are regulated by the FCA;
 - Thorough review of scheme information provided by CCLA
 - Thorough review the latest annual accounts of the fund
 - Obtaining two references from local authorities which hold units in the fund
 - Confirming the taxation position of fund receipts (tax is fully reclaimable)
 - Thorough review of the LAMIT Trust Deed

Risks

- 6.2 There are a number of risks in investing in this type of instrument. The main ones are as follows:
- The fund manager ceases to exist:
The Trust would appoint another manager or wind the Trust up and distribute the net assets, though there would be some cost in either of these;
 - The fund is wound up:
The assets and liabilities of the fund are owned by the LAMIT which is a separate legal entity. Because of this, all unit holders would be legal and beneficial owners of the properties held by the fund. The fund would be wound up by selling the units and distributing the sums invested to all of the unit holders;
 - Cash may not be immediately available:
See paragraph 4.3 above;
 - Returns may vary and could be volatile in the short-run:
See paragraph 5.5 above.

- 6.3 The Council's current approach to Treasury Management is low risk. By investing in a property fund, the Council is clearly taking on higher risk (through reduced liquidity and increased volatility of valuation) for, potentially, a higher return.

7. CONSULTATION

- 7.1 The Council's Treasury Advisers have been involved in the Strategy and proposals contained within this report.

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 8.1 The Executive is asked to approve and recommend to Council:
- (i) the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7, for recommendation to Council;
 - (ii) the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio for recommendation to Council

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Steven Tickner Ext: 7280

Appendices attached to report:

- Appendix A - Approved investment instruments**
- Appendix B – The Local Authorities Property Fund – Scheme Information**
- Appendix C – The Local Authorities Property Fund – Historical Performance**
- Appendix D – Capita Briefing Note on CCLA**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – n/a

Economic Development – n/a

Governance – The Treasury Management Strategy (TMS) does not currently provide for investment of the type described in this report and the purpose of this report is to ensure that the TMS allows the Council to so invest. This will ensure that that the council's investments are, and will continue to be, within its legal powers. The TMS is defined in Article 4 of the Constitution as being part of the authority's "Budget". As such, the matter should be considered by Overview & Scrutiny prior to recommendation to the Council by the Executive. Council must approve any amendment to the TMS.

Local Environment – n/a

Resources – Contained within the report. Any changes to counterparties form part of the Treasury Management Strategy Statement and Investment Policy that is required to be approved by Council. The use of individual counterparties and financial instruments that form part of the approved list, is delegated to the Director of Resources in line with the Council's constitution.

APPROVED INVESTMENT INSTRUMENTS

Specified Investments

All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable. **A maximum of £4m of the investment portfolio** will be placed with any one counterparty or banking group, or a maximum of **£8m of the investment portfolio for Lloyds Group banks and RBS Group Banks and £6m with HSBC Bank (with £2m being limited to investments less than 1 month in duration)** whether by way of specified or non-specified investments except for building societies without a credit rating where **the limit will be £2m**.

Fixed Term Deposits with fixed rates and maturities:-	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	Government backed	In-house
Term deposits – local authorities	--High level of security	In-house
Term deposits – U K banks**	Short-term F1 (Fitch) or P1(Moodys)	In-house
Term Deposits – UK building societies**	Short Term F1 (Fitch) or P1 (Moodys) or as determined by the Director of Resources	In-house
Term Deposits – Non UK Banks	Sovereign Rating AAA Short Term F1 (Fitch) or P1 (Moodys) or as determined by the Director of Resources	In-house
Fixed term deposits with variable rate and variable maturities: -	Minimum 'High' Credit Criteria	Use
Callable deposits	Short-term F1 (Fitch) or P1 (Moodys)	In-house
Certificates of deposits issued by UK banks and building societies	Short-term F1 (Fitch) or P1 (Moodys)	In-house buy and hold
UK Government Gilts	Government backed	In-house buy and hold
Bonds issued by multilateral development banks	AAA	In-house on a 'buy-and-hold' basis.
Bonds issued by a financial institution which is guaranteed by the UK government	AAA	In-house on a 'buy-and-hold' basis.
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -	Minimum 'High' Credit Criteria	Use
1. Money Market Funds	Short-term AAA	In-house
2. Enhanced Cash Funds	Short-term AAA	In-house
3. Government Liquidity Funds	Short-term AAA	In-house

** If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Non-Specified Investments:

A maximum of 50% will be held in aggregate in non-specified investments

1. Maturities of ANY period.

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits with non credit rated UK Building Societies	As approved by the Director of Resources. Minimum asset base of £1bn	In-house	50	364 days

2. Maturities in excess of 1 year

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – local authorities	Any authority	In-house	50	3 Years
Term deposits – UK banks and building societies	Long-term A (Fitch) or A2 (Moody's)	In-house	50	3 Years
Fixed term deposits with variable rate and variable maturities	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Certificates of deposits issued by UK banks and building societies	Long-term A (Fitch) or A2 (Moody's)	In house on a 'buy and hold basis'	50	3 Years
UK Government Gilts	Government backed	In house on a 'buy and hold basis'	50	3 Years
Bonds issued by multilateral development banks	AAA	In-house on a 'buy-and-hold' basis.	50	3 Years
Bonds issued by a financial institution which is guaranteed by the UK government	AAA	In-house on a 'buy-and-hold' basis.	50	3 Years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
1. Bond Funds	Long-term AAA	In-house	50	3 Years
2. Gilt Funds	Long-term AAA	In-house	50	3 Years

3. Approved Property Funds

	Use	Max % of total investments	Max. maturity period
CCLA Property Fund	In-house as determined by the Director of Resources	50	No maximum

The Council uses Fitch (primarily) or Moody's ratings to derive its counterparty criteria. All credit ratings will be monitored monthly. The Council is alerted to changes in credit ratings through its use of the Sector creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

Appendix B

The Local Authorities' Property Fund

Scheme Information

Scheme Information

The Local Authorities' Property Fund

Effective from September 2013

This Scheme Information summarises the terms on which the Fund operates. For full information as to the terms on which the units of the Fund are issued, reference should be made to the Fund's Trust Deeds. Copies are available on request from the Manager.

Contents	Page	Contents	Page
The Fund	3	Acceptance of Terms and Conditions	7
The Trustee	3	Amendments	7
The Manager	3	Regular Statements	7
Investment Objectives of the Fund	3	Custody of Assets	7
Administration	4	Report and Accounts	8
Eligible Contributors	4	Regulatory Position	8
Unit of the Fund	4	Compensation	8
Valuations	4	Risk Warning	8
The Issue and Redemption of Units	4	Complaints	9
Minimum Investment	6	Material Interests and Conflicts	9
Exchanging existing property	6	Trustee Meetings	9
Registration of Units	6	Winding Up	9
Publication of Prices	6	Applicable Law	9
Management Charges	6	Data Protection	9
Costs and Expenses	6	Scheme Information	10
Taxation	7	Appendix 1- The Manager	11
Dividends	7	Appendix 1-The Registrar	11
Treating Customers Fairly	7	Appendix 1-The Regulator	11
Authority to Open and Operate an Account	7	Appendix 1- Conflicts of Interest Policy	11

CCLA INVESTMENT MANAGEMENT LTD

The Fund

The Local Authorities' Property Fund (the Fund) is an unregulated collective investment scheme established under a Scheme approved by H M Treasury under Section 11 of the Trustee Investments Act 1961 and is subject to provisions of a Trust Deed dated 6 April 1972 and a supplemental Trust Deed dated 13 September 1978. The Fund operates as an open-ended Fund under Part IV of the schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001.

Trustee

The Local Authorities' Mutual Investment Trust (the Trustee) is the Trustee of the Fund. It is a company incorporated under the Companies Act 1948, limited by guarantee and not having a share capital. Under the provisions of the Financial Services and Markets Act 2000 (FSMA), LAMIT, as Trustee of the Fund, is not considered to be operating the Fund 'by way of business'. In consequence, it is not required to be regulated by the FCA and the members of LAMIT are not required to be authorised by the FCA for this purpose. The Trustee is controlled by members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers' Superannuation Committee and by the Trustee to represent unitholders.

Manager

CCLA Investment Management Limited (the Manager), registered in England as a company No. 2183088, authorised and regulated by the Financial Conduct Authority (FCA), manages the Fund's properties and provides administrative and registrar services for the Fund and company secretarial services to the Trustee under Agreements dated 1 October 1998.

Investment Objectives of the Fund

Investment Objectives

The Fund is invested in commercial and industrial properties in the United Kingdom. It aims to provide, over the long term, a satisfactory total capital and income return on the units of the Fund.

Investment Powers

The Fund's powers of investment are not restricted either to particular types of property, or subject to the consent of H M Treasury, to specific parts of the world, but it is the present policy to confine investment to freehold and leasehold commercial and industrial property in the United Kingdom.

The Fund is permitted to finance developments of, or improvements to, both freehold and leasehold property or purchase a right or interest in, or over,

freehold or leasehold land, or borrow for the purpose of gearing against the property assets of the Fund; provided that the aggregate borrowing does not exceed 25% of the value of the property of the Fund on any quarterly valuation date. With the prior written approval of the Council, the Manager may borrow for any purpose set out above up to the limit of 50% of the net asset value of the Fund.

Investment Restrictions

The Fund will maintain a suitable spread between different types of property and geographical location. Importance will be attached to location, standard of construction and quality of covenant with lease terms preferably embodying upwards only rent reviews at intervals of not more than five years.

Performance Benchmark

The performance benchmark for the Fund is the Balanced Property Unit Trust Index compiled and calculated by Investment Property Databank (IPD) and published by HSBC and the Association of Real Estate Funds (AREF), calculated on a net asset value basis; or such other performance benchmark as the Manager may agree.

Administration

The Manager provides the Trustee with all administrative and registrar services necessary for the management of the Fund. These include the valuation of the Fund's assets in conjunction with an appointed External Property Valuer, the issue and redemption of units in the Fund, the operation of the Fund's unit Register, the payment of dividends and the maintenance of the accounts of the Fund. The Fund operates on a financial year to 31 March.

Eligible Contributors

The units of the Fund can only be issued and owned by local authorities in England, Wales, Scotland and Northern Ireland. The Trustee under the Scheme and the Manager under the Money Laundering Regulations are required to satisfy themselves as to the identity of participants in the Fund.

Unit of the Fund

The Fund issues units which pay dividends quarterly.

Valuations

The Fund is valued monthly, at the end of each calendar month, for the issue and redemption of units (the Valuation Date). Properties held by the

Fund are valued at open market value. The assets of the Fund valued also include capital cash.

To calculate the issue and redemption price (offer and bid prices) of the units the net capital asset value of the Fund shall be divided by the number of units in issue. The Trustee may increase the issue price by such a surcharge and reduce the redemption price by such a deduction as in either case it may think fit with a view to protecting the holders of subsisting units from being adversely affected in respect of the values of the units by the effects of contributions and/ or withdrawals. The Trustee may vary the amount of the surcharge or deduction at any time.

The valuation of the Fund's properties is made by an External Property Valuer at each quarter-end and by the Manager, in consultation when necessary with External Property Valuers, on other monthly valuation dates. Additions to the portfolio are valued externally after acquisition.

Issue and Redemption of Units

Instructions for the issue or redemption of units must be made in writing to the Manager at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Purchases or sales of the Fund's Units can be made on any month end Valuation Date, subject to a period of notice or delay (or successive periods of notice or delay) of such period (or periods) as the Trustee or Manager may impose to permit properties to be sold to meet withdrawals or to protect the interest of Unitholders in the Fund.

In the event of the suspension of redemption requests in full or part (i) those applications for the redemption of units first made in respect of an earlier month end Valuation Date will be dealt with in priority to those first made in respect of a later month end Valuation Date (ii) without prejudice to (i) all applications for the redemption of units made in respect of particular month end Valuation Date shall be treated *pari passu*, irrespective of the time such applications for the redemption of units were actually received in respect of that month end Valuation Date and (iii) the Manager can accept in part an application for the redemption of units and, in the event that it does so, such application for redemption of units (and any other applications for redemption of units which are to be treated *pari passu* with it) shall be redeemed in part *pro rata*.

Application monies paid by cheque should be drawn on an EEA (European Economic Area) banking institution and

made payable to The Local Authorities' Property Fund. They must be received by the Manager not later than 5.00pm on the business day prior to the Valuation Date. Application monies so received will not earn interest and will be paid into a Fund bank account. Cheques made payable to CCLA Investment Management Limited will be returned.

Contract notes will normally be despatched by close of business on the next business day after the issue of the units. The contract note will show *inter alia*, the number of units and the issue or redemption price. Units will be issued to the nearest round number.

Redemption instructions must be received by 5.00pm on the business day preceding a Valuation Date and may be subject to a period of notice. Cheques in respect of redemption of units are issued within four business days after the Valuation Date on which the units are redeemed.

If a delay is imposed, proceeds of units redeemed (or the cost of units issued) will be calculated on the Valuation Date when the units can be redeemed (or issued) by the Fund and not on the Valuation Date when notice is received.

Secondary Market Units

From time to time the Manager may become aware of opportunities for unitholders to trade units other than via the Manager (the Secondary Market). In which case and at its discretion the Manager may, but is not obliged to, inform other unitholders and or other local authorities.

This can enable investors to transfer holdings on terms set between themselves, with the transfer or instructing the Manager as Registrar to amend its records accordingly.

Local Authorities should note that the Manager does not make a market and, therefore, may not be aware of every opportunity that exists to trade on the secondary market.

Minimum Investment

The minimum sum that can be invested initially is £25,000. Thereafter additions to unitholdings can be made of £10,000 or above.

Exchanging Existing Property

The Fund may consider accepting existing properties in exchange for units of the Fund.

However, the Trustee may do so but only if it is judged to be in the best interest of existing unitholders of the Fund and on the basis of an independent professional valuation. If accepted, the exchange would be made at the open market value of the property at the net asset value of the units issued. The Trustee has absolute discretion as to which properties it will accept.

Registration of Units

Units are registered in the name of the local authority or in recognised bank nominee names under a designated account. No certificates are issued and the Register of the unitholdings is the definitive evidence of title. The units have no par value and entitle the holder to a proportionate interest in the Fund. Units cannot be assigned or transferred except from one local authority to another subject to the payment of Stamp Duty Reserve Tax payable by the Trustee and recharged to the purchaser. The number of units held will be certified on written request for audit or other purposes.

Publication of Prices

The Fund's unit Price is published in the FinancialTimes.

Management Charges

Annual Management Charge

The Manager makes an annual charge on the assets of the Fund at a fixed rate of 0.65% per annum (plus VAT if applicable and if any). The Annual Management Charge is based on the valuation of the Fund on the last day of the preceding month. The charge accrues daily and is deducted from the income of the Fund on the last business day of each month. The Manager makes no charge in respect of transactions carried out by the Fund.

Preliminary Charge

The Manager makes no Preliminary Charge on the issue of units.

Costs and Expenses

The following expenses incurred for the Fund shall be paid either directly by the Fund or by the Trustees and recharged to the Fund:

- a) legal and other costs associated with obtaining and maintaining any authorisation or registration of the Fund
- b) any governmental duties payable in respect of the issue of the Fund's units
- c) cost of property transactions including, but not limited to, stamp duty, agents and survey fees
- d) External Property Valuer's fees
- e) legal Fees
- f) professional and agency fees

- g) audit fees
- h) bank charges
- i) any rates, taxes, insurance premiums, costs of security, maintenance and repairs and other costs and service charges related to specific properties which cannot be recovered
- j) the fee of any External Property Adviser to the Trustee
- k) cost of liability insurance for the Trustee
- l) costs incurred in respect of unitholder meetings or in modifying the constitution of the Fund
- m) such other fees or expenses as may from time to time be agreed with the Trustee

Taxation

The Trustee is not subject to capital gains tax but is subject to income tax at the basic rate. For each dividend payment, vouchers confirming the deduction of income tax are supplied for use by unitholders, as appropriate.

This is our understanding of the tax position as of the date of these Scheme Particulars. The tax position may change in the future. Investors should obtain their own tax advice in respect of their own position.

Dividends

Dividends are paid quarterly to a nominated bank account in respect of the three months to the end of June, September, December and March. They are paid one month after each quarter end. Income is calculated as income receivable by the Fund whether already received or not, less any costs and expenses accrued to date. Income is allocated to unitholders monthly but is not included in the unit price.

Treating Customers Fairly

CCLA is committed to Treating Customers Fairly (TCF). CCLA has reviewed this Scheme

Information in the context of TCF and believes it is in accordance with its commitment.

Authority to Open and Operate an Account

The Manager is entitled to assume that the person(s) signing an Application Form to purchase the Fund's units in a local authority's name are duly authorised. In the case of sales, money is only remitted to the local authority or its bank but not to third parties. Where instructions are received in respect of units held in a nominee name, the written confirmation from the local authority may be required by the Manager.

Acceptance of Terms and Conditions

By completing the Application Form, the unitholder acknowledges and accepts the terms and conditions of the unitholding and agrees to be bound by the provisions of this Brochure and of the Trust Deeds of the Fund.

Amendments

The Trustee and the Manager reserve the right to amend these terms and conditions at any time. Unitholders will be notified of any amendment material to them.

Regular Statements

Statements of unitholdings, Management Expenses and Dividends paid are provided as at 30 September and 31 March.

CCLA reserves the right to charge reasonable expenses in relation to printing and postage of any additional documentation required by the client.

Custody of Assets

The Trustee has appointed both The Royal Bank of Scotland plc, Securities Department, and Lovells to hold in safe custody the deeds, leases and other documents relating to the properties owned by the Fund. The Royal Bank of Scotland plc has also been appointed by the Trustee to hold cash balances of the Fund. The Trustee may review these arrangements from time to time.

Report and Accounts

Report and Accounts of the Fund are prepared at 30 September and 31 March, being the half year and year ends respectively. All Accounts are audited. Copies of the Half Year and Annual Report and Accounts are sent to all unitholders.

Regulatory Position

The Fund is constituted by a Scheme and Trust Deeds under the Trustee Investments Act 1961 and is an unregulated collective investment scheme. The Fund operates as an open ended Fund under Part IV of the schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001. Under the provisions of the Financial Services and Markets Act 2000 (FSMA), LAMIT as Trustee of the Fund, is not considered to be operating the Fund 'by way of business'. In consequence, it is not required to be regulated by the FCA and the members of LAMIT are not required to be authorised by the FCA for this purpose. The Manager is regulated by the FCA and this covers any investment advice given by the Manager about the Fund's units to a local authority.

The management of the properties of the Fund is outside the scope of the FSMA.

Compensation

Investments in The Local Authorities' Property Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Funds.

As the Fund is not an Authorised Unit Trust within the meaning of the FSMA 2000, investments in the Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

Further information is available from the Manager on request or via www.fscs.org.uk or at their address below:

Financial Services
Compensation Scheme,
7th Floor,
Lloyds Chambers,
Portsoken Street,
London, E1
8BN.

Risk Warning

The value of the Property Fund units and the income from them can fall as well as rise and a local authority may not get back the amount originally invested. Past performance is no guarantee of future returns.

Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result, valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved even where such sale occurs shortly after a Valuation Point.

The performance of the Fund could adversely be affected by a downturn in the property market in terms of capital value or a weakening of rental yields. The income received by the Fund is dependent to a large extent upon the occupancy levels of any property owned by the Fund and the rents paid by these tenants. Rental revenues and property values are affected by changes in the general economic climate and local conditions. Property values

are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant creditworthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

The units are intended only for long-term investment and are not suitable for money to be spent in the near future. They are realisable only on each monthly Valuation Date and a period of notice may be imposed for the redemption of units.

Complaints

Complaints concerning the operation or marketing of the Fund should be referred in writing to the Compliance Officer of the Manager, or to the Trustee: The Compliance Officer, CCLA Investment Management Limited, 85 Queen Victoria Street, London, EC4V 4ET or to: The Secretary, Local Authorities' Mutual Investment Trust, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Material Interests and Conflicts

The Manager operates a client relationship management service and the Fund's trustee, The Local Authorities' Mutual Investment Trust, owns 14% of the share capital of CCLA Investment Management Limited. The Manager operates a Conflicts of Interest Policy to ensure fair treatment of its clients. A brief summary is provided in Appendix 1 of this document.

Trustee Meetings

The Trustee and the Manager meet at least half yearly and the Trustee receives quarterly written reports from the Manager. The Trustee's Property Sub Committee meet each quarter with the Manager.

Winding Up

The Trustee has the power to wind up the Fund in accordance with the Trust Deed.

Applicable Law

Any agreement to invest in the Fund is governed by English law and subject to all applicable laws, regulations and rules. In the event of a conflict between such agreement and any such laws, regulations and rules, the latter shall prevail.

Data Protection

The Manager is the data controller and in accordance with data protection legislation will hold relevant personal details which have been supplied to the Manager for the purposes of fulfilling its

obligations to unitholders. Data will be stored by the Manager, either on computer or hard copy, in order to fulfil the services described. This will be treated as confidential. Any personal data will be maintained in accordance with the provisions of the Data Protection Act 1998. The Manager may pass your data to others in order to fulfil the service obligations described.

The Manager may use the information to contact you from time to time by post, fax, e-mail or telephone to bring your attention to additional products or services which may be of interest to you. You may ask us to stop doing this by contacting us at any time.

The Manager will keep records of all business transactions for at least five years. You have a right to inspect copies of contract notes and entries in The Manager's books or computerized records relating to your transactions. The Manager will treat all unitholders' records as confidential and so reserve the right to provide copies of your particular record, rather than allow access to files which may contain information about other clients.

Scheme Information

Any person relying on the information contained in the document which was current at the date shown, should check with the Manager that the document is the most current version and that no revisions or corrections have been made to the information contained herein. Copies of this document are available free of charge.

Appendix 1 The

Manager

The Manager, CCLA Investment Management Limited, is a limited liability company registered in England and Wales with its Registered Office at Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Incorporated on 26 October 1987 The directors of CCLA are:

J. Dawnay (Chairman)*
J. Bevan
R. Fitzalan Howard*
C. Peters
M. Quicke
A. Robinson
A. McMillan
T. Salmon*

J.Tattersall*

R. Williams*

*Non-Executive Director of CCLA

CCLA Customer Telephone Helpline Number is 0800 022 3505. Please note telephone calls may be recorded.

Registrar

The Registrar of the Fund is CCLA Investment Management Limited. The Register of unitholders may be inspected at the Registered Office of CCLA Investment Management Limited.

Regulator

CCLA Investment Management Limited is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS.

Conflicts of Interest Policy

- CCLA operates a Conflicts of Interest Policy to ensure that our clients are fairly treated. Our policy seeks to avoid circumstances which we consider may give rise to potential conflicts of interest and materially disadvantage our clients. It describes the controls and arrangements for preventing CCLA and its staff from:
 - favouring one client above another;
 - market abuse and disclosing confidential information;
 - giving or receiving gifts and entertainment, monetary or otherwise, that would be in breach of our Conflicts of Interest Policy;
 - favouring one of CCLA's owners, The CBF Church of England Investment Fund (56%), COIF Charities Investment Fund (23%) and the Local Authorities' Mutual Investment Trust (14%) at the disadvantage of its clients;
 - not disclosing CCLA's close association with The CBF Church of England Funds, COIF Charity Funds and the Local Authorities' Property Fund or its ownership (above); and
 - not disclosing any remaining conflicts of interest to our clients before we advise or transact on their behalf.

Full details of CCLA's Conflicts of Interest Policy are available on request.

This document, issued by CCLA Investment Management Limited, is effective from September 2013.

CCLA INVESTMENT MANAGEMENT LIMITED

Senator House

85 Queen Victoria Street

London EC4V 4ET

Client Service:

Freephone: 0800 022 350

Email: clientservices@ccla.co.uk

Appendix C

LAMIT Property Fund

Total Capital Growth by Calendar Year

	%
2004	21.63
2005	17.09
2006	19.74
2007	-2.29
2008	-29.56
2009	-0.58
2010	17.15
2011	6.26
2012	3.88
2013	9.16

Dividends (Rental Income) Declared in Calendar Years (Not Fund Years)

Dividend is the gross after deduction of management expenses

	Pence per Unit	As % of Unit Price
2004	17.1283*	6.09*
2005	13.4361	4.27
2006	13.8299	3.82
2007	12.4352	3.64
2008	15.9201	6.99
2009	14.4137	6.85
2010	12.7127	5.45
2011	14.0716	6.03
2012	14.1522	6.20
2013	10.8479	4.57

CCLA Investment Management Limited (registered in England No. 2183088 at the above office) is authorised and regulated by the Financial Conduct Authority.

*In this year the dividend changed for half-yearly to quarterly and, therefore, has the equivalent of five quarters in the number

CCLA Property Fund

Description of the product offering

• Name	Local Authority Property Fund
• Fund Size	£100m (September 2013)
• Benchmark	IPD other Balanced Property Funds Index
• Type	Unregulated Collective Investment Scheme
• Net Asset Value (NAV)	Variable NAV
• Liquidity	Illiquid asset class
• Pricing	bid/ offer spread on the fund (Entrance and exit fee can equate to 7%)
• Primary Objectives	Generate long term growth in capital
• Minimum Initial Investment	£250k
• Management fees	0.65% plus VAT
• Income distribution	Quarterly basis
• Gearing	11% (can have a maximum gearing of 25%)

The fund structure as at June 2013:

• Retail	43.5%
• Offices	26.7%
• Industrial	28.7%
• Cash	1%

When investing in a property fund it should be treated as a long term investment and should only be considered in the context of 'core' cash. The funds would be invested in high quality properties that have strong covenants in terms of the occupiers of the properties.

Investment in this fund is a minimum of £250k. Fees can be quite high at c40bp entry and exit fee. Rental income is distributed quarterly. Investors in these funds need to take a five year view as generally the Managers of the funds do not allow any redemption for the first few years of the fund. Thereafter, there are often annual redemptions with a notice period required.

The fund will provide a well diversified portfolio not only through holding of different types of properties but also through geographical spread, to maximise the level of return and mitigate Portfolio Risk. It does carry a high market risk as the property value and performance will fluctuate based on the condition of the real estate market.

Liquidity: Property is an illiquid asset class and it is not always possible to sell units immediately. The cost of dealing is also relatively high. These two factors indicate that the investment horizon for this fund should be in years, minimum of 5 years.

Yield: Since 1970 the fund has returned relatively smooth income return (rental income) of an average of 5% each year; however capital growth should also be taken into consideration in order to recognise the true return on the fund.

English Authorities: The acquisition of share capital in a body corporate, including in unregulated collective investment schemes normally counts as capital expenditure under section 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. However, as the CCLA Property Fund is approved by the HM Treasury under section 11(1) of the Trustee Investment Act 1961, and in accordance with section 25(3)(d) of the regulations it does not count as capital expenditure.

Wales Authorities: No such exemption has been enacted by the Welsh Assembly, so in accordance with section 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulation 2003 this will be capital expenditure.

Consideration of Risk: The value of the Property Fund Units and income can fall as well as rise and the Authority may not get the amount originally invested. The Units are intended only for long term investments and are not suitable for money to be spent in the near future. They are realisable only on each monthly valuation date and a period of notice, may be imposed for the redemption of units.

Accounting Issues:

To comply with the CIPFA Code of Practice on LA Accounting 2013, the Authority would need to classify the financial asset as either:-

- 1) Loans and Receivable
- 2) Fair Value through Profit or Loss
- 3) Available for Sale

Loans and receivables

7.1.5.4 If a financial asset meets the requirement to be classified as loans and receivables it shall be classified as loans and receivables. Loans and receivables have two defining characteristics. They:

- have fixed or determinable payments, and
- are not quoted in an active market.

As the units fluctuate in value this fund would not be a loan and receivable

Financial assets and liabilities at fair value through profit or loss

7.1.5.9 The category at fair value through profit or loss can apply to both financial assets and financial liabilities. A financial instrument that is 'held for trading' shall be classified as at fair value through profit or loss. The definition is met if it is:

IFRS 9 Financial Instruments is expected to replace IAS39 Financial Instruments – could be 2015. If they implement using current consultation approach, the Available for Sale category will disappear. The only choice will be amortised cost or Fair Value – this would mean all gains/losses (realised and unrealised) within the CCLA Property Fund will have to flow through the CI&ES. As the clients are being sold this fund as a long term (circa 3 to 5 year investment) the impact of this accounting change should be considered.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 12 MAY 2014

EX.40/14 TREASURY MANAGEMENT COUNTERPARTIES
(Key Decision)

(With the consent of the Chairman, and in accordance with Rule 15 of the Access to Information Procedure Rules; and Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 this item was included on the Agenda as a Key Decision, although not in the Notice of Executive Key Decisions)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder submitted report RD.006/14 concerning Treasury Management Counterparties.

The Portfolio Holder outlined the background position, reminding Members that the Treasury Management Strategy for 2014/15 had been approved by Council on 4 February 2014. Since that date, however, the Council had been investigating alternative ways of increasing the counterparties available to invest with.

As a result of those investigations, and in order to try and maximise the return the Council could achieve on its short term investments whilst still maintaining security of the investment, an additional counterparty (Svenska Handelsbanken) was proposed, details of which were provided.

The Council had approached its Treasury advisors (Capita Asset Services) regarding the proposal, in response to which they had indicated that it did not put the Council's investments at any additional risk.

The Finance, Governance and Resources Portfolio Holder further summarised the revised limits and investment criteria (as set out at Appendix A), namely:

Lloyds Group / RBS	£8 million
HSBC	£6 million (split £4 million long term, £2 million less than 1 month)
Other Credit Rated Banks/institutions	£4 million

(including Svenska Handelsbanken)

Non Credit Rated Banks/Building Societies £2 million

Turning to the issue of alternative investment opportunities, the Finance, Governance and Resources Portfolio Holder explained that the Council tended to invest its cash balances in cash deposits with banks and other approved financial institutions. For some time now, however, returns on such cash deposits had been at historically low levels. That had an adverse effect on the Council's overall budget as in 2007 investment returns were £1,865,000 or 5.75% based on average balances of £32.1million. Currently in 2013/14 investment returns were £223,000 or 0.86% based on average balances of £26 million.

The Council's treasury management advisors had suggested that interest rates would not rise from their historically low level until late 2015, and even then would only rise gradually. Alongside that the credit outlook remained challenging with the number of institutions accepting deposits being very restricted. Those factors resulted in expectations for returns from cash orientated investments remaining low.

In theory, the Council could increase its exposure limits (i.e. amounts deposited with individual institutions) to the approved financial institutions, or it could revise its minimum credit thresholds lower than the current minimum acceptable thresholds in its policies. However, as the overriding principle in treasury management was security of capital, that course of action was not recommended. It would not in any event increase returns significantly.

With those factors in mind, Officers had undertaken some research into alternative investment opportunities looking specifically at a property fund as a means of securing better returns and limiting exposure to financial institutions failing.

Although there were many managed property funds in the financial market, Officers had made enquiries about the LAMIT (Local Authority Mutual Investment Trust) property fund managed by CCLA (Churches, Charities and Local Authorities) which was owned by the Church of England Investment Fund (56%), the Charities Investment Fund (23%), Local Authorities' Mutual Investment Trust (14%) and others (7%).

As at 31 December 2013, there were 37 local authorities holding units in the fund. The fund was valued at £126m and owned 21 properties. Details of the operation of the property fund were attached at Appendix B.

Members' attention was particularly drawn to Sections 4 and 5 of the report which set out details of the proposal to invest in a pooled property fund and the associated risks and financial implications.

The Finance, Governance and Resources Portfolio Holder emphasised that, should the Council wish to invest in that type of fund, it needed to be aware that it would be

investing for a longer time period than usual and must commit itself to the stated monetary investment and time period. He further highlighted the due diligence which would need to be undertaken.

In conclusion, the Finance, Governance and Resources Portfolio Holder moved recommendations (i) and (ii), which were seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive had considered Report RD.006/14 and referred to Overview and Scrutiny:

1. The approval of the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7 of Report RD.006/14 for recommendation to Council.
2. The approval of the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio for recommendation to Council.

Reasons for Decision

To ensure that the Council's investments were in line with appropriate policies, including the Treasury Management Strategy Statement

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 23 JUNE 2014

EX.54/14 **TREASURY MANAGEMENT COUNTERPARTIES
(Key Decision – KD.11/14)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

Pursuant to Minute EX.40/14, the Finance, Governance and Resources Portfolio Holder submitted report RD.006/14 concerning Treasury Management Counterparties.

The Portfolio Holder outlined the background position, reiterating that the Council had been investigating alternative ways of increasing the counterparties available to invest with.

As a result of those investigations, and in order to try and maximise the return the Council could achieve on its short term investments whilst still maintaining security of the investment, an additional counterparty (Svenska Handelsbanken) was proposed, details of which were provided.

The Council had approached its Treasury advisors (Capita Asset Services) regarding the proposal, in response to which they had indicated that it did not put the Council's investments at any additional risk.

The Finance, Governance and Resources Portfolio Holder summarised once again the revised limits and investment criteria (as set out at Appendix A), namely:

Lloyds Group / RBS	£8 million
HSBC	£6 million (split £4 million long term, £2 million less than 1 month)
Other Credit Rated Banks/institutions (including Svenska Handelsbanken)	£4 million
Non Credit Rated Banks/Building Societies	£2 million

Turning to the issue of alternative investment opportunities, the Finance, Governance and Resources Portfolio Holder explained that the Council tended to invest its cash balances in cash deposits with banks and other approved financial institutions. For

some time now, however, returns on such cash deposits had been at historically low levels. That had an adverse effect on the Council's overall budget as in 2007 investment returns were £1,865,000 or 5.75% based on average balances of £32.1million. Currently in 2013/14 investment returns were £223,000 or 0.86% based on average balances of £26 million.

The Council's treasury management advisors had suggested that interest rates would not rise from their historically low level until late 2015, and even then would only rise gradually. Alongside that the credit outlook remained challenging with the number of institutions accepting deposits being very restricted. Those factors resulted in expectations for returns from cash orientated investments remaining low.

In theory, the Council could increase its exposure limits (i.e. amounts deposited with individual institutions) to the approved financial institutions, or it could revise its minimum credit thresholds lower than the current minimum acceptable thresholds in its policies. However, as the overriding principle in treasury management was security of capital, that course of action was not recommended. It would not in any event increase returns significantly.

With those factors in mind, Officers had undertaken some research into alternative investment opportunities looking specifically at a property fund as a means of securing better returns and limiting exposure to financial institutions failing.

Although there were many managed property funds in the financial market, Officers had made enquiries about the LAMIT (Local Authority Mutual Investment Trust) property fund managed by CCLA (Churches, Charities and Local Authorities) which was owned by the Church of England Investment Fund (56%), the Charities Investment Fund (23%), Local Authorities' Mutual Investment Trust (14%) and others (7%).

As at 31 December 2013, there were 37 local authorities holding units in the fund. The fund was valued at £126m and owned 21 properties. Details of the operation of the property fund were attached at Appendix B.

Members' attention was particularly drawn to Sections 4 and 5 of the report which set out details of the proposal to invest in a pooled property fund and the associated risks and financial implications.

The Finance, Governance and Resources Portfolio Holder emphasised that, should the Council wish to invest in that type of fund, it needed to be aware that it would be investing for a longer time period than usual and must commit itself to the stated monetary investment and time period. He further highlighted the due diligence which would need to be undertaken.

In conclusion, the Finance, Governance and Resources Portfolio Holder thanked officers for identifying opportunities which made the best of the Council's finances and moved recommendations (i) and (ii), which were seconded by the Leader.

Summary of options rejected other options set out in the report

Decision

The Executive had considered Report RD.006/14 and recommended to Council:

1. The approval of the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7; and
2. The approval of the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio.

Reasons for Decision

To ensure that the Council's investments were in line with appropriate policies, including the Treasury Management Strategy Statement

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 26 JUNE 2014

ROSP.32/14 TREASURY MANAGEMENT COUNTERPARTIES

The Director of Resources submitted report RD.006/14 concerning Treasury Management Counterparties.

The Director of Resources outlined the background position, reiterating that the Council had been investigating alternative ways of increasing the counterparties available to invest with.

As a result of those investigations, and in order to try and maximise the return the Council could achieve on its short term investments whilst still maintaining security of the investment, an additional counterparty (Svenska Handelsbanken) was proposed, details of which were provided.

The Council had approached its Treasury advisors (Capita Asset Services) regarding the proposal, in response to which they had indicated that it did not put the Council's investments at any additional risk.

The Director of Resources summarised once again the revised limits and investment criteria (as set out at Appendix A), namely:

Lloyds Group / RBS	£8 million
HSBC	£6 million (split £4 million long term, £2 million less than 1 month)
Other Credit Rated Banks/institutions (including Svenska Handelsbanken)	£4 million
Non Credit Rated Banks/Building Societies	£2 million

Turning to the issue of alternative investment opportunities, the Finance, Governance and Resources Portfolio Holder explained that the Council tended to invest its cash balances in cash deposits with banks and other approved financial institutions. For some time now, however, returns on such cash deposits had been at historically low levels. That had an adverse effect on the Council's overall budget as in 2007 investment returns were £1,865,000 or 5.75% based on average balances of £32.1million. Currently in 2013/14 investment returns were £223,000 or 0.86% based on average balances of £26 million.

The Council's treasury management advisors had suggested that interest rates would not rise from their historically low level until late 2015, and even then would only rise gradually. Alongside that the credit outlook remained challenging with the number of institutions accepting deposits being very restricted. Those factors resulted in expectations for returns from cash orientated investments remaining low.

In theory, the Council could increase its exposure limits (i.e. amounts deposited with individual institutions) to the approved financial institutions, or it could revise its minimum credit thresholds lower than the current minimum acceptable thresholds in its policies. However, as the overriding principle in treasury management was security of capital, that course of action was not recommended. It would not in any event increase returns significantly.

With those factors in mind, Officers had undertaken some research into alternative investment opportunities looking specifically at a property fund as a means of securing better returns and limiting exposure to financial institutions failing.

Although there were many managed property funds in the financial market, Officers had made enquiries about the LAMIT (Local Authority Mutual Investment Trust) property fund managed by CCLA (Churches, Charities and Local Authorities) which was owned by the Church of England Investment Fund (56%), the Charities Investment Fund (23%), Local Authorities' Mutual Investment Trust (14%) and others (7%).

As at 31 December 2013, there were 37 local authorities holding units in the fund. The fund was valued at £126m and owned 21 properties. Details of the operation of the property fund were attached at Appendix B.

Members' attention was particularly drawn to Sections 4 and 5 of the report which set out details of the proposal to invest in a pooled property fund and the associated risks and financial implications.

The Director of Resources emphasised that, should the Council wish to invest in that type of fund, it needed to be aware that it would be investing for a longer time period than usual and must commit itself to the stated monetary investment and time period. He further highlighted the due diligence which would need to be undertaken.

The Executive had considered the report on 23 June 2014 (EX.55/14 refers) and agreed that

"The Executive had considered Report RD.006/14 and recommended to Council:

1. The approval of the investment counterparty limits as outlined at Appendix A and set out in paragraph 2.7; and
2. The approval of the use of the CCLA managed LAMIT Property Fund for inclusion in the Council's investment portfolio. "

In considering the Treasury Management Counterparties report Members raised the following comments and questions:

- *Would the income from the investment in the LAMIT fund be higher in subsequent years compared to the figure set out in 5.10 of the report?*

The Director of Resources confirmed that the income was expected to be higher in future years but there was an element of risk involved.

- *A Member felt that the investment in the LAMIT was a significant departure for the authority and stressed that Members must be fully aware of and understand the risks involved.*
- *A Member commented that appendix C of the report showed that the capital growth for the LAMIT Property Fund was quite volatile.*

The Director of Resources confirmed that there had been issues in 2008/09 but that was the reason why the overall return was set at 5%.

The Finance, Governance and Resources Portfolio Holder congratulated staff for finding the investment opportunity. He reminded the Panel that the economic growth had not yet reached Carlisle and although there was risk involved the Executive supported the investment.

RESOLVED – That, although the Panel agreed in principle to the Executive's recommendations to Council, Members agreed that Council must be made aware and understand the risks involved in the alternative proposals.

Meeting Date: 15 July 2014

Portfolio: All Areas

Key Decision: Not applicable

Within Policy and Budget Framework: Yes/No (delete as appropriate)

Public/Private*: Public

Title: **REPRESENTATIVES ON OUTSIDE BODIES**

Report Number: GD.27/14

Report of: Director of Governance

PURPOSE/SUMMARY:

To nominate Members to serve on various outside bodies.

RECOMMENDATIONS:

The City Council is requested to nominate Members to serve on the Various outside bodies listed in paragraph 1.0.

TRACKING:

Executive:	N/A
Overview and Scrutiny:	N/A
Council:	

1. BACKGROUND

1.1 Set out in below are the details of those bodies to which the City Council is responsible for making appointments:

Outside Body	Current Representation	Required Appointments
Cumbria Pensions Forum	Councillor Tickner	1 nomination
North West of England and the Isle of Man Reserve Forces and Cadets Association	Councillor Stothard	1 nomination
Cumbria Police and Crime Panel	Councillor Bowditch	1 nomination

2. RECOMMENDATIONS

2.1 The City Council is requested to nominate Members to serve on the Cumbria Pensions Forum, the Reserve Forces and Cadets Association for the North West of England and the Cumbria Police and Crime Panel as listed in Paragraph 1.0 above.

Contact Officer: Rachel Rooney

Ext: 7039

Appendices attached to report: None

In compliance with Section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- Carlisle City Council's Constitution

IMPLICATIONS:

Chief Executive's – To ensure that the Council are represented on outside bodies within the Community

Community Engagement – None

Economic Development – None

Governance – Have been included in the drafting of the report.

Local Environment – None

Resources - None

Report to Council

Agenda
Item:

Meeting Date: 15 July 2014
Portfolio: Cross Cutting
Key Decision: Not Applicable
Within Policy and Budget Framework: Not Applicable
Public / Private: Public

Title: OPERATION OF THE PROVISIONS RELATING TO CALL-IN AND URGENCY
Report of: Director of Governance
Report Number: GD.26/14

Purpose / Summary:

To report on the operation of call-in and urgency since the previous report to Council on 29 April 2014.

Recommendations:

That the position be noted.

Tracking

Executive:	N/A
Overview and Scrutiny:	N/A
Council:	15 July 2014

1. BACKGROUND

This report has been prepared in accordance with Rule 15(i) of the Overview and Scrutiny Procedure Rules which deals with the procedure in respect of occasions where decisions taken by the Executive are urgent, and where the call-in procedure should not apply. In such instances the Chairman of the Council (i.e. the Mayor) must agree that the decision proposed is reasonable in the circumstances and should be treated as a matter of urgency.

The record of the decision and the Decision Notice need to state that the decision is urgent and not subject to call-in. Decisions, which have been taken under the urgency provisions, must be reported to the next available meeting of the Council together with the reasons for urgency.

2. OPERATION OF THE PROVISIONS RELATING TO CALL IN AND URGENCY

The Executive, at their meeting on 23 June 2014, considered the following reports which were referred to Council. These items are all to be considered by the Council on 15 July 2014. If a call-in were to be received on any of the items, the call-in procedure would overlap the City Council meeting.

All Members will have received copies of the reports and minutes with the Summons for the Council meeting and will have the opportunity to consider the items at the Council meeting on 15 July 2014.

- Provisional General Fund Revenue Outturn 2013/14
- Provisional Capital Outturn 2013/14 and Revised Capital Programme 2014/15
- Treasury Management Outturn 2013/14
- Treasury Management Counterparties

The above matters were considered by the Resources Overview and Scrutiny Panel on 26 June 2014.

It was considered that any delay caused by a call-in on any of the items detailed above would prejudice the Council's interests in delaying approval of the matters. The Mayor has therefore agreed that the above decisions are urgent and, for the reasons set out above, that the call-in process should not be applied to the decisions.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 That the position be noted.

Contact Officer: Morag Durham

Ext: 7036

Appendices None
attached to report:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – N/A

Community Engagement – N/A

Economic Development – N/A

Governance – Report is by the Director of Governance and legal comments are included.

Local Environment – N/A

Resources - N/A

