
**EXCERPT FROM THE MINUTES OF THE
RESOURCES OVERVIEW AND SCRUTINY PANEL
HELD ON 28 NOVEMBER 2013**

ROSP.83/13 BUDGET 2014/15

The Director of Resources gave a presentation to the Panel to assist Members in their consideration of the Budget 2014/15.

The Director outlined the Budget policy context, revenue projections, the main revenue assumptions which had been made, new spending pressures, savings proposals and income projections, potential revised revenue projections, proposed capital programme, capital resource projections and key Budget dates.

The presentation encompassed the following agenda items:

Minutes of the Community and Environment and Economy Overview and Scrutiny Panels

The excerpts of the minutes of the meetings of the Community and Environment and Economy Overview and Scrutiny Panels held on 19 and 21 November 2013 respectively were submitted for consideration.

2013/14 Revised Revenue Base Estimates and Updated Medium Term Financial Plan Projections: 2014/15 to 2018/19

Report RD.51/13 provided a summary of the Council's revised revenue base estimates for 2013/14, together with base estimates for 2014/15 and updated reserve projections to 2018/19. The base estimates had been prepared in accordance with the guiding principles for the formulation of the budget over the next five year planning period as set out in the Medium Term Financial Plan (MTFP) and Charging Policy; Capital Strategy; and Asset Management Plan agreed by Council on 10 September 2013. The report set out known revisions to the Medium Term Financial Plan projections, although there were a number of significant factors affecting the budget that were currently unresolved, and the Director of Resources reported on those key issues which included:

- (a) Government Finance Settlement - RSG and NNDR
- (b) Welfare Reform Act
- (c) Triennial Revaluation of the Pension Fund
- (d) Transformation

The Director of Resources informed Members that the potential impact of any new spending pressures and new savings identified was not reflected within the report, as there were a number of options for Member consideration. Decisions would need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies (and probable use of reserves) to enable a balanced budget position to be recommended to Council in February 2014.

He summarised the movements in base budgets and highlighted for Members the updated MTFP projections; the projected impact on revenue reserves; together with a summary of the financial outlook and budget discipline 2014/15 to 2018/19.

The Executive had considered the matter on 18 November 2013 (EX.128/13 refers) and decided:

- “1. That the revised base estimates for 2013/14 and base estimates for 2014/15 be noted.
2. That the current Medium Term Financial Plan projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken, be noted.”

Summary of New Revenue Spending Pressures

Report RD.53/13 summarised the new revenue spending pressures and reduced income projections which would need to be considered as part of the 2014/15 budget process. All of the issues had to be considered in the light of the Council's corporate priorities.

The pressures were identified in the report. All of the pressures could not be accommodated within existing resources (including the use of reserves) and decisions would need to be made throughout the budget process to limit pressures to high priority and unavoidable issues to ensure that a balanced budget position was recommended to Council in February 2014.

The Executive had considered the matter on 18 November 2013 (EX.134/13 refers) and agreed that report RD.53/13 be received and forwarded to the relevant Overview and Scrutiny Panels for consideration as part of the 2014/15 budget consultation process.

Summary of New Saving Proposals and Additional Income

Report RD.54/13 summarised proposals for savings and additional income generation to be considered as part of the 2014/15 budget process. The Savings Strategy approved by Council on 10 September 2013 focussed on the following areas to deliver the savings required to produce a balanced longer term budget:

- (a) Asset Review;
- (b) Service Delivery Models; and
- (c) Transformation Programme.

The Director of Resources reported that, at this stage, the Executive and Overview and Scrutiny were being asked to give initial consideration to the new proposals for further permanent reductions in base expenditure budgets and also increases to income budgets from 2014/15 onwards. The requests needed to be considered in the light of the projected budget shortfall outlined in Report RD.51/13 and also the spending pressures in RD.53/13.

He summarised the proposed savings, and also highlighted the new savings proposals and additional income projections.

The Executive had considered the matter on 18 November 2013 (EX.135/13 refers) and decided:

“1. That the proposed reductions to the base budget from 2014/15 onwards, as set out in Report RD.54/13, be received and forwarded to the relevant Overview and Scrutiny Panels for consideration as part of the budget consultation process.

2. That it be noted that the Senior Management Team would continue to investigate efficiencies and savings in accordance with the Transformational Savings Strategy.”

In considering reports RD.51/13, RD.53/13 and RD.54/13 Members raised the following comments and questions:

- A Member asked for more detail with regard to ‘Digital by Default’.

The Director of Resources explained that electronic Council Tax bills had been available for approximately five months. The Council had been concentrating on signing up new customers initially but the Digital by Default initiative would be moved forward and would result in all householders automatically receiving an electronic bill unless they opted for a paper bill.

- Was there scope to increase the recovery period with regard to the Pension Tri-annual Review?

The Director of Resources confirmed that it was a viable option to increase the recovery period up to 25 years and this had previously been considered. The current recovery period was 19 years and it was hoped that this period would be sufficient.

- Would the replacement street cleansing vehicles be leased or purchased?

The Director of Resources explained that the vehicles would last an extra year to allow for the completion of the Waste Services Review. It was cheaper to purchase the vehicles than to lease them and it was hoped that the savings achieved through the Review would be used to make the purchase of the refuse vehicles on an “Invest to Save” initiative.

- How would voluntary redundancy costs be covered if there was slippage in the leaving dates of staff?

The Director of Resources responded that the redundancy costs would be met from the 2014/15 salary costs to make a saving in 2015/16. If there was any delay in staff leaving the costs would have to be met from the Council's reserves.

- A Member asked if it would be a prudent time to borrow.

The Director of Resources responded that the "long term" borrowing rate was 4.4% compared to 0.5% on investments, if an asset investment gave an 8% return he would have advised the Council to consider borrowing.

- A Member had strong doubts with regard to the invest to save scheme at the Sands Centre.

The Town Clerk and Chief Executive reminded the Panel that there would be an opportunity for the scrutiny of the business case when it had been prepared. The scheme would only move forward if the business case showed clear savings that could cover any loan repayments.

- Cumbria County Council were preparing proposals to introduce on street car parking charges, how would this impact on the City Council car parking income?

The Director of Resources informed the Panel that the Director of Local Environment felt that the introduction of on street charges should have a positive effect for the City Council car parks.

RESOLVED – 1) That the budget overview be welcomed and reports RD.51/13, RD.53/13 and RD.54/13 be received.

2) That the Minutes of the Community and Environment and Economy Panel meetings be noted.

3) That the comments and concerns of the Committee as set out above be forwarded to the Executive for their consideration.

ROSP.84/13 REVIEW OF CHARGES

a) Local Environment

Report LE.30/13 setting out the proposed fees and charges for 2014/15 relative to those services falling within the responsibility of the Local Environment Directorate was submitted.

Referring to the issue of City Centre events and in view of the current economic climate, it was proposed to retain the current charge levels for 2014/15 as set out in Option 1, Table 1 to help maintain demand and the current budgeted level of revenue. Based

upon anticipated usage, the proposed charges in Table 1 for 2014/15 would still meet the MTFP budget target requirement of £26,200.

A new charging structure for car parks had been introduced in March 2012 under which car parks were grouped into four categories to reflect the varying demand from users for each car park. No increases in charges had been made since that time, and the existing charges for each category of car park; together with proposed amendments to special event charges to reflect the daily charge for parking; and car park ticket sales were set out at Section 3.2 of the report.

The revised charging structure also included the introduction of Pay by Phone facilities. Table 3a showed that such measures had not prevented a continuing decline in Pay and Display ticket sales, although the introduction of Pay by Phone had helped. The ticket sales from car parks had declined by an average of 11% over the last 2 years.

The report also provided details of the existing Contract Parking Permit (Saver Parking Permits) charges and, as there were no proposals to change the standard parking charges, it was proposed that the contract parking charges remain unchanged.

It was further proposed to introduce a new charge of £6.00 per day for Builders Permits into the car parking scheme.

The summary of the car park ticket income over the last 2 years for the first 6 months of each year showed that the situation was more optimistic than with ticket sales. Overall income had increased by 1.2% in the past 12 months but still showed an overall fall of 6.3% over the last 2 years. If that improvement was sustained it may indicate the start of an upward trend. The economic situation had not yet shown much improvement and there was evidence to suggest that increasing charges would trigger a fall in car park usage. It was therefore proposed that charges remain unchanged for another year as set out in Table 2, at which time data would be available on whether the recovery in income had accelerated making an increase in charges more justifiable.

Three options for proposed increases in charges for football and rugby pitches, which were substantially in accordance with the MTFP target, were detailed at Tables 6, 7 and 8 – Option 2 being the Officer recommendation.

The report outlined the charging proposals for Waste Services and Street Cleansing (set out on pages 29 - 32 of the bound budget book).

It was noted that, due to low demand for bulky waste collections, it could be difficult to cover the costs of the service. Two options were therefore presented within the report.

Details of the proposed charges in relation to Allotments; use of Parks and Green Spaces; Play Area Inspection Fee; Talkin Tarn Car Parking / Other Charges; Bereavement Services; and Environmental Health were also provided.

With the exception of Talkin Tarn, the income from which was ring-fenced, acceptance of the charges highlighted within the report would result in an anticipated level of income

of £2,415,000 against the Medium Term Financial Plan target of £2,539,000. That represented a shortfall of £178,000 against the MTFP target.

The Executive had considered the matter on 18 November 2013 (EX.129/13 refers) and agreed for consultation the charges as set out in Report LE.30/13 and relevant appendices with effect from 1 April 2014; noting the impact of those charges on income generation, as detailed within the report.

RESOLVED – That report LE.30/13 be received.

b) Community Engagement

The Director of Resources submitted report CD.53/13 setting out the proposed fees and charges for the Hostel services and Disabled Facilities Grants (DFGs) falling within the responsibility of the Community Engagement Directorate.

The Report gave an overview of the current position with regard to the provision of housing related support within the Hostel Services and outlined proposed charges for 2014/15. Pending Executive approval for the revised rent charges, a projected £30,000 deficit on the proposed 2014/15 revenue budget for the Hostels was highlighted. A further review of hostel expenditure would be undertaken to bridge the shortfall and ensure that expenditure was in line with the budget.

The report outlined details of the proposed DFG fees for 2014/15, highlighting the need to review the MTFP for DFGs to accurately reflect the income as part of a review in 2013/14.

The introduction of the hostel charges and DFG proposed fee charges were forecast to generate income of £516,500 and £123,800.

The Executive had considered the matter on 18 November 2013 (EX.130/13 refers) and agreed for consultation the increase in charges, as set out in Report CD.53/13, with effect from 1 April 2014; and noted the impact thereof on income generation as detailed within the report.

RESOLVED – That report CD.53/13 be received.

c) Economic Development

The Director of Resources submitted joint report (ED.35/13) setting out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate. The proposed charges related to Economic Development and Tourism; and Planning Services.

Acceptance of the charges highlighted within the report, with the exception of Building Control which was self financing, would result in an anticipated level of income of £595,600 against the Medium Term Financial Plan target of £595,600.

The Executive had considered the matter on 18 November 2013 (EX.131/13 refers) and agreed for consultation the charges, as set out in the relevant Appendices to Report ED.35/13, with effect from 1 April 2014; noting the impact those would have on income generation as detailed within the report.

A Member reminded the Panel that a Task and Finish Group had previously scrutinised the Enterprise Centre. As part of the scrutiny the Group had been informed that the Enterprise Centre would be re-roofed with a plastic coating which would have a 25 year guarantee. He asked if the work would be going ahead.

The Director of Resources explained that the plastic roofing was a short term solution which would allow the Council to give further consideration to the future of the Enterprise Centre.

Members commented that they supported the work that was being undertaken in the Enterprise Centre but agreed that the building was no longer suitable. They were satisfied that the occupancy rate had remained steady at 60% in such an uncertain climate.

RESOLVED – That report ED.35/13 be received.

d) Governance

The Director of Resources submitted report GD.55/13 setting out the proposed fees and charges for areas falling within the remit of the Governance Directorate.

The report outlined the proposed charges in respect of Electoral Registers; Minute Books, Room Bookings and Access to Information Requests; Health and Safety; and MOT charges.

The decline in land charges income was of great concern. In an attempt to maintain overall income levels the authority had adopted a policy of increasing charges annually. However, in view of the present economic climate and the presence of competitors in the market, it was recommended that the Council did not increase its fees for 2014/15.

The introduction of the proposed charges was forecast to generate income of £152,600 in 2014/15.

The Executive had considered the matter on 18 November 2013 (EX.132/13 refers) and agreed for consultation the charges as detailed within Report GD.55/13 and set out in Appendix A, with effect from 1 April 2014; and noted the impact thereof on income generation as detailed within the report.

RESOLVED – That report GD.55/13 be received.

e) Licensing

The Director of Resources submitted report GD.50/13 setting out the fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. He advised Members that the Regulatory Panel had responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013, which fell to the Executive.

The Executive had considered the matter on 18 November 2013 (EX.133/13 refers) and decided

“That the Executive:

1. Noted the charges which would be submitted for consideration by the Regulatory Panel on 20 November 2013.
2. Had considered and approved the appropriate fees under the Scrap Metal Dealers Act 2013, as outlined at paragraph 4.7 and Appendix ‘A’(C) of Report GD.50/13.”

RESOLVED – That report GD.50/13 be received.

ROSP.85/13 REVISED CAPITAL PROGRAMME 2013/14 AND PROVISIONAL CAPITAL PROGRAMME 2014/15 to 2015/19

The Director of Resources submitted report RD.56/13 detailing the revised Capital Programme for 2013/14, together with the proposed method of financing. The report summarised the proposed programme for 2014/15 to 2015/19 in the light of the new capital pressures identified, and summarised the estimated and much reduced capital resources available to fund the programme.

Details of the current commitments and seven new spending proposals were provided.

The Director of Resources highlighted for Members the summary of the estimated resources available to finance the capital programme for 2014/15 to 2018/19. A summary of the estimated resources compared to the proposed programme year on year was also provided.

The Executive had considered the matter on 18 November 2013 (EX.136/13 refers) and decided

“That the Executive:

1. Noted the revised capital programme and relevant financing for 2013/14 as set out in Appendices A and B of Report RD.56/13;
2. Recommended that the City Council approve reprofiling of £710,000 from 2013/14;

3. Had given initial consideration to the capital spending requests for 2014/15 to 2018/19 contained in Report RD.56/13 in the light of the estimated available resources;
4. Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved."

RESOLVED – That report RD.55/13 be noted.

ROSP.86/13 CORPORATE ASSETS - 3 YEAR REPAIR AND MAINTENANCE PROGRAMME

The Director of Resources submitted report RD.58/13 setting out the maintenance programme and budget proposals for the Council's Corporate Property assets for the three year period 2014/15 to 2017/18, required to ensure that the legal responsibilities of the City Council were met.

He reminded Members that local authorities had a duty to manage their property assets, particularly operational assets, in a safe and efficient manner which contributed to the quality of service delivery. The maintenance strategy was fully integrated with the Asset Management Plan and Environmental Policy. In addition, the Council followed good practice by, where practical, allocating its budget 70% planned maintenance and 30% reactive maintenance.

The revenue maintenance budget amounted to approximately £664,600 spread across a wide range of assets. In accordance with recommendation R6 in the 2012 Audit of Facilities Management the maintenance budgets for next year and those for the next three years (based on a continuation basis as set out in the Medium Term Financial Plan) were included at Appendix A. It was emphasised that, whilst the allocation was necessary for budget purposes, the Building Services Manager (authorised by the Director of Resources) could redistribute funding to meet specific or emergency needs. That element of flexibility was essential to avoid any service disruption.

The Director of Resources further reported that the Council had a capitalised major repairs and improvement programme with a provision of £300,000 included in the capital programme. That sum was allocated according to need, with priority being given to those projects with health and safety; legal compliance and preservation of assets arising from the five year plan.

Each Council asset had a 5-year maintenance programme and those were updated every year following inspection by the Facilities Team. The data collected was fed into the Asset Management Plan and was used to produce key performance indicators.

The Director of Resources then drew Members' attention to the suggested prioritisation as set out in the Table at Section 2.1 of the report. He added that the maintenance backlog figure was currently £3.325m, being a reduction from the previous year's figure of £3.66m.

The Executive had on 18 November 2013 (EX.137/13) considered the report and decided that:

“1. That the three year revenue maintenance programme set out in Appendix A to Report RD.58/13 be noted with the budget of £664,600 for 2014/15 considered as part of the budget process.

2. That the 2014/15 capital budget of £300,000 be noted for consideration as part of the budget process.

3. That the list of capital projects selected to meet the budget of £300k be noted.”

RESOLVED – That report RD.58/13 be received.

ROSP.87/13 TREASURY MANAGEMENT JULY – SEPTEMBER 2012 AND FORECASTS FOR 2013/14 TO 2017/18

The Director of Resources submitted report RD.55/13 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management estimates for 2014/15 with projections to 2018/19, and set out information regarding the requirements of the Prudential Code on local authority capital finance.

The Executive had on 18 November 2013 (EX.138/13) considered and received the report.

RESOLVED – That report RD.55/13 be received.

ROSP.88/13 BACKGROUND FINANCIAL REPORTS

The following reports had been circulated to the Committee by way of background information:

- RD.52/13 – Revenue Budget Overview and Monitoring Report: April to September 2013;
- RD.50/13 – Capital Budget Overview and Monitoring Report: April to September 2013.

RESOLVED – That reports RD.52/13 and RD.50/13 be received.