
EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 7 DECEMBER 2010

ROSP.104/10 BUDGET 2011/12 to 2015/16

The Assistant Director (Resources) (Mr Mason) gave a presentation to the Committee to assist Members in their consideration of the Budget 2011/12 to 2015/16

Mr Mason outlined the Budget policy context, revenue projections, the main revenue assumptions which had been made, new spending pressures, efficiencies requested by Council, savings proposals and income projections, potential revised revenue projections, proposed capital programme, capital resource projections and key Budget dates.

RESOLVED – That the budget overview be welcomed.

ROSP.105/10 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 25 November and 2 December 2010 respectively were submitted for consideration.

RESOLVED – That the Minutes be noted.

ROSP.106/10 2010/11 REVISED REVENUE BASE ESTIMATES AND UPDATED MTFP PROJECTIONS: 2011/12 TO 2015/16

The Assistant Director (Resources) (Mr Mason) submitted report RD.54/10 providing a summary of the Council's revised revenue base estimates for 2010/11, together with base estimates for 2011/12 and updated reserve projections to 2015/16. The report 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 14 September 2010. The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved. He reported in some detail on those key issues which included:

- (a) Government Finance Settlement - the Revenue Support Grant and National Non Domestic Rates figures (including implications of grant funding for Concessionary Fares moving to Cumbria County Council)
- (b) Triennial revaluation of the Pension Fund
- (c) Transformation

Mr Mason informed Members that the potential impact of any new spending pressures and new savings identified were not reflected in the report, as there were a number of options for Member consideration. It was, however, clear at this early stage of the budget process that all of the pressures currently identified could not be accommodated within existing Council resources. 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 2011.

He summarised the movements in base estimates and highlighted for Members the updated MTFP projections; the projected impact on revenue reserves; challenges facing the Council; and Efficiency Agenda targets.

The Executive had on 22 November 2010 (EX.180/10) considered the report and decided:

- “1. That the revised base estimates for 2010/11 and base estimates for 2011/12 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.”

In considering the report, Members raised the following questions and observations:

- *Could the RPI and CPI change places again and have to be revisited?*

Mr Mason responded that the change had been for political reasons and the MTFP projections were based on the current situation.

- *Were the small scale community projects being deleted?*

Mr Mason explained that the budget had been a non recurring commitment and was not in the budget, any decision to have it included would be as part of the budget process.

RESOLVED – That report RD.54/10 be noted.

ROSP.107/10 SUMMARY OF NEW REVENUE SPENDING PRESSURES

The Assistant Director (Resources) (Mr Mason) submitted report RD.56/10 summarising the new revenue spending pressures and reduced income projections that had emerged as part of the current year budget monitoring procedures and which would need to be considered as part of the 2011/12 budget process. The issues were to be considered in the light of the Council's corporate priorities.

The Executive had on 22 November 2010 (EX.186/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

Details of the specific areas where the Panel had service responsibility in addition to its overall Budget scrutiny responsibility were as detailed on the Agenda for the meeting.

Members then considered and commented upon the report as follows:

- *Members were concerned that there was a serious shortfall with the Lanes Head Rent and it had not been incorporated within the summary of new pressures as a recurring revenue pressure.*

Mr Mason explained that the position would be closely monitored and would be treated as a recurring budget pressure in future years if current shortfalls did prove to be the norm in the long term.

Dr Gooding added that if the assumption was made that the shortfall would be a recurring issue then the effect of the decision would be permanent and would be difficult to undo. He felt it was prudent to deal with the shortfall as a one off and deal with it if it continued.

- *Was the overspend of £116,000 in 2010/11 for the fuel and energy cost correct given that there was a review underway?*

Mr Mason explained that the fuel and energy costs were overspent for 2010/11 but all initiatives from the review would reduce the figure and so the overspend would not be recurring.

- *Was the Council Tax freeze voluntary and would the rules for the capping arrangements be changed?*

Mr Mason confirmed that the Council Tax freeze was voluntary but if the authority did not freeze the Council tax then they would not receive the grant from the Government. He added that the capping arrangements had not changed. The Council Tax freeze would cost the Council approximately £68,000 and this had been built into the budget.

In response to a Member's question regarding the reduction in grant settlement Mr Mason explained that the Spending Review announced an average reduction in central government funding to council's of 26% phased reduction over the next four years with the reduction being front loaded to 2011/12. A 5% reduction had already been incorporated into the MTFP and indicative figures had been provided for the additional phased reductions as an additional budget pressure. However final confirmation of the RSG settlement for 2011/12 to 2014/15 would not be announced until later this month.

RESOLVED – That report RD.56/10 be noted.

ROSP.108/10 SUMMARY OF SAVINGS DELIVERED AND NEW PROPOSALS

The Assistant Director (Resources) (Mr Mason) submitted report RD.57/10 summarising proposals for savings and additional income generation to be considered as part of the 2011/12 budget process. He reminded Members that the Savings Strategy approved by Council on 14 September 2010 and endorsed in the Medium Term Financial Plan approved by Council on 14 September 2010, had concentrated on the following areas to deliver the savings required to produce a balanced longer term budget:

- (a) Asset Review;
- (b) Service delivery models
- (c) Transformation Agenda

Mr Mason 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 2011/12 onwards. He added that the requests needed to be considered in the light of projected budget shortfall contained in report RD.54/10 and the spending pressures (report RD.56/10).

The Executive had on 22 November 2010 (EX.187/10) considered the report and decided:

- “1. That the proposed reductions to the base budget from 2011/12 onwards, as set out in Report RD.57/10, be received and forwarded to the Overview and Scrutiny Panels for consideration as part of the budget 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.
3. That the savings achieved / to be achieved via service reviews etc, amounting to £2.890m by 2015/16 to be used to meet the original transformation target of £3m be agreed.”

The specific areas where the Panel had service responsibility in addition to its overall Budget scrutiny responsibility were as detailed on the Agenda for the meeting.

Discussion arose, during which Members made the following comments and observations:

- *Given that the authority had been through a restructuring process and ongoing service review process, in practical terms what was the next stage to achieve the necessary savings?*

The Governance and Resources Portfolio Holder responded that the authority had been through a restructuring process but it had been carried out against a more favourable background. There would still be some marginal savings to come from the restructure so the Authority was now looking at discretionary services. The discretionary services budget would come under close scrutiny and the statutory services would also be considered to find new and more efficient ways of working.

Dr Gooding added that the Senior Management Team had been considering the matter and felt that, in the short term, discretionary services was the only area where decisions could be made but they would not be easy decisions. In the medium term there would be a need to remodel service provision and there was a substantial amount of work to be undertaken on Shared Services. He also added that in the medium/long term the Asset Review proposed an income of at least £1m to the Council.

RESOLVED – That report RD.57/10 be noted.

ROSP.109/10 SUMMARY OF CHARGES REVIEW

a) Local Environment

Report CS.28/10 was submitted setting out the proposed fees and charges for areas falling within the responsibility of the Local Environment Directorate. The proposed charges related to income from Highways Services, Car Parking, Sports Pitches, Environmental Protection, Bulky Waste Collections, Dog Policy and Bereavement Services.

The Executive had on 22 November 2010 (EX.181/10) received the report and agreed for consultation the proposed charges, as set out in Report CS.28/10 and relevant Appendices (and subject to the amendments highlighted above), with effect from 1 April 2011; and noted the impact of those charges on income generation, as detailed within the report.

Members raised the following comments and questions:

- *The report proposed that the charge for bulky waste collection be simplified and that a uniform charge be applied to all bulky household items collected by the Council. Had the introduction of charges for bulky waste impacted on fly tipping and had there been any projections prepared for how a uniform charge may affect fly tipping and the cost to the Council?*
- *The proposal to charge for purple waste sacks would mean people were being charged for waste collection purely by virtue of the kind of house they lived in. Members felt that it was inappropriate to charge the 5,800 residents for the purple sacks when the rest of the City received their bins for free.*

The Governance and Resources Portfolio Holder informed the Panel that the provision of purple sacks cost the Council £30,000 per annum and if this saving was not made the money would have to be saved elsewhere.

Members were very concerned by the proposal and felt it was not just a financial decision but felt that the principle was wrong to charge those residents who lived in terrace houses for waste collection and were obliged to use sacks..

RESOLVED – That the Panel supported the views of the Environment and Economy Panel and urged the Executive not to discontinue the provision of purple sacks.

b) Community Engagement

The Assistant Director (Resources) (Mr Mason) submitted report CD.21/10 setting out the proposed fees and charges for the services falling within the remit of the Community Engagement Directorate. The proposed charges related to income from Tullie House and Hostels.

The Executive had on 22 November 2010 (EX.182/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

c) Economic Development

The Assistant Director (Resources) (Mr Mason) submitted report ED.37/10 setting out the proposed fees and charges for the services falling within the remit of the Economic Development Directorate. The proposed charges related to income from the Enterprise Centre, Assembly Rooms, Planning, Development Control and Building Control.

The Executive had on 22 November 2010 (EX.183/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

Members raised the following comments and questions:

- *The report stated that the Enterprise Centre would generate a miscellaneous income of £24,000 in 2011/12, but in reality they made an overall loss.*

Mr Mason agreed to provide Members with a written response..

The Governance and Resources Portfolio Holder explained that the running costs of the Centre outweighed the rental income. He added that he supported the reason for the Enterprise Centre but he felt that the building was not appropriate for the service that was being provided.

Dr Gooding added that a review of the Enterprise Centre was an action in the Corporate Plan and the Assistant Director (Economic Development) was undertaking the review.

RESOLVED – The Panel welcomed the review of the Enterprise Centre.

d) Governance

Report GD.62/10 was submitted setting out the proposed fees and charges for areas falling within the remit of the Governance Directorate.

The proposed charges in respect of Electoral Registers; Room Lettings/Minute Books and Local Land Searches, the acceptance of which would result in an anticipated level of income of £116,966 in 2011/12.

The Executive had on 22 November 2010 (EX.184/10) received the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2010/11 budget process.

At the request of Members Mr Mason agreed to prepare a written response on why the City Council fee for Land Charges was higher than other authorities and the reasons for the shortfall for Land Charges,

e) Licensing

Report GD.51/10 was submitted for information setting out the fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. The Regulatory Panel had on 13 October 2010 approved the fees.

The Executive had on 22 November 2010 (EX.185/10) noted that the Licensing Charges had been approved by the Regulatory Panel on 13 October 2010.

RESOLVED – That the report be noted.

ROSP.110/10 SUSPENSION OF THE COUNCIL PROCEDURE RULE

RESOLVED – That during the above item the Council Procedure Rule 9 in relation to the duration of meetings be suspended in order that the meeting could continue over the time of three hours.

ROSP.111/10 REVISED CAPITAL PROGRAMME 2010/11 AND PROVISIONAL CAPITAL PROGRAMME 2011/12 TO 2015/14

The Assistant Director (Resources) (Mr Mason) submitted report RD.53/10 detailing the revised Capital Programme for 2010/11, together with the proposed method of financing. The report summarised the proposed programme for 2011/12 to 2015/16 in the light of the capital bids submitted to date for consideration, and summarised the estimated capital resources available to fund the programme.

Mr Mason then outlined the current and future commitments, together with four new spending proposals. Details of the current commitments and new capital spending proposals were provided.

The Executive had on 22 November 2010 (EX.186/10) considered the report and forwarded it to Overview and Scrutiny Panels for consideration as part of the 2011/12 budget process.

In considering the report, Members raised the following questions and observations:

- *What was the new spending proposal at Rickerby Park for?*

Mr Mason explained that the bid was a five year proposal to improve Rickerby Park.

- *A member was concerned that there was no explanation for the expenditure of £1.9m on the Caldew Riverside, particularly as the Renaissance project there had been abandoned.*

Mr Mason explained that the bid was for the decontamination of the Caldew Riverside site, Tesco had informed the Council that it was leaking onto their land.

The Governance and Resources Portfolio Holder added that the site did need to be decontaminated before it could be used, it was a concern that there was claims that it was polluting another site but the process was expensive. The work had to be carried out but it was not clear when.

- *Was the current commitment to the Old Town Hall for the revamp of the building?*

Mr Mason informed the Panel that there was still information outstanding regarding the work at the Town Hall but it would be included in the budget process.

The Governance and Resources Portfolio Holder reported that he had received an email informing him that the Heritage Lottery bid for the Town Hall had not been successful so the matter would require further consideration.

- *Members were concerned that the Housing Strategy had been tied too closely with the Regional Housing Pot. The Strategy had been very successful but they were concerned that decisions should not be based solely on the income from the Regional Housing Pot.*

- *Members asked Officers to be mindful that the City Council was the Strategic Housing Authority and felt it would be productive if the Council met with representatives of all the local Housing Associations to discuss the issues surrounding the loss of the Regional Housing Pot.*

The Chairman informed the Panel that the Community Overview and Scrutiny Panel had an update and an item with Riverside Carlisle on their agenda in January and hoped that the Community Panel would invite representatives of this Panel to attend the meeting.

- *What was the budget for Renaissance Improvements to be used for?*

Mr Mason agreed to provide a written response.

- *Members requested an update on the agreement between the Authority and Lovells with regard to the work at Raffles. There was concern that the Council did not appear to*

be receiving a capital receipt. Another Member was of the idea that this was an important social housing initiative.

RESOLVED – 1) That the Panel urge representatives of the Council to meet with representatives of the Housing Associations within the City to discuss the options available with regard to the loss of the Regional Housing Pot.

2) That an update on the agreement between the Authority and Lovells with regard to the work undertaken at Raffles be submitted to Members.

ROSP.112/10 TREASURY MANAGEMENT JULY – SEPTEMBER 2010 AND FORECASTS FOR 2011/12 TO 2015/16

The Assistant Director (Resources) (Mr Mason) submitted report RD.55/10 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 forecasts for 2011/12 with projections 2015/16, and information regarding the requirements of the Prudential Code on local authority capital finance.

The Executive had on 22 November 2010 (EX.189/10) received the report and noted the projections for 2011/12 to 2015/16.

RESOLVED – That report RD.55/10 be noted.

ROSP.113/10 BACKGROUND FINANCIAL REPORTS

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

- RD.48/10 – Revenue Budget Overview and Monitoring Report: April to September 2010; and
- RD.49/10 – Capital Budget Overview and Monitoring Report: April to September 2010.

RESOLVED – That reports RD.48/10 and RD.49/10 be received.