

Business & Transformation Scrutiny Panel

Agenda

Thursday, 26 July 2018 AT 10:00

In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG

****A preparatory meeting for Members will be held at 9.15am in the Flensburg Room****

The Press and Public are welcome to attend for the consideration of any items which are public.

Members of the Business & Transformation Scrutiny Panel

Councillor Mrs Birks(Chairman) , Councillors Alcroft, Allison, Mrs Bowman (Vice Chairman), Ellis, Mrs Mallinson, McDonald, and McNulty

Substitutes:

Councillors Bainbridge, Carrigan, Mrs Ellis-Williams, J Mallinson, Shepherd and Mrs Warwick

PART A

To be considered when the Public and Press are present

Apologies for Absence

To receive apologies for absence and notification of substitutions.

Declarations of Interest (including declarations of “The Party Whip”)

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

Public and Press

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

Minutes of Previous Meetings

7 - 16

To note that Council, at its meeting of 17 July 2018, received and adopted the minutes of the meeting of the Business and Transformation Scrutiny Panel held on 31 May 2018. The minutes will be signed by the Chairman. [Copy minutes in Minute Book 45(1)].

A.1 CALL-IN OF DECISIONS

To consider any matter which has been the subject of call-in.

A.2 OVERVIEW REPORT AND WORK PROGRAMME

17 - 22

Portfolio: Cross Cutting

Directorate: Cross Cutting

Officer: Steven O'Keeffe, Policy and Communications Manager

Report: OS.19/18 herewith

Background:

To consider a report providing an overview of matters related to the Business and Transformation Scrutiny Panel.

Why is this item on the agenda?

The Business and Transformation Scrutiny Panel operates within a Work Programme which had been set for the 2018/19 municipal year. The Programme will be reviewed at every meeting so that it can be adjusted to reflect the wishes of the Panel and to take into account the items relevant to this Panel in the latest Notice of Executive Key Decisions.

What is the Panel being asked to do?

- Note the items (within Panel remit) on the most recent Notice of Executive Key Decisions
- Discuss the Work Programme and prioritise as necessary.

A.3 DRAFT ASSET MANAGEMENT PLAN 2018 TO 2023**23 - 40**

Portfolio: Finance, Governance and Resources

Directorate: Governance and Regulatory Services

Officer: Mark Walshe, Property Services Manager

Report: GD.56/18 herewith, Minute Excerpt to follow

Background:

The Corporate Director of Governance and Regulatory Services to submit the Draft Asset Management Plan 2018 to 2023.

Why is this item on the agenda?

The matter was included in the Notice of Executive Key Decisions (KD.10/18) and was considered by the Executive on 23 July 2018.

What is the Panel being asked to do?

Note the report and provide comments and feedback to the Executive.

A.4 DRAFT MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2023/24**41 - 82**

Portfolio: Finance, Governance and Resources

Directorate: Corporate Support and Resources

Officer: Alison Taylor, Chief Finance Officer

Report RD.13/18 herewith, Minute Excerpt to follow

Background:

The Chief Finance Officer to submit the draft Medium Term Financial Plan 2019/20 to 2023/24.

Why is this item on the agenda?

The matter was included in the Notice of Executive Key Decisions (KD.12/18) and was considered by the Executive on 23 July 2018. The matter is part of the annual Budget process.

What is the Panel being asked to do?

Scrutinise the report and make recommendations for the Executive to consider.

A.5 DRAFT CAPITAL INVESTMENT STRATEGY 2019/20 - 2023/24 83 - 110

Portfolio: Finance, Governance and Resources

Directorate: Corporate Support and Resources

Officer: Alison Taylor, Chief Finance Officer

Report: RD.14/18 herewith, Minute Excerpt to follow

Background:

The Chief Finance Officer to submit the Draft Capital Investment Strategy 2019/20 - 2023/24.

Why is the item on the agenda?

The item was included in the Notice of Executive Key Decisions (KD.12/18) and was considered by the Executive on 23 July 2018. The matter is part of the annual Budget process.

What is the Panel being asked to do?

Scrutinise the report and make recommendations for the Executive to consider.

A.6 QUARTER 1 PERFORMANCE REPORT 2018/19 111 -

Portfolio: Finance, Governance and Resources **126**

Directorate: Corporate Support and Resources

Officer: Steven O'Keeffe, Policy and Communications Manager

Report PC.12/18 herewith

Background:

The Policy and Communications Manager to submit a report detailing the Council's performance against the 2018/19 Service Standards for Quarter 1.

Why is this item on the agenda?

Performance Monitoring.

What is the Panel being asked to do?

Consider the performance of the Council presented in the report with a view to seeking continuous improvement in how the Council delivers its priorities.

PART B
To be considered in Private

-NIL-

Enquiries, requests for reports, background papers etc to:

Rachel Plant, Democratic Services Officer, (01228) 817039 or
rachel.plant@carlisle.gov.uk

A copy of the agenda and reports is available on the Council's website at www.carlisle.gov.uk or
at the Civic Centre, Carlisle.

Minutes of Previous Meetings

BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 31 MAY 2018 AT 10.00AM

PRESENT: Councillor Mrs Birks (Chairman), Councillors Alcroft, Allison, Mrs Bowman, Ellis, Mrs Mallinson, McDonald and Ms Williams (as substitute for Councillor McNulty)

ALSO PRESENT: Councillor Dr Tickner – Deputy Leader, and Finance, Governance and Resources Portfolio Holder

OFFICERS: Town Clerk and Chief Executive
Corporate Director of Governance and Regulatory Services
Chief Finance Officer
Principal Accountant
Acting Customer Services Manager
Strategic Asset Investment Services Manager
Policy and Performance Officer

BTSP.35/18 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor McNulty.

BTSP.36/18 DECLARATIONS OF INTEREST

No declarations of interest were submitted.

BTSP.37/18 PUBLIC AND PRESS

RESOLVED - It was agreed that the items of business in Part A be dealt with in public and Part B be dealt with in private.

BTSP.38/18 MINUTES OF PREVIOUS MEETINGS

RESOLVED – To note that Council, on 24 April 2018, received and adopted the minutes of the meeting held on 15 February 2018 and 22 March 2018. The minutes were signed by the Chairman.

BTSP.39/18 CALL - IN OF DECISIONS

There were no items which had been the subject of call-in.

BTSP.40/18 OVERVIEW REPORT AND WORK PROGRAMME

The Policy and Performance Officer presented report OS.12/18 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel.

The Notice of Executive Key Decisions had been published on 1 May 2018. Two items fell within the remit of the Panel and both had been included on the agenda for this Panel meeting.

With regard to the table of the progress on resolutions from previous meetings Members asked for an update on the following matters:

- 1 –Discussion paper on the city centre redevelopment
- 3 – ‘Lessons Learned’ report

The Town Clerk and Chief Executive agreed to report back to the Panel on the discussion paper and stated that the ‘Lessons Learned’ report had been with regard to the recovery of the Council’s assets. Now that the ground floor reinstatement had been agreed the report could be produced and would come to the Panel on completion.

The Policy and Performance Officer drew the panel’s attention to section 4 of the report which detailed updates for the Panel to note.

Suggested items for the 2018/19 Panel work programme had been attached as appendix 1 to the report for the Panel’s consideration.

A Member suggested and it was agreed that an item on the impact of the new General Data Protection Regulation (GDPR) be added to the Panel’s work programme for September.

A Member raised the importance of the authority preparing fully for the management of the Council following the all-out Elections in May 2019 and the changes made by the Boundary Commission Review. The reduction in Members would impact the existing committee structure and consideration and planning needed to be given to the proposed committee structure to ensure it was in place for the start of the 2019/20 municipal year.

The Panel had a detailed discussion regarding a special Panel meeting to discuss the Boundary Commission’s draft proposals in August, however, it was felt that the Panel would not need to discuss the warding patterns from the Boundary Commission but agreed that there needed to be work on the administration of the authority.

The Town Clerk and Chief Executive informed the Panel of the various pieces of work which were being undertaken with the Local Government Association and the North West Employers with regard to the future of the authority following the Boundary Review and suggested that a special meeting be held in the future when the work had been completed and as part of the decision making process.

The Panel asked for more clarity for the Legal Services Team on the decision making process with regard to the changes to the Council following the Boundary Commission Review.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel (OS.12/18) be noted.

2) That the Information Governance Manager submit a report to the Panel in September on the impact on the authority of the General Data Protection Regulations along with any compliance issues.

3) That Legal Services provides the Panel with more details regarding the decision making process for the future administration of Carlisle City Council following the Boundary Commission review.

BTSP.41/18 2017/18 PROVISIONAL OUTTURN REPORTS

(a) Provisional General Fund Revenue Outturn 2017/18

The Chief Finance Officer presented report RD.03/18 summarising the 2017/18 provisional outturn for the General Fund Revenue Budget. Members were advised that the outturn position showed that the net underspend for Council services as at 31 March 2018, once items to be carried forward / transferred to reserves and accounting treatment changes were taken into account, there would be an overspend of £400,521; however additional funding from Business rates income of £1,336,000 had also been realised.

The report recorded that:

- the Council's revised budget for 2017/18 which totalled £12,261,200;
- the net Council budget (Section 2.2); and
- the Council's original gross budget for 2017/18 was £56.25m and, although there were many individual variances as detailed by directorates, the net overspend equated to 0.71% of the budget.

The Chief Finance Officer highlighted the provisional outturn shown at Section 2, further details for each Directorate being included in Appendices B1 – B6; together with some of the significant service expenditure and income variances set out at Section 3.2. 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 submitted by Directorates, details of which were set out at Appendix C1 to the report. The requests had been subject to the scrutiny of the relevant Chief Officer and Portfolio Holder prior to formal consideration by SMT and the Chief Finance Officer; however, given the projected overspend on Council Services, the Chief Finance Officer did not have the delegated authority to approve all of the requests and the Executive had been asked to consider two options as set out in the report.

The level of Council reserves had been approved by Council in February 2017. Due to the level of underspend identified within the report after all carry forward requests were approved and transfers to/from earmarked reserves, approximately £513,000 would be returned to the General Fund Reserve.

Information on the Council's bad debt provision and balance sheet issues was also provided at Sections 6 and 7 of the report.

In considering the report Members raised the following comments and questions:

- Why did section 3 of the report not include any figures for the Old Fire Station?

The Chief Finance Officer explained that section 3 set out the significant variances, the Old Fire Station had not been included as there were no significant variances with service expenditure or income.

- Members asked for clarity with regard to the insurance monies and the ground floor reinstatement.

The Chief Finance Officer reported that all income from the loss adjuster had been accounted for in 2017/18 and the balance of funding would be carried forward. With regard to the outstanding flood reinstatement work (Civic Centre ground floor and Bitts Park) there was just over £2m available for the works through insurance and the flood reserves.

- A Member drew attention to the revenue contribution in the report with regard to the rewiring of the Pools and asked if this was still required in light of the proposed redevelopment of the Sands Centre.

The Chief Finance Officer agreed to provide a written response to the Panel.

- A Member asked for clarity regarding the variances in Recycling & Waste Management in revenue and capital..

The Chief Finance Officer responded that the net underspend on Recycling and Waste Management included additional in year savings from the Rethinking Waste Project and it was proposed that they were used to fund the purchase of waste receptacles in the capital programme via a Direct Revenue Financing contribution.

The Finance, Governance and Resources Portfolio Holder placed on record his thanks to members of staff within Financial Services who had made remarkable achievements in managing the authority's finances in difficult circumstances. The Panel supported the Portfolio Holder in thanking the team.

- The report showed an overspend on ICT Services and Members were concerned that the ICT Strategy work had continually reported an overspend.

The Town Clerk and Chief Executive explained that there had been some increases to the Microsoft licence costs and it had impacted the budget. With regard to the work being undertaken as part of the ICT Strategy the Town Clerk and Chief Executive was comfortable with the levels of overspend as it was important that Members and staff had access to the up to date technology. He agreed to inform the Panel of the roll out programme of the new Officer 365 system to Members.

RESOLVED – (1) That the Business and Transformation Scrutiny Panel welcomed the submission of Report RD.03/18 summarising the 2017/18 provisional outturn for the General Fund Revenue Budget.

(2) That the Chief Finance Officer circulate further information to the Panel regarding the following:

- the reason for the rewiring of the Pools.
- if the Recycling & Waste Management revenue underspend was recurring or a one off capital contribution.

(3) That the Town Clerk and Chief Executive provide the Panel with the programme for the roll out of the new Office 365 system to Members.

(b) Provisional Capital Outturn 2017/18 and revised Capital Programme 2018/19

The Chief Finance Officer presented report RD.04/18 summarising the provisional outturn for the Council's capital programme and details of the revised capital programme for 2018/19.

The Chief Finance Officer set out the position with regard to carry forward requests on the Capital Programme commenting that, the position for 2017/18 after committed carry forwards had been taken into account was an overspend of £43,196. The main variances after carry forwards were summarised in section 2.4.

She also identified for Members the resources which had been used to fund the 217/18 Capital Programme and detailed the 5 year Capital Programme for the period 2018/19 to 2022/23.

The programme for 2018/19 totalling £7,388,800 was based upon the programme as agreed by Council in February 2018 of £4,032,600, the commitments brought forward from 2017/18 as identified of £2,091,900, the commitments brought forward from 2017/18 already approved of £1,100,000 and an increase of £164,300 (subject to the release of Car Park reserve through an Officer Decision Notice).

The 2018/19 programme would be continually reviewed to ensure that the Council had the capacity to deliver that level of programme. The proposed funding arrangements for the revised 2018/19 programme were also outlined within the report.

The Chief Finance Officer pointed out that the information contained within the report was provisional and subject to the formal audit process.

In considering the report Members raised the following comments and questions:

- The Capital Programme had included reserves for the regeneration of Botchergate and London Road but Members had not been made aware of this project and the Panel asked for more information.

The Chief Finance Officer reminded the Panel that the Capital reserves including the regeneration of Botchergate & London Road had been approved by full Council a part of the budget. The project was subject to a further report to the Executive for the release of money.

The Finance, Governance and Resources Portfolio Holder added that the monies would be released if grant funding was successful. The project would then go through the normal committee process.

- The Panel requested an update on the Central Plaza Hotel building.

The Town Clerk and Chief Executive informed the Panel that the Council had secured the services of a demolition engineer who would provide a report to the Council following his inspection. Once the report had been received the Council could make an informed decision on how to move forward. The building was listed but the listing did not prevent the building being demolished if it was considered to be dangerous. The Council's priority was to ensure the safety of its residents and visitors to the City.

The Panel thanked the Town Clerk and Chief Executive for keeping Members well informed of the process and thanked officers involved for the work they had undertaken in addition to their daily work, they did an excellent job of keeping Carlisle residents safe.

RESOLVED – That Report RD.04/18 and the information contained therein be noted and received.

(c) Treasury Management Outturn 2017/18

The Chief Finance Officer presented report RD.05/18 providing the annual report on Treasury Management, as required under both the Financial Procedure Rules and the CIPFA Code of Practice on Treasury Management. Also submitted was the regular report on Treasury Transactions.

RESOLVED – That Report RD.05/18 be noted and received.

(d) Council Tax & NNDR Provisional Outturn 2017/18

The Chief Finance Officer presented report RD.06/18 summarising the 2017/18 provisional outturn and performance position for Council Tax and National Non Domestic Rates.

She informed Members that for 2017/18, the estimated position on the collection fund for was a surplus of £1,066,888, with the Council's share being £136,682.

When the actual position was calculated at the end of 2016/17 the surplus on the Council Tax Collection Fund was £1,708,288 of which the Council's share was £217,388. That increase in the surplus was then redistributed in the estimate for 2018/19 for budgeting purposes.

The actual collection fund position for 2017/18 had been calculated and the surplus had again decreased, now standing at £937,227. The current position on the Council Tax Collection Fund was as detailed at Section 2.1.4 of the report, with the Council's Council Tax collection performance for 2017/18 being 97.5%.

The Chief Finance also outlined the position with regard to the NNDR provisional outturn for 2017/18; bad debt write-offs and write-ons as itemised within the report.

In considering the report Members raised the following comments and questions:

- How many properties and business premises continued to be effected by the 2015 floods and had this affected the collection rate?

The Chief Finance Officer responded that there were 35 properties uninhabited and 9 businesses not open that were in receipt of a discount, however this did not impact the collection rate as the discount was fully funded by Central Government.

- Had there been an increase in write offs?

The Chief Finance Officer responded that the total amount written off in 2017/18 of £281,314.22 was a reduction compared to total write-offs in 2016/17 of £459,039.32.

RESOLVED – That Report RD.06/18 be noted and received.

(e) Elected Members' Allowances – Provisional Outturn Report for 2017/18

The Chief Finance Officer presented report RD.01/18 setting out the amount of allowances paid to Members as part of the Elected Members' Allowances Scheme for 2017/18. She informed Members that £350,561 had been paid in allowances to individual Members which represented an underspend of £11,639.

A Member noted that there was no budget for the Dependent Carers' Allowance and asked how if this would be funded if it was required and what as the eligibility for applying the Allowance. The Chief Finance Officer explained that there was not a budget because there was no uptake, should an application be made it would be funded and this was supported by the Members Allowance Scheme.

RESOLVED – That Report RD.01/18 be noted and received.

BTSP.42/18 CUSTOMER SERVICES UPDATE

The Town Clerk and Chief Executive presented report CE.08/18 which updated the Panel with ongoing work within Customer Services including current performance, upcoming improvements and ongoing actions that fall under the Smarter Service Delivery Project.

The Town Clerk and Chief Executive reported that a broad review had been conducted into the performance of customer services. Each element of the service had been scrutinised with focus on peak demand, resource and performance management. The aim of the review had been to structure the department to enable growth and provide consistent customer service across the organisation whilst freeing up valuable front line resources.

The appendices to the report summarised the peak demand times for telephone contact and a high level summary of the current Customer Service Advisor working pattern. The outcome of the summaries was a change to the opening hours of the Contact Centre for calls only to 8.00am and a restructure in working hours of the Customer Service Advisor to provide resources for peak periods and reducing resources in quieter times.

The Acting Customer Services Manager highlighted the number of My Account users and set out the Salesforce development, full details of which had been included in the report. He summed up by reminding the Panel that the Universal Credit would rollout in July and would present a significant opportunity for partnership working. Services such as Personal Budgeting Support and Assisted Digital Support were in place for customers who were struggling with their finances or did not have access to online services. In addition mechanisms were in place to identify the most vulnerable in society so that they could be visited at home by the Department of Work and Pensions.

In considering the update Members raised the following queries and comments:

- Members had some difficulty in understanding the graphs which supported the report.

The Acting Customer Services Manager explained the purpose of each graph and clarified the information contained in them. The graphs had been included in the report as evidence to support the changes being made to Customer Services. He clarified the following information:

- The total calls per day reflected the entire year. The numbers on the 'y'-axis were the number of occasions in the year that time period had the highest demand in the day
 - The peak times graph showed that more resources were required early in the morning and that an earlier opening time for calls would be beneficial to members of the public
 - The graphs had not included any abandon rates for calls
- How would the Customer Service Charter be implemented and how would performance be monitored?

The Acting Customer Services Manager responded that the aims set out in the Charter were in effect key performance indicators and the charter tied in with the changes to Customer Services.

With regard to the Customer Services Charter the Town Clerk and Chief Executive informed the Panel that work was being undertaken to introduce a competency framework for all staff.

- Once a call had been passed to a specific Directorate how long did it take for the call to be dealt with?

The Acting Customer Services Manager explained that the information was not recorded, however, changes to the Salesforce system and the introduction of the generic query handling module would result in all queries being managed in one system. The system was being built and would be tested before being rolled out.

- Was there a Service Level Agreement with the Department of Works and Pensions (DWP) and what income did the Council receive as a result of the work?

The Acting Customer Services Manager confirmed that there was a Service Level Agreement in place with the DWP and the Council received approximately £60 per referral. He felt that the Customer Services Team were at an advantage in terms of supporting customers through the Personal Budgeting Support and Assisted Digital Support. Customer services had access to data which would enable them to identify those in need and provide advice and support for them much earlier in the process.

RESOLVED – (1) That the Customer Services Update (CS.08/18) be welcomed.

(2) That Key Performance Indicators with regard to Customer Services be included in future performance reports.

(3) That an update on the changes being implemented within Customer services be submitted to the Panel in six months' time.

BTSP.43/18 SICKNESS ABSENCE REPORT 2017/18

The Town Clerk and Chief Executive submitted the authority's sickness absence levels for the period April 2017 to March 2018 and other sickness absence information (CE.07/18).

The Town Clerk and Chief Executive reported that the 2016/17 levels of sickness absence decreased by approximately 14% to 7.4 days lost per full time equivalent (FTE) employee compared to 2015/16. 2015/16 had also decreased by 29% so there had been an overall reduction of 39% over the previous two years. The percentage of sickness which was long term also decreased as HR continued to work with managers to ensure support for their staff was available and accessible.

The table in appendix 1 provided sickness absence levels split by directorates. Authority wide, compared to 2016/17, 2017/18 levels had increased by over 25% to 9.3 days lost per FTE employee. The last ten consecutive months had been higher than the corresponding months in the previous year mainly due to an increase in long term absences.

The Town Clerk and Chief Executive drew the Panel's attention to the comments and analysis from the Chief Finance Officer which showed the top four reasons for sickness absence in 2017/18 with "Stomach, liver, kidney & digestion (inc gastroenteritis)" being the highest reason for absence. In addition the comments listed all of the initiatives which had been arranged to improve health and wellbeing and reduce sickness absence.

A Member asked if officers were aware of any specific reason for the increase in sickness absence from June 2017 onwards.

The Town Clerk and Chief Executive responded that there could be many reasons for an increase in sickness absence including the changes happening to Local Government, aging population and decrease in the number of staff. There was, however, no evidence in the Employee Opinion Survey that staff morale had dropped. Data from the most recent survey was being gathered and the matter would be reported to the next meeting.

RESOLVED – (1) That the Sickness Absence report for 2017/18 be noted (CE.07/18)

(2) That the Employee Opinion Survey be presented to the next meeting of the Panel.

BTSP.44/18 END OF YEAR PERFORMANCE REPORT 2017/18

The Policy and Performance Officer submitted the 2017/18 performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. Performance against the Panel's 2017/18 Key Performance Indicators were also included.

The Policy and Performance Officer detailed the summary of exceptions as set out in section 1 of the report drew the Panel's attention to the Service Standards which fell within the Panel's remit and appended to the report.

RESOLVED – That the End of Year Performance Report 2017/18 be noted (PC.05/18).

BTSP.45/18 PUBLIC AND PRESS

RESOLVED – That in accordance with Section 100A(4) of the Local Government Act 1972 the Public and Press were excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the paragraph number (as indicated in brackets against the minute) of Part 3 of Schedule 12A of the 1972 Local Government Act.

BTSP.46/18 LAND AND PROPERTY TRANSACTION – PARKHOUSE INDUSTRIAL ESTATE

The Corporate Director of Governance and Regulatory Services presented report GD.42/18 which detailed an investment opportunity at Gateway 44, Parkhouse Industrial Estate.

The Corporate Director of Governance and Regulatory Services reminded the Panel that Chancerygate had been appointed as asset managers for the Council's Kingstown and Parkhouse property assets. Chancerygate had prepared a business plan that would guide the future management and development of the Council's property assets.

A key feature had been to maximise the development potential of three key development sites; Gateway 44, Site 1 Parkhouse and land to the east of Junction 44. Following approval of the business plan Chancerygate undertook further work to prepare a business case for an out of town retail scheme on the Gateway 44 site, the details of which had been attached to the report. The report set out the proposals and options for the funding of the development along with the steps needed to move forward with the project.

The Finance, Governance and Resources Portfolio Holder informed the Panel that the Executive had, on 30 May 2018, considered the report. The Executive had chosen Option 1 as their preferred option and had sought the Panel's observations and comments.

The Panel supported the investment opportunity and they discussed the financing, the development yield, the nature of the proposed development and impact on the City Centre and edge of City Centre retail.

The Strategic Asset Investment Services Manager gave details of the investment opportunity adding that it would be subject to planning agreement.

RESOLVED – (1) That the Land and Property Transaction – Parkhouse Industrial Estate report be welcomed (GD.42/18)

(2) That the Panel supports the proposed investment opportunity and supports the Executive choice of Option 1 as detailed within the report.

(The meeting ended at 4.25pm)

Business & Transformation Scrutiny Panel

Agenda
Item:

A.2

Meeting Date: 26 July 2018
Portfolio: Cross-cutting
Key Decision: No
Within Policy and
Budget Framework
Private/Public Public

Title: Overview Report & Work Programme
Report of: Policy & Communications Manager
Report Number: OS.19/18

Purpose / Summary:

This report provides an overview of matters related to the Scrutiny Panel's work. It also includes the latest version of the work programme.

Recommendations:

Members are asked to:

- Note the items (within Panel remit) on the most recent Notice of Key Executive Decisions
- Review the current work programme and resolutions and make recommendations for the future work programme

Tracking

Executive:	Not applicable
Scrutiny:	26/7/18
Council:	Not applicable

1. Notice of Key Decisions

1.1 The most recent Notice of Key Executive Decisions was published on 22 June. This was circulated to all Members. The following items fall within the remit of this Panel:

Items which have been included in the Panel's Work Programme:

KD.10/18 Asset Management Plan 2018-2023 (This meeting)

KD.12/18 The Medium Term Financial Plan (including the Corporate Charging Policy) and the Capital Strategy 2019/20 to 2023/24 (This meeting)

Items which have not been included in the Panel's Work Programme:

KD.11/18 Review of the Statement of Gambling Policy

KD.13/18 Land and Property Transaction - Acquisition of a residential property in Carlisle

2. References from Executive

2.1 References from Executive 30 May:

EX.38/18 – EX.42/16 – 2017/18 Outturn Reports

EX.51/18 – Land and Property Transaction

3. Progress on resolutions from previous meetings

3.1 The following table sets out the meeting date and resolution that requires following up. The status is presented as either 'completed', 'pending (date expected)' or 'outstanding'. An item is considered outstanding if no update or progress has been made after three panel meetings. All the completed actions will be removed from the list following the meeting. [WP is work programme]

Resolutions previous stating, 'Pending 2018/19 WP' have been added to the work programme and are no longer duplicated in the table.

Meeting Date	Minute Reference	Action	Status
03/08/2017	BTSP.14/17 (3)	That future reports on information requests be submitted for scrutiny on an exception only basis.	Pending any exceptions
14/09/2017	BTSP.27/17 (2)	That the Panel support the proposed design the re-use of the Lodge and look forward to seeing the final designs at a future meeting;	Pending (Transformation Board)
05/12/2017	BTSP.42/17 (c) (4)	That the Panel recommend that the Chief Finance Officer consider changing the Charges Reports to an exception approach in future budget processes.	Pending (Dec. 2018)

Meeting Date	Minute Reference	Action	Status
15/02/2018	BTSP.16/18 (2)	Discussion paper on the city centre redevelopment which had been presented to SMT in November 2017 to be circulated to Panel Members.	Pending (July)
31/05/2018	BTSP.40/18 (2)	That the Information Governance Manager submit a report to the Panel in September on the impact on the authority of the General Data Protection Regulations along with any compliance issues.	Pending (November)
31/05/2018	BTSP.40/18 (3)	That Legal Services provides the Panel with more details regarding the decision-making process for the future administration of Carlisle City Council following the Boundary Commission review.	Pending (January)
31/05/2018	BTSP.41/18 (a) (2)	That the Chief Finance Officer circulate further information to the Panel regarding the following: - the reason for the rewiring of the Pools. - if the Recycling & Waste Management revenue underspend was recurring or a one-off capital contribution.	Pending (July)
31/05/2018	BTSP.41/18 (a) (3)	That the Town Clerk and Chief Executive provide the Panel with the programme for the roll out of the new Office 365 system to Members.	Pending (July)
31/05/2018	BTSP.42/18 (2)	That Key Performance Indicators with regard to Customer Services be included in future performance reports.	Pending (July)
31/05/2018	BTSP.42/18 (3)	That an update on the changes being implemented within Customer Services be submitted to the Panel in six months' time.	Pending (November)
31/05/2018	BTSP.43/18 (2)	That the Employee Opinion Survey be presented to a future meeting of the Panel.	Pending (September)

4. Task and Finish Groups

4.1 Draft Community Asset Transfer Policy

The internal consultation on the draft CAT Policy & Procedure has been completed. This has led to some minor amendments to the draft agreed by the panel and presented to Executive, December 2017. The policy will be considered by Executive at a forthcoming meeting.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 Overview and scrutiny of the Carlisle Plan items that match the remit, contributing to ongoing policy development

Contact Officer: Steven O’Keeffe

Ext: 7258

**Appendices
attached to report:**

1. Scrutiny Panel Work Programme 2018/19

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:

LEGAL - None

FINANCE – None

EQUALITY – None

INFORMATION GOVERNANCE – None

Appendix: Work Programme 2018/19

Date	Item	Lead Officer	Why?
31/05/2018	End of Year Performance Report	Gary Oliver/Steven O'Keeffe	Performance Management
31/05/2018	2017/18 Outturn Reports	Steven Tickner/Alison Taylor	Policy Review/Development
31/05/2018	Sickness Absence	Gary Oliver/Jason Gooding	Performance Management
31/05/2018	Customer Services (Customer Service Charter/Smarter Service Delivery)	Matt Ward/Jason Gooding	Policy Review/Development
26/07/2018	Performance Report	Gary Oliver/Steven O'Keeffe	Performance Management
26/07/2018	Medium Term Financial Plan and Capital Strategy	Steven Tickner/Alison Taylor	Policy Review/Development
26/07/2018	Asset Management Plan	Mark Walshe/Mark Lambert	Policy Review/Development
06/09/2018	Budget monitoring 2018/19	Steven Tickner/Alison Taylor	Budget
18/10/2018	Corporate Risk Register	Jason Gooding	Monitoring
29/11/2018	Performance Report	Gary Oliver/Steven O'Keeffe	Performance Management
29/11/2018	Budget monitoring 2018/19	Steven Tickner/Alison Taylor	Budget
29/11/2018	Budget setting 2019/20	Steven Tickner/Alison Taylor	Budget
29/11/2018	Sickness Absence	Jason Gooding	Performance Management
29/11/2018	Transformation Board: Corporate projects programme	Jason Gooding	Monitoring
29/11/2018	General Data Protection Regulations along with any compliance issues	Aaron Linden/Mark Lambert	Policy Review/Development
03/01/2019	Budget setting 2019/20	Steven Tickner/Alison Taylor	Budget
14/02/2019	Performance Report		Performance Management
14/02/2019	Budget monitoring 2018/19	Steven Tickner/Alison Taylor	Budget
28/03/2019	Corporate Risk Register	Jason Gooding	Monitoring
28/03/2019	Scrutiny Annual Report	Michael Thompson	N/A
TBC	Corporate Plan	Jason Gooding	Policy Review/Development
TBC	Workforce Plan	Julie Kemp/Jason Gooding	Policy Review/Development
TBC	Customer Contact Centre	Mark Walshe/Darren Crossley	Monitoring

Date	Item	Lead Officer	Why?
TBC	Flood Recovery Lessons Learnt Report	Darren Crossley/Jason Gooding	Performance Management
TBC	Impact of the closure of John Street Homeless Accommodation	Jason Gooding	Performance Management
TBC	Sands Centre Redevelopment	Gavin Capstick/Darren Crossley	Monitoring

Business and Transformation Scrutiny Panel

Agenda
Item:
A.3

Meeting Date: 26th July 2018
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD
Within Policy and
Budget Framework YES
Public / Private Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2018 TO 2023**
Report of: **The Corporate Director of Governance and Regulatory Services**
Report Number: **GD.56/18**

Purpose / Summary:

The attached Executive Report (GD.50/18) sets out this year's revisions to the Asset Management Plan which has been updated to reflect key issues and changes affecting the management and use of the City's property resource. The Plan also reports on the current position and performance of the portfolio, and the Asset Disposal Programme.

Recommendations:

The Panel note the Report and make comments and provide feedback to the Executive in order to inform the way forward for the Council.

Tracking

Executive:	23rd July 2018
Overview and Scrutiny:	26th July 2018
Executive:	20th August 2018
Council:	11th September 2018

Report to Executive

Agenda
Item:

Meeting Date: 23 July 2018
Portfolio: Finance, Governance and Resources
Key Decision: YES: Recorded in the Notice Ref: KD.
Within Policy and Budget Framework Yes
Public / Private Public

Title: Draft Asset Management Plan 2018 to 2023
Report of: The Corporate Director of Governance and Regulatory Services
Report Number: 50/18

Purpose / Summary:

The Asset Management Plan is being updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan approved by Council in January 2011.

The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

Recommendations:

The Executive notes the position and approves the update to the Draft Asset Management Plan in order for it to proceed for consideration by the Business and Transformation Scrutiny Panel, back to the Executive and then full Council.

Tracking

Executive:	23 rd July 2018
Scrutiny:	26 th July 2018
Executive:	20 th August 2018
Council:	11 th September 2018

1. BACKGROUND

- 1.1. The Council's property assets are one of the essential resources used to carry out our day to day business, generating income to support services, and delivering economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP outlines the overall performance of the asset base, what it is costing and producing, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources. The AMP is part of the Council's Budget.
- 1.4. For a number of years, the Council has been working towards the recommendations within the Asset Review Business Plan, approved by Council in January 2011. Along with the redefining of the Portfolio, the Business Plan proposed staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset. This has happened in the context of service transformation and is continually evolving.
- 1.5. An appraisal of the property portfolio identified a requirement to rationalise and consolidate assets and a programme of disposals has taken place to re-engineer the investment portfolio. The Disposal Programme is into its eighth year and the Management Plan reports and updates on the position and the delivery performance.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS, all documents forming part of the Council's Budget (Article 4 of the Constitution).

2. PROPOSALS

- 2.1 The AMP provides a succinct document that reflects;
 - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
 - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,

- Performance of the assets and how these are constantly reviewed and challenged,
- Condition of the Portfolio – the standard of our properties, current maintenance backlog, suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency,
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property portfolio,
- Capital Schemes and Maintenance Budget – where the money is going,
- Property acquisitions – what has been done to reinvest in assets to produce income, maintain service delivery, support economic development initiatives and deliver services,
- Future Asset Management Options at our Kingstown and Parkhouse estates,
- How our Economic Development property portfolio is being managed to support economic growth, and
- An overview of the overall impact of the 2015 floods on the portfolio.

3. RISKS

- 3.1 By having an Asset Management Plan the Council can ensure that it uses its assets efficiently and that they support the Council's priorities.

4. CONSULTATION

- 4.1 Internally via the Council's corporate structures and processes. The Draft Plan will go to Business and Transformation Overview & Scrutiny Panel on 26th July for consideration, comment and feedback.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1. To update the Council's Asset Management Plan and the position of the property portfolio in the light of the Asset Review Business Plan and Disposal Programme and other corporate initiatives.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 The proper management of the Council's property resource makes an essential contribution the achievement of the Council's action plans and priorities.

Contact Officer: Mark Walshe

Ext: 7427

Appendices Draft Asset Management Plan 2018 - 2023
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:

LEGAL - The Council has a fiduciary duty to properly manage its assets and the Asset Management Plan is a vital part of this process. It is also a designated budget document in accordance with the Council's Budget & Policy framework and, as such, as the report indicates, it is required to follow the usual route of consideration by Scrutiny and, thereafter, recommendation by the Executive to the Council.

FINANCE –

EQUALITY –

INFORMATION GOVERNANCE –



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2018 – 2023

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1. The Council

1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2018/19 has a net revenue budget of £12,581 million and capital expenditure budget of £9.011 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

1.2 The Council's asset base produces a rental income of around £4.2 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £87.5 million.

2. Purpose, Aims and Objectives

2.1 The Asset Management Plan sets out the Council's approach to managing its land and property assets and aligns to Council's policies and strategies, particularly the Carlisle Plan, Directorate and Service Plans, the Medium Term Financial Plan and Capital Strategy.

2.2 The aim is to own assets which are fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access, and to meet the strategic objectives outlined below;

1. Identify all property the Council owns or uses, maintaining accurate records, establishing its value and the function it performs, ensuring a reliable and accurate property management system is in place.
2. Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
3. Respond to changing property needs for service delivery improvements, identifying improvements to assets or the asset base to enhance service delivery, disposing of assets no longer required for operational purposes and acquiring new assets to support service delivery.
4. Generate capital for investment purposes aligned to corporate objectives.
5. Ensure a healthy and safe environment for property users.
6. Apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
8. Contribute to the Council's Medium Term Financial Plan and Capital Strategy, identifying investment opportunities.
9. Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

3. Property Strategies and Principles

3.1 The Council has developed the following strategies and principles;

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long-term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.
- **Non-Operational Property Strategy** – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium Term Financial Plan.
- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.
- **Surplus Property Strategy** – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.
- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.
- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.

- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

4. Value for money

4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.

4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

5. The Portfolio and Current Performance

5.1 Gross Asset Value as at 31 March 2018

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	69	52	14	207
Total income	£6,600	£3,670,500*	£4,388,254**	£43,400	£8,108,754
Capital value	£4,021,000	£29,586,000	£87,484,000	£1,153,000	£122,244,000
Capital Expenditure	£50,372	£3,027,057	£925,592	£277,296	£4,280,317
Outstanding Maintenance		£2,296,300	£2,000,000	-	£4,296,300

* Income from operational assets (ie car parks, crematorium, Civic Centre rents)

** Rental income from investment assets

The total capital spend on property assets in 2016/17 was £4.215 million.

The figure for the outstanding maintenance on the operational buildings is based on a costed 5-year plan. We are currently in the process of updating our condition surveys, approximately 50% of buildings have been inspected with the remainder due for completion over the summer. The information derived from these surveys is used to assess the current condition of our portfolio and advise on the level of outstanding maintenance. Although the survey programme is only partially complete, outstanding maintenance has decreased to £2,296,300 a reduction of 15%. This reduction can partly be attributed to the works undertaken to flood affected properties which has helped to

address outstanding maintenance issues and also the Pools which has been removed given the impending Sands Centre development. Although this is good news we still have a significant amount of maintenance to undertake, circa £2,300,000, and this may rise following completion of the remainder of the survey programme. We are currently spending £150,000 p.a. to address this as detailed below and we would need to increase to circa £500,000 to ensure we maintain the condition of our assets. Failure to do so would result in major long-term capital expenditure being required to remedy the lack of maintenance.

Non-operational outstanding maintenance relates primarily to historical infrastructure costs associated with our industrial estate ground rent portfolio. We are currently in the process of reviewing the non-operational maintenance liability and anticipate that the level of outstanding maintenance will reduce given the asset disposals and investment undertaken at Durranhill and Kingstown Industrial Estates.

5.2 Outstanding Maintenance

	17/18	18/19	19/20	20/21	21/22
Total Revenue Budget	£701,400	£715,500	£729,300	£729,300	£729,300
Capital Schemes Special Projects	£150,000	£150,000	£150,000	£150,000	£150,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 : 24	76 :24

Based upon condition surveys, an annual planned maintenance programme has been established for operational assets. As discussed above, there is unplanned maintenance; currently £2,296,300 for the portfolio of operational buildings; the delivery programme to reduce this incorporates a degree of flexibility to respond to the demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3 year programme of planned and reactive maintenance on 20 November 2017 (report reference GD.72/17).

In condition category terms the split is:-

Condition Category (as a % of Gross Internal Area Operational Property)			Sustainable Criteria
	2017-22	2018-23	
A. (Excellent)	59%	29.5%	Yes
B. (Good)	28%	60%	Yes
C. (Mediocre)	12%	10%	Review
D. (Poor)	1%	0.5%	No

Although the programme of condition surveys is only partially complete we have updated the condition categories to reflect the updated information. The table above shows the condition categories of the operational portfolio as reported last year and this current year. A full picture will only be available once the survey programme is complete later this year and will be reported as part of next year's plan. Although there has been a fall in the amount of floor space classed as excellent, overall the amount of floorspace in categories A & B has increased to 89.5%. To have nearly 90% of our portfolio classed as either excellent or good is a testimony to the proactive management regime we have in place to manage our assets.

5.3 Energy Efficiency

A programme of energy efficiency and renewable energy projects has been carried out with significant investment in recent years. Again, over the past year the focus has been incorporating energy efficiency measures as part of the flood reinstatement works and we will continue to do this where possible.

The solar photovoltaic arrays at the Civic Centre and Sands Centre continue to be successful in terms of electricity generation and income received from the feed in tariff.

5.4 Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5-year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties and the programme is required to meet those duties. Report GD.72/17 was presented to the Executive on the 20th November 2017 with proposals for capital investment for planned major repairs.

The capital schemes special project fund for the programme 2018/19 has been allocated as follows:-

DRAFT ASSET MANAGEMENT PLAN 2017-2022

PROPERTY	PROJECT	COST
Talkin Tarn Tea Room	Strip and re-slate roof	£25,000
Upperby Park Pavillion	Re-roof	£12,000
Bousteads Grassing	Resurfacing work	£10,000
Cemeteries	Resurfacing work	£30,000
Old Fire Station	Replace windows – phase 1 of 2yr programme	£20,000
Tullie House	Plant replacement	£20,000
Enterprise Centre	Fire alarm replacement	£20,000
Dixon's Chimney	Repointing work – phase 1 of 3yr programme	£13,000
TOTAL		£150,000

6. Continuous Review and Challenge

The Council continuously reviews and challenges how to best use its asset portfolio;

1. The Council holds a significant, numerous and diverse portfolio of assets across the city, which generates considerable income and which has an important impact on the local economy. The Council uses property well to meet its aims and is planning future investment and development to allow it to continue to do this.
3. The Council has a highly rationalised operational portfolio, however the significant level of maintenance yet to be carried out will present challenging issues going forward. New investment in assets such as the Sands will help alleviate issues by removing older, poorly functioning assets such as the current Pools facility.
4. The accommodation review and Asset Review Business Plan is an ongoing programme that will continue to deliver efficiency benefits.
5. The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This potential will be further explored and actions taken to realise efficiencies with the resources currently available.
6. The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.

7. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency. The accommodation review will address these needs.

6.1 Accommodation Review

An Accommodation Review of both back office and front public facing service delivery assets is ongoing. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.

It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible.

The redevelopment of the ground floor of the Civic Centre post flood has reflected the changing business requirements of the City Council and sought to embrace modern ways of working whilst also incorporating flood resilience where possible. The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.

The challenges going forward are:

To complete the redevelopment of the ground floor.

To maximise space utilisation in the Civic Centre embracing modern ways of working and to encourage take up of vacant space by our public-sector partners as part of the One Public Estate Programme to minimise occupation costs.

To maximise the revenue generation opportunities presented by the ground floor redevelopment.

6.2 Asset Review Business Plan

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

Implementation of the Business Plan has taken place over the past 5 years with management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management put into place. These changes took place within

the context of the Transformation Programme and are constantly evolving as priorities and needs change.

6.3 Disposal Programme

To date 38 assets have been sold realising total gross receipts of circa £10.15 million. Overall the returns show an increase of approximately 14% above the business plan estimates for those assets. The key driver this year has been to progress our portfolio of residential sites for disposal. Significant background work has been undertaken to unlock development potential in our key residential site at Greymoorhill resulting in access now having been established along with service connections. We anticipate concluding a deal on this shortly which will result in circa 200 new homes being developed on the site and a significant capital receipt for the City Council.

We are currently in the process of reviewing our portfolio to look at further opportunities to rationalise our portfolio. Once complete and subject to the necessary consents we envisage a further programme of disposals over the coming years.

6.4 Reinvestment Options

The Business Plan envisages capital receipts will be used to generate additional revenue and support purchases in the economic development and operational property portfolios.

Opportunity purchases into the Economic Development and Operational portfolios have been completed to consolidate the Council's existing property ownership and land holdings in Rickergate with the acquisition of properties in the Warwick Street and Victoria Viaduct areas, together with a large redevelopment site at Caldew Viaduct which has been cleared in preparation for redevelopment.

6.5 Chancerygate – Kingstown and Parkhouse

Chancerygate, the Council's appointed managing agents for their Kingstown & Parkhouse assets, continue to make good progress with the management and development of our portfolio north of the City. A bulky goods retail scheme has been prepared for the Gateway 44 site at Parkhouse and a planning application is being progressed and legals are being finalised with a number of tenants resulting in the scheme being significantly pre-let prior to commencement of the build. The intention, subject to Council approval, is that the Council will develop the scheme and retain as a long-term investment. Terms have also been agreed for a new ground lease investment on site 1 at Parkhouse, the last remaining vacant site on the Parkhouse estate. New signage is in place on the entrances to the estate reflecting the brand we have developed for all of our estates and Chancerygate continue to progress the day to day work, in particular the rent review programme.

6.6 Economic Development Portfolio

The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

The emerging Borderlands Growth Deal presents a significant opportunity for the growth of the city with Carlisle seen as the “beating heart” of the Border region. Proposals are being developed that would see the improvement of the station along with developments at the Citadel and Caldew Riverside. The City Council has significant land holdings that could assist in the delivery of these transformational projects and we are working closely with our colleagues at Cumbria County Council and Network Rail to prepare the requisite business cases for submission to Central Government over the Summer. An announcement is anticipated in the Autumn on whether the Growth Deal bid has been successful.

St Cuthbert's Garden Village scheme continues to make good progress, with the proposals recently refined to focus on smaller settlements rather than one large one and a preferred route has now been agreed for the proposed Southern Relief Road which has the potential to improve the attractiveness of existing localities such as Morton, whilst also alleviating congestion on the southern approaches to the City Centre. Delivery models are under exploration including the potential role of the City Council and other public-sector partners in acquiring and subsequently disposing of land.

The University of Cumbria has vacated the accommodation it previously leased from the city Council at Paternoster Row & Castle Street. The City Council has continued to operate the BIC at Paternoster Row and we are currently investigating options for the Castle Street accommodation.

6.7 Flood Affected Assets

Recovery from Storm Desmond is virtually complete at all affected assets apart from the Civic Centre & Bitts Park where major redevelopments are planned. Where possible flood resilience measures have been incorporated in the reinstatement works to minimise the effect of any future flooding incidents.

7. Conclusion

The Council has a highly rationalised and suitable service occupied portfolio although a significant maintenance requirement that needs to be addressed. However we are not complacent and will continue to look for opportunities to rationalise our operational portfolio where possible.

The Council has a significant commercial portfolio, which is generating substantial rental income however we will continue to look for opportunities to unlock development potential and create investment assets within our portfolio, as evidenced at Gateway 44 whilst also supporting our aspirations for Economic Growth.

The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.

The Council's asset base is continually being challenged and reviewed with additional efficiency measures implemented where appropriate.

The Council is looking at ways in which it can improve and re-model the way in which it delivers its property management services producing further cost and efficiency savings.

Business & Transformation Scrutiny Panel

Agenda
Item:

A.4

Meeting Date: 26 July 2018
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD12/18
Within Policy and
Budget Framework YES
Public / Private Public

Title: DRAFT MEDIUM TERM FINANCIAL PLAN 2019/20 to 2023/24
Report of: CHIEF FINANCE OFFICER
Report Number: RD13/18

Summary:

The Council's draft Medium Term Financial Plan for the period 2019/20 to 2023/24 was considered by the Executive on 23 July 2018 and sets out the framework for planning and managing the Council's financial resources.

Questions for / input required from Scrutiny:

To scrutinise, and provide feedback, on the Financial Policies to be adopted by the Council which will inform the budget process over the next five years.

Recommendations:

Members are asked to consider the report and make any recommendations back to the Executive for consideration at their meeting on 20 August 2018.

Tracking

Executive:	23 July 2018
Overview and Scrutiny:	26 July 2018
Executive:	20 August 2018
Council:	11 September 2018

Report to Executive

Agenda
Item:

Meeting Date: 23 July 2018
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD12/18
Within Policy and Budget Framework YES
Public / Private Public

Title: DRAFT MEDIUM TERM FINANCIAL PLAN 2019/20 to 2023/24
Report of: CHIEF FINANCE OFFICER
Report Number: RD13/18

Purpose / Summary:

The Medium Term Financial Plan sets out the current framework for planning and managing the Council's financial resources, to develop its annual budget strategy and update its current five year financial plan. The Plan links the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives. The MTFP will inform the budget process and will be updated for changes when known.

Following consideration by the Executive and the Business and Transformation Scrutiny Panel, final recommendations will be made to Council on 11 September 2018.

Recommendations:

The Executive is asked to:

- (i) Comment on the draft MTFP for consideration by the Business and Transformation Scrutiny Panel on the 26 July 2018.

Tracking

Executive:	23 July 2018
Overview & Scrutiny:	26 July 2018
Executive:	20 August 2018
Council:	11 September 2018

1. BACKGROUND

- 1.1 The Medium Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2019/20 to 2023/24. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 12 February 2018. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework detailing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.
- 1.3 The MTFP has been prepared at a time of great uncertainty in respect of the economy, especially in terms of the on-going Brexit debate, and also in terms of the Government's approach to Public Sector Funding in general and particularly for Local Government Funding.

2. KEY DATES

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Business and Transformation Scrutiny Panel, these will be formally approved by Council on 11 September 2018.
- 2.2 A timetable for the budget process will be prepared and the overall budget position for revenue and capital, and individual reports on spending pressures, saving proposals, and charging reports will be considered by the Executive at its meeting on 12 November. These reports will be scrutinised by the three Scrutiny Panels at the end of November and beginning of December.
- 2.3 A review of budget consultation documents was undertaken as part of last year's process with improved visuals produced including a 'Budget at a Glance' document. This provided more clarity on the budget pressures the Council faced and assisted stakeholders in their understanding of the budget process. Work will continue to improve the more formal reports presented to the Executive and to the Scrutiny Panels as requested by previous Panels.

3. KEY MESSAGES

3.1 The MTFP shows the starting position for budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. Key to these considerations will be:

- Achievement of transformation savings;
- Further reductions in government grant, e.g. New Homes Bonus, Housing Benefit Admin Grant;
- Further consideration of the future funding and Business Rate Retention and the added responsibilities that may be passed on to the Council as well as future resets of Business Rate Retention scheme. Further guidance from the MHCLG is anticipated on the Business Rate retention scheme to inform the budget process.

3.2 As well as some significant pressures, there is scope for some additional savings and additional income opportunities to be considered as part of the budget process too. These considerations are likely to be around:

- Business Rate Retention Growth and Pooling
- More commercial and investment opportunities

4. RISKS

4.1 The Medium Term Financial Plan contains risk analysis of the issues that could potentially affect the budget and financial planning position.

5. CONSULTATION

5.1 The draft MTFP, particularly the Financial Principles, has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.

5.2 The Business and Transformation Scrutiny Panel will consider the MTFP on 26 July, and recommendations made to full Council on 11 September.

5.3 The Budget Process and MTFP are also informed by consultation with wider stakeholders, including residents. Each year the Council consults with the Business Community and also carries out public consultations as appropriate

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

6.1 The Executive is asked to:

- (i) Comment on the draft MTFP for consideration by the Business and Transformation Scrutiny Panel on the 26 July.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1 The Medium Term Financial Plan outlines how the Council will prioritise its financial resources in the delivery of services

Contact Officer: Steven Tickner

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Appendices Appendix 1 – Medium Term Financial Plan 2019/20– 2023/24
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:

Legal – The Council has a legal duty to put in place a balanced budget to the satisfaction of the Council's Section 151 Officer. The Medium Term Financial Plan is an important part of fulfilling this obligation.

Finance – Contained within the MTFP

Equality – Corporate Charging Policy includes considerations for the targeting of concessions for named protected characteristic.

Information Governance - There are no Information Governance Implications

Medium Term Financial Plan

Carlisle City Council

2019/20 to 2023/24

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1.0 Introduction

- 1.1 The overarching policy guidelines of the MTFP are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -
- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
 - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
 - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
 - Partnership working and funding opportunities will be explored wherever feasible.
- 1.2 The Medium Term Financial Plan sets out how Carlisle City Council will manage its finances to deliver against its corporate priorities, whilst protecting its financial standing and responding to the many challenges it faces.
- 1.3 The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will continue to play a pivotal role in determining how much the economy grows over the coming years. Economic growth in Carlisle will impact on the income the Council receives and also the support it is able to give to vulnerable residents. Treasury Management income will be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to restrictions in bank credit ratings. The effects on the MTFP of any changes to the state of the economy, including the impact of leaving the European Union, will need to be closely monitored in the short, medium and long term in order to react effectively to changing situations. The Government's approach to public sector funding beyond 2019/20 will be a significant factor for the lifespan of this MTFP.
- 1.4 The Medium Term Financial Plan provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities.

2.0 Financial Principles supporting the MTFP

2.1 The key principles to be applied to the Medium Term Financial Plan (MTFP) are set out by theme below:

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate Service Plans and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision making procedures to help achieve the best use of available resources;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £3.3m (updated) over the life of the MTFP subject to an annual risk assessment;
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Commitment to minimise staff compulsory redundancies;
- Consider the impact of any other Government Budget initiatives e.g. 100%/75% retention of Business Rates, Business Rate Baseline resets and the Fair Funding Review;
- Consider the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process e.g. Licensing, Building Control;
- Consider how the achievement and any re-profiling of transformation savings will affect the overall level of savings to be made.

Revenue Budget Assumptions:

- *No Revenue Support Grant included in MTFP from 2019/20;*
- *No assumptions for changes in the Business Rates Baseline funding or for potential expansion of rates retention scheme;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 2%.*

Financial Principle 2 – Commercial and Income Generation

- Annual review of the Corporate Charging Policy to identify areas of potential charging and opportunities for increasing income;
- Consider the levels of income achievable as part of Corporate Charging Policy;
- Consider other sources of potential income generation such as advertising and sponsorship;
- Consider the development of a commercialised culture where the charging powers of the organisation are maximised and encouraged;
- Seek to develop investment opportunities to maximise the use of the Council's asset portfolio;
- Consider the funding strategy with a view to maximising external grants and contributions.

Charging/Income Assumptions:

- *Additional income from assets is assumed to offset the £1m saving requirement from asset management in 2018/19 onwards;*
- *Income from fees and charges currently achieve approximately £5m per annum;*
- *The Corporate Charging Policy assumes that income from fees and charges will increase at 1% above the inflation rate set for expenditure.*

Financial Principle 3 – Council Tax & Business Rates Policy

- Provide value for money to residents through efficient management of council tax collection;
- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should continue for 2019/20;

- Assessment of the impact of business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief and any additional burdens on councils;
- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;
- Annual approval of the Council Tax Reduction Scheme (CTRS);
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit.

Council Tax and Business Rate Assumptions:

- *Council tax levels currently assumed at a £5 increase per annum (Band D Equivalent) over the lifetime of the MTFP;*
- *Business Rate Retention growth assumed at £1,400,000 above the baseline level set by Government in 2019/20, with reduction from 2020 due to future uncertainties about scheme design.*

Financial Principle 4 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions;
- Finalisation of the repayment and/or re-financing options for the Stock Issue debt due to be repaid in 2020;
- Consider appropriate levels of prudential borrowing if required that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to the Council priorities;
- Treasury Management Strategy to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Treasury Management Assumptions:

- *Rate for refinancing stock issue assumed at 3.2% on a principal and interest loan;*
- *Average investment return assumed at 1.18% for 2019/20.*

Financial Principle 5 – Capital Investment

- As set out in the Capital Investment Strategy;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme currently assumes a £19.5million redevelopment of Leisure Facilities funded from borrowing of £17.5million with the borrowing costs funded from reduction in Leisure subsidy.*

3.0 Links to other Strategies

3.1 The Carlisle Plan

3.1.1 The Carlisle Plan forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.

The key priorities are:

- Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle;
- Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents;
- Continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle;
- Address current and future housing needs to protect and improve residents' quality of life;
- Promote Carlisle regionally, nationally and internationally as a place with much to offer – full of opportunities and potential.

3.1.2 The Medium Term Financial Plan must both support and inform the Council's vision for the Carlisle area and the strategic direction set out in the Carlisle Plan. This is to enable resources to be matched against the agreed priorities and any other supporting needs.

3.1.3 The Medium Term Financial Plan takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies: -

- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget;
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget;
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio;
- The Procurement and Commissioning Strategy;
- Local Plan/Local Development Framework;

- The ICT Strategy;
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future;
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy and Green Infrastructure Strategy
- Directorate Service Plans will be used to inform the budget setting process and identify key strategic and operational objectives and the resources required to deliver those.

4.0 Revenue Budget Forecasts

4.1 Current Budget Forecast

4.1.1 The Council has well established mechanisms in place for forecasting resources and expenditure over a five-year planning period. Projections will inevitably change over the period of the plan and these forecasts are updated as part of the detailed budget process.

4.1.2 The Council approved the current forecast for the period 2018/19 to 2022/23 in February 2018 and details are shown below together with the base estimate figures for 2023/24.

2018/19 Revised £000	Summary Net Budget Requirement	2019/20 Budget £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000
11,466	Total Recurring Expenditure	12,563	12,304	11,982	12,248	12,169
	Non Recurring Revenue Expenditure					
(81)	Existing Commitments	(641)	(696)	(223)	36	0
711	Carry Forward	0	0	0	0	0
12,096	Total Revenue Expenditure	11,922	11,608	11,759	12,284	12,169
	Less Contributions (from)/to Reserves:					
502	Recurring Commitments Sub Total	(642)	(664)	(52)	(58)	283
(630)	- Existing Commitments	641	696	223	(36)	0
11,968	Total City Council Budget requirement	11,921	11,640	11,930	12,190	12,452
613	Parish Precepts	628	644	660	677	694
12,581	Projected Net Budget Requirement for Council Tax purposes	12,549	12,284	12,590	12,867	13,146

Table 1a: Summary Budget Position (Expenditure)

The budget requirement is funded as follows:

2018/19	Total Funding and Council Tax Impact	2019/20	2020/21	2021/22	2022/23	2023/24
33,326.46 £000	Estimated TaxBase	33,419.44 £000	33,512.68 £000	33,606.18 £000	33,699.94 £000	33,793.97 £000
	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
11,968	- City	11,921	11,640	11,930	12,190	12,452
613	- Parishes	628	644	660	677	694
12,581	Total	12,549	12,284	12,590	12,867	13,146
	Funded by:					
(6,905)	- Council Tax Income	(7,092)	(7,279)	(7,467)	(7,657)	(7,847)
(434)	- Revenue Support Grant	0	0	0	0	0
(3,208)	- Retained Business Rates	(3,279)	(3,411)	(3,513)	(3,583)	(3,655)
	- Business Rate					
(1,250)	Growth/Pooling	(1,400)	(900)	(900)	(900)	(900)
	-Business Rate Multiplier					
(74)	Grant	(100)	0	0	0	0
(97)	- Estimated Council Tax Surplus	(50)	(50)	(50)	(50)	(50)
(15)	- Parish CTRS Grant	0	0	0	0	0
(598)	- Parish Precepts	(628)	(644)	(660)	(677)	(694)
(12,581)	TOTAL	(12,549)	(12,284)	(12,590)	(12,867)	(13,146)
£ 207.20	City Council Tax Band D Council Tax	£ 212.20	£ 217.20	£ 222.20	£ 227.20	£ 232.20
	Increase over Previous year:					
£5.00	£	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00
2.47%	%	2.41%	2.36%	2.30%	2.25%	2.20%

Table 1b: Summary Budget Position (Funding)

4.1.3 The assumptions built into the MTFP that form part of the figures above are detailed at section 7.

4.2 Funding Prospects

4.2.1 The Council receives core funding from Government each year as part of the Settlement Funding Assessment and this is made up of Revenue Support Grant and the Business Rates baseline. Although the Government set the Business Rates Baseline, the actual funding is received via the Non-Domestic Rates income the Council collects.

4.2.2 As well as the core funding as agreed in the Settlement Funding Assessment, the Council is also the recipient of other support from central government in the form of specific grants. These are included in the budget as income rather than funding and are linked to specific schemes or services. Further details of grants included in the MTFP are given at section 6.3.

4.2.3 Revenue Support Grant

RSG will be removed completely by 2019/20.

4.2.4 Fair Funding Review

The Government has been and will continue to consult on the Fair Funding Review for the allocation of funding requirements from 2020. However, it is unlikely that any draft implications of how this will work, including new formula calculations, will be known until well into 2019, possibly as late as Autumn 2019. **Therefore, it is very difficult to predict the future potential funding for the Council from Central Government beyond 2019/20.** The Fair Funding Review will also have an impact on and be impacted by revisions to the Business Rates Retention system and also specific grants awarded by central government e.g. New Homes Bonus and Housing Benefit Administration Grant.

4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £1,400,000 for 2019/20 falling to £900,000 for 2020/21. In the past four years the Council has achieved growth over and above the budgeted level, and as such the MTFP assumes these amounts will grow to £1,400,000 by 2019/20.

However, uncertainty about the future retained business rates scheme beyond 2020 means that there may be resets to the scheme that could erode any growth built up under the previous scheme. Until full details of a future scheme are known it is prudent not to over-estimate any future income from business rates.

The Council continues to participate in the Cumbria Business Rates Pool that also enables the County and the Council to retain more of the growth it generates. However, any announcement that local authorities will get to keep more of a share of business rates by 2020 will impact the viability of pools. Further details on how the future retention schemes will actually work and its specific impact on Carlisle are yet to be understood, but any proposals will likely come with an understanding that local authorities will have to take on additional responsibilities, which may mean additional cost pressures. Further guidance on this issue is anticipated from the MHCLG to inform the budget process.

4.2.6 The summary of funding included in the Medium Term Financial Plan is as follows:

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue Support Grant % Change	(434)	0 -100%	0	0	0	0
Business Rates Baseline % Change	(3,282)	(3,379) 3%	(3,411) 1%	(3,513) 3%	(3,583) 2%	(3,655) 2%
Rates Growth/Pooling % Change	(1,250)	(1,400) 12%	(900) -36%	(900) 0%	(900) 0%	(900) 0%
Total Funding	(4,966)	(4,779)	(4,311)	(4,413)	(4,483)	(4,555)

Table 2: Funding

4.2.7 Council Tax

The MTFP includes Council Tax increases from 2019/20 onwards at £5 per Band D equivalent.

The MTFP assumes a modest increase in the taxbase of 0.279% per year and the City Council's share of the Collection Fund Surplus is assumed to be a recurring £50,000.

Any increase in the tax base as a result of new housing developments will also mean a requirement to provide services to those households. Although there will be an increase in the amount of funding received through Council Tax, the overall cost of providing council services is greater than the amount received through this, so there will be additional cost pressures that need to be recognised in order to provide services to a growing population.

The MTFP also assumes continuation of the statutory Council Tax Reduction Scheme (CTRS). With the removal of Revenue Support Grant the Council will be funding this entirely along with the other main preceptor the County Council and the Police. Consideration will need to be given as to whether this scheme is to be continued in the same form or changed to a localised scheme.

	Budget	Forecasts				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax Base % Change	33,326.46 £000	33,419.44 0.28% £000	33,512.68 0.28% £000	33,606.18 0.28% £000	33,699.94 0.28% £000	33,793.97 0.28% £000
Council Tax Surplus % Change	(97)	(50) -48%	(50) 0%	(50) 0%	(50) 0%	(50) 0%
Band D Council Tax % Change	207.20	212.20 2.41%	217.20 2.36%	222.20 2.30%	227.20 2.25%	232.20 2.20%
Total Yield	(6,905)	(7,092)	(7,279)	(7,467)	(7,657)	(7,847)

Table 3: Council Tax

4.3 **Efficiency Strategy**

4.3.1 In order to ensure the Council maintains a minimum level of reserves to the end of the MTFP period, efficiencies are required throughout the period of the plan. The efficiency strategy will concentrate on the following areas:

- Asset Strategy – to focus on ensuring the council's asset portfolio maximises the benefit to the Council through income generation or by realising receipts of assets that do not generate a return that can then be utilised to ease pressures in capital and revenue budgets through the most appropriate means, e.g. re-investment in new assets and supporting the capital programme to reduce the CFR
- Service Reviews – A review of services to include their purpose and relevance in achieving the Carlisle Plan priorities, including a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services and resources are properly aligned to what the Council wants to achieve.
- Core Budgets – a continual review of base budgets, including income generation, to ensure compliance with best practice on priority and outcome based budgeting and other appropriate budget disciplines.

4.3.2 The profile of efficiencies to be made as included in the Medium Term Financial Plan is as follows:

4.3.2 The savings currently included in the MTFP are as follows:

	Budget	Achieved	Still to find
	£000	£000	£000
To end 2016/17	2,412	2,389	23
To end 2017/18	1,198	690	508
2018/19			
Leisure Services Grant	329	329	0
Increased Income from Assets	1,000	420	580
Voluntary Redundancy/Early Release	150	19	131
	1,479	768	711
TOTAL	5,089	3,847	1,242

Table 4: Savings

4.3.3 Further savings will be dependent upon future funding settlements, Council Tax increases and changes to income and expenditure levels (pressures and savings) that are outwith the current Medium Term Financial Plan. Savings will be profiled in the most effective way to ensure that they are achievable, timely and ensure reserves are not adversely affected.

5.0 Provisions, Reserves & Balances

5.1 The Council holds balances in order to meet future commitments. The Council policy on the use of reserves is as follows:

- Reserves generally will not be used to fund recurring items of expenditure, but where it does steps will be taken to address the situation.
- Reserves will not become overcommitted.
- The Council benefits from its level of reserves as it is able to: -
 - Meet its capital programme obligations, with borrowing only undertaken where funded from existing revenue budgets;
 - Fund exceptional increases in its net budget requirement without affecting the Council Tax charged to its taxpayers;
 - Ensure that surplus resources are retained for the general benefit of the Council to protect against large increases in Council Tax;
 - Maximise income received from the investment of its reserves to contribute to the budget requirement of the Council, which is a key part of the Council's Treasury Management Strategy.

5.2 General Fund

5.2.1 Having undertaken a risk assessment taking into account the risks and working balances required, the balance on the General Fund is currently £2m however, this risk assessment indicates that this should broadly equal £3.3million as a prudent level for this reserve. The risk based assessment of the appropriate level of this reserve is carried out as part of the MTFP process and this is shown at **Appendix A**. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes with 75%/100% retention of business rates.

5.2.2 If the balance in the short-term falls below minimum levels, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.

5.2.3 If the balance in the short-term exceeds minimum levels then the surplus will be transferred to the Council's Project Reserve.

5.3 **Earmarked Reserves**

5.3.1 Earmarked reserves will not be used for recurring items of expenditure, nor become over-committed.

5.3.2 For each earmarked reserve there will be a clear protocol in place setting out:

- The purpose of the reserve.
- How and when the reserve can be used.
- Procedures for the management and control of the reserve.
- Processes for the review of the use of the reserve to ensure that it continues to have an adequate level of funds and remains relevant to the business of the Council.

(Further details of this are shown at **Appendix B**)

5.3.3 The revenue reserves the Council currently holds are as follows:

	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000
General Fund Reserve	2,000	2,000	2,000	2,000	2,000	2,000
Projects Reserve	2,773	2,692	2,691	2,723	2,894	2,800
Carry Forward Reserve	927	927	927	927	927	927
	5,700	5,619	5,618	5,650	5,821	5,727
Revenue Earmarked Reserves						
Flood Reserve	2,014	0	0	0	0	0
Transformation Reserve	150	0	0	0	0	0
Cremator Reserve	850	0	0	0	0	0
Welfare Reform Reserve	200	0	0	0	0	0
Car Park Enhancement Reserve	107	0	0	0	0	0
City Centre Reserve	42	0	0	0	0	0
Economic Investment Reserve	6	0	0	0	0	0
Planning Services Reserve	28	0	0	0	0	0
Revenues & Benefits Reserve	338	0	0	0	0	0
Prosecutions Reserve	41	0	0	0	0	0
Promoting Carlisle Reserve	20	0	0	0	0	0
Revenue Grants Reserve	1,920	0	0	0	0	0
Building Control Reserve	150	0	0	0	0	0
	5,866	0	0	0	0	0
Total Revenue Reserves	11,566	5,619	5,618	5,650	5,821	5,727

Table 5: Revenue Reserves

N.B. Balances on Earmarked Reserves are not shown in future years unless movements against those balances are known

5.3.4 The MTFP does not assume any use of earmarked reserves.

5.3.5 As well as revenue earmarked reserves, the Council also holds a small number of earmarked reserves for capital purposes. These are as follows:

	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000
Capital Earmarked Reserves						
Usable Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grant	136	136	136	136	136	136
CLL Reserve	273	273	273	273	273	273
Asset Investment Reserve	48	48	48	48	48	48
Lanes Capital Reserve	45	60	75	90	105	120
Total Capital Reserves	502	517	532	547	562	577

Table 6: Capital Earmarked Reserves

5.4 **Provisions**

5.4.1 The Council holds a number of provision balances for items where future commitments are likely and use of these are delegated to the relevant Corporate Director in consultation with the Chief Finance Officer.

5.5 **Charitable and Other Bequests**

The Council holds a number of bequests for use by the Council. These funds can only be released with the full approval of the Council under the terms set out when the bequest was given. In the first instance it will be the responsibility of the Executive to consider a report outlining proposals for the use of the bequest prior to submission of the request to Council.

5.6 **The Responsibilities of the Chief Finance Officer**

5.6.1 The Chief Finance Officer will review each reserve and its protocol annually and produce a report for the Executive as part of the annual budget process detailing: -

- Compliance with the use of reserves and associated protocols,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the Council's budget requirement,
- Any reserves which are no longer required,
- Proposals to set up new reserves, including purposes, protocols, funding

sources and potential impact on the Council's Medium-Term Financial Plan.

- 5.6.2 The Chief Finance Officer will review this policy at least annually and will obtain the approval of the Council for any change required to either the policy or protocols associated with specific reserves.

5.7 Planned Use of Reserves

- 5.7.1 When the budget was set in February 2018, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2017/18 now confirmed, the position from 2017/18 has left General Fund Reserve and Projects Reserve in a healthier position (as shown in Table 5) over the medium term.
- 5.7.2 The reserves position is also subject to the savings required (as in Table 4) being met as scheduled. Any slippage on savings or any savings made in advance will impact on the contributions to and from reserves.

6.0 Income

6.1 Fees & Charges

6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.

6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.

6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control. This requirement is likely to extend to Licensing in the future and this means that any surplus income generated by raising fees has to be ring-fenced to these functions.

6.1.4 The main areas of fee generating income are shown in the table below:

	2016/17 Actual £000	2017/18 Actual £000	2018/19 Budget £000
Parking	(1,184)	(1,216)	(1,220)
Bereavement Services	(1,334)	(1,623)	(1,469)
Development Control	(642)	(842)	(681)
Total	(3,160)	(3,681)	(3,370)

Table 7: Main areas of Income

6.2 Property Rentals

6.2.1 Income received from property rentals is in the region of £4.2 million per annum.

6.2.2 The forecast yield from property rentals over the period 2017/18 to 2022/23 and included in the MTFP is shown in the following table: -

	2017/18 Actual £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
The Lanes	(1,105)	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)
The Market	(132)	(110)	(110)	(110)	(110)	(110)
Industrial Estates	(2,522)	(2,383)	(2,383)	(2,383)	(2,383)	(2,383)
Misc Properties	(462)	(483)	(483)	(483)	(483)	(483)
Total	(4,221)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)

Table 8: Property Income

6.2.4 The MTFP makes no provision for additional rental income from assets via rent reviews. However, there is a saving requirement of £1m included in the MTFP associated with asset management, and it is envisaged that any surplus rentals achieved over current base budgets be set aside against this requirement.

6.3 **Grants & Contributions**

The Council receives grants from various sources as part of its overall funding. Some of these grants are given as part of the Settlement Funding Assessment by MHCLG and as such, these are budgeted only when notification is received.

6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council receives an allocation of funding under the scheme each year and each allocation will now last for four years following the Local Government Finance Settlement for 2018/19 (phased reduction from six years). As part of the Local Government Finance Settlement for 2018/19 indicative figures were provided. The MTFP does not assume any new allocations of New Homes Bonus beyond 2020/21; however, it does include the continuation for 4 years of those allocations received in each year.

Revisions to the New Homes Bonus scheme are expected alongside the Fair Funding Review and changes to Business Rates Retention. It should be anticipated that there may be changes to the scheme that reduce the amount of grant that may be awarded in the future.

Details of allocations included in the MTFP as shown in the table below:

Allocation Year	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
2015/16	(392)					
2016/17	(480)	(480)				
2017/18	(476)	(476)	(476)			
2018/19	(259)	(259)	(259)	(259)		
2019/20		(354)	(354)	(354)	(354)	
2020/21			?	?	?	?
2021/22				?	?	?
2022/23					?	?
Total	(1,607)	(1,569)	(1,089)	(613)	(354)	0

Table 9: New Homes Bonus

6.3.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £499,500 for this grant. Allocations are received on an annual basis. However, it is likely that this grant will eventually reduce with the onset of Universal Credit and the resultant downsizing of Housing Benefit Administration by the Council. This reduction in grant will need to be considered in line with any reductions in workload associated with any transition.

7.0 Assumptions

7.1 The MTFP includes assumptions regarding the main items of income and expenditure. Some of these assumptions have been previously explained, e.g. RSG and Council Tax. The following sections provide further details of the assumptions currently included in the MTFP. Any deviation from these assumptions will be included in the budget process for 2019/20 as pressures or savings.

7.2 Pay

- Annual increase in MTFP **2%**
- Salary Turnover Savings **£293,800**
- Pension Contribution Rate (Current Service) **15.6%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	13,609	136	272	408
Pension Contribution (£000)	1,732	17	35	52
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				
<u>Pensions</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Capacity to achieve salary turnover savings will be affected by the savings requirement from Vacancy Management and Voluntary Redundancy

7.3 **General Inflation**

- Annual increase in MTFP for expenditure **2%**
- Annual increase in MTFP for Income **3%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Expenditure (£000)	8,662	87	173	260
Income (£000)	(4,755)	(48)	(95)	(143)
		Risk		
		High	Medium	Low
<u>Expenditure Inflation</u>				
Likelihood of Change				
Impact of Change				
<u>Income Inflation</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Inflation level of 2% is set at the Bank of England target for inflation.

7.4 Investment Income

- Investment Returns –

	2019/20	2020/21	2021/22	2022/23	2023/24
Investments	1.18%	1.43%	1.55%	1.55%	2.18%
Property Fund	4.50%	4.50%	4.50%	4.50%	4.50%

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	11,672	117	233	350
Property Fund Income (£000)	3,383	34	68	101
		Risk		
		High	Medium	Low
<u>Investment Income</u>				
Likelihood of Change				
Impact of Change				
<u>Property Fund Income</u>				
Likelihood of Change				
Impact of Change				
<u>Average Balances</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved.
 - Capital Investment decisions will affect the Capital Financing Requirement and average balances
 - The investment returns used when the budget was set in February 2018 will need to be updated given current guidance on when interest rates are expected to change.

7.5 **Borrowing**

- Assumed Borrowing - 2019/20 **£17.467m** (Leisure Facilities)
- Assumed Borrowing Rate - 2019/20 **3.00%**

This borrowing is based on a Principal and Interest repayment loan for the development of new leisure facilities and is matched by a corresponding saving in the management fee of leisure facilities. Subject to further reports to the Executive.

- Assumed Capital Financing Requirement (CFR) & Minimum Revenue Provision (MRP):

	2019/20	2020/21	2021/22	2022/23	2023/24
CFR	27,929	29,937	30,511	30,639	30,712
MRP	84	238	298	542	545

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Borrowing Rate (£000)	17,467	175	349	524
MRP	84	1	2	3
		Risk		
		High	Medium	Low
<u>Increase to Borrowing Rate</u>				
Likelihood of Change				
Impact of Change				
<u>Increase to CFR</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - No borrowing assumed in MTFP other than for Leisure facilities
 - Any future Capital Programme decisions will likely require a borrowing requirement, either internal or external which will have an impact on the revenue budget
 - Re-profiling of anticipated capital receipts will impact on CFR, and subsequently MRP charge

8.0 Appendices

Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2019/20

Potential Risk	Financial Impact	Financial Exposure (£000)	Probability	Weighting	Risk Score	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	2	119	2	50%	4	60	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	226	3	75%	9	170	5% Charges Income forecasts for 2018/19
Underachievement of Investment Income	2	65	1	25%	2	16	0.5% of exposure of average balance of £17m
Insurance Excesses	1	40	3	75%	3	30	Based on 5% of insurance premia payments
Fall in Rental Income from Property	3	225	1	25%	3	56	5% of Rental Income (assumed at £4.5m for 2018/19)
Transformation not met	4	1,242	2	50%	8	621	2018/19 Transformation savings still to be actioned
Loss of Income from Retained Business Rates	4	1,715	3	75%	12	1,286	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS		4,832				3,339	
Maximum Risk Based Reserve Balances							4,832
Minimum Risk Based Reserve Balances							1,208
Current Level of Reserves (Projected as at 31/03/19) (General Fund)							4,692
Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based Reserves							1,353

Appendix B – Reserves & Provisions

Reserves

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Chief Finance Officer but approval of their use must be given by Council.	
GLL Reserve	273	To provide funds to purchase equipment from GLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of GLL Ltd.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.	This reserve has been highlighted as a potential funding source for the Sands Development as it is no longer required following the re-letting of the Leisure contract
Lanes Capital Reserve	45	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required
Asset Investment Reserve	48	To provide resources to purchase properties and fund associated revenue costs and to provide resources for investment in the Council's industrial estates to ensure rent yields are maintained/ increased.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
<i>Revenue Reserves</i>				
General Fund Reserve	2,000	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Chief Finance Officer. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> - Cash Flow requirements - Inflation and interest rates - Demand Led Budget Pressures - Efficiency and Productivity Savings - The Availability of funds to deal with major unexpected events or emergencies - Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	This reserve is still required and will be increased due to uncertainty regarding the BR retention and other government funding streams

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
Projects Reserve	2,773	The balance at 31 st March shall be earmarked to support potential revenue budget shortfalls identified by the Medium Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	Management of the reserve rests with the Chief Finance Officer. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Carry Forward Reserve	927	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets, but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Chief Finance Officer. Approval to release funds from the reserve can only be given by the Chief Finance Officer and/or The Chief Executive.	This reserve is reviewed as part of the annual outturn position to determine if all balances held therein are still required
Building Control Reserve	150	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
			by the Executive of the Council.	
Transformation Reserve	150	To fund any one off costs associated with transformation projects	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Cremator Reserve	850	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve could be released to General Fund
Car Park Enhancement Reserve	107	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Chief Finance Officer.	This reserve is still required
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
Leisure Reserve	0	To meet needs for procurement work in relation to Leisure Services.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Deputy Chief Executive, Portfolio Holder and Chief Finance Officer	This reserve is still required
Flood Reserve	2,014	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required and will be utilised to support uninsured costs from the flood claim and also reinstatement of assets
Prosecutions Reserve	41	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Chief Finance Officer.	This reserve is still required
Promoting Carlisle Reserve	20	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Chief Finance Officer.	This reserve is still required
Revenues & Benefits Reserve	338	To hold funds received by the Council from MHCLG and DWP which have not yet been utilised, to assist the Council in meeting its costs for future changes to Revenues and Benefits Service.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Portfolio Holder & Chief Finance Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Revenues Grants Reserve	1,920	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Chief Finance Officer in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Planning Services Reserve	28	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Chief Finance Officer.	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required

Provisions

Provision	Balance 31/3/18	Purpose	Future of the Provision
Business Rate Appeals	688	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	261	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2017 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Carlisle Renaissance Ringfenced Account	136	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore the provision is still required.
Land Charges Provision	131	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required for land and property initiatives

Provision	Balance 31/3/18	Purpose	Future of the Provision
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	12	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	6	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

Appendix C - Corporate Charging Policy

This appendix sets out the corporate approach to the setting of fees and charges.

The Corporate Charging Policy applies to those fees and charges that the Council has control over and can set independently of any statutory provision. Any services where charges are set by Government or where services have to be self-financing are excluded from the Corporate Charging Policy.

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2019/20 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

Each service is required to consider how and to what extent each of the following applies to the fees and charges it proposes to set:

1. Objectives of Charge - Set out the principal objective(s) of setting the charge:

- Recover cost of service provision
- Generate Surplus Income (where permitted)
- Maintain existing service provision
- Fund service improvements or introduction of new service(s);
- Manage demand for service(s)
- Promote access to services for low-income households;
- Promote equity or fairness;
- Achieve wider strategic policy objectives (e.g. encouraging green policies);

2. Other factors influencing decisions on whether and how much to charge:

- The Council's historic approach to charging
- The views of local politicians, service users and taxpayers
- Other councils' and service providers approach to charging
- Levels of central government funding and policy objectives
- The Council's overall financial position
- Changes in demand for services
- Policy on Concessions
- Availability of powers to charge for discretionary services (e.g. pre-application planning advice)
- Central government policy objectives

3. Targeting Concessions - The following target groups should be considered:

- Persons over the age of 65
- Unemployed
- Young persons under the age of 18
- Students in full time higher education
- Community Groups
- Those in receipt of supplementary benefits, tax credits, attendance allowance, disability living allowance and other appropriate groups

4. Trading

The Council is empowered to sell goods or services to other public bodies or trade commercially through a company with non-public bodies. The objectives should be considered for relevant services (including Building Cleaning and Maintenance, Vehicle Maintenance, Grounds maintenance, Legal Services, Human Resources, IT, Payroll, Planning and Development Services) as follows to:

- Deliver services more strategically on an area-wide basis
- Achieving greater efficiency
- Capitalise on expertise within the council
- Utilise spare capacity
- Generate income
- Support service improvement

5. Value For Money

- Has charging been used as a tool for achieving strategic policy objectives?
- Has the optimum use of the power to charge been used?
- Has the impact of charging on user groups been monitored?
- Has charging secured improvements in value for money?
- Has charging been used as a tool to reduce increases in Council Tax?

Appendix D – Gross Expenditure Breakdown

	Original Budget 2018/19 £
Expenditure	
Employee Related	14,517,400
Premises Related	3,733,300
Transport Related	1,392,900
Supplies & Services	5,185,500
Third Party Payments	2,887,700
Transfer Payments	26,516,600
Support Services	11,723,000
Capital Financing Costs	2,163,400
Carry forward approvals	710,800
Recharges	(13,665,300)
Total Expenditure	55,165,300
Income	
Government Grants	(1,902,600)
Specific Grants	(27,089,400)
Other Grant/Reimbursements/Contributions	(2,718,500)
Interest	(493,200)
Customer and Client Receipts	(10,865,800)
Total Income	(43,069,500)
Net Budget Requirement	12,095,800
Funded By:	
Council Tax	(6,904,800)
Council Tax Surplus	(97,200)
Revenue Support Grant	(434,100)
Retained Business Rates	(3,281,700)
Business Rates Growth/Pooling	(1,250,000)
Reserves	(128,000)
Total Funding	(12,095,800)

Business & Transformation Scrutiny Panel

Agenda
Item:

A.5

Meeting Date: 26 July 2018
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD12/18
Within Policy and Budget Framework YES
Public / Private Public

Title: DRAFT CAPITAL INVESTMENT STRATEGY 2019/20 to 2023/24
Report of: CHIEF FINANCE OFFICER
Report Number: RD14/18

Summary:

The Council's draft Capital Strategy for the period 2019/20 to 2023/24 was considered by the Executive on 23 July 2018.

Questions for / input required from Scrutiny:

To scrutinise, and provide feedback, on the Financial Policies to be adopted by the Council which will inform the Capital Programme and use of Capital Resources over the next five years.

Recommendations:

Members are asked to consider the report and make any recommendations back to the Executive for consideration at their meeting on 20 August 2018

Tracking

Executive:	23 July 2018
Overview and Scrutiny:	26 July 2018
Executive	20 August 2018
Council:	11 September 2018

Report to Executive

Agenda
Item:

Meeting Date: 23 July 2018
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD12/18
Within Policy and Budget Framework YES
Public / Private Public

Title: DRAFT CAPITAL INVESTMENT STRATEGY 2019/20 2023/24
Report of: CHIEF FINANCE OFFICER
Report Number: RD14/18

Purpose / Summary:

The Council's draft Capital Investment Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2019/20 to 2023/24. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, the Business and Transformation Scrutiny Panel will consider the draft on 26 July, with final recommendations to Council on 11 September 2018.

Recommendations:

The Executive is asked to:

- (i) Comment on the draft Capital Investment Strategy for consideration by the Business and Transformation Scrutiny Panel on the 26 July 2018.

Tracking

Executive:	23 July 2018
Overview and Scrutiny:	26 July 20018
Executive	20 August 2018
Council:	11 September 2018

1. BACKGROUND

- 1.1 The Capital Investment Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).
- 1.2 The Capital Investment Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 12 February 2018. This position has been updated to reflect any known changes since that date. The Strategy also incorporates the new requirements under the Prudential Code 2017 to link capital investment with treasury management activity and service objectives.

2. KEY MESSAGES

- 2.1 The Capital Investment Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
- Re-profiling of asset sales will have a significant impact on the revenue budget through the requirement to fund the capital programme with a borrowing requirement;
 - Additional Capital investment decisions will likely require revenue funding, either as a direct contribution from revenue reserves or through borrowing costs.
- 2.2 Although there is a forecast borrowing requirement to fund the capital programme, there are some factors that will also need consideration. These are:
- Asset sales generating receipts over current estimate levels will reduce any borrowing requirement;
 - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement;
 - A review of the current programme may relieve some of the expenditure pressures.

3. RISKS

- 3.1 The Capital Investment Strategy contains risk analysis of the issues that could potentially affect the budget and financial planning position.

4. CONSULTATION

- 4.1 The draft Capital Investment Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Business and Transformation Scrutiny Panel will consider the report on 26 July 2018 and recommendations made to full Council on 11 September.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The Executive is asked to:
Comment on the draft Capital Investment Strategy for consideration by the Business and Transformation Scrutiny Panel on the 26 July 2018.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 The Capital Investment Strategy contains the current capital programme and how this aims to enhance the Carlisle area through the development of new infrastructure to both improve service delivery and provide additional facilities in the area.

Contact Officer: Steven Tickner

Ext: 7280

Appendices **Appendix 1 – Capital Investment Strategy 2019/20 to 2023/24**
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:

Legal – The Council has a fiduciary duty to manage its resources correctly. The Capital Investment Strategy is an important part of the budgetary process and seeks to ensure a planned and coordinated approach to the delivery of projects within the parameters of our financial resources.

Finance – contained within the report

Equality – Strategy includes expenditure forecast for Disabled Facility Grants

Information Governance - There are no Information Governance Implications

Capital Investment Strategy

Carlisle City Council

2019/20 to 2023/24

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1.0 Introduction

- 1.1 The Capital Investment Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2017) and is required to be approved by Full Council.

The objectives of the Capital Investment Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
- Provide a longer-term view of capital expenditure plans;
- Provide an overview of asset management planning;
- Provide expectations around debt and use of internal borrowing to support capital expenditure;
- Define the authority's approach to commercial activities including due diligence and risk appetite;
- Defines the available knowledge and skills to the authority in relation to capital investment activities.

- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Council's policy on capitalisation is included in the Accounting Policies of the Statement of Accounts. The policy states that items of vehicle, plant and equipment over £5,000 will be capitalised and expenditure on land, buildings and other structures over £20,000 will be capitalised. Expenditure under these limits is deemed to be a revenue cost.

1.3 **Evaluation and Monitoring of Capital Projects**

The evaluation and monitoring of capital projects is important to enable the Council to determine:

- If projects have met their individual objectives for service provision,
- If projects have been delivered on time and to budget, or whether lessons need to be learned to improve processes in the future,
- If projects have contributed to the overall aims and objectives of the Council.

1.4 To assist with these processes, the Council has a series of procedures in place as a capital project develops. These consist of: -

- Consideration of all aspects of a capital project by the Transformation Sub-Group, comprising senior officers of the Council, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted to members for consideration as part of the normal budget process.
- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.
- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to Council as required.
- The Senior Management Team and the Executive receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process also includes the evaluation of completed capital projects to assess if their individual aims and objectives have been met, and makes recommendations where necessary to improve the delivery of similar projects in the future.
- The Council's Business and Transformation Scrutiny Panel also critically examines the performance in delivering capital projects on a quarterly basis.

1.5 **Current Asset Portfolio**

The Council holds a significant asset portfolio that supports both its operational activities and non-operational activities from which it receives significant rental income.

The rental income it receives is used to support Council services and provides a significant proportion of the income it receives. The income from rentals on the non-operational asset portfolio is 64% of what the Council receives in funding from Council Tax.

Asset Category	Valuation 31/03/18 £000	Rental Income £000	Other Income £000	Total Income 17/18 £000
Investment Property	87,484	4,221	0	4,221
Surplus Assets	1,153	32	0	32
Assets Held for Sale	382	0	0	0
Land & Buildings	29,586	152	3,860	4,012
Infrastructure	5,082	0	0	0
Community Assets	4,021	0	0	0
Dwellings	198	0	0	0
Vehicles Plant & Equipment	6,736	0	0	0
Heritage	19,502	0	0	0
Assets Under Construction	25	0	0	0
TOTAL	154,169	4,405	3,860	8,265

Investment Property (Non-Operational)

These assets include Industrial Estates, land held for capital appreciation and rental income, Lanes Shopping Centre

Surplus Assets (Non-Operational)

These assets include land held that do not generate significant rental incomes or are held for capital appreciation

Assets Held for Sale (Non-Operational)

This relates to assets that have been identified for sale and are in the process of being disposed at the Balance Sheet date.

Land & Buildings (Operational)

These are operational properties that are used to deliver council services and include Council accommodation, community centres, car parks and hostels

Infrastructure (Operational)

These assets include bridges and footpaths

Community Assets (Operational)

These assets include parks and open spaces

Dwellings (Operational)

These assets are primarily homeshares used by the homelessness service

Vehicles, Plant and Equipment (Operational)

These assets are used in the delivery of Council services and include all Council owned vehicles, IT equipment, play equipment and green spaces equipment

Heritage (Operational)

These assets relate to items of heritage and include the Tullie House Museum Collection and statues and monuments.

Assets Under Construction (Non-Operational)

These are assets that are in the course of construction but have not yet been completed.

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2018, this totalled £15million, which represents a debt cover ratio of 9.7%.

2.0 Financial Principles supporting the Capital Strategy

2.1 Capital expenditure is to be incurred in line with Financial Procedure Rules as follows:

- The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Council (2.14);
- Capital Programme – Key controls and responsibilities of the Chief Finance Officer and Corporate Directors (B.51 – B66).

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;

- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Revisit the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;
- The reinstatement works for flood affected assets are likely to increase the capital programme but will be funded mainly from insurance settlements;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - Fundamental review of existing capital programme to ensure that schemes are still required and are accurate;
 - Maximisation of the use of grants and contributions from external sources;
 - Providing a recurring revenue contribution to the capital programme;
 - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme currently assumes a £19.5million redevelopment of Leisure Facilities funded from borrowing of £17.5million with the borrowing costs funded from reduction in Leisure subsidy.*

2.3 **Carlisle Plan and Other Council Strategies, Plans and Policies**

The Carlisle Plan forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.

The Capital Strategy must both support and inform the Council's vision for the Carlisle area and the strategic direction set out in the Carlisle Plan. This is to enable resources to be matched against the agreed priorities and any other supporting needs.

The Capital Investment Strategy takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of

resources by the Council. Particularly consideration is given to the following key strategies:

- The Medium Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Procurement and Commissioning Strategy.
- Local Plan/Local Development Framework.
- The ICT Strategy.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.
- Directorate Service Plans will be used to inform the budget setting process and identify key strategic and operational objectives and the resources required to deliver those.

3.0 Capital Expenditure

3.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets is likely to have implications on the revenue budget.

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in new Leisure facilities primarily funded from borrowing that will offset by a reduction in the subsidy payable on the Leisure contract.

Other capital investment opportunities may present themselves over the lifetime of the MTFP with initiatives progressing for Kingstown FAMO, Garden City and Borderlands. Each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments. Each business case will be subject to the usual due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy. Further details on the Council's attitude to risk and due diligence is given at section 5 (Commercial Activity).

The table below shows the current capital resources at the end of 2017/18 before any new decisions around capital investment are made.

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Borrowing Requirement B/Fwd	818					
Estimated resources available in year (Table 3)	(7,167)	(5,263)	(2,965)	(2,603)	(2,393)	(2,393)
Proposed Programme (Table 2)	9,159	18,538	5,223	3,487	3,075	1,778
(Surplus Capital Resources) / Borrowing Requirement - Cumulative	2,810	16,085	18,343	19,227	19,909	19,294

Table 1: Current Capital resources

3.2 **Current Expenditure Forecast**

The Council approved the current forecast for the period 2018/19 to 2022/23 in February 2018 and details are shown below adjusted for the outturn from 2017/18 and also for decisions made in relation to capital investment between April and June 2018.

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Disabled Facilities Grants	3,079	1,467	1,467	1,467	1,467	1,467
Vehicles Plant & Equipment	1,107	896	647	1,486	1,297	0
Property Enhancements	170	150	150	150	150	150
ICT Infrastructure	100	0	0	0	0	0
ICT Strategy	258	48	83	83	116	116
Play Areas - Green Gym	25	0	0	0	0	0
Play Areas	4	0	0	0	0	0
Crindledyke Cycleway	129	0	0	0	0	0
Tennis Facilities	503	0	0	0	0	0
Cycle Track	13	0	0	0	0	0
RBS ICT Upgrades	45	0	0	0	0	0
Affordable Homes	115	0	0	0	0	0
Central Plaza	(52)	0	0	0	0	0
Public Realm Improvements	5	0	0	0	0	0
Kingstown Industrial Estate	10	0	0	0	0	0
Minor Works Grants	23	0	0	0	0	0
Old Town Hall / Greenmarket	380	0	0	0	0	0
Fusehill St Play Area	35	0	0	0	0	0
Planning Software	150	0	0	0	0	0
Regeneration of Botchergate / London	247	247	247	247	0	0
Chatsworth Sq/Portland Sq THI	295	290	290	0	0	0
Cemetery Infrastructure	30	0	0	0	0	0
Recycling Containers	45	45	45	45	45	45
Business Interaction Centre	510	0	0	0	0	0
Car Park Improvements	164	0	0	0	0	0
Leisure Facilities	1,769	15,395	2,294	9	0	0
Total Programme	9,159	18,538	5,223	3,487	3,075	1,778

Table 2: Current Capital Programme

3.3 **Current Resource Forecasts**

The Council's capital programme can be financed, (or paid for), through a variety of sources and the Chief Finance Officer will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. Table 3 shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Grants & Contributions	2,908	3,947	1,947	1,677	1,467	1,467
Capital Receipts (General & PRTB)	0	0	0	0	0	0
Capital Receipts (Asset Review)	2,754	0	0	0	0	0
Revenue Financing	1,376	1,316	1,018	926	926	926
S.106 Funding	129	0	0	0	0	0
Total Resources Receivable in Year	7,167	5,263	2,965	2,603	2,393	2,393
Borrowing Requirement (in Year)	1,992	13,275	2,258	884	682	(615)

Table 3: Current Proposed Resources

There is a further £136,000 held within capital grants unapplied account that are not currently allocated to fund specific projects and are therefore not included within the figures above or the opening balances. These can only be utilised on projects linked to the original grant allocations.

3.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2018/19 the Council has budgeted to receive £1,467,300. There have been changes to the way the grant is now distributed with the funding being provided to the County Council as the Better Care provider who then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

3.3.2 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget

3.3.3 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets.

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £2.754million are included in the Capital programme to be achieved in 2018/19. A review of the profiling of sales is being undertaken to ensure that receipts are allocated to the correct financial period.

3.3.4 **Borrowing Requirement**

The borrowing requirement includes £17.5m prudential borrowing already included in the MTFP for the funding of Leisure Facilities and this is to be paid for through a reduction in the Leisure contract fee. However the final costs and funding requirements will be subject to further reports during the budget process.

3.4 **Asset Management**

A separate Asset Management Plan is produced annually by the Council that outlines the ongoing asset management requirements to maintain the property portfolio. This Plan is considered alongside the MTFP and the Capital Investment Strategy.

The Council also maintains a vehicle Plant and Equipment Replacement Plan which outlines the anticipated replacement lifecycle for the main items of fleet it requires to operate services. This plan is updated annually and is fed into the budget process to determine the capital requirement.

4.0 Debt, Borrowing and Treasury Management

4.1 Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004 with authorities now able to borrow as much as it wishes provided that it can afford the repayments from its revenue budget.

The Council has a borrowing requirement in its current capital programme of £17.5million to support the development of Leisure Facilities. This cost of this borrowing requirement is included in the Medium Term Financial Plan and is also offset by a corresponding saving from the Council's Leisure Contract.

Borrowing can be undertaken through external loans with, for example, the Public Works Loan Board (PWLb), or can be undertaken by utilising internal resources, i.e. investment balances. This is known as internal borrowing.

The Chief Finance Officer is delegated with responsibility for the financing of the capital programme and as such may make borrowing decisions based upon interest rates, the Council's cash flow projections and other economic factors, in order to optimise the overall use of resources. External advice will be sought from the Council's Treasury advisors, Link, if necessary.

In order to reduce the exposure of the council to a borrowing requirement the following steps should be examined when determining proposed capital programmes:

- Fundamental review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

Where possible the Council will attempt to avoid using any debt financing for capital projects, however, it recognises that this is not always possible. In cases where debt financing is unavoidable, the Council will consider robust business cases to ensure the servicing of debt costs can be adequately met from revenue resources without having an adverse impact on service delivery. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Council has at the point

in time it is taken out. The Council will look to repay all borrowing either before or upon its actual maturity profile.

4.2 **The Capital Financing Requirement**

The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.

Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP on a straight line basis at 3% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Total Capital Expenditure	9,159	18,538	5,223	3,487	3,075	1,778
Capital Resources Receivable in Year	(7,167)	(5,263)	(2,965)	(2,603)	(2,393)	(2,393)
MRP & Repayment of Debt	(11)	(92)	(247)	(307)	(550)	(554)
Change in Underlying need to borrow	1,981	13,183	2,011	577	132	(1,169)
CFR Brought Forward	12,656	14,637	27,820	29,831	30,408	30,540
CFR Carried Forward	14,637	27,820	29,831	30,408	30,540	29,371
Adjustment A Revision	(4,426)	(4,426)	(4,426)	(4,426)	(4,426)	(4,426)
CFR FOR MRP PURPOSES	10,211	23,394	25,405	25,982	26,114	24,945

Table 6: Capital Financing Requirement

4.3 Investment and Reserve Balances

An important consideration to understand when making capital investment decisions, especially when a borrowing requirement exists is the relationship between the Council's available cash investment balances and its reserves.

At 31 March 2018, the Council had cash and investments of £11.672million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2019, investment balances would fall to around £9.496m. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Total Investments	11,672	9,496	(3,674)	11,130	10,041	9,132	9,900
<i>Made up of:</i>							
General Fund Reserves	5,700	5,619	5,618	5,650	5,821	5,727	6,010
Capital Reserves	366	381	396	411	426	441	456
Earmarked Revenue Reserves	5,866	5,866	5,866	5,866	5,866	5,866	5,866
Provisions	1,365	1,365	1,365	1,365	1,365	1,365	1,365
Collection Fund Adj Account	(165)	(165)	(165)	(165)	(165)	(165)	(165)
Capital Grants Unapplied	136	136	136	136	136	136	136
Working Capital	(3,953)	(4,082)	(4,083)	(4,083)	(4,083)	(4,082)	(4,082)
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	9,315	9,120	9,133	9,180	9,366	9,288	9,586
Surplus Cash/(Cash Deficit)	2,357	376	(12,807)	1,950	675	(156)	314

Table 7: Investments and Reserves

The figures above are based on assumptions regarding budgets being fully spent with no over/under spends and reserves utilised as per current budget projections.

The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2023/24.

This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Outturn	Forecasts					
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CFR (Underlying Need to borrow)	12,656	14,637	27,820	29,831	30,408	30,540	29,371
Total Borrowing	15,013	15,013	15,013	31,781	31,083	30,384	29,685
(Over)/Under Borrowing Position	(2,357)	(376)	12,807	(1,950)	(675)	156	(314)
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Over)/Under Borrowing Position	(2,357)	(376)	12,807	(1,950)	(675)	156	(314)

Table 8: Borrowing position

Therefore, the Council is holding £2.357million of cash in its investment balances that can be attributed to the amount of debt it holds. Where actual

debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

As the figures shown above are based on forecast levels of expenditure linked to current budgets and anticipated receipts, actual figures will vary in each year depending upon actual expenditure and income levels.

4.4 **Authorised Limit and Operational Boundary**

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by Council in February each year.

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. **However, the overall authorised limit is not to be exceeded without prior Council approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the Council is asked to delegate authority to the Chief Finance Officer to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior Council approval providing that it remains within the authorised limit.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2017/18 actual £000	2018/19 estimate £000	2019/20 estimate £000	2020/21 estimate £000	2022/23 estimate £000	2021/22 estimate £000
Authorised Limit for External Debt:						
- Borrowing	37,500	37,500	37,500	37,500	37,500	37,500
- Other Long Term Liabilities	100	100	100	100	100	100
TOTAL	37,600	37,600	37,600	37,600	37,600	37,600
Operational Boundary for external debt:						
- Borrowing*	32,500	32,500	32,500	32,500	32,500	32,500
- Other Long Term Liabilities	100	100	100	100	100	100
TOTAL	32,600	32,600	32,600	32,600	32,600	32,600

5.0 Commercial Activity

- 5.1 The Council has used its asset portfolio to operate in a commercial manner for many years. Much of the investment property portfolio is held on long term leases which provide a guaranteed rental return from the asset with regular rental review built into the terms of each lease. This way of operating therefore provides some certainty about the income levels receivable.

With reductions in funding the Council is having to look at commercial activities to supplement its income and support service delivery. However, to minimise risk of potential loss of income in the longer term it needs to ensure that any investment opportunities are based upon sound decision making that consider the future likelihood of investment income reducing.

Therefore, when making commercial investment decisions the Council will follow the principles set out below:

- Commercial capital investments will only be made to enhance the Council's asset portfolio and will be linked to the delivery of the Carlisle Plan;
- Consideration will be given to the economic development potential of any investment decision;
- Expert advice will be sought to ensure any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer a sound investment return without risking the capital invested;
- Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken;
- Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income;
- Capital investment decision will be subject to the usual governance processes of consideration by Executive, scrutiny by the appropriate panel and Council approval where a budget is required to be established;

6.0 Other Long-Term Liabilities

- 6.1 The Council currently holds a £15million stock issue loan that is due for redemption in 2020. This debt is factored into the Medium Term Financial Plan to be re-financed in 2020 at a lower rate of interest. The loan is currently repayable at 8.75% and the MTFP assumes that the new borrowing will be at a lower interest rate, however, the actual rate achieved will depend on prevailing market rates at the time the loan is re-financed. The MTFP also assumes that any new loan will be taken on a principal repayment term so that the debt repaid fully once the new term ends.

7.0 Knowledge and Skills

7.1 The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Council employs professionally qualified legal, finance and property officers who are able to offer advice and guidance when considering any capital investment decisions.

7.3 Finance

Finance staff are professionally qualified to advise the Council on all financial aspects of capital decisions. They also have the necessary experience of how the Council works having been in post for a number of years. Finance staff also undertake Continuous Professional Development and the Council is an accredited body of the CIPFA (Chartered Institute of Public Finance Accountancy) CPD scheme. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.4 Property

The City Council's in-house property team is made up of a number of Chartered Surveyors who advise the Council on all property matters. They are all members of the Royal Institution of Chartered Surveyors (RICS) and comply with the RICS's rules in relation to Continuing Professional Development. The Property Services Manager is also an RICS Registered Valuer. The Council is a member of ACES – the Association of Chief Estates Surveyors and Property Managers in the Public Sector. The team have extensive property knowledge and have worked for the Council for a number of years.

7.5 Legal

Legal Staff are professionally qualified as either solicitors or legal executives and are regulated by their respective professional bodies (Solicitors Regulation Body/Institute of Legal Executives). The staff undertake Continuing Professional Development and their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing. All staff are aware of the operational structure of the Council. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.6 **External Advice**

The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Council uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing
- **ChanceryGate** – Property and Asset Management and asset development opportunities in relation to Kingstown Industrial Estate

APPENDIX A

Capital Programme – Risk Assessment

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

Report to Business & Transformation Scrutiny Panel

Agenda
Item:
A.6

Meeting Date: 26 July 2018
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: QUARTER 1 PERFORMANCE REPORT 2018/19
Report of: Policy and Communications Manager
Report Number: PC 12-18

Purpose / Summary:

This report contains the Quarter 1 2018/19 performance against the current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. Performance against the Panel's 2018/19 Key Performance Indicators (KPIs) are also included.

Recommendations:

1. Consider the performance of the City Council and proposed changes to measures as presented in the report with a view to seeking continuous improvement in how the Council delivers its priorities.

Tracking

Executive:	17/9/18
Scrutiny:	Business and Transformation 26/7/18 Health and Wellbeing 23/8/18 Economic Growth 30/8/18
Council:	N/A

1. BACKGROUND

This report contains the Quarter 1 2018/19 performance against the Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. The Panel's Key Performance Indicators (KPIs) are also included.

Service Standards were introduced in 2012 after consultation with Service Managers, DMTs, SMT and JMT. Following a review of the initial set of five Service Standards, five further measures were introduced from Quarter 2 2017/18. All measures were reviewed by officers at the end of 2017/18 and the recommendations are included below for the Panel's consideration.

Service Standards are the measures judged to be the most important to our customers and therefore the mostly likely to influence the overall satisfaction with how the Council performs. The following pages contains the Council's performance against the Service Standards for this Panel.

The appendix attached contains the Council's performance against the KPIs within the Panel's remit.

The updates against the actions in the Carlisle Plan are presented in Section 2. Only actions within the remit of the Panel are included in this report. The intention is to give the Panel a brief overview of the current position without duplicating the more detailed reporting that takes place within the Scrutiny agendas and Portfolio Holder reports.

Summary of KPIs and Service Standards:

Service Standards – 0 'red', 2 'amber' and 3 'green'

KPIs – 0 'red', 2 'amber', 4 'green'

Summary of Exceptions (RED)

None

2. PROPOSALS

All KPIs and Service Standards were reviewed by officers at the end of 2017/18 and the recommendations for changes to measures within this Panel's remit are included below for consideration:

Measures no longer reported:

Code	Measure	Portfolio	Comments
CSR11	Approval of a balanced budget by an agreed date	Finance, Governance & Resources	Covered by corporate finance reporting
CSR12	Accounts signed off within statutory deadlines	Finance, Governance & Resources	Covered by corporate finance reporting

Target changes:

Code	Measure	Portfolio	Comments
CS34	Percentage of service plans complete	Finance, Governance & Resources	Target increased to 100%
CSR19	Internal Audit - Percentage of individual reviews completed to required standard within target days	Finance, Governance & Resources	Target increased from 50% to 60%
CSR17	Internal Audit - Percentage of final internal audit reports issued for Corporate Director comments within 8 working days of management response or closeout	Finance, Governance & Resources	Target increased from 80% to 90%

Other target changes are where the aim is to improve on the previous year and the financial measures which are set as part of the budget setting process.

New measures:

Proposed Code	Measure	Portfolio	Comments
CSR23	Revenue gained from external delegates enrolled on City Council training events	Finance, Governance & Resources	Links to service plan

CSR24	Attainment of the 'Better Health at Work Award'	Finance, Governance & Resources	Links to service plan
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3. RISKS

None

4. CONSULTATION

The report was reviewed by Directorate Management Teams in July, by the Senior Management Team on 23 July 2018 and will be considered at the other Scrutiny Panels.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Panel are asked to comment on the End of Year Performance Report prior to it being submitted to Executive.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

Detail in the report.

Contact Officer: Gary Oliver

Ext: 7430

Appendices attached to report:

Performance Dashboard

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:

LEGAL - This report raises no explicit legal issues.

FINANCE – This report raises no explicit financial issues

EQUALITY – This report raises no explicit issues relating to the Public Sector Equality Duty.

INFORMATION GOVERNANCE – This report raises no explicit issues relating to Information Governance.

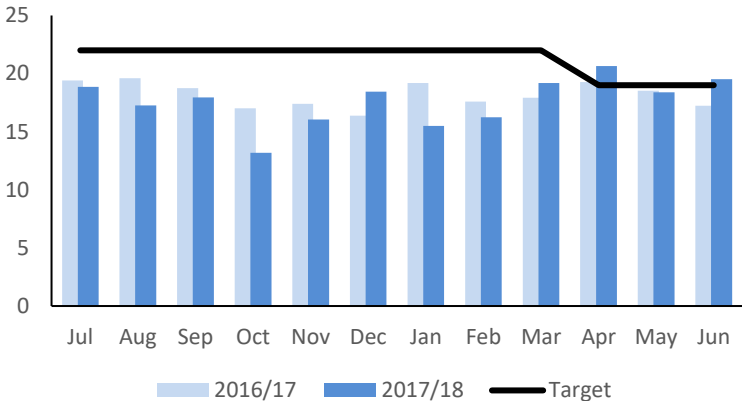

Section 1: Service Standards 2018/19

Service Standards were introduced in 2012 after consultation with Service Managers, DMTs, SMT and JMT. Following a review of the initial set of five Service Standards, five further measures were introduced from Quarter 2 2017/18.

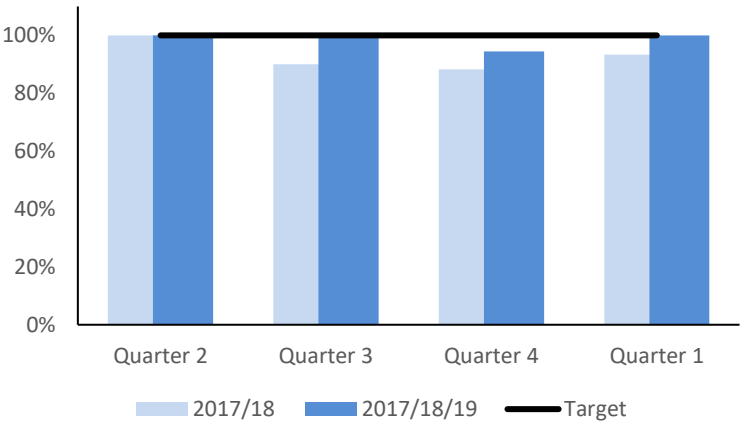
Service Standards are the measures judged to be the most important to our customers and therefore the mostly likely to influence the overall satisfaction with how the Council performs.

The following pages contains the Council's performance against the Service Standards within the Panel's remit.

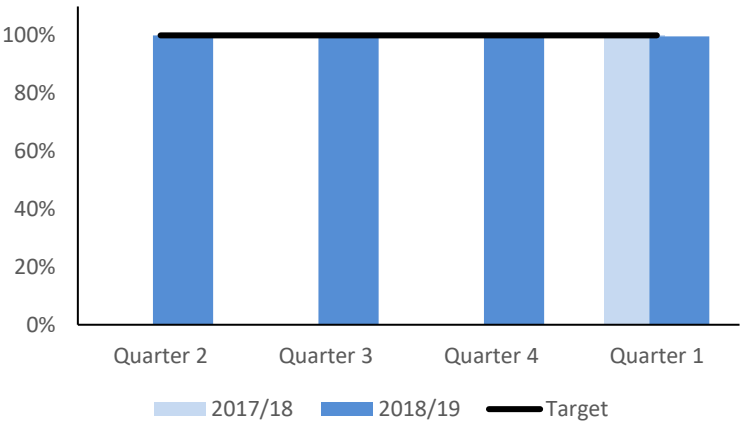
SS04: Average number of working days to process new benefits claims

Service Standard	Quarter 1 2018/19	Performance by Month	Further Information																																																				
New claims should be processed within 19 days to achieve top two quartiles compared to other local authorities	19.5 days (Q1 2017/18: 17.2 days)	 <table><thead><tr><th>Month</th><th>2016/17</th><th>2017/18</th><th>Target</th></tr></thead><tbody><tr><td>Jul</td><td>19.5</td><td>19.0</td><td>22.0</td></tr><tr><td>Aug</td><td>19.5</td><td>17.5</td><td>22.0</td></tr><tr><td>Sep</td><td>18.5</td><td>18.0</td><td>22.0</td></tr><tr><td>Oct</td><td>17.0</td><td>13.5</td><td>22.0</td></tr><tr><td>Nov</td><td>17.5</td><td>16.5</td><td>22.0</td></tr><tr><td>Dec</td><td>16.5</td><td>18.5</td><td>22.0</td></tr><tr><td>Jan</td><td>19.0</td><td>15.5</td><td>22.0</td></tr><tr><td>Feb</td><td>17.5</td><td>16.5</td><td>22.0</td></tr><tr><td>Mar</td><td>18.0</td><td>19.0</td><td>22.0</td></tr><tr><td>Apr</td><td>19.5</td><td>20.5</td><td>19.0</td></tr><tr><td>May</td><td>18.5</td><td>18.5</td><td>19.0</td></tr><tr><td>Jun</td><td>17.5</td><td>19.5</td><td>19.0</td></tr></tbody></table>	Month	2016/17	2017/18	Target	Jul	19.5	19.0	22.0	Aug	19.5	17.5	22.0	Sep	18.5	18.0	22.0	Oct	17.0	13.5	22.0	Nov	17.5	16.5	22.0	Dec	16.5	18.5	22.0	Jan	19.0	15.5	22.0	Feb	17.5	16.5	22.0	Mar	18.0	19.0	22.0	Apr	19.5	20.5	19.0	May	18.5	18.5	19.0	Jun	17.5	19.5	19.0	1021 new claims so far in 2018/19 – increase of 19.8% compared to same period in 2017/18. Target stretched for 2018/19.
	Month		2016/17	2017/18	Target																																																		
	Jul		19.5	19.0	22.0																																																		
Aug	19.5	17.5	22.0																																																				
Sep	18.5	18.0	22.0																																																				
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On target?																																																							
																																																							

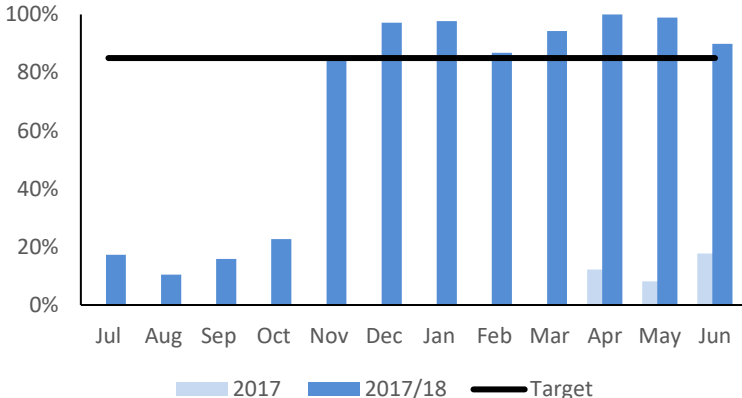
SS05: Proportion of corporate complaints dealt with on time

Service Standard	Quarter 1 2018/19	Performance by Quarter	Further Information
Corporate complaints should be dealt with within 15 working days	100%	 <p>100% (Q1 2017/18: 93%)</p> <p>On target?</p> <p>✓</p>	7 out of 7 corporate complaints have been completed on time so far in 2018/19. 15 complaints were made in the same period last year. One complaint has been referred to the Ombudsman but the Council was not found to be at fault and two complaints have gone to appeal.

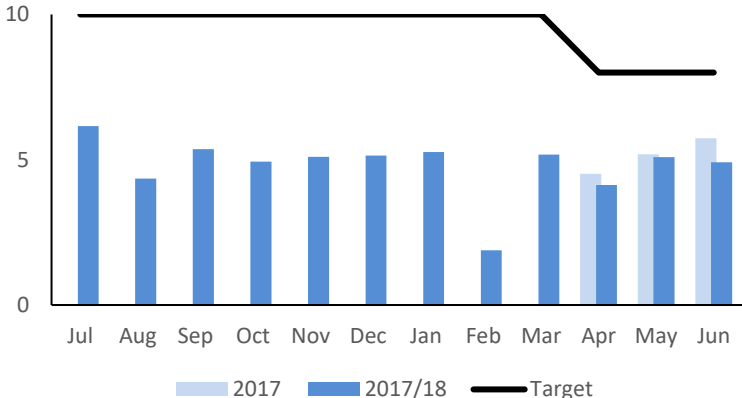
SS07: Proportion of non-contentious licence applications completed on time

Service Standard	Quarter 1 2018/19	Performance by Month	Further Information
100% of non-contentious licence applications should be completed within 10 working days	99.7%	 <p>2017/18 2018/19 Target</p>	<p>295 out 296 applications completed on time in Quarter 1.</p> <p>In 2017/18 100% of 871 applications were completed on time.</p>
	On target?		
	▲		

SS08: Proportion of official local authority searches completed on time

Service Standard	Quarter 1 2018/19	Performance by Month	Further Information																																							
85% of official local authority searches should be completed within 10 working days	96.3% (Q1 2017/18: 12.4%)	 <table><thead><tr><th>Month</th><th>2017 (%)</th><th>2017/18 (%)</th></tr></thead><tbody><tr><td>Jul</td><td>18</td><td>18</td></tr><tr><td>Aug</td><td>10</td><td>10</td></tr><tr><td>Sep</td><td>15</td><td>15</td></tr><tr><td>Oct</td><td>22</td><td>22</td></tr><tr><td>Nov</td><td>85</td><td>85</td></tr><tr><td>Dec</td><td>95</td><td>95</td></tr><tr><td>Jan</td><td>95</td><td>95</td></tr><tr><td>Feb</td><td>85</td><td>85</td></tr><tr><td>Mar</td><td>90</td><td>90</td></tr><tr><td>Apr</td><td>12</td><td>98</td></tr><tr><td>May</td><td>8</td><td>98</td></tr><tr><td>Jun</td><td>18</td><td>88</td></tr></tbody></table>	Month	2017 (%)	2017/18 (%)	Jul	18	18	Aug	10	10	Sep	15	15	Oct	22	22	Nov	85	85	Dec	95	95	Jan	95	95	Feb	85	85	Mar	90	90	Apr	12	98	May	8	98	Jun	18	88	217 searches were completed in Quarter 1 – over 17% more than the same quarter last year. .
	Month		2017 (%)	2017/18 (%)																																						
	Jul		18	18																																						
Aug	10	10																																								
Sep	15	15																																								
Oct	22	22																																								
Nov	85	85																																								
Dec	95	95																																								
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Feb	85	85																																								
Mar	90	90																																								
Apr	12	98																																								
May	8	98																																								
Jun	18	88																																								
On target?																																										
✓																																										

SS10: Average number of working days to process benefit claimants' changes of personal details

Service Standard	Quarter 1 2018/19	Performance by Month	Further Information																																																				
Changes should be processed within 8 days	4.7 days (Q1 2017/18: 5.1 days)	 <table><thead><tr><th>Month</th><th>2017</th><th>2017/18</th><th>Target</th></tr></thead><tbody><tr><td>Jul</td><td>6.2</td><td>6.2</td><td>10.0</td></tr><tr><td>Aug</td><td>4.5</td><td>4.5</td><td>10.0</td></tr><tr><td>Sep</td><td>5.5</td><td>5.5</td><td>10.0</td></tr><tr><td>Oct</td><td>5.0</td><td>5.0</td><td>10.0</td></tr><tr><td>Nov</td><td>5.2</td><td>5.2</td><td>10.0</td></tr><tr><td>Dec</td><td>5.3</td><td>5.3</td><td>10.0</td></tr><tr><td>Jan</td><td>5.4</td><td>5.4</td><td>10.0</td></tr><tr><td>Feb</td><td>2.0</td><td>2.0</td><td>10.0</td></tr><tr><td>Mar</td><td>5.2</td><td>5.2</td><td>8.0</td></tr><tr><td>Apr</td><td>4.5</td><td>4.2</td><td>8.0</td></tr><tr><td>May</td><td>5.2</td><td>5.2</td><td>8.0</td></tr><tr><td>Jun</td><td>5.8</td><td>5.0</td><td>8.0</td></tr></tbody></table>	Month	2017	2017/18	Target	Jul	6.2	6.2	10.0	Aug	4.5	4.5	10.0	Sep	5.5	5.5	10.0	Oct	5.0	5.0	10.0	Nov	5.2	5.2	10.0	Dec	5.3	5.3	10.0	Jan	5.4	5.4	10.0	Feb	2.0	2.0	10.0	Mar	5.2	5.2	8.0	Apr	4.5	4.2	8.0	May	5.2	5.2	8.0	Jun	5.8	5.0	8.0	Nearly eight thousand five hundred changes have been processed in the 2018/19 year to date. February's high processing speeds are due to the annual recalculations on claimants' accounts. Target stretched for 2018/19.
	Month		2017	2017/18	Target																																																		
	Jul		6.2	6.2	10.0																																																		
Aug	4.5	4.5	10.0																																																				
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Jun	5.8	5.0	8.0																																																				
On target?																																																							
✓																																																							

Section 2: Key Performance Indicators (KPIs)

Service Standards are not the only set of measures used to interrogate the performance of the Council. Alongside the review of Service Standards, a set of Key Performance Indicators, derived from the links between the service plans and Budget Resolution were developed. These are attached as a Dashboard.

Section 3: Carlisle Plan on a Page Nov 16 – Mar 18 Delivery

Priority 1: Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle

Business Property & Infrastructure:

OUTCOME	<u>2. City Centre redevelopment projects</u>
SMT OWNER	Jane Meek
Scrutiny Panel	Economic Growth / Business & Transformation
Specific – What is the task	Promote development opportunities and regeneration opportunities within the city centre (including Carlisle Station, Caldew Riverside, The Citadel, English Street and the Pools.)
Measurable – How will success be measured?	Produce a report setting out the alternatives and preferred options for the delivery of these city centre development opportunities.
Achievable – Is it feasible?	Yes
Realistic – Resources available	The technical and complex nature of the work will necessitate the engagement of external experts drawing on the awarded Local Growth Fund.
Time Bound – Start/end dates	The report will be completed within the current financial year. Work will commence Q3 2017/18 with a final draft produced by the end of Q4.
Progress in Quarter 1 2018/19 against project plan / key milestones achieved	Review of current market interest in Carlisle completed. Ongoing exploration of potential delivery options.
Emerging issues / risks to the project	None

Priority 2: Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents

Service and Facilities Development:

OUTCOME	<u>12. Develop and deliver the proposed new leisure contract to improve facilities at The Sands Centre in line with the City Sports Facilities Development Plan and enhance the leisure services across the city.</u>
SMT OWNER	Darren Crossley
Scrutiny Panel	Business & Transformation / Health & Wellbeing
Specific – What is the task	<ol style="list-style-type: none"> 1. To retender and award a new leisure contract with a significantly reduced subsidy. 2. Develop Outline Designs and budgetary package and secure approvals for Sands Centre Development. 3. Complete works on cycle track and open the facility. 4. Complete works on Tennis Canopy and open the facility.
Measurable – How will success be measured?	<ol style="list-style-type: none"> 1. The award of a new contract. 2. Executive approval for outline designs and consent (inc budgetary provision) to develop detailed design and works. 3. An operational track by October 2017. 4. Canopy covered courts were intended to be underway by Spring 2018. Pre-construction surveys have delayed commencement of works.
Achievable – Is it feasible?	<ol style="list-style-type: none"> 1. Complete. 2. Sufficient budget and permission has been secured to appoint a design team to take the project to the end of detailed design. 3. Works are complete. The final account from the contract administrator is pending. 4. Support in place from the LTA and a clear scheme identified, subject to planning permission the canopy can be delivered.
Realistic – Resources available	<ol style="list-style-type: none"> 1. Complete.

	<ol style="list-style-type: none"> 2. The project is on schedule and has adequate financial resource to be completed. 3. Works are complete. The final account from the contract administrator is pending. 4. Sufficient budgetary provision has been made via grant funding from the LTA and the city council's capital programme.
Time Bound – Start/end dates	<ol style="list-style-type: none"> 1. Complete 2. By 1/12/18 3. Track opened 5th January 2018. Final account from contract administrator pending. 4. By 1/2/18
Progress in Quarter 1 2018/19 against project plan / key milestones achieved	<ol style="list-style-type: none"> 1. Complete. 2. Detailed design work on-going. RIBA Stage 3 approaching completion. Planning application due to be submitted in August, in advance of this, public consultation event is scheduled for the end of July 2018. 3. Cycle track complete and operational. <p>Contract negotiations with contractor are almost complete but signing of any contract will be subject to securing build over consent from United Utilities (see emerging risks and issues below)</p>
Emerging issues / risks to the project	<ol style="list-style-type: none"> 1. Complete. 2. None 3. Final account from contract administrator pending. <p>Pre-construction surveys have revealed that the large and Victorian built public sewer running underneath the Courts is in poor condition and the foundations will require re-design work to ensure they do not affect the sewer (this will be a condition for United Utilities consent). The Design & Construction team are currently considering these issues but are aware the budget remains fixed. The City Council will not enter into any construction contracts until the build over status is agreed.</p>

Business & Transformation Scrutiny Panel

Performance Dashboard 2018/19 to end of Quarter 1

Key	
↓	Performance is deteriorating
↑	Performance is improving
→	No change in performance
✗	Off target
▲	Close to target (within 5%)
✓	On target

On Target?	Code	Measure	Frequency of Measure	Year-to-date Performance	Trend	Year-to-date Target	Comments
✓	CSR01	Actual net spend as a percentage of annual net budget.	Quarterly	35.0%	↑	36%	£158k underspend in Quarter 1
✓	CSR02	Percentage of all invoices paid within 30 working days	Monthly	98.2%	↑	98%	2725 invoices paid
✓	CSR04	Proportion of customer "calls for service" logged in Salesforce completed on-line	Monthly	12.8%	↑	8.5%	From calls logged in Salesforce CRM (847 out of 6610 logs).
▲	CSR09	Percentage of Council Tax collected	Quarterly	29.07%	↑	29.11%	
▲	CSR10	Percentage of NNDR collected	Quarterly	31.2%	↓	31.7%	
N/A	GRS04	Proportion of contested licence applications decided on within 50 working days.	Quarterly	100%	N/A	95%	0 contested applications in Quarter 1
✓	GRS05	Proportion of Temporary Event Notices licences processed within 1 working day.	Quarterly	100%	→	100%	74 applications in Quarter 1